

## FORM 51-102F3

### MATERIAL CHANGE REPORT

**Item 1. Name and Address of Company**

Tricon Residential Inc. (“**Tricon**” or the “**Corporation**”)  
7 St. Thomas Street, Suite 801  
Toronto, Ontario  
M5S 2B7

**Item 2. Date of Material Change**

August 26, 2020

**Item 3. News Release**

Attached as Schedule “A” is a copy of the press release relating to the material change, which was disseminated on August 27, 2020 through the newswire services of Canada News Wire and was filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

**Item 4. Summary of Material Change**

On August 26, 2020, Tricon and its subsidiary, Tricon PIPE LLC (the “**Subsidiary**”) entered into individual subscription agreements (collectively, the “**Subscription Agreements**”, and individually, a “**Subscription Agreement**”) with each investor in a syndicate of investors led by an affiliate of Blackstone Real Estate Services Income Trust, Inc. (such affiliate, the “**Lead Investor**” and together with certain Canadian and U.S. secondary investors (the “**Secondary Investors**”), the “**Investors**”), pursuant to which the Investors subscribed for Preferred Units of the Subsidiary (the “**Preferred Units**”) for an aggregate subscription price of US\$300,000,000 (the “**Transaction**”).

The closing of the purchase and issuance of the Preferred Units (the “**Closing**”) is expected to occur on or around September 4, 2020 (the “**Closing Date**”).

Proceeds for the Transaction are expected to be used to fortify Tricon’s balance sheet, including paying down its debt, in order to position itself to fund acquisitions across its single family residential and multifamily business, and for other general corporate purposes.

The Preferred Units will be exchangeable for common shares in the capital of Tricon (the “**Common Shares**”).

Upon closing of the Transaction (the “**Closing**”), the Lead Investor will beneficially own or control one Common Share and 240,000 Preferred Units, exchangeable for 28,235,294 Common Shares. Assuming the exchange of the outstanding Preferred Units owned or controlled by the Lead Investor for

Common Shares, the Lead Investor would own approximately 12.8% of the issued and outstanding Common Shares.

On the Closing Date, a designee of the Lead Investor will be appointed to serve on the board of directors of Tricon (the “**Board**”), who shall initially be Frank Cohen.

In connection with the Transaction, Tricon, the Subsidiary and the Lead Investor will enter into various agreements, including an investor rights agreement, providing for, among other things, registration rights, participation rights, certain standstill and transfer restrictions and director nomination rights.

## **Item 5. Full Description of Material Change**

### *5.1 - Full Description of Material Change*

On August 26, 2020, Tricon, the Subsidiary and the Investors, entered into the Subscription Agreements.

On the Closing Date, in connection with the Transaction, Tricon, the Subsidiary and the Lead Investor will enter into the Investor Rights Agreement, Exchange Agreement and the Guarantee Agreement (each as defined below and collectively, the “**Transaction Agreements**”).

#### *Subscription Agreements*

The Subscription Agreements include customary representations, warranties and covenants of the Corporation, the Subsidiary and the applicable Investor.

The Lead Investor’s Subscription Agreement, which is filed on SEDAR at [www.sedar.com](http://www.sedar.com), is not intended to modify or supplement any factual disclosures about the Corporation in any public reports filed or to be filed on SEDAR by the Corporation. In particular, the assertions embodied in the representations, warranties and covenants contained in the Lead Investor’s Subscription Agreement were made only for purposes of the Subscription Agreement and as of specified dates, were solely for the benefit of the parties to the Subscription Agreement and are subject to qualifications and limitations agreed upon by the parties to the Subscription Agreement. Moreover, certain representations and warranties in the Lead Investor’s Subscription Agreement have been made for the purposes of allocating risk between the parties to the Subscription Agreement instead of establishing matters of fact. Accordingly, the representations and warranties in the Lead Investor’s Subscription Agreement may not constitute the actual state of facts about the Corporation, the Subsidiary or the Lead Investor. The representations and warranties set forth in the Lead Investor’s Subscription Agreement may also be subject to a contractual standard of materiality different from that generally applicable under securities laws. Investors should not rely on the representations, warranties, or covenants or any descriptions thereof as characterizations of the actual state of facts or the actual condition of the

Corporation, the Subsidiary or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Subscription Agreement, which subsequent information may or may not be fully reflected in the Corporation's public disclosures.

### *Preferred Units*

In connection with the Closing, Tricon's indirectly owned subsidiary, Tricon US Topco LLC ("**Topco**"), and the Investors will enter into an amended and restated limited liability company agreement of the Subsidiary (the "**LLC Agreement**"), to among other things, establish the rights and preferences of the Preferred Units. The Preferred Units rank senior to the common units of the Subsidiary and any other units junior to the Preferred Units in respect to distribution rights and rights upon liquidation. The Subsidiary does not currently have outstanding units ranking on par with or senior to the Preferred Units.

### *Distributions*

Holder of the Preferred Units (a "**Holder**") will be entitled to receive cash distributions on the Preferred Units (the "**Cash Distributions**"), which will accumulate daily from the original date of issuance of the Preferred Units (the "**Issue Date**") on a cumulative basis and will be payable quarterly in cash in arrears in an amount equal to 5.75% per annum for the first seven years and thereafter shall increase by 100 basis points each year thereafter, up to a maximum of 9.75% per annum (as applicable, the "**Distribution Rate**"). Such Cash Distributions will be paid on the sum of (i) US \$1000 per Preferred Unit (the "**Liquidation Preference**") plus (ii) any Accrued Distributions (being with respect to any Preferred Unit, as of any date, the distributions that have accrued on such Preferred Unit pursuant in accordance with the terms of the LLC Agreement, less any distributions paid in cash in respect of such Preferred Unit pursuant to the LLC Agreement, from the Issue Date up to, but not including such date), in each case, as of immediately after the last day of the immediately prior calendar quarter (or if there has been no prior full calendar quarter, the Issue Date), computed on the basis of a 360-day year consisting of twelve 30-day months, at the applicable Distribution Rate. If the board of directors of the Subsidiary does not declare and pay all or any portion of a Cash Distribution, the amount of such unpaid Cash Distribution shall automatically continue to accrue and cumulate as Accrued Distributions in lieu of paying the applicable Cash Distribution and the applicable Distribution Rate shall increase by 200 basis points for all periods following the last day of the payment period (being, (i) the period commencing on the Issue Date and ending on the last day of the calendar quarter in which the Issue Date occurs, and (ii) each calendar quarter thereafter) as to which such unpaid Cash Distribution relates until all Accrued Distributions are paid in full.

Subject to the Holder's Dividend Redemption Election right (as defined below), if, subsequent to the Issue Date, any excess dividends, being, with respect

to each Common Share, (i) the amount by which (A) the aggregate dividends or other distributions declared on a Common Share during such calendar quarter exceeds (B) C\$0.07 per Common Share per calendar quarter (increased by C\$0.005 each calendar year beginning on January 1, 2021) or (ii) the amount (if any) by which (X) in respect of any calendar quarter, the aggregate dividends declared by the Corporation during such quarter (converted into U.S. dollars at the foreign exchange rate on the date of declaration, multiplied by 4) per Common Share declared or paid by the Corporation for such calendar quarter exceeds (Y) in respect of any fiscal quarter, the Corporation's aggregate AFFO (being, for any calendar quarter, the net income attributable to the shareholders of the Corporation during such period, subject to certain adjustments set forth in Schedule C of the LLC Agreement) per Common Share over the 12 month-period ending on the last day of the immediately preceding quarter (the "**Trailing AFFO**"), for such quarter ("**Excess Dividends**") or Special Dividends (as defined below), are declared and paid on all or substantially all Common Shares, then the Subsidiary shall be required to pay, and Holders shall be entitled to receive, a cash payment equal to the amount of such Excess Dividend or Special Dividend, as applicable, per such number of Common Shares that such Holder would be entitled to receive if all of such holder's Preferred Units were exchanged for Common Shares under the LLC Agreement immediately prior to the record date of such Excess Dividend or Special Dividend.

In addition, if, subsequent to the Issue Date, (i) the Corporation proposes to pay a dividend on its Common Shares that would result in an Excess Dividend, or (ii) the Corporation (including through its subsidiaries) proposes to directly or indirectly sell, lease or otherwise transfer to a third party any assets and the Corporation proposes to use the net proceeds of an such transaction to pay a special dividend or distribution, other than through a regular quarterly dividend (a "**Special Dividend**"), in either case to all or substantially all holders of the Common Shares, then the Holders shall have the right to elect (by providing the Requisite Holder Consent (as such term is defined in the LLC Agreement)) (the "**Dividend Redemption Election**") to require that up to the entire amount of such dividend that would result in an Excess Dividend or Special Dividend, as applicable (the "**Specified Amount**"), instead to be used to redeem such whole number of Preferred Units of the Holders as is equal to (i) the Specified Amount divided by (ii) the Special Dividend Redemption Price, at a price per Preferred Unit equal to the Special Dividend Redemption Price and the Corporation will not declare or pay the portion of the intended dividend or distribution that would have resulted in the Excess Dividend or Special Dividend corresponding to such Dividend Redemption Election. If the Holders do not elect by Requisite Holder Consent to proceed with the Dividend Redemption Election, all Holders shall receive the cash payment they are otherwise entitled to receive pursuant to the LLC Agreement.

#### *Exchange and Redemption*

At any time, subject to the Exchange Cap (as defined below) (unless the Requisite Shareholder Approval (as defined below) has been obtained, which the

Corporation has no obligation to obtain) and subject to the Exchange Maximum (as defined below) (unless the requisite approval of holders of Common Shares in accordance with applicable Canadian securities laws and the rules and regulations of the TSX approving an exchange of Preferred Units that would exceed the Exchange Maximum (as defined below) has been obtained (the “**Exchange Maximum Shareholder Approval**”), which the Corporation has no obligation to obtain), a Holder may exchange such Preferred Units, in whole or in part, for a number of whole Common Shares equal to (i) if the Exchange Price Shareholder Approval (being the requisite approval of holders of Common Shares (the “**Requisite Shareholder Approval**”) in accordance with applicable Canadian securities laws and the rules and regulations of the TSX approving the Exchange Price in respect of Accrued Distributions being set at an amount equal to \$8.50, as may be adjusted from time to time in accordance with the LLC Agreement)(the “**Exchange Price Shareholder Approval**”) has been obtained, the quotient of (A) the sum of the Liquidation Preference then in effect plus Accrued Distributions, divided by (B) the Exchange Price (being \$8.50, as may be adjusted from time to time in accordance with the LLC Agreement)(the “**Exchange Price**”), as may be adjusted from time to time then in effect; or (ii) if the Exchange Price Shareholder Approval has not yet been obtained, the quotient of (X) Liquidation Preference then in effect, divided by (B) the Exchange Price then in effect (such quotient, as applicable, the “**Exchange Rate**”). In the event that the Exchange Price Maximum Shareholder Approval has not been obtained on the applicable exchange date and to the extent the Exchange Maximum limits the number of Common Shares to be delivered to a Holder pursuant to the LLC Agreement on account of a portion of the Accrued Distributions, then in lieu of delivering Common Shares to the recipient in respect of such portion, such Holder shall instead be entitled to receive, for such Accrued Distributions that are unable to be included in the Exchange Rate as a result of the Exchange Maximum, a cash payment equal to the amount of such Accrued Distributions.

Following the receipt of the Exchange Price Shareholder Approval, unless the Corporation has obtained the Exchange Maximum Shareholder Approval (which the Corporation shall not be obligated to obtain under any circumstances), no portion of Accrued Distributions shall be included in determining the Exchange Rate with respect to a Preferred Unit if and to the extent that, as a result of such inclusion of Accrued Distributions, and assuming the concurrent exchange of Preferred Units held by all Holders, the number of Common Shares issued in the aggregate to the Investor Members since the Issue Date in accordance with the LLC Agreement and the Exchange Agreement would exceed 48,071,775 Common Shares (as equitably adjusted, to the extent permitted by the rules and regulations of the TSX, in connection with the events described in the paragraph below) (such limit, the “**Exchange Maximum**”). Any purported delivery of Common Shares upon exchange of Preferred Units shall be void *ab initio* and have no effect if such delivery would result in the Exchange Maximum being exceeded.

The Exchange Price is subject to adjustment if, as more particularly described in the LLC Agreement, subsequent to the Issue Date: (i) the Corporation pays a dividend (or other distribution) in Common Shares to holders of Common Shares, (ii) the Corporation issues to holders of Common Shares, rights, options, or warrants entitling them to subscribe for or purchase Common Shares at less than market value, (iii) the Corporation subdivides, consolidates, combines or reclassifies the Common Shares into a greater or lesser number of Common Shares, (iv) in the event of a capital reorganization of the Corporation, and (v) the Corporation makes a payment of a dividend or other distribution on Common Shares of equity securities of any class or series, or similar equity interests, of or relating to a subsidiary (“**New-Pubco**”) where such equity securities or similar equity interests are or will be listed or quoted on a stock exchange (a “**Spin-Out**”).

In the event of a Spin-Out of any or all of the Corporation’s U.S Rental Business (as defined below), the Corporation, the Subsidiary and the Holders will, acting in good faith and in a commercially reasonable manner, negotiate for a 30-day period with a view to reaching a mutually acceptable written agreement with respect to the terms of such Spin-Out and such appropriate amendments to the transaction agreements, and new documentation if necessary, including the possible issuance of new securities (of New-Pubco or otherwise), that, taken together, are intended to ensure that the Holders are in a substantially equivalent position vis-à-vis their Preferred Units immediately prior to the consummation of the Spin-Out, subject to any required approvals including by any stock exchange. If, notwithstanding such good faith efforts, a mutually acceptable written agreement is not reached, then the Spin-Out shall be deemed to be a Change of Control which will require the Subsidiary to offer to redeem all but not less than all of the outstanding Preferred Units for a cash payment in accordance with the LLC Agreement; provided that the Subsidiary shall not be entitled to exercise the Change of Control Redemption Call Right (as defined below); provided, further, that the applicable Change of Control Redemption Price (as defined below) shall be determined based on 75% of the Change of Control Redemption Premium (as defined below).

On or after the fourth anniversary of the Issue Date, the Subsidiary will have the right to cause the exchange of all but not less than all, of the issued and outstanding Preferred Units, for that number of Common Shares for each Preferred Unit equal to the Exchange Rate then in effect, subject to the Exchange Cap (unless the Requisite Shareholder Approval has been obtained) and subject to the Exchange Maximum (unless the Exchange Maximum Shareholder Approval has been obtained); provided that (i) on or after the fourth anniversary of the Issue Date but prior to the fifth anniversary of the Issue Date, the volume weighted average trading price (“**VWAP**”) per Common Share during 20 trading days out of the 30 consecutive trading day period ending on, and including, the trading day immediately preceding the notice date, converted to U.S. dollars, shall be greater than 135% of the Exchange Price then in effect; and (ii) on or after the fifth anniversary of the Issue Date, the VWAP per Common Share during 20 trading

days out of the 30 consecutive trading day period ending on, and including, the trading day immediately preceding the notice date, converted to U.S. dollars, shall be greater than 115% of the Exchange Price then in effect.

On or after the first business day that is five years after the Issue Date, the Subsidiary will have the right to redeem all but not less than all of the Preferred Units by paying cash for each Preferred Unit to be redeemed in an amount equal to 105% of the Liquidation Preference, plus the Accrued Distributions.

### *Change of Control*

Upon the occurrence of (a) (i) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of the Corporation and its subsidiaries, taken as a whole, to any person (other than to the Corporation or to any wholly-owned subsidiary of the Corporation), or (ii) a plan or scheme of arrangement, merger, amalgamation, consolidation, share sale or other transaction or series of related transactions, in which all or substantially all of the Common Shares are exchanged for, converted into, acquired for, or constitute solely the right to receive, other securities, cash or other property that would result in the persons who beneficially own, directly or indirectly, 100% of the issued and outstanding Common Shares (or other voting shares of the Corporation, on an as-exchanged basis) as of immediately prior to such transaction ceasing to beneficially own, directly or indirectly, at least a majority of the issued and outstanding Common Shares or outstanding common equity securities of the surviving entity (including on an as-converted, as-exercised or as-exchanged basis) immediately following the completion of such transaction or series of related transactions; (b) the consummation of any transaction or series of related transactions, the result of which is that any person, including any persons acting jointly or in concert with such person, becomes the beneficial owner, directly or indirectly, of shares of the Corporation's common equity representing more than 50% of the voting power of all of the Corporation's then-outstanding common equity, on an as-exchanged basis, (c) the Subsidiary ceasing to be a direct or indirect wholly-owned subsidiary of the Corporation, (d) the Corporation or the Subsidiary becoming subject to a plan or proposal for either of their respective liquidations, (e) the Corporation or the Subsidiary becomes subject to a bankruptcy event (as more particularly described in the LLC Agreement) or (f) the Common Shares are delisted (whether voluntary or otherwise), from a stock exchange, (each of (a), (b), being a "**Change of Control Call Event**" and each of (a), (b), (c), (d), (e) and (f) being a "**Change of Control**"), the Subsidiary will offer to redeem all but not less than all of the outstanding Preferred Units at a cash amount per unit equal to the greater of (i) the sum of the Liquidation Preference plus a make whole payment equal to the amount of the aggregate amount of distributions that would have been paid on such Preferred Unit from the redemption date until and including the sixth anniversary of the Issue Date, assuming such distributions were paid as Cash Distributions and were not compounding (the "**Change of Control Redemption Premium**") plus Accrued Distributions as at the change of

control redemption date, and (ii) either (A) in the case of a Change of Control that constitutes a capital reorganization in which Common Shares are converted or exchanged solely for cash, the cash constituting the reference property in respect of such Preferred Unit; (B) in the case of a Change of Control that constitutes a capital reorganization in which Common Shares are not converted or exchanged solely for cash, the cash amount equal to the product of (1) the number of Common Shares that the Holder would have received had such Holder exchanged such Preferred Unit into Common Shares immediately prior to the effective date of the capital reorganization multiplied by (2) the closing sale price of the Common Shares on the trading day immediately prior to the effective date of the capital reorganization (such amount to be converted to U.S. dollars) or (C) in any other case, the cash amount equal to (1) the number of Common Shares that the Holder of such Preferred Unit would have received had such Holder exchanged such Preferred Unit into Common Shares immediately prior to the effective date of the change of the Change of Control multiplied by (2) the closing sale price of the Common Shares on the trading day immediately prior to the effective date (such amount to be converted into US dollars) (the “**Change of Control Redemption Price**”).

Notwithstanding the foregoing, a Change of Control will not be triggered upon the occurrence of any Spin-Out or initial public offering relating to the Corporation’s single-family and multi-family rental platforms operated by one or more of the Corporation’s U.S. subsidiaries, including the businesses conducted by “Tricon American Homes” and Tricon Lifestyle Rentals” as described in Tricon’s annual report for the fiscal year ended December 31, 2019 (the “**U.S. Rental Business**”), except as otherwise provided in the LLC Agreement.

Solely in the event of a Change of Control Call Event, the Subsidiary will have the right, at its option, to redeem all but not less than all of the Preferred Units held by any Holder that does not accept the redemption offer of the Subsidiary at the Change of Control Redemption Price (the “**Change of Control Redemption Call Right**”).

#### *Beneficial Ownership Cap and Exchange Cap*

Other than in connection with a Change of Control, no Preferred Unit may be transferred, without the prior written consent of the Board, if and to the extent that as a result of such transfer, the transferee, together with its affiliates and other persons acting together with such transferee, beneficially owning or exercising control or direction over more than 19.99% of the Corporation’s then issued and outstanding Common Shares on an as-exchanged basis (after giving effect to any applicable Exchange Cap) (the “**Beneficial Ownership Cap**”). Notwithstanding the foregoing, such restriction on transfer shall not apply to the Lead Investor (which shall be subject to similar restrictions in the Investor Rights Agreement, as discussed below), its affiliates and transferees in accordance with the LLC Agreement

In addition, unless the Corporation has obtained the Requisite Shareholder

Approval, no Preferred Units may be exchanged if and to the extent that such exchange would result in a Holder, together with its affiliates and other persons acting together with such Holder, beneficially owning or exercising control or direction over more than 19.99% of the number of Common Shares outstanding immediately after giving effect to such exchange or becoming an acquiring person within the meaning of the shareholder rights plan of the Corporation (the “**Exchange Cap**”).

#### *Voting Rights*

Holder will not have any rights to notice of, to attend at or to vote at any meetings of the members or shareholders of the Subsidiary or the Corporation, as applicable.

So long as the Investor Members (as such term is defined in the LLC Agreement) hold any Preferred Units, in addition to any other vote or consent of members required by applicable law or otherwise provided in the LLC Agreement, the affirmative vote or consent of the Investor Members of at least a majority of the outstanding Preferred Units held by the Investor Members, voting together as a separate class, will be necessary for effecting or validating: (i) any issuance, authorization or creation of, or any increase in the issued or authorized amount of units, or other equity or debt security convertible into or exchangeable for units, on parity or senior to the Preferred Units, (ii) any issuance of or any increase in the issued or authorized amount of Preferred Units or any reissuance thereof, (iii) any exchange, reclassification or cancellation of the Preferred Units, except as provided in the LLC Agreement, (iv) any amendment, modification, alteration or repeal of, or supplement to, the certificate of formation of the Subsidiary or the LLC Agreement that would adversely affect any rights, preferences, privileges or voting powers of the Preferred Unit or any Holder, (v) any adoption or consummation of a voluntary plan or proposal for the liquidation of the Subsidiary, (vi) certain actions taken by the Subsidiary in connection with bankruptcy proceedings, (vii) any actions to be taken by the company representative or the board of directors of the Subsidiary, (viii) any actions that are not in compliance with (A) the Subsidiary’s obligation under Section 2.3 of the LLC Agreement to undertake any business activities that are outside of its limited business purpose of issuing common units and the Preferred Units in accordance with the LLC Agreement, and (B) the Subsidiary’s obligation not to take certain actions without Requisite Holder Consent, as set out in more detail in the LLC Agreement, or (ix) the Corporation making any payment of a non-cash dividend or other distribution on Common Shares (other than certain dividends or distributions expressly contemplated in the LLC Agreement).

#### *Promissory Note*

On the Closing Date, Topco will issue an unsecured interest-bearing promissory note in favour of its wholly owned subsidiary, the Subsidiary for US\$300,000,000 (the “**Promissory Note**”). The purpose of the Promissory Note is to provide a tax-efficient means for the Subsidiary to move the offering proceeds to its immediate

parent, Topco, which will then in turn move the proceeds up to the Corporation. Contemporaneously with the issuance of the Promissory Note, the Corporation and the Subsidiary will enter into a subordinated guarantee agreement, pursuant to which the Corporation will irrevocably and unconditionally guarantee the obligations of its indirect subsidiary, Topco under the Promissory Note.

#### *Guarantee Agreement*

On the Closing Date, the Corporation and the Investors will enter into a subordinated guarantee agreement (the “**Subordinated Guarantee Agreement**”), pursuant to which the Corporation will guarantee the Subsidiary’s obligations to the Investors (including obligations to redeem, exchange or pay any funds in respect of any Preferred Units, or otherwise) in respect of the Investor’s Preferred Units irrespective of whether the Subsidiary has sufficient net assets or available funds to do so. The guarantee made pursuant Subordinated Guarantee Agreement is subordinated to the senior indebtedness of the Corporation.

#### *Exchange Agreement*

On the Closing Date, the Corporation, the Subsidiary and the Investors will enter into an exchange and support agreement (the “**Exchange Agreement**”), providing for, among other things; (i) the right of a Holder to acquire Common Shares directly from the Corporation in exchange for Preferred Units held by such Holder at the Exchange Rate on terms substantially identical to the exchange right provided for in the LLC Agreement; and (ii) a reciprocal right of the Corporation to acquire Preferred Units directly from a holder in exchange for Common Shares at the Exchange Rate, under certain circumstances.

#### *Investor Rights Agreement*

On the Closing Date, the Corporation, the Subsidiary and the Lead Investor will enter into an investor rights agreement (the “**Investor Rights Agreement**”) to provide for certain rights and obligations of the Lead Investor.

Pursuant to the Investor Rights Agreement, the Lead Investor will be entitled to, among other things, customary registration rights, participation rights, consent rights and the right to nominate a director to the Corporation’s board for so long as the Lead Investor beneficially owns at least 3% of the outstanding Common Shares on an as-exchanged. Such “as-exchanged ownership” will be determined based on the aggregate interest of the Lead Investor and its affiliates calculated as a percentage, (a) the numerator of which shall be the sum of (i) the number of Common Shares for which the Preferred Units beneficially owned or controlled by the Lead Investor and its affiliates at the relevant date are exchangeable (without giving effect to the Exchange Cap), plus (ii) the number of Common Shares beneficially owned or controlled by the Lead Investor and its affiliates as a result of the exchange of the Preferred Units or exercise of the Lead Investor’s participation right, at the relevant date (including any Common Shares underlying any convertible securities beneficially owned or controlled by the Lead Investor

and its affiliates as a result of exercise of the aforementioned participation right); and (b) the denominator of which shall be the sum of the number of Common Shares issued and outstanding as at such relevant date plus the number of Common Shares for which the Preferred Units beneficially owned or controlled by the Lead Investor and its affiliates at the relevant date are exchangeable (without giving effect to the Exchange Cap).

The Lead Investor will be entitled to designate one nominee (a “**Nominee**”) for election to the Board for so long as the Lead Investor and its affiliates beneficially own or control at least 35% of the Preferred Units originally purchased by the Lead Investor pursuant to its Subscription Agreement or the as-exchanged ownership of the Lead Investor and its affiliates is equal to or greater than 5.0%.

The Nominee must be an individual eligible to serve as a director of the Corporation pursuant to the *Business Corporation Act* (Ontario) (the “**Act**”) the rules of the Toronto Stock Exchange (“**TSX**”). In the event that the Nominee ceases to serve as a director for any reason, the Lead Investor will have the right to designate a replacement nominee, provided the Lead Investor remains eligible to designate a nominee and the individual meets the qualification criteria to serve as a director under the Act and the rules of the TSX.

The initial nominee of the Lead Investor shall be Frank Cohen, who will be appointed to the Board effective on the Closing Date.

The Lead Investor will also be granted certain registration rights relating to the resale of Common Shares issuable or deliverable upon exchange of Preferred Units (the “**Registrable Shares**”). The Corporation will be required to file a prospectus covering Registrable Shares that the Lead Investor requests to be registered from time to time, but not more than twice in any one 12-month period and subject to certain additional conditions set out in the Investor Rights Agreement. In certain circumstances, the Lead Investor will have piggyback registration rights on offerings initiated by the Corporation. The demand registration and piggyback rights granted to the Lead Investor pursuant to the Investor Rights Agreement will terminate on the earlier of: (a) the Corporation having effected five demand registrations; and (b) the first day following the date on which the as-exchanged ownership of the Lead Investor is less than 3%.

In addition, the Lead Investor will be granted the right to approve certain actions proposed to be taken by the Corporation and the Subsidiary, as more particularly set out in the Investor Rights Agreement.

Pursuant to the Investor Rights Agreement, the Lead Investor will agree to a standstill (the “**Standstill**”), which, among other things and subject to certain exceptions, will restrict the Lead Investor from taking certain actions with respect to the Corporation, including: (i) the acquisition of additional securities of the Corporation that would cause the aggregate beneficial ownership, direction or control of the Lead Investor, or other persons acting jointly or in concert with the Lead Investor, over 19.99% of the issued and outstanding Common Shares (after

giving effect to any applicable Exchange Cap); (ii) commencing a take-over bid for any securities of the Corporation or its subsidiaries; (iii) effecting, seeking, offering or proposing any take-over bid, amalgamation, merger, arrangement, business combination, re-organization, restructuring, liquidation by or with respect to the Corporation or any of its Subsidiaries, or disposition of more than 50% (by fair market value) of the consolidated assets of the Corporation and its subsidiaries, taken as a whole; (iv) requesting requisition or calling a special meeting of shareholders of the Corporation; (v) proposing a shareholder proposal (under the applicable provisions of the Act) with respect to the Corporation; (vi) seeking to obtain representation on the Board of Directors other than in accordance with the Investor Rights Agreement; (vii) engaging in short sales of any of the Corporation or its subsidiaries' securities; (viii) soliciting proxies from the security holders of the Corporation, or form, join or act jointly or in concert to so solicit, in relation to a proposed change of control transaction or any other matters referred to in 5.3(b) of the Investor Rights Agreement; (x) entering into or offering to enter into a lockup, voting support or similar agreement in connection with any change of control transaction that is not supported by a majority of the independent members of the Board; and (xi) advising, assisting or knowingly encouraging any other person to engage in any of the activities restricted under the Investor Rights Agreement. The Standstill will begin on the date of the Investor Rights Agreement and terminate on the latest to occur of: (a) the date that is 18 months after the date of the Investor Rights Agreement; and (b) the date that is three months following the date on which no Nominee serves on the Board (the **“Standstill Period”**).

During the Standstill Period, the Lead Investor will also agree in respect of any meeting of the shareholders of the Corporation held during that period to: (i) not vote against any management nominee nominated by the Board; (ii) not vote in favour of any shareholder nomination for directors that is not approved by the Board; (iii) not vote in favour of any proposal or resolution to remove any member of the Board; and (iv) not vote against the recommendations of the Board on certain matters at each annual meeting of shareholders as more particularly set out in the Investor Rights Agreement. In this context, “vote against” includes submission by the Lead Investor of a proxy or other voting instruction form pursuant to which the Lead Investor specifically directs that its vote be withheld on a matter or otherwise casts a “withhold” vote on a matter but does not include the Lead Investor abstaining from casting a vote on a matter altogether.

The Lead Investor will also agree to a lock-up that prohibits it from selling Preferred Units prior to the date that is three years from the date of the Investor Rights Agreement, subject to certain exceptions. Following such three-year period, so long as the Lead Investor and its affiliates beneficially own or control at least 35% of the Preferred Units originally purchased by the Lead Investor pursuant to its Subscription Agreement, or (ii) the as-exchanged ownership of the Investor and its affiliates is equal to or greater than 5%, the Lead Investor will be prohibited from transferring any Preferred Units if such transfer would cause the acquirer to own in excess of 19.99% of the Common Shares on an as-exchanged

basis, unless such transfer is approved by a majority of the independent directors of the Board or is in connection with a change of control transaction.

The foregoing summary of the Transaction Agreements, including the LLC Agreement, and the Transaction does not purport to be a complete description of all the parties' rights and obligations thereunder and is qualified in its entirety by reference to the complete text of the Transaction Agreements. A copy of the Lead Investor's Subscription Agreement has been filed on the Corporation's SEDAR profile and the Corporation intends to file copies of the other material Transaction Agreements on SEDAR following the Closing.

#### *5.2 – Disclosure for Restructuring Transactions*

Not applicable.

#### **Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

#### **Item 7. Omitted Information**

No information has been omitted from this report on the basis that it is confidential information.

#### **Item 8. Executive Officer**

David Veneziano  
Chief Legal Officer & Corporate Secretary  
Telephone: (416) 323-2482

#### **Item 9. Date of Report**

August 31, 2020

#### **Forward-Looking Statements**

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information is typically identified by words such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “plan”, “forecast”, “future”, “outlook”, “guidance”, “may”, “project”, “should”, “target”, “will” or similar expressions suggesting future outcomes. Forward-looking information in this document includes: expected as-exchanged ownership interest of the Investor in Tricon, anticipated use of proceeds from the Transaction, expected timing for completing the Transaction, expected timing of distribution payments and expected terms and conditions of the Transaction Agreements. Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Tricon believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Such assumptions include the timing of

receipt of necessary regulatory approvals, that all conditions to the closing of the Transaction will be satisfied and that the Transaction will be completed on the terms set forth in the Subscription Agreements and other Transaction Agreements. The forward-looking information is also subject to the risks and uncertainties set forth below. By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond Tricon's control, Tricon's or the Subsidiary's actual future results may vary materially from those intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include, among others those relating to satisfaction of the conditions to completion of the Transaction, the risk that the Transaction is not completed on the terms set out in the Subscription Agreements or at all, and the risks identified in Tricon's MD&A under the heading "Risk Factors" and Tricon's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on forward-looking information to make decisions with respect to Tricon, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required by law, neither the Corporation nor the Subsidiary undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

**SCHEDULE “A”**

*(see attached)*

Not for distribution to U.S. Newswire services or for distribution in the United States. All dollar amounts are in U.S. dollars unless otherwise indicated.



## **Tricon Announces \$300 Million Investment led by Blackstone Real Estate Income Trust, Inc.**

**Toronto, Ontario – August 27, 2020** – Tricon Residential Inc. (TSX: TCN) ("Tricon", "Tricon Residential" or the "Company"), a rental housing company focused on serving the middle-market demographic in North America, announced today that a syndicate of investors led by Blackstone Real Estate Income Trust, Inc. ("BREIT"), a non-listed, perpetual-life real estate investment trust advised by an affiliate of Blackstone Real Estate, has agreed to make a \$300 million (C\$395 million) preferred equity investment (the "Investment") in Tricon through the purchase of newly-created units (the "Preferred Equity") which are issued by a Tricon subsidiary on a private placement basis and are exchangeable into a minority investment of Tricon. BREIT will acquire \$240 million of the Preferred Equity. The Investment provides several immediate benefits to Tricon:

**Validation of Tricon's Business** – The Investment demonstrates the financial strength of Tricon and that Blackstone Real Estate, a global leader in real estate investing, believes in the value and stability of Tricon's rental housing portfolio.

**Exchangeable Preferred Issuance at Attractive Pricing** – The exchange price of US\$8.50 per share (approximately C\$11.18) represents a 16% premium to Tricon's 30-day volume weighted average trading price ("VWAP") as of August 26, 2020 and is in line with the Company's reported IFRS book value per share as at Q2 2020.

**Strengthens Tricon's Balance Sheet** – Tricon expects to use the full net proceeds of the Investment to repay its corporate credit facility, reducing its proportionate leverage by approximately 500 basis points to approximately 56% net debt/assets (excluding convertible debentures) and enhancing its balance sheet flexibility. Tricon remains committed to reducing its leverage to a near-term target of 50-55% net debt/assets and expects the planned syndication of an equity interest in its U.S. multi-family portfolio to contribute further to this goal.

"This investment in Tricon illustrates Blackstone Real Estate's confidence in our business fundamentals and the value in our stock," said Gary Berman, CEO of Tricon Residential. "Blackstone inherently understands our business and is exceptionally well-positioned to help us bring our tech-enabled operating platform to its full potential. We are excited to have the support of one of the world's largest real estate investors, and we are confident that this investment will create significant value for both Tricon's and BREIT's shareholders."

Frank Cohen, Chairman and CEO of BREIT, said, "We are pleased to make this preferred equity investment in Tricon. We continue to see strong underlying fundamentals in the rental housing sector and believe the company's high quality, income-generating assets are poised to generate stable performance under the leadership of its best-in-class management team."

## Summary Investment Terms

Key terms of the Investment and Preferred Equity include:

- Quarterly cash dividend of 5.75% per annum through to the seventh anniversary of the Investment closing, subject to increases thereafter.
- Exchangeable for common shares of Tricon (“Common Shares”) at any time at the option of the holder at an initial exchange price of US\$8.50 per share (approximately C\$11.18), representing a 16% premium to the 30-day VWAP of the Common Shares on the Toronto Stock Exchange (the “TSX”) as of August 26. On an as-exchanged basis, the Preferred Equity will represent approximately 14% of the pro forma fully diluted outstanding Common Shares at closing. The exchange price will be subject to adjustment from time to time in accordance with the terms of the Preferred Equity.
- The Preferred Equity will not entitle the holders to vote as common shareholders of Tricon.

In connection with the Investment, Tricon and its subsidiary will enter into an investor rights agreement with BREIT providing for, among other things, customary registration rights, participation rights, consent rights, certain standstill and transfer restrictions and the right to nominate one director to Tricon’s board.

Tricon is pleased to welcome Frank Cohen, who will join Tricon’s board of directors (the “Board”) on the closing date of the Investment. Mr. Cohen, a Blackstone Senior Managing Director and Chairman and CEO of BREIT, will be appointed to the Board as BREIT’s initial nominee in connection with its investment.

Additional information regarding the Investment and the terms of the Preferred Equity will be included in a material change report to be filed by Tricon on [www.sedar.com](http://www.sedar.com). This press release is only a summary of certain principal terms of the Investment and is qualified in its entirety by reference to the more detailed information contained in the material change report.

The closing date is expected to occur in late August or early September, subject to receipt of TSX approval.

### Transaction Advisors

Morgan Stanley acted as Tricon’s sole private placement agent. Goodmans LLP acted as Tricon’s legal advisor, with U.S legal support provided by Paul, Weiss, Rifkind, Wharton & Garrison LLP. Skadden, Arps, Slate, Meagher & Flom LLP acted as legal advisor to Morgan Stanley. Simpson Thacher & Bartlett LLP and Davies Ward Phillips & Vineberg LLP acted as BREIT’s legal advisor.

### About Tricon Residential

Founded in 1988, Tricon Residential is a rental housing company catering to the middle-market demographic throughout the United States and Canada. Tricon Residential owns and manages over 30,000 single-family rental homes and multi-family rental units through an integrated, technology-enabled operating platform. More information about Tricon Residential is available at [www.triconresidential.com](http://www.triconresidential.com).

**For further information, please contact:**

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**Additional Early Warning Disclosures of BREIT**

*BREIT is making the Investment through BREIT Debt Parent LLC (the “Investor”), a subsidiary of Blackstone Real Estate Income Trust, Inc. (“BREIT”).*

*Pursuant to a subscription agreement with Tricon and Tricon PIPE LLC, the Tricon subsidiary issuing the Preferred Equity (the “Subsidiary”), dated August 26, 2020, the Investor has agreed to purchase 240,000 units of the Preferred Equity for an aggregate purchase price of US\$240 million and one Common Share at market price (collectively, the “Purchased Securities”).*

*Immediately prior to this Investment, the Investor and its affiliates (including BREIT) owned no voting or equity securities in the capital of Tricon. Upon closing of the Investment, the Investor and its affiliates will own one Common Share and 240,000 units of the Preferred Equity, representing approximately 12% of the currently outstanding Common Shares, assuming the exchange of all of the Preferred Equity for Common Shares at the initial exchange price of US\$8.50, but on an otherwise non-diluted basis. When acquired, the Purchased Securities, and any Common Shares issued to the Investor on exchange of the Preferred Equity, will be held by the Investor for investment purposes. Depending on market conditions and other factors, including Tricon’s business and financial condition, the Investor or its affiliates (including BREIT) may acquire additional securities of Tricon or dispose of some or all of the securities of Tricon that it owns at such time.*

*An early warning report with additional information in respect of the foregoing matters will be filed and made available on the System for Electronic Document Analysis and Review (SEDAR) at [www.sedar.com](http://www.sedar.com) under Tricon’s profile. The Investor’s address is 345 Park Avenue, New York, NY USA 10154. Tricon’s head office is located at 7 St. Thomas Street, Suite 801, Toronto, Ontario M5S 2B7.*

**Forward Looking Statements**

*Certain statements contained in this news release are forward-looking statements and are provided for the purpose of presenting information about management’s current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. These forward-looking statements include: the expected pro forma fully diluted ownership represented by the Preferred Equity, the anticipated use of the net investment proceeds and associated impact on Company leverage, the Company’s leverage targets and planned syndication of its U.S. multi-family portfolio, the expected timing for completing transaction, the appointment of Mr. Cohen as a member of the Board and the prospect of future strategic opportunities between Tricon and BREIT.*

*Such statements are subject to significant known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such*

*statements and, accordingly, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Forward-looking information herein is based on various assumptions and expectations that Tricon believes are reasonable in the circumstances. Such assumptions include the timing of receipt of necessary TSX approval, that all conditions to the closing of the Investment will be satisfied, that the Investment will be completed on the terms set forth in the relevant transaction agreements, and the anticipated impact of COVID-19. Although management believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons including but not limited to the assumptions, risks and uncertainties described above and under the heading "Risk Factors" in Tricon's annual information form for the fiscal year ended December 31, 2019. These forward-looking statements reflect current expectations of the Company as at the date of this news release and speak only as at the date of this news release. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as may be required by applicable law.*