



April 2, 2019

Starlight U.S. Multi-Family (No. 5) Core Fund Announces Acquisition by Tricon Capital Group

Overview

- Starlight U.S. Multi-Family (No.5) Core Fund (the “Fund”) and Tricon Capital Group Inc. (TSX: TCN) (“Tricon”) are pleased to announce that Tricon has agreed to acquire all of the issued and outstanding limited partnership units (the “Units”) of the Fund in exchange for newly issued common shares of Tricon (the “Tricon Shares”) based on the 20-day VWAP of Tricon Shares on the TSX on April 1, 2019 of C\$11.49¹
- Transaction values the Fund at an aggregate value of ~US\$1.4 billion, including the assumption of debt
- Transaction to be effected pursuant to a statutory plan of arrangement

Transaction Highlights

- ★ **Premium and Returns**
 - Value per Unit across all Units represents a significant and attractive cumulative internal rate of return for both new Fund unitholders as well as legacy investors in Starlight U.S. Multi-Family’s predecessor funds
 - The implied value per Class A (TSX-V:STUS-A) and Class U (TSX-V:STUS.U) Units represents premiums of 26.4% and 33.4%, respectively, to the 20-day VWAP price of the Units on the TSX Venture Exchange for the period ending on April 1, 2019
- ★ **Tax Efficient Transaction**
 - Taxable unitholders resident in Canada for purposes of the *Income Tax Act* (Canada) will be provided the option to elect to defer capital gains tax on the transfer of their Units to Tricon in exchange for Tricon Shares. Further details will be provided in the management information circular to be mailed to Fund unitholders
 - The Transaction supports significant preservation of value as U.S. taxes that would have been incurred as a result of the direct sale of the properties by the Fund have been deferred in the Transaction
- ★ **Enhanced Liquidity**
 - Upon completion of the Transaction, Tricon is expected to have a market capitalization of approximately C\$2.3 billion and approximately 194 million common shares outstanding, providing significantly enhanced liquidity from TSX-listed shares with an approximate average of C\$8 million traded per day²
 - Market support due to a gradual release of the Tricon Shares issued to the Fund unitholders, with 1/3 released after 6, 9 and 12 months, all within the Fund’s outside date
- ★ **Management Continuity and Alignment with Starlight**
 - Starlight Investments and its management will maintain a substantial investment in Tricon of approximately 7%
 - Pursuant to a transitional services agreement, Tricon and Fund unitholders will have continuity of Starlight Investments’ management team with intimate knowledge of the Starlight U.S. portfolio
 - Starlight Investments will be subject to a lock up of 12 months, ensuring management’s interests will continue to be aligned with Fund unitholders to increase the cash flow and value of Tricon
- ★ **Exposure to a Diversified North American Residential Strategy**
 - Unitholders will benefit from Tricon’s complementary residential investment verticals and gain greater, diversified exposure to the North American housing sector
 - Tricon’s pro forma assets under management will total US\$7.1 billion, making the combined company one of the largest TSX-listed entities focused on residential real estate in North America, providing improved access to equity and debt capital for acquisitions and capital initiatives to drive net asset value growth

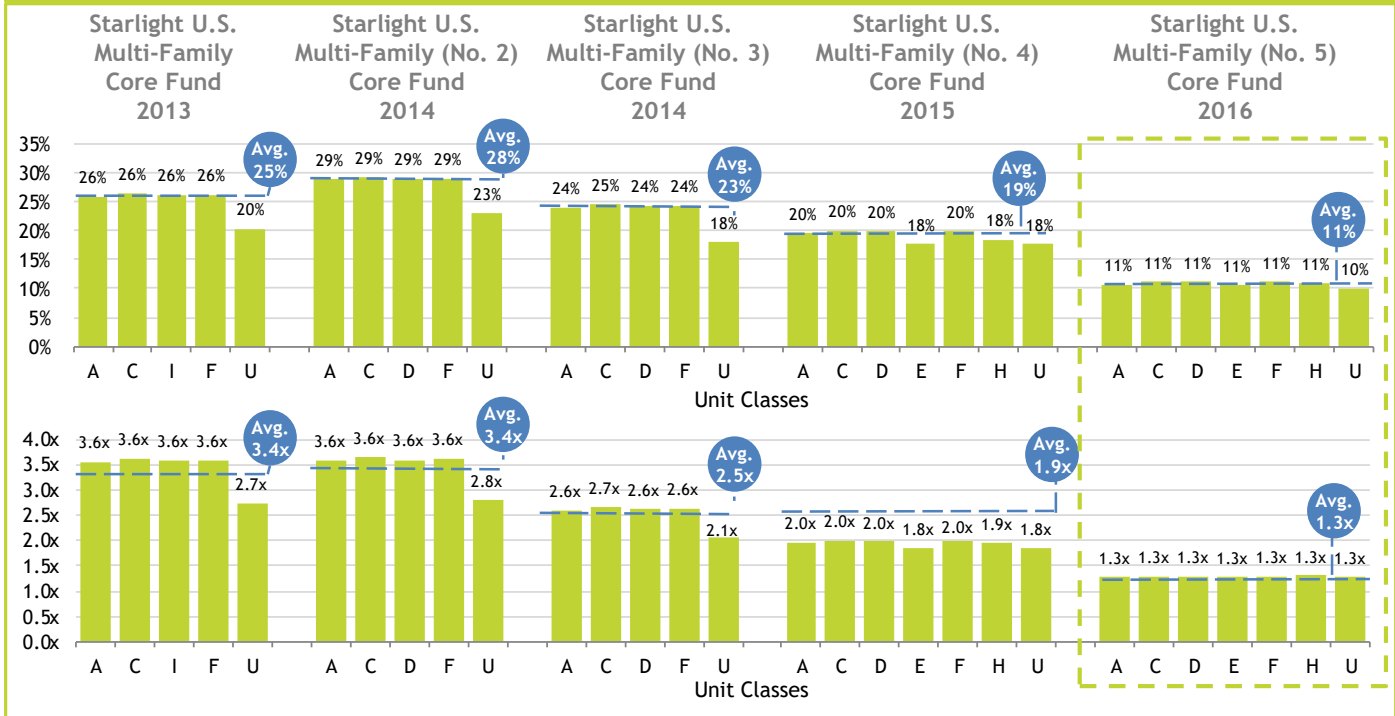


1) Full details of the arrangement will be disclosed in the management proxy circular to be delivered to unitholders.
2) Over past 20 trading days.

Exchange Ratios

	Class A	Class C	Class D	Class E	Class F	Class H	Class U
Exchange Ratio (per Unit) ¹	0.9663	0.9822	0.9699	1.2739	0.9715	1.0564	1.2800
	Tricon Shares	Tricon Shares	Tricon Shares	Tricon Shares	Tricon Shares	Tricon Shares	Tricon Shares
Implied Value (per Unit) ²	C\$11.10	C\$11.28	C\$11.14	US\$10.92	C\$11.16	C\$12.14	US\$10.97

Net Internal Rate of Return & Equity Multiples Since Inception



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1) Any amounts denominated in US\$ have been converted into C\$ based on an exchange rate of 1.3402.

2) Based on Tricon's 20-day VWAP of \$11.49.