

RENX – January 19, 2024

Blackstone bids to acquire Tricon Residential in US\$3.5B deal

RENX Staff || January 19, 2024

Blackstone (BX-N) has announced it plans to acquire all outstanding shares of Toronto-based Tricon Residential Inc. (TCN-T) and take the firm private in a \$3.5 billion equity transaction (all figures U.S. unless otherwise stated).

Blackstone Real Estate Partners X together with Blackstone Real Estate Income Trust, Inc. (BREIT) are offering \$11.25 in cash per Tricon common share, a premium of 30 per cent to Tricon's closing share price on the NYSE on Jan. 18. It represents a 42 per cent premium to the volume-weighted average share price on the NYSE over the previous 90 days.

BREIT will maintain its approximately 11 per cent ownership stake post-closing, the companies state in this morning's announcement.

Blackstone also says it remains committed to completing Tricon's existing multi-billion-dollar development plans for multifamily housing in Toronto, as well as addition an additional \$1 billion to its program to upgrade its U.S. rental properties.

Tricon's holdings in U.S. and Canada

Tricon Residential is an owner, operator and developer of a growing portfolio of approximately 38,000 single-family rental homes in the U.S. Sun Belt and multiresidential apartment buildings in Toronto. Among the U.S. communities in which it operates are Atlanta, Charlotte, Dallas, Tampa and Phoenix.

In addition to the single-family rental housing portfolio, Tricon has a single-family rental development platform in the U.S. with approximately 2,500 houses under development, as well as a land bank that can support the future development of nearly 21,000 single-family homes.

Tricon's Canadian multifamily development platform is building approximately 5,500 market-rate and affordable multifamily rental apartments.

Under Blackstone's ownership, the company plans to complete its \$1 billion development pipeline of new single-family rental homes in the U.S. and \$2.5 billion of new apartments in Canada (together with its existing joint venture partners). The company will also continue to improve its single-family homes in the U.S. through an additional \$1 billion of planned capital projects over the next several years.

"We are proud of the significant and immediate value that this transaction will deliver to our shareholders, while allowing us to continue providing an exceptional rental experience for our residents," Gary Berman, president and CEO of Tricon, said in the announcement. "Blackstone shares our values and our unwavering commitment to resident satisfaction, and we look forward to benefitting from their expertise and capital as we partner in building thriving communities."

The transaction remains subject to customary closing conditions, including court approval, the approval of Tricon shareholders and regulatory approval under the Canadian Competition Act and Investment Canada Act.

The transaction is expected to close in Q2 of this year.

In the interim, Tricon has agreed that its regular quarterly dividend and its dividend reinvestment plan will both be suspended.

"Tricon provides access to high-quality housing, and we are fully committed to delivering an exceptional resident experience together," Nadeem Meghji, Blackstone Real Estate's newly promoted global co-head, in the announcement. "We are excited that our capital will propel Tricon's efforts to add much-needed housing supply across the U.S. and in Toronto, Canada."

BREIT had made a \$240 million exchangeable preferred equity investment in Tricon in 2020 and will maintain its ownership stake. The trust has a support agreement with Blackstone to vote its common shares in favor of the transaction.

Tricon is to remain headquartered in Toronto. Blackstone's announcement did not make any statements about the company's existing management or staff.