



CRE
ANALYST

Doubling Down on Texas Apartments

February 27, 2025



AvalonBay Communities Advances Portfolio Optimization Efforts Through Planned Acquisition of Eight Apartment Communities in Texas and Reaffirms Outlook

ARLINGTON, Va.--(BUSINESS WIRE)-- **AvalonBay Communities, Inc.** (the "Company") (NYSE: AVB) announced today that it is under contract with BSR Real Estate Investment Trust (TSX: HOM.U and HOM.UN) ("BSR REIT"), and its operating subsidiary, BSR Trust, LLC ("BSR Trust"), to acquire two apartment communities in the Austin metropolitan area (the "Austin Assets"), and that it has entered into an agreement with BSR REIT, BSR Trust, and certain holders of Class B Units of BSR Trust ("BSR Class B Units"), to acquire six apartment communities in the Dallas-Fort Worth metropolitan area (the "Dallas Portfolio").

"This transaction will double the size of our portfolio in our Texas Expansion Regions at a

\$619M price
10 year-old apts
supply heavy mkts
5% cap rate

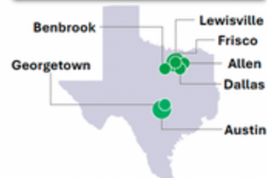
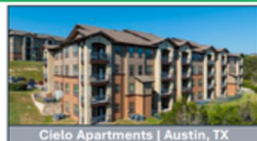


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Sale Represents a Cross Section of BSR's Portfolio

Transaction near IFRS value enables BSR to dispose ~30% of assets for ~40% of its total portfolio's market value

Photos of Select Assets



	Assets	# of Units	Average Age ¹	Acquisition Price (\$mm)	Sale Price (\$mm)	Δ to Acquisition Price (\$mm)	Price per Unit (\$000s)	IFRS NAV Cap Rate ²
Austin Portfolio	<ul style="list-style-type: none">Cielo ICielo IIRetreat at Wolf Ranch	857	9	\$ 156	\$ 187	+ \$ 31	\$ 218	4.7%
Dallas Portfolio	<ul style="list-style-type: none">Auberry at Twin CreeksAura BenbrookLakeway Castle HillsSatori FriscoWimberlyVale Frisco	1,844	12	\$ 351	\$ 432	+ \$ 80	\$ 234	5.2%
Total Sale Portfolio		2,701 Units	11 Years Old	\$ 507	\$ 619	+ \$ 111	\$ 229	5.1%

40% of the portfolio includes assets that are 10+ years old³

Represents a profit of over \$2 per REIT Unit

Residual portfolio cap rate remains at 5.2%²

Source: Company Information | ¹ 'Average Age' weighted by # of units. | ² Cap Rate reflects IFRS asset value calculation as of Q3 2024. | ³ Wimberly (1995), Auberry at Twin Creeks (2005), and Cielo I & II (2015).



Austin: 15% market vacancy, 6% w/c, 4.7% cap rate

DFW: 11% market vacancy, 4% w/c, 5.2% cap rate



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Opportunistic Sale of Stabilized Assets at Attractive Valuation

Transaction Details

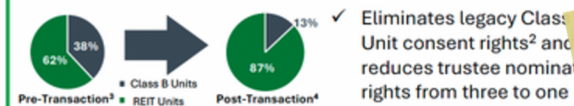
- BSR REIT (TSX:HOM.U) ("BSR") has agreed to sell a 9-property (2,701 units) portfolio ("Sale Portfolio") for a total gross sale price of \$618.5mm to AvalonBay Communities, Inc. (NYSE:AVB) ("AVB")
 - The consideration to the REIT comprises:
 - ① Austin portfolio (3 properties / 857 apartment units) for \$187mm in cash
 - ② Dallas portfolio (6 properties / 1,844 apartment units) for \$193mm¹ in cash and elimination of up to 15mm Class B units
 - Holders of Class B units in BSR's operating subsidiary ("Class B Units"), representing up to 15mm Class B Units in the aggregate, will be given the option to elect to have Class B Units repurchased and exchanged for units in a "DownREIT" partnership entity of AVB

Strategic Rationale

Unlocks intrinsic value of legacy assets

- ✓ Addresses public market mispricing by reinforcing strong NAV
- ✓ Validates IFRS value of the portfolio, from which the REIT directly benefits

Strengthens governance & unitholder control



- ✓ Eliminates legacy Class B Unit consent rights² and reduces trustee nominal rights from three to one

Facilitates asset rotations into potentially higher growth assets

- ✓ Continued focus on high-growth assets in the Texas Triangle
- ✓ Supportive of earnings growth upon redeployment of capital proceeds & asset stabilization

Leverages management's proven expertise to reposition and drive portfolio growth

- ✓ Proven track record in portfolio repositioning
- ✓ Divestment of a cross-section of BSR's portfolio

¹ Expected amount dependent on Class B participation. ² Consent rights subject to collective legacy ownership threshold over 33%, as per the Investor Rights Agreement dated May 18, 2018, as amended. ³ Based on Class B Units as of Q3 2024. ⁴ Post-transaction ownership assumes full 15mm Class B Unit participation.



Bought near peak but selling at profit.



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Buyer

No debt
Easy access to equity
4.4% AFFO yield
Wants stable growth

Seller

Sell at profit
Affirm values
6.4% AFFO yield
Needs growth

Unknown

Inferior assets
at any price?