FINAL TRANSCRIPT

BSR Real Estate Investment Trust
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Dan Oberste:

The theme we landed on for this presentation was the concept of practical growth. To us, some of the items that Susie and Tom are going to talk about tonight are just what happens in real estate at this point when you're a manager of apartments.

Leasing up 250 apartments over a short period of time is difficult, but that's just what's what our team does. We think it's practical, and we hire and pay our team very well to do it. And the feedback we receive from the market seems to tell us that we're pretty good at managing apartments. So, we've included in this package some expected organic growth. combined with some practical components on top of what you would otherwise assume is organic.

For the four and a half million in potential revenue generated from occupancy gains that we pointed to last month, we'll give you an illustrative margin spread on it. It's certainly not going to be 50% as the operating margin of same store is, but we'll give you a spread. We'll also talk about a couple of elbow grease initiatives that we see material opportunity in, and then some innovative future things in apartments in the United States, where an owner has an ability to amplify their return on something that they already do, like providing Internet service.

Looking at Slide 4. We started off the year with 32 properties, and 95.6% same store occupancy. And yes … the supply coming online has been a concern, but it doesn't hurt as much when you own Class A properties like the ones you saw today. The portfolio was about 14 years old at the beginning of the year. We sold 10 properties, nine of which went to AvalonBay. We sold one property in Oklahoma City, too, for almost a double-digit premium percentage on top of our NAV. Our team did great work there.

With the AvalonBay transaction, one thing you'll notice is that the occupancy of those assets was a bit high, and if you were to trend or individually underwrite all of our assets, the majority of those assets had riskier near-term rate metrics, which would make it very difficult for a small business to continue to hold on for the ride.

That's why you saw a ton of them happen to be in Austin. So we sold those assets and gave up a little bit of that premium and occupancy that we enjoyed there. We then bought five more. The average age of that five was about two or three years old. You can see the blended occupancy rate for when we acquired the five, about 75%. And then as a reminder, as lease-up takes place, the quarter ending occupancy of our Austin deal is 89.8%. Of course, that doesn't mean the quarter reflected 89.8% occupancy. When you're doing a lease up, the ramp up is precipitous through the quarters until it's stabilized.

So some thought we let some of our best properties go, but, in reality, we’re now left with a younger portfolio, with a bunch of upside in the form of near-term occupancy increases, devoid of rate. And a key point here is the 92% occupancy threshold, which is everything including lease-ups. We're confident that 94% to 96% is a stabilized occupancy number for this product class. If we had value-add or Class C, we wouldn't be as confident, right? But at this class, it's a factor of rate, and Susie / Davi and the team are pretty good at that. On the balance sheet side, we have probably 1-2% higher leverage than we started out the year, which represents an expected slightly increase that should generate outsized returns to our unitholders.

Let's look over on the right side of the screen. This is the macro, (the bad), that we've seen this past year. You look at the top there with the 10-year U.S. Treasury starting out the year at 4.39%, and you see it ending the year at 4.09%. And you would think this might be a pretty decent year for real estate. But it’s been a challenging year for real estate capital, right? Over the course of most of our careers, real estate is about 90-92% correlative to relative movements in that 10-year U.S. Treasury. In the last 10, 11, 12 months, 11 months, it's dropped to 30% correlated.

Why has the correlation dropped? Well in my opinion, we have artificial “manipulation” in the form of QE, things that don't really create velocity or economic growth, or increased buying power. Maybe resulting in some loss of correlation to a real estate investment. We've seen before, and that's a macro headwind in the industry, and as a result, what was the impact to the small cap companies in our sector? You saw compression of multiples, despite a compression in the 10-year. You didn't see expansion. You would think you'd see expansion. Unfortunately, the sector overall wound up seeing compression in the last year.

And this last line, we think is telling, it summarizes the impact of supply on our product class.

[Our guest economist] mentioned earlier about 2 to 2.5% annual growth in average rents in the Texas markets in the last 25 years and 9% vacancy. That's inclusive of new deliveries, Class B, Class C, Class A. Usually, our product tends to be a bit higher in occupancy. You saw that move this year to 12% average vacancy, 1.2% effective rent decreases. So, you saw about a 3.5% delta in rental rate. But you see people take it on the chin on occupancy to the tune of about 3%. Where is that 3% sitting? It sits in lease

ups, and it sits in Class C, it doesn't necessarily sit in Class B or Class A. That product is still in high demand. It's just rate dependent.

Moving on to the slide five. How has our stock performed in 2025? We were split about including this page in the presentation because there is a lot going on in the market. However, at the end of the day BSR finds creative ways to drive to TUR. One thing that we know now is that, up until this point, since we were public, BSR drove 12.2% compound annual FFO per unit growth. Historically, FFO growth is the number one driver of return.
So, in my opinion, we should have been rewarded. Sector-leading compound annual FFO growth should lead to outperformance but instead has been met with a decline in multiple. Nevertheless, we are focused on what this chart is going to look like to the right, as in next year and the years after that and ensuring we continue to drive best-in-class TUR.

So moving to Slide 6. This is why we think you should care about BSR beyond 2025. We have curated a bespoke portfolio. You all invest in a lot of real estate companies, and you all write about a lot of companies. Most of them are an amalgamation of deals that have been made by predecessors and are constantly being cleaned up and worked on? We've already done that. We picked each one of the assets that are in this portfolio for a reason. We made intentional decisions to own this portfolio at this point in the cycle. If there's an arbitrage in the value and we can rotate and make our investors more money, we will do it. We have proven it repeatedly.

We believe absorption is keeping pace. Rate is going to turn the corner, and until then we have a lot of FFO we can organically generate in the form of occupancy on these properties we intentionally bought.

We think we have been good stewards of capital over the course of the last eight years since our IPO. Hopefully, you think so as well. We talk about buckets of return. That's not an academic exercise. We're thinking about this daily when we're making RevGen decisions, when we're executing swaps or swaptions, when we are doing NCIBs … it's about buckets of return.

So looking at Slide seven, this is the geographic makeup of the portfolio. Our dispositions backed us off in Austin and Dallas in the past 12 months. This intentionally front-loaded the Houston market because we believe it's going to pick up before the other high growth, high delivery markets in the rest of the United States.

We keep that 18% in Austin, for the same reason we keep the concentration in Oklahoma and Little Rock. Markets like Oklahoma City and Little Rock are the yield-driving markets that support our ability to take a calculated risk in a market like Austin. Austin has taken it on the chin the last two years, and it is going to be the last one to recover from a rate standpoint. But when it does, it's going to take off at the end of 2026, beginning of 2027. In 27, it's going to be a top market for rate growth. It's going to hold its weight, recession notwithstanding. In DFW, we've got room to backload there. We have a great team in that market and if we were going to spend a dollar today, it would be in Dallas.

Moving on to the next slide, slide 8. These are some fundamental macrographs that we thought were informative and just setting the table here. I'll start with this one on the upper right. This is our take on rent versus own. You can see there's a 25% differential in the cost to live at a BSR property versus owning a home. This doesn't even include the $90,000 that you need for a down payment to get your 15 or 30 year mortgage. What you see is the principal and interest of the home is about 25% more expensive than the rent on an apartment. That doesn't include property taxes and insurance.

There's a secret that people don't tell you about home ownership in Florida and Texas. They like to talk about no income taxes, but what they forget to tell you about is Real estate taxes are the highest in the country. So if you were to start to load real estate taxes on top of principal and interest, that 25% looks more irrational than it already is. That's a good defensive setup for us. BSR has the ability to play defense in a recessionary environment. And then, in economic growth times, you see what happens to our rates, our occupancy, etc.

Looking over on the left side of the page, all of the supply numbers and the delivery numbers that you talk about, the story that's been number one story of the Sunbelt markets for the last couple of years. In our opinion, that is yesterday's news. Let's talk about numerical delivery decline leaders. You see that the Top 3 are our three markets. Year-over-year, this is what 2026 is going to look like, and 2027 looks no different.

Long-term, the US and Canada are similar on net population growth, and immigration has been cut back. This has actually already been underwritten. But the interesting thing that I like is that DFW, Houston, and Austin are still three of the top five net population growth leaders, from a gross standpoint, moving forward in the U.S. And that would make sense for DFW and Houston, because each of them is about 9 million people and one of the largest cities in the county. Austin is not … it is a barely in the Top 20 in population in the US. This is another reason why we're bullish on Austin at the end of 2026 and 2027.

Slide 9 reminds you that we have almost a decade-long track record in the public markets. Throughout that time, we've raised $2.4 billion of accretive debt capital. Thank you to our creditors in the room. $1.7 billion of derivatives deployed … this is our swaps. We have raised $239 million of equity since the IPO. And then this bottom number is the inverse. We've made $53 million of open market purchases through our NCIB. I think our average price on this is somewhere around $10.90 and change US. So we like that investment. And then last year, we took 15 million B-units off the table through the strategic disposition.

Since 2022, we've actually taken about 21 million units off the table, or approximately 33% of our equity. So we intentionally shrunk. That was not necessarily Plan A but ultimately it was the right decision.

Moving over to slide 10. This slide depicts about a dozen or so US awards we have won in recent years. These are from people that don't invest in BSR and we don't pay. We share this as a summary to say that our platform is really good. This is a result of hiring experts in their craft to do their job.

A great example of this is this an average 4.6 Google rating. Let's not overlook that, because we improve properties to that level. As an example, we purchase a property here in Dallas where the Google rating was 3.9 and now it is 4.9. Similarly, ORA went from 59 when we purchased it, to now it's 84. This is how the public rated us when we repositioned an asset. And we do this across the whole portfolio, increase online reputation, without the help of reputation management agencies, it's just us interacting with our residents.

Susie and Tom are going to come up and talk more about our four strategic themes for 2026: operational excellence, strategic capital allocation, prudent financial management and significant growth. Those are the three pillars of what we do. Susie, over to you.

Susie Rosenbaum:

I'm really excited to share with you some of the innovative things we're doing at BSR to create incremental NOI. So let's move to slide 13. We're going to start with just the status quo. Here we show eight different 3rd-party data service providers who each have their own expectations for revenue growth in our markets over the next few years. The predictions vary and you can see them individually with the faded lines in the background. The dark green line is the average, and in my mind, this is what we have to beat and I'm going to tell you how we're going to do that.

So let us move now to the next slide. Right now, we've got five recently acquired properties that are not stabilized. That amount to 250 units that aren't leased that were paying expenses on. As we lease them up, expenses largely stay the same, so with every new lease, the revenue we receive goes more and more to the bottom line and our NOI goes up. This translates to a lot of money when we get to the sweet spot of 95% occupancy.

Moving to slide 15, let's talk about some of the things we can do outside of just your typical organic growth, as well as leasing up the properties we have that aren't stabilized. One of the largest initiatives we have is bulk internet… and it's a big deal. What we used to do is allow a cable company to come on property, market to our residents, and then for every contract they sign, they would give us some revenue sharing. There is little risk to BSR here and thus only a few fees to BSR associated with no risk.

Under the Bulk Internet process, BSR is investing in the cabling and infrastructure. We contract an internet service provider to provide the service for a small fee. Then we (BSR) charge the resident for the internet, and we make the spread between the small fee to the service provider and the fee to our resident. Tom's going to review the dollars and cents

of what this means to us over the next three years, but I can tell you right now that it's pretty exceptional.

Why haven't we always been doing this? In the past, Internet was tied to your cable provider. With streaming, you don’t have cable at all but everybody still needs internet and Wi-Fi. While we have to invest some capital, we make the bigger spread on the margins. Now you are going from practically no risk in the original model, to slightly more risk with the new model, but with exponential returns.

Next, slide (slide 16). It’s not just about the margin. Here are a few reasons we believe that it is a better experience for the resident. Upon move in, the Internet works on day one. No more having to wait on a cable provider to come activate it in some time window.

Residents will be able to go anywhere on property, and the Internet works flawlessly, as opposed to walking out of your apartment, and now you're on cellular service.

We also provide higher speeds for a lower price than residents would otherwise pay to get the exact same package from a cable company or other Internet service provider.

Besides bulk internet, what else can we do to increase our NOI? One initiative is valet trash. This service is not new. Instead of the resident taking the trash to a dumpster themselves, they put their trash in a bin outside their door, and then at night it gets collected and taken to a bin. We used to pay a third-party service provider for valet trash, and even make a small spread on the resulting fee which was billed to residents. However, if we bring this in-house, we are able to make considerably more money. We are currently doing this on four properties we own, and we're going to do it on four more in 2026.

For all of these new initiatives we start by testing them on a subset of properties and then roll it out portfolio-wide if the numbers look good. Bulk internet is working well. We started it on five properties this past year, three more will go live by the end of December, and we will roll it out portfolio-wide in 2026. Vallet trash is also working well so we're going to roll it out to four additional properties in 2026.

Something else that we are exploring is landscaping and more specifically, irrigation. It is an important piece because if you mess up the irrigation, you kill your landscaping. We think we could do irrigation cheaper and better. When we have a freeze in Texas and our irrigation system breaks, and we don't know about it until the spring, it can be a big enough problem that you have to file an insurance claim due to winter storm damage. So, when this is all better maintained, and claims aren’t happening as frequently, that will also lower insurance rates. We're still rolling out more smart home technology, obviously. That's something that we've been speaking about for a while.

These are the initiatives we are doing now but there are other things we can do in the future. For example, we are looking at elevator maintenance and pest control. We have also been working on centralization. In 2025, we piloted a new Resident Specialist

position. This is one person on the BSR team that is the best at renewals. Instead of working for one property, this person now works with our residents across all properties in an MSA. The pilot program worked great, renewals improved, resident satisfaction improved and now we can roll his out for more of the portfolio, reducing our reliance on onsite staffing. Of course, we still need onsite leasing and operations staff to lease and run the properties, but potentially not as many.

I'm going to hand it off to Tom to talk about our strategic capital application, and what all these exciting new initiatives mean in dollars and cents for BSR.

Tom Cirbus:

Thanks, Susie. Both Susie and Dan have talked about a bunch of great initiatives tonight, and that runs into the harsh reality of my world: that capital is finite. As everyone knows in this room, if we want to achieve the type of growth we want in the coming years, we have to be prudent allocators of that capital and find its highest and best use. I will tackle that in a couple of different ways on slide 19.

On the left side are our sources of capital and on the right side is how we're going to allocate that capital. We have actual liquidity, which is tangible, and we have additional borrowing capacity under our revolving credit facility, which, to the extent we were able to take on more leverage, there's a lot of additional capital there.

Not on this page, but worth mentioning, is the free cash flow the business throws off every single quarter, every single week, every single month. Additionally, the properties we have in our portfolio today, I think we've proven to be good stewards of. When there's a liquid property that makes sense to rotate or to use as a liquidity source, we've done that and we will continue to act on those opportunities when it makes sense.

So, if you trust me that we have access to the capital, the question becomes how do we allocate that capital? And that turns to the right side of the page here. Obviously, as a benchmark, everything is weighted against our weighted average cost of capital, which we're constantly monitoring.

From there, we're a bit of real estate nerds. We'd like to continue to grow the business every single day through additional real estate investments, to the extent it made financial sense. However, if that doesn't make financial sense, which is probably the case today, we move down the priority list of saying, here are the assets we have today. How do we enhance these assets? What initiatives do we invest in to pick up occupancy and rate.

Beyond new assets and enhancing existing assets, we have these real estate adjacent businesses that are generating superb returns that will be material to BSR unitholders. These are just expanding the aperture of our expertise as real estate managers, whether it's bulk internet, whether it's valet trash, whether it's irrigation, whether it's smart home technology, these are things that our people know how to do, and with the right amount

of capital to allow us to deploy into them, they can take it to the next level, and it'll just be a benefit to the unitholders.

And finally, obviously, there are all the financial solutions at anyone's behest: debt retirement and unit repurchases usually get all the headlines here. But I'd point you to our historical track records of our derivative strategy and of our captive insurance business. These are fairly unique business lines where, as Dan said earlier, we think this has made our unitholders millions of dollars over the last four or five years. So, it's not to be remiss.

As you look at the very right side of the page, where do we think it makes sense to allocate capital in 2026 from a return on investment perspective? It becomes obvious. We'd love to lever up the business and buy more properties in an accretively, financially sound way. That would be our preference, but we'll admit it's at best break-even today, or slightly negative to earnings. That probably doesn't make financial sense, so we moved on down the page. We still have capital to allocate, where should it go? What you'll see is the returns are screamingly obvious. Between RevGen Capex, and in particular, a lot of the business lines that Susie just talked about, we're talking about 20% to 30% ROIs, which will almost incrementally fall straight to the bottom line. So these are big drivers for unit holders over time. And of course, financial solutions are always there … just at a lower return to unitholders.

So let's talk about the 3rd and 4th legs of the stool. Dan mentioned both prudent financial management and then ultimately growth.

On page 21, we'll look quickly at the capitalization of the business, but this is nothing new. I'll note everyone likely saw the press release Monday, and again, thank you to all the creditors in the room that materially changed the bottom right portion of this page, not only from a debt maturity schedule perspective, but equally as importantly, from an accretion perspective. On the revolving credit facility, we've now extended the maturity of our largest debt maturity to 2030. We've laddered the rest of the maturities from now until then. And we sit here today with a five-year weighted average maturity of 3.9% interest rate. We're really proud of this, so again, thank you to all the creditors here that continue to support BSR. We wouldn't be where we are today without your support.

Let me just double click on the debt a little bit on page 22, and in particular, our derivative strategy, which is probably the number one thing that everyone in this room calls me on. So, let me try to help give some clarity. The top half of the page is fairly self-explanatory, but it hopefully gives some more color on our debt stack today, highlighting some key points of probably what matter for your models and what matter for you as an investor, laid out quite simply.

Moving down to the bottom side of the page is a description in more detail on our derivatives book in general. From a high level, this management team thinks of our derivative book as just another insurance product. It is insurance against the volatility of the rate market that has, in particular over the last few years, paid off and reaped

dividends for our unitholders, to tune of again, several million dollars over the last 4 or 5 years.

We obviously went to fully fixed several years ago, but as we read the tea leaves today, we think it's more strategically appropriate to be at our long-term target of 10% to 15% floating from a total capitalization of the business perspective. There are several ways that we can execute on that in the coming months and years.

Moving to our derivative book on the left of this slide, you see where we sit today. I'll point out to you the fixed rate column in the green, and the average SOFR between the cancel date and the stated maturity in the grey. It's pretty simple. If at any given cancellation date, the fixed rate (green column) is higher than what would otherwise be the average of the SOFR between the cancel and stated maturity (grey column), BSR will expect to retain this swap on the book going forward until maturity. Vice versa, if the fixed rate is lower than what the counterparty could otherwise get in the market, you'd expect us to be canceled out of that swap. So, hopefully, there's just a summary way to look at it.

Rates move a lot, as we all know. If you looked at these numbers a week ago, we probably would have been closer on, in particular, the 3.13% and the 3.48% would become more obvious that we would likely get placed into it. These numbers move, but sitting here today, we get canceled out of the $42 million swap and the $65 million that might be 10 to 15% of floating rate exposure just like that.

Now, that said, this is something we manage every single day. We are constantly in contact with our derivatives, traders. We are constantly in contact and thinking through the strategy around this. Are there ways to blend and extend? Is it prudent to extend the cancelable date? Is it prudent to allow something to roll or push it to a longer dated derivative and take a little bit on rate on a sperate derivative but be net positive to the REIT overall. Yes, those alternatives always exist and we monitor the right move every day.

Flipping to Slide 23: this is the exciting page.

If BSR can just do the things that BSR does well: manage apartments, be experts at our craft, and not be reliant on external factors like the macro market coming our way, we see material upside in our earnings, which should drive best-in-class growth across the entire multifamily sector, save for all things organic.

We have bucketed the expected returns across three initiatives we've discussed tonight. First, leasing up the 2025 acquisition assets: we think that's 6 to 10 cents of earnings, just in leasing up the assets.

The real estate adjacent businesses that Susie talked about (bulk internet, valet trash, and other strategic initiatives we are actively exploring): we think that's another 4 to 8 cents of earnings between now and 2028.

And then it's platform growth. One thing we probably haven't talked about yet is: will cost of capital come our way? Can we grow externally organically? We always have the ability to partner with 3rd parties from a joint venture perspective or from an outright 3rd party management perspective. We think those things are very achievable to us in all of our conversations with capital, with other asset managers. We believe that we'll execute on that and drive 3 to 4 cents of earnings between now and 2028.

So, in total, that's 13 to 22 cents of incremental earnings. If you compare that to our 9-month ended FFO on an annualized basis, that's 15 to 25% of total earnings growth between now and 2028.

There are a couple of caveats here. The most important one is that this excludes all things organic in the business. So, it excludes regular rate growth. It excludes continued occupancy gains across the business, and other assets we may not have laid out today, changes in interest rates, changes in G&A, insurance costs, taxes, etc. Everything depicted on this page is in addition to that growth that. We think that is particularly attractive assuming the market continues to move our way over the course of the next 2-3 years.

Second caveat: we're not trying to sit here and say, “Trust us, this is all coming in 2028. We have got a lot of work to do. It's going to take a couple years.” We really expect to start delivering on this return today. We picked a three-year horizon in this presentation as a longer-term projection, but it's not a projection which will all result in 2028. You're going to see this start to materialize over the course of the next, 12, 18, 24 months in particular and it's going to continue over the course of the next 36 months in total.

So, these are exciting times for the REIT. We’re really excited because we think this is going to position us as a best-in-class growth opportunity in the multifamily sector. And so, we're really excited about our growth prospects. I'll pause there and ask Dan to provide any concluding remarks.

Dan Oberste:

If someone asks me, how do you make a lot of money in commercial real estate, I would say you must have a great platform. You have to pick a great product and buy at the right time. You need to finance appropriately and make sure you're not under-capitalized. You have to adhere to your discipline and not take extraordinary risks. This is what BSR is set up to do.

We bought some lease-ups at a time where that was a little scary due to elevated supply. But for people that do what we do, we look at this as the perfect time to take a little bit of leverage risk, when others are afraid to buy. And 12 months from now, these properties will be fully occupied. Then you're going to get the cream off the top when concessions burn off and have organic rent growth for successive periods of time. We think this is an appropriate time to take the risks that we have taken through the transactions we made.

We think it's going to generate capital above and beyond any organic growth expectations.

As Tom mentioned, this doesn't include the fact that it's a buyer's market for insurance right now. It doesn't include the fact that late cycle economics in Texas real estate should yield in a decrease in taxes from a year over your standpoint when cap rates go up and there's a lot of supply in the market.

We believe the fundamentals are compelling and should speak for themselves. As always, Susie, Tom and I are available for any questions that you may have as you dig in. Thank you for attending today’s presentation.