

Equity Residential and Toll Brothers Announce Strategic Partnership to Develop Rental Apartment Communities

August 24, 2021

CHICAGO, Ill. and FORT WASHINGTON, Pa., Aug. 24, 2021 (GLOBE NEWSWIRE) -- Equity Residential (NYSE: EQR), an S&P 500 company focused on the acquisition, development and management of residential rental properties located in and around dynamic cities, and Toll Brothers, Inc. (NYSE: TOL), the nation's leading builder of luxury homes, through its Toll Brothers Apartment Living division, today announced the establishment of a strategic partnership to develop new rental apartment communities in key U.S. markets. Through the partnership, the parties initially intend to focus on selectively acquiring and developing sites for apartment rental communities in six metro markets where both parties have a significant or growing presence: Atlanta; Austin; Boston; Denver; Orange County/San Diego; and Seattle, as well as in Dallas-Fort Worth, a market that Equity Residential has recently re-entered.

Over the next three years, Equity Residential will invest 75% of the equity for each selected project and Toll Brothers will invest 25%. It is expected that each project will also be financed with approximately 60% leverage. Equity Residential will have the option to acquire each property upon stabilization. The parties have targeted an initial minimum co-investment of approximately \$750M in combined equity, or nearly \$1.9B capacity, assuming 60% leverage. These targets, which are subject to identifying mutually acceptable properties, could increase if additional opportunities are identified. Three properties currently controlled by Toll Brothers, with a total anticipated project cost of approximately \$242 million, are expected to jump-start the venture.

Toll Brothers will act as managing member of each project, overseeing approvals, design and construction for which it will receive development, construction management, and financing fees, as well as a promoted interest to be realized upon the sale of each property and has, with limited exceptions, agreed to develop apartment projects exclusively with Equity Residential in the designated metro markets. Equity Residential will receive fees for property management, leasing and marketing services, as well as construction oversight.

"We are delighted to be working again with Toll Brothers and their experienced apartment development team, with whom we've had a long and successful relationship. This venture will complement our expansion markets and predominantly renter demographic. We expect this partnership to diversify our asset base and enhance our financial performance, while also providing significant value to our shareholders," said Michael J. Parrell, President and CEO of Equity Residential. "This venture will also allow us to benefit from Toll Brothers' existing deep expertise in developing high-quality apartment properties in our target markets that appeal to our affluent shareholders, to accelerate our growth and to create value for our shareholders."

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"We are thrilled to join with Equity Residential in this exciting partnership which offers tremendous benefit to both of our organizations," said Douglas C. Yearley, Jr., Chairman and CEO of Toll Brothers. "This venture will increase the capital efficiency of our Toll Brothers Apartment Living platform, allowing us to develop more apartments with less capital. Having Equity Residential co-investing with us at initial site acquisition and being the likely purchaser of developed properties at stabilization will enable our Apartment Living business to improve return on equity and to generate a higher and more predictable income stream through consistent and recurring fees and property sales."

About Equity Residential

Equity Residential is committed to creating communities where people thrive. The Company, a member of the S&P 500, is focused on the acquisition, development and management of residential properties located in and around dynamic cities that attract high quality long-term renters. As of July 26, 2021, Equity Residential owns or has investments in 306 properties consisting of 79,117 apartment units, with a significant presence in Boston, New York, Washington, D.C., Seattle, San Francisco and Southern California, and an expanding presence in Denver, Atlanta, Dallas and Austin. For more information on Equity Residential, please visit our website at www.equityapartments.com.

About Toll Brothers

Toll Brothers, Inc., a FORTUNE 500 Company, is the nation's leading builder of luxury homes. The Company was founded over 50 years ago in 1967 and became a public company in 1986. Its common stock is listed on the New York Stock Exchange under the symbol "TOL." The Company serves first-time, move-up, empty-nester, active-adult, and second-home buyers, as well as urban and suburban renters. Toll Brothers builds in 24 states: Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, and Washington, as well as in the District of Columbia. The Company operates its own architectural, engineering, mortgage, title, land development, golf course development, smart home technology, and landscape subsidiaries. The Company also operates its own lumber distribution, house component assembly, and manufacturing operations. For more information, please visit www.tollbrothers.com.

About Toll Brothers Apartment Living®

Toll Brothers Apartment Living is the wholly owned apartment development division of Toll Brothers, Inc. (NYSE: TOL). Toll Brothers Apartment Living is bringing the same quality, value, and service familiar to luxury home buyers throughout the country to upscale rental communities in select markets, including Atlanta, Austin, Boston, Dallas, Denver, Los Angeles, New York, Philadelphia, Phoenix, San Diego and Washington, DC. Toll Brothers Apartment Living was ranked 11th largest apartment developer in the U.S. in 2020 by the National Multi-Family Housing Council. The f

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more than 5,300 units under
oll Brothers Apartment Living
s, resident services, design, and
For more information visit

Forward-Looking Statements

In addition to historical information, this press release contains forward-looking statements and information within the meaning of the federal securities laws. These statements are based on current expectations, estimates, projections and assumptions made by management. While Equity Residential's and Toll Brothers' management believe the assumptions underlying these forward-looking statements are reasonable, such information is inherently subject to uncertainties and may involve certain risks, including, without limitation, changes in general market conditions, including the rate of job growth and cost of labor and construction material, the level of new multifamily construction and development, competition and government regulation. In addition, these forward-looking statements are subject to risks related to the COVID-19 pandemic, many of which are unknown, including the duration and severity of the pandemic, the extent of the adverse health impact on the general population and on our residents, customers and employees in particular, its impact on the employment rate and the economy and the corresponding impact on our residents' and tenants' ability to pay their rent on time or at all, the extent and impact of governmental responses, the rollout and effectiveness of vaccines and the impact of operational changes we have implemented and may implement in response to the pandemic. Other risks and uncertainties are described under the heading "Risk Factors" in our Annual Reports on Form 10-K and subsequent periodic reports filed with the Securities and Exchange Commission (SEC) and available on our websites, www.equityapartments.com and www.tollbrothers.com. Many of these uncertainties and risks are difficult to predict and beyond management's control. Forward-looking statements are not a guarantee of future performance, results or events. Equity Residential and Toll Brothers assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

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