

Bluerock Residential Growth REIT (USA): Demerger of Bluerock Homes Trust - Informative Notice

22 September 2022

FTSE Russell notes the transaction whereby Bluerock Residential Growth REIT (USA, BKWBZX8, RAFI, NAREIT) will spin-off its shares of Bluerock Homes Trust (USA). In the transaction, Bluerock Residential Growth REIT shareholders will be entitled to receive 0.125 of a share of Bluerock Homes Trust per each share held. Immediately following the distribution of Bluerock Homes Trust's shares, Bluerock Residential Growth REIT will be acquired by Blackstone Inc for 24.25 USD. Shareholders convened to vote on April 12, 2022 where the event was approved.

06 October 2022 (with effect at the open):

Bluerock Homes Trust will be added to Bluerock Residential Growth REIT's respective indexes. A price adjustment will be applied to Bluerock Residential Growth REIT at the open based on the demerger terms.

In the event the distribution is greater than 10% and to account for the withholding tax liability associated with the spin-off, FTSE Russell may apply a compensatory negative dividend adjustment at the close of 05 October 2022, in order to reflect the value of the taxable portion of the distribution in the net-of-tax indexes, calculated using the FTSE Russell maximum withholding tax rate for USA (30%). The negative dividend will be based on the reference price and will be confirmed via the one day trackers sent at market close on 05 October 2022. Clients should note that this treatment will be applied to all total return indexes, and not just the net-of-tax indexes.

Calculation of the total return adjustment below:

Tax liability (USA) = 05 October Close Price of Bluerock Homes Trust * 30%

A negative dividend of USA (tax liability / (1 - 0.30)) will be applied to the FTSE Russell Standard Total Return Indexes in order to reflect this tax adjustment.

07 October 2022 (with effect at the open)

Blackrock Residential Growth REIT will be removed from all indexes at the cash acquisition terms of 24.25 USD per each share held.

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