



BEAZER HOMES

Beazer Announces Launch of Pre-Owned Rental Homes Business

May 3, 2012

ATLANTA--(BUSINESS WIRE)--May 3, 2012-- Beazer Homes USA, Inc. (NYSE: BZH) (www.beazer.com) (the "Company") today announced the contribution of its pre-owned rental homes business, consisting of nearly 200 single-family homes in Phoenix and Las Vegas, to a newly formed real estate investment trust ("REIT"). The REIT, which will be named Beazer Pre-Owned Rental Homes, Inc. ("BPRH"), was founded by the Company and includes an investor group led and arranged by affiliates of Kohlberg Kravis Roberts & Co. BPRH was organized to acquire, refurbish and lease recently-constructed, previously-owned single-family homes on a large scale in select markets in the United States. BPRH intends to become a leader in the single-family rental homes business and is one of the first REITs focused exclusively on the single-family home rental market. BPRH will be based in Phoenix, Arizona.

In addition to the Company's contribution, which represents an investment of \$20 million, BPRH received cash investments and binding funding commitments from outside investors totaling \$65 million, bringing the current total investment in the newly-formed REIT to approximately \$85 million. The Company will receive a non-controlling interest in BPRH in exchange for its contribution.

As compensation for its role as a founder of BPRH and for the intellectual property and other support it will provide BPRH going forward, the Company will receive awards of BPRH common stock equal to 6% of the stock issued during BPRH's private phase until it has raised \$150 million in equity. The first 2% of these "founder's shares" will be issued to the Company upon the closing of BPRH's initial round of equity financing and the remainder will be granted upon the achievement of various benchmarks. After BPRH has raised an aggregate of \$150 million of private equity capital, the Company will receive 1% of subsequent issuances of BPRH common stock prior to an initial public offering by BPRH.

"We believe our investment in BPRH allows us to unlock the value in our rental homes business and grow it more rapidly than we otherwise could within Beazer. BPRH's ability to focus specifically on the rental homes market and attract external capital to scale the business represents a compelling – and differentiated – value for our shareholders," Allan P. Merrill, President and Chief Executive Officer of the Company, said.

Mr. Merrill has been appointed Non-Executive Chairman of the Board of Directors of BPRH. Patrick R. Whelan, a residential real estate veteran with over 20 years of experience in a number of senior leadership capacities, including six years as Chief Operating Officer at Archstone-Smith Trust, an apartment real estate investment trust, will serve as BPRH's President and Chief Executive Officer.

"Pat brings to BPRH a wealth of experience garnered during his many years in the real estate industry. He is an outstanding leader and is the perfect person to lead this new venture as we look forward to quickly ramping the business and taking advantage of the market opportunities currently available in the single-family home rental category," Mr. Merrill stated.

In addition to Mr. Merrill, the Board of Directors of BPRH will include two independent directors, Charles T. Freeman and Steven J. Klinger. Mr. Freeman is a private investor following a 35-year career at Wellington Management Company, where he was a Senior Vice President and Partner. Mr. Klinger also is a private investor who, from May 2006 until May 2011, served as the President and Chief Operating Officer and as a director of Smurfit-Stone Container Corporation, an integrated manufacturer of paperboard and paper-based packaging.

Beazer Homes USA, Inc., headquartered in Atlanta, Georgia, is one of the ten largest single-family homebuilders in the United States. The Company's industry-leading high performance homes are designed to lower the total cost of home ownership while reducing energy and water consumption. With award-winning floor-plans, the Company offers homes that incorporate exceptional value and quality to consumers in 16 states, including Arizona, California, Delaware, Florida, Georgia, Indiana, Maryland, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia. Beazer Homes is listed on the New York Stock Exchange and trades under the ticker symbol "BZH."

Forward Looking Statements

This press release contains forward-looking statements. These forward-looking statements represent our expectations or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, among other things, (i) the ability of BPRH to attract future third party capital, (ii) whether or not BPRH completes an initial public offering in the future; (iii) failure of BPRH to continue to qualify as a REIT, (iv) the economic and operating performance of BPRH in light of its limited operating history, (v) BPRH's ability to manage its future growth, (vi) competition for the types of single-family homes on which BPRH is focused on, (vii) the supply of single-family homes that are available at discounts from past prices, (viii) competition and other factors limiting BPRH's ability to lease homes or increase or maintain rents, and (ix) other factors over which the Company has little or no control.

Any forward-looking statement contained in this press release speaks only as of the date on which such statement is made, and, except as required by law, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

New factors emerge from time to time and it is not possible for management to predict all such factors.



Source: Beazer Homes USA, Inc.

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