



BSR REAL ESTATE INVESTMENT TRUST

Management's Discussion and Analysis of Financial Condition and Results of Operations
for the three and nine months ended September 30, 2019
Quarterly Report – September 30, 2019

November 12, 2019

BSR REAL ESTATE INVESTMENT TRUST

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Amounts in thousands of U.S. dollars (except for unit amounts, per unit amounts and as otherwise noted)

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PRESENTATION

This Management's Discussion and Analysis ("MD&A") of BSR Real Estate Investment Trust (the "REIT") is prepared as of November 12, 2019 and outlines the REIT's operating strategies, risk profile considerations, business outlook and analysis of its results of operations and financial condition for the three and nine months ended September 30, 2019.

The operations of the REIT commenced on May 18, 2018 when it completed an initial public offering ("IPO") of 13,500,000 trust units ("Units") for gross proceeds of \$135,000 or approximately \$119,178, net of underwriters' fees and other transaction costs (including \$3,807 prepaid equity issuance costs acquired from BSR Trust, LLC ("BSR")). In addition, on May 18, 2018, a \$30,000 debt was converted to 3,000,000 Units increasing the total equity proceeds to \$165,000. Proceeds from the IPO were used to repay approximately \$122,300 of indebtedness of BSR and to fund transaction costs associated with the offering. In connection with the IPO, the REIT indirectly acquired an interest in BSR. This acquisition resulted in the REIT indirectly acquiring 47 garden-style, multi-family communities (the "BSR Initial Properties").

On June 1, 2018, the REIT acquired a 200-apartment unit garden-style residential community, Brandon Place, located in Oklahoma City, Oklahoma ("Brandon Place", and together with the BSR Initial Properties, the "Initial Properties"), for a contractual purchase price of \$23.4 million.

In connection with the IPO, the REIT announced monthly distributions of \$0.0417 per Unit, resulting in total distributions declared to holders of Units ("Unitholders") and holders of class B units ("Class B Units") of BSR ("Class B Unitholders") of \$5,186 and \$15,120 for the three and nine months ended September 30, 2019, respectively.

On September 17, 2019, the REIT completed a follow-on offering of 3,797,300 Units ("September 2019 Offering") for total gross proceeds of \$40,251 or \$38,094 net of issue and other transaction costs. Concurrently with the closing of the September 2019 Offering, the REIT also completed a non-brokered private placement ("Concurrent Private Placement") of 1,416,000 Units to Vision Capital Corporation on behalf of investment funds that it manages for proceeds of \$15,010.

This MD&A should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("the IASB"). The REIT had no operations prior to May 18, 2018, the date on which the REIT completed its IPO and acquired the BSR Initial Properties. The results of operations of the REIT for the nine months ended September 30, 2019 are not directly comparable to the prior period from January 9, 2018 to September 30, 2018 as the REIT was established on January 9, 2018 and had no material operations prior to May 18, 2018, when the REIT acquired an interest in BSR. Nevertheless, year-over-year figures for the period from January 9, 2018 to September 30, 2018 are presented in this MD&A. The principal reasons for the changes between the financial figures presented in the year-over-year periods are the difference in the number of days of operations during the comparative periods as well as the investment property acquisitions and dispositions made by the REIT subsequent to September 30, 2018.

For comparative purposes, to provide investors with a more complete understanding of the REIT's performance, the REIT has also provided total revenue, NOI and Same Community (each, as defined below) metrics in this MD&A that encompass the entire nine months ended September 30, 2018 for the properties that were acquired by the REIT upon closing of the IPO, referred to as the "Full Comparative Period", which includes a period prior to the REIT's ownership of the BSR Initial Properties.

All amounts are stated in thousands of U.S. dollars, unless otherwise noted. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB. This MD&A has been prepared based on information available to management as of November 12, 2019. Additional information about the REIT, including the REIT's current annual information form in respect of the year ended December 31, 2018 (the "AIF"), can be found on SEDAR at www.sedar.com or on the REIT's website at www.bsreit.com.

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The registered office of the REIT is at 333 Bay Street, Suite 3400, Toronto, Ontario. The Units trade on the Toronto Stock Exchange (the "TSX") in U.S. dollars under the symbol "HOM.U". As of June 10, 2019, the Units also began trading on the TSX in Canadian dollars under the symbol "HOM.UN".

FORWARD-LOOKING STATEMENTS

This MD&A of the REIT contains "forward-looking information" as defined under Canadian securities laws (collectively, "forward-looking statements"). This document should be read in conjunction with material contained in the REIT's current unaudited condensed consolidated interim financial statements along with the REIT's other publicly filed documents. Forward-looking statements appear in this MD&A and include, but are not limited to, statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance, business prospects, opportunities for the REIT (including acquisitions, capital recycling, capital redevelopment, and rental rate increases), macroeconomic and industry trends (including those relating to job growth, population growth, vacancy and home ownership rates). The words "plans", "expects", "does not expect", "goals", "seek", "strategy", "future", "estimates", "intends", "anticipates", "does not anticipate", "projected", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "should", "might", "likely", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Such forward-looking statements are qualified in their entirety by the inherent risks, uncertainties and changes in circumstances surrounding future expectations which are difficult to predict and many of which are beyond the control of the REIT.

Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws as currently in effect, the continuing availability of capital and current economic conditions.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements, including, but not limited to:

- the REIT's ability to execute its growth strategies;
- the impact of changing conditions in the U.S. multifamily housing market;
- increasing competition in the U.S. multifamily housing market;
- the effect of fluctuations and cycles in the U.S. real estate market;
- the marketability and value of the REIT's portfolio;
- changes in the attitudes, financial condition and demand of the REIT's demographic market;
- fluctuation in interest rates and volatility in financial markets; and
- developments and changes in applicable laws and regulations.

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If any risks or uncertainties with respect to the above materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or risk factors that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this document. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of this MD&A. Except as expressly required by applicable Canadian securities law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking information in this MD&A.

ACCOUNTING POLICIES

The REIT's accounting policies are described in the consolidated financial statements for the period from January 9, 2018 to December 31, 2018, with the exception of IFRS 16, Leases ("IFRS 16") that was issued by the IASB and adopted by the REIT effective January 1, 2019. The impact of IFRS 16 is described in note 3 of the REIT's current unaudited condensed consolidated interim financial statements. In applying these policies, in certain cases it is necessary to use estimates, which management determines using information available to the REIT at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness and any change to these estimates is applied prospectively in compliance with IFRS. Significant estimates are made with respect to the fair value of investment properties.

NON-IFRS MEASURES

In this MD&A, the REIT uses certain non-IFRS measures, including certain real estate industry metrics, to measure, compare and explain the operating results and financial performance of the REIT. These measures are commonly used by entities in the real estate industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

Funds from Operations and Adjusted Funds from Operations

In February 2019, the Real Property Association of Canada ("REALPAC") published a white paper titled "White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS". The purpose of the white paper is to provide reporting issuers and investors with guidance on the definition of funds from operations ("FFO") and adjusted funds from operations ("AFFO") and to help promote more consistent disclosure from reporting issuers.

FFO is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the estimated fair value of investment properties, the effect of changes in value of puttable instruments classified as financial liabilities, property taxes accounted for under IFRS Interpretations Committee – 21 Levies, transaction costs expensed as a result of the purchase of a property being accounted for as a business combination, changes in the fair value of financial instruments which are economically effective hedges but do not qualify or were not designated for hedge accounting and operational revenue and expenses from right to use assets. FFO should not be construed as an alternative to net income (loss) or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is substantially in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance.

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AFFO is defined as FFO adjusted for items such as actual maintenance capital expenditures incurred, straight-line rental revenue differences and severance costs associated with the disposition of investment properties. AFFO should not be construed as an alternative to net income (loss) or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is substantially in accordance with REALPAC's recommendations, and may differ from other issuers' methods and, accordingly, may not be comparable to AFFO reported by other issuers. The REIT regards AFFO as a key measure of operating performance.

Net Operating Income

Net operating income ("NOI") is defined as total revenue from properties (i.e. rental revenue and other property income) less direct property operating expenses and realty taxes prepared in accordance with IFRS, except for adjustments related to IFRS Interpretations Committee – 21 Levies. NOI should not be construed as an alternative to net income determined in accordance with IFRS. Additionally, the REIT elects to adjust for severance costs on the disposition of investment properties. The REIT's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. The REIT regards NOI as an important measure of the income generated from the income producing properties and is used by the REIT in evaluating the performance of the REIT's properties. It is also a key input in determining the value of the REIT's properties.

Other Real Estate Industry Metrics

Additionally, this MD&A contains several other real estate industry metrics that could be considered non-IFRS financial measures:

- "Same Community" results are used by management to evaluate performances of investment properties owned by the REIT during comparative periods. The Same Community results in this MD&A remove the impact of the acquisitions of Brandon Place, Towne Park at Har-Ber ("Towne Park"), Riverhill Apartments ("Riverhill"), Wimberly Apartments ("Wimberly"), Cielo and Madrone as well as the dispositions properties referred to as Briarwood, Spring Valley, Fox Trail, South Pointe, Bowman Heights, Waterford, Dove Creek, Longridge and Summer Pointe.
- "NOI margin" is defined as NOI divided by total revenue.
- "FFO per Unit" is defined as FFO divided by the weighted average Unit count for the period, which is representative of the combined REIT Units, Class B Units and issued Deferred Units.
- "AFFO per Unit" is defined as AFFO divided by the weighted average Unit count for the period, which is representative of the combined REIT Units, Class B Units and issued Deferred Units.
- "AFFO Payout Ratio" is defined as total cash distributions of the REIT (including distributions on Class B Units) divided by AFFO.
- "Gross Book Value" means, at any time, the greater of (i) the book value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated statement of financial position prepared in accordance with IFRS, less any receivable reflecting interest rate subsidies on any debt assumed by the REIT; and (ii) the historical cost of the investment properties, plus (a) the carrying value of cash and cash equivalents, (b) the carrying value of mortgages receivable; and (c) the historical cost of other assets and investments used in operations.
- "Debt to Gross Book Value Ratio" is calculated by dividing debt, which consists of total loans and borrowings, by Gross Book Value.
- "Liquidity" is defined as (a) cash and cash equivalents (unrestricted), plus (b) borrowing capacity available under any existing credit facilities.

BUSINESS OVERVIEW

The REIT is an internally managed, unincorporated, open-ended real estate investment trust established pursuant to an amended and restated declaration of trust of the REIT dated May 18, 2018 (the "Declaration of Trust"), as it may be further

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amended and restated from time to time, under the laws of the Province of Ontario. A copy of the Declaration of Trust is available on SEDAR at www.sedar.com and print copies are available upon request. The REIT has been formed for the purpose of acquiring and owning multifamily real estate properties.

The objectives of the REIT are to:

- provide Unitholders with an opportunity to invest in a portfolio of quality multifamily real estate properties located in attractive U.S. markets having employment and population growth as well as diverse economies including industry, government and education, with a particular focus on the Sunbelt region which is generally considered the southeastern and southwestern regions of the United States. The REIT currently operates in Arkansas, Texas, Oklahoma, Louisiana and Mississippi;
- provide Unitholders with predictable, sustainable, growing and tax efficient cash distributions;
- enhance the value of the REIT's assets and maximize long term Unit value through active internal asset and property management programs and procedures; and
- expand the asset base of the REIT and increase the REIT's AFFO per Unit primarily through acquisitions in strong growth markets, improvement of its properties using targeted capital expenditures and recycling of capital through strategic dispositions.

Prior to the closing of the IPO, ownership and profit interests in BSR were held by approximately 400 members (the "Legacy BSR Holders"). Upon closing of the IPO, and following certain pre-closing reorganization events involving BSR, a subsidiary of the REIT merged with and into BSR (the "Merger"), with BSR continuing as the surviving entity. As a result, the REIT holds all of the class A units of BSR and the Initial Properties are indirectly held by the REIT, through its indirect ownership of BSR. In connection with the Merger, all of the issued and outstanding securities of BSR held by the Legacy BSR Holders were exchanged for 23,158,226 new Class B Units pursuant to a prescribed exchange formula taking into account the relative economic terms of the different classes of securities of BSR. The Class B Units are economically equivalent to Units and are redeemable by the holder thereof for cash or Units (on a one-for-one basis subject to customary anti-dilution adjustments), as determined by BSR in its sole discretion.

As of September 30, 2019, the Legacy BSR Holders retained an aggregate approximate 58% ownership interest in the REIT (determined as if all redeemable securities are redeemed for Units). Certain of the Legacy BSR Holders are members or affiliates of the Bailey family or are members or affiliates of the Hughes family (collectively, the "Bailey/Hughes Holders"), who together founded BSR. The Bailey/Hughes Holders together own 17,284,363 Class B Units and 3,376,992 Units, together representing an approximate 46% ownership interest in the REIT (determined as if all redeemable securities are redeemed for Units).

	Units *	Class B Units	Total Units	% of Total
Legacy BSR Holders	3,389,833	22,735,026	26,124,859	58%
Non-Legacy BSR Holders	18,798,363	—	18,798,363	42%
Total	22,188,196	22,735,026	44,923,222	100%

*Total Units represents public float

On June 1, 2018, the REIT acquired a 200-apartment unit garden-style residential community, referred to as Brandon Place, located in Oklahoma City, Oklahoma, for a contractual purchase price of \$23.4 million. Built in 2011, Brandon Place is a collection of 17 two-story garden-style residential buildings with considerable outdoor entertainment and abundant nearby commercial activity. The acquisition was settled for cash of \$3,764, the assumption of \$436 of working capital, the assumption of the existing mortgage with a fair value of \$19,846, including a discount on the assumed mortgage of \$128 and a prepayment premium derivative valued at \$943.

On October 25, 2018, the REIT acquired Towne Park, a 237-apartment unit, garden style residential community in Springdale, Arkansas for \$28.9 million. Towne Park was constructed in two phases in 2016 and 2017 in the high-growth Northwest Arkansas Metropolitan Statistical Area ("MSA"). The transaction was initially funded using the REIT's senior

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secured revolving credit facility provided by a U.S. chartered bank affiliated with BMO Nesbitt Burns Inc. (the "Credit Facility"). On November 29, 2018, the REIT placed a 10-year, interest only fixed-term mortgage of \$18,785 on Towne Park, at an interest rate of approximately 4.48%.

On December 20, 2018, the REIT acquired Riverhill, a 334-apartment unit multifamily complex in Grand Prairie, Texas, for \$45.2 million. Riverhill, built in 1995, is centrally located in the Dallas-Fort Worth MSA between the cities of Dallas and Fort Worth. The transaction was funded using the REIT's Credit Facility. On January 30, 2019, the REIT placed a 10-year, interest only fixed-term mortgage of \$26,900 on Riverhill, at a fixed interest rate of approximately 4.36%.

On March 27, 2019, the REIT acquired Wimberly, a 372-apartment unit multifamily complex in Dallas, Texas, for a contractual purchase price of \$53.05 million. Wimberly, built in 1995, is located in North Dallas, near the high-traffic interchange of the George Bush Turnpike and Dallas North Tollway and in close proximity to major Dallas-area employers such as Liberty Mutual Insurance, JPMorgan Chase and Toyota USA. The transaction was funded using the REIT's Credit Facility and the assumption of an existing mortgage with a fair value of \$32,353, including a discount on the assumed mortgage of \$240, and the assumption of \$106 of working capital.

In April 2019, the REIT sold Briarwood and Spring Valley in Little Rock, Arkansas and Fox Trail and South Pointe in Shreveport, Louisiana for combined gross proceeds of \$31.7 million for the 773 apartment units. As part of these sales, \$19.4 million was used to retire related property encumbered financing and \$11.2 million was used to reduce the balance outstanding under the Credit Facility.

In June 2019, the REIT sold Waterford and Bowman Heights in Little Rock, Arkansas for combined gross proceeds of \$22.1 million for the 336 apartment units. As part of these sales, \$6.5 million was used to retire related mortgage financing and \$14.9 million to reduce the balance outstanding under the Credit Facility.

On August 27, 2019, the REIT acquired Cielo and Madrone, two adjacent Class A garden style apartment communities located in Austin, Texas, totalling 554 apartment units built in 2014 and 2015, respectively. These properties were acquired for a gross purchase price of \$104.45 million. The transaction was funded using net proceeds from the September 2019 Offering and Concurrent Private Placement as well as cash on hand, the REIT's Credit Facility and the assumption of \$1,431 of working capital.

In August 2019, the REIT sold Dove Creek and Longridge in Shreveport, Louisiana for combined gross proceeds of \$30.9 million for the 310 apartment units. As part of these sales, \$16.3 million was used to retire related property encumbered financing.

In September 2019, the REIT sold Summer Pointe in Shreveport, Louisiana for gross proceeds of \$13.9 million for the 200 apartment units. As part of this sale, \$9.0 million was used to retire related property encumbered financing and \$3.6 million to reduce the balance outstanding under the Credit Facility.

In October, the REIT acquired Satori at Long Meadow Apartments ("Satori") in Richmond, Texas and Auberry at Twin Creeks ("Auberry") in Allen Texas for a total contractual purchase price of \$92.8 million, totalling 516 apartment units. Satori is currently in the lease up phase. To mitigate any potential lease up risk, BSR and the seller have entered into a Rent Guaranty Escrow Agreement, allowing the REIT to collect monthly stabilized rental revenue of up to \$1.1 million from the seller through June 2020. The transactions were funded using \$56.9 million in mortgage debt (of which \$20.3 million was assumed) and the Credit Facility and Line of Credit for the balance.

In November 2019, the REIT sold 93 Twenty, Charleston Crossing, Inverness and Ridge Park in Tulsa, Oklahoma, Countryside Village in Moore, Oklahoma, and Ridgewood in Hot Springs, Arkansas for gross proceeds of \$74.4 million for the 915 apartment units. As part of this sale, \$39.4 million was used to retire related property encumbered financing and the remainder was used to reduce the balance outstanding under the Credit Facility.

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Of the REIT's 40 multifamily garden-style residential properties, 65% of the apartment units are located in the state of Texas, 21% are located in the state of Arkansas, 10% are located in the state of Oklahoma and the remaining 4% are located in Louisiana and Mississippi.

The investment guidelines of the REIT are outlined in the Declaration of Trust. As of September 30, 2019, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

HIGHLIGHTS

- Weighted average occupancy was 94.9% as of September 30, 2019 compared to 93.6% as of September 30, 2018.
- Weighted average rent was \$900 per apartment unit as of September 30, 2019 compared to \$806 per apartment unit as of September 30, 2018.
- Same Community weighted average rent was \$849 per apartment unit as of September 30, 2019 compared to \$827 per apartment unit as of September 30, 2018.
- Total and Same Community revenues for the three months ended September 30, 2019 increased 8.8% and 3.1%, respectively, over the three months ended September 30, 2018.
- Total and Same Community NOI for the three months ended September 30, 2019 increased 7.9% and 3.2%, respectively, over the three months ended September 30, 2018.
- Total and Same Community NOI for the nine months ended September 30, 2019 increased 14.2% and 6.1%, respectively, over the nine months ended September 30, 2018.
- Debt to Gross Book Value as of September 30, 2019 was 46.2%.
- On September 17, 2019, the REIT completed the September 2019 Offering and Concurrent Private Placement of 5,213,300 Units for total gross proceeds of \$55.3 million, or \$53.1 million net of issue and other transaction costs.
- In August 2019 the REIT acquired Cielo and Madrone, two adjacent garden style apartment communities located in Austin, Texas, totalling 554 apartment units for \$104.45 million.
- Subsequent to quarter-end, in October 2019, the REIT acquired two apartment communities, Satori and Auberry, for \$92.8 million. Satori has 300 apartment units and is located in the Houston metropolitan statistical area (MSA) and Auberry has 216 apartment units and is located in the Dallas MSA.
- During 2019, The REIT sold 15 noncore properties for \$173.0 million, approximately 1.6% above the IPO appraised values, as part of its capital recycling program. BSR is able to recycle the proceeds from the sales, on a tax-deferred basis, into markets with high growth potential that meet the REIT's acquisition criteria.
- For the third consecutive year, BSR was named as one of the best places to work in the state of Arkansas by Arkansas Business and the Best Companies Group.

OUTLOOK

Management believes certain characteristics of and trends in the United States multifamily sector suggest this market offers an attractive investment. These trends include, but are not limited to, (i) favourable supply and demand fundamentals driven by demographics and declining homeownership rates, (ii) compelling population, demographic and job growth characteristics in the U.S., particularly in the Sunbelt region markets where the properties are located, (iii) larger multifamily transaction volume and external growth opportunities in the U.S. than in Canada, (iv) an absence of rent control policies in the majority of U.S. metropolitan areas (v) regulatory frameworks that tend to be more landlord-friendly compared to most Canadian provinces and (vi) there is significant new product being developed as well as older product being repurposed. Together, these factors suggest to the REIT's management that U.S. multifamily assets, and in particular those located in the REIT's key target markets, may experience stronger cash flow growth and property value appreciation in the near-term relative to Canadian multifamily assets.

As compared to other real estate sectors, the shorter lease durations of the multifamily sector can provide a natural hedge against inflation. Vacancy rates continue to decrease while household formations are increasing, driving stronger demand. The passing of the U.S. tax reform bill on December 22, 2017 has made homeownership less appealing to residents

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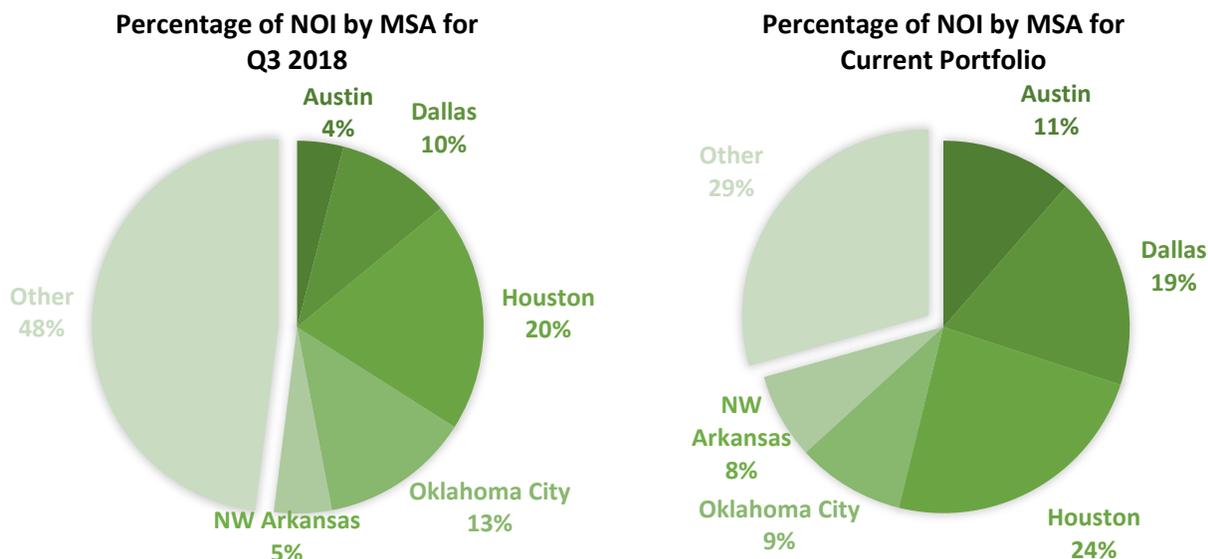
throughout the United States. Moreover, the millennial age cohort continues to show a greater propensity to rent driven by large student loans and a desire for a more flexible lifestyle.

As an established regional owner and operator of multifamily communities, the REIT expects to leverage its concentrated regional scale and internalized management platform to make acquisitions primarily in the high growth markets within the Sunbelt region consistent with its proven acquisition strategy. The REIT has acquired eight properties since the IPO. These purchases fit the acquisition strategy, as they are built after 1990, clustered in target markets and were either purchased at an attractive return or have visible potential from capital redevelopment. The REIT will continue to seek acquisition targets in high growth markets, such as certain markets in Texas.

In addition, the REIT will continue to review its portfolio with the goal of recycling capital to maximize total Unitholder returns, by selling noncore properties that no longer meet the long-term growth strategy. The REIT sold six properties in the second quarter of 2019 followed by three in the third quarter of 2019 and an additional six after the third quarter of 2019. These sales crystallized the benefits of the upgrades previously performed on these assets, allowing the REIT to redeploy capital to properties in high growth markets where it can maximize the platform’s capabilities, consistent with the REIT’s acquisition strategy. The REIT’s growth strategy includes acquiring more modern properties, clustered in target markets with above average population growth with a potential for higher rent using the BSR platform.

Since the IPO the current portfolio’s weighted average age has decreased 6 years to 23 years old, from 29 years as of May 18, 2018, which is attributable to the nature of acquisitions and dispositions subsequent to the IPO. The REIT’s eight acquisitions following the IPO total 2,213 apartment units with a weighted average year built of 2008 (11 years old) compared to the 15 dispositions in 2019 which total 2,534 apartment units with a weighted average year built of 1981 (38 years old). Following the acquisitions of Cielo and Madrone in the third quarter of 2019 the weighted average rent per unit and occupancy rate of the Austin MSA is \$1,237 and 96.3%, respectively.

They following charts depict the percentage of total NOI by MSA for the current portfolio of properties compared to the three months ended September 30, 2018, with an emphasis on the REIT’s primary markets of Austin, Dallas, Houston, Oklahoma City and Northwest Arkansas. The effects of the ongoing capital recycling program increased the percentage of NOI concentrated in the REIT’s primary markets by 19%, up to 71% in the current portfolio compared to 52% as of the third quarter of 2018. Note that the current portfolio uses NOI for the three months ended September 30, 2018 excluding NOI from properties disposed through November 12, 2019 and including pro-forma NOI for properties acquired between June 30, 2019 through November 12, 2019.

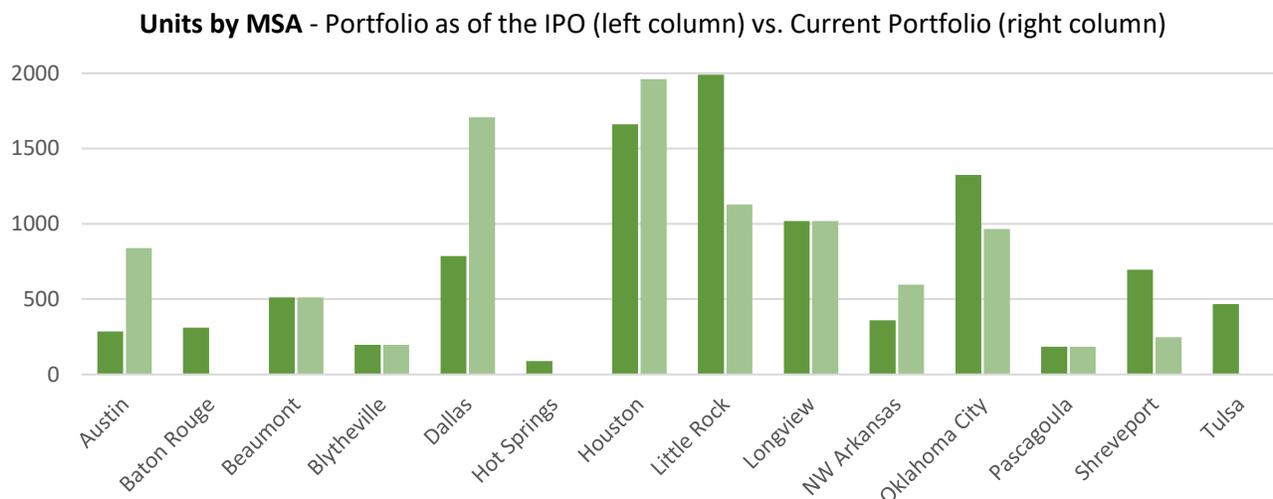


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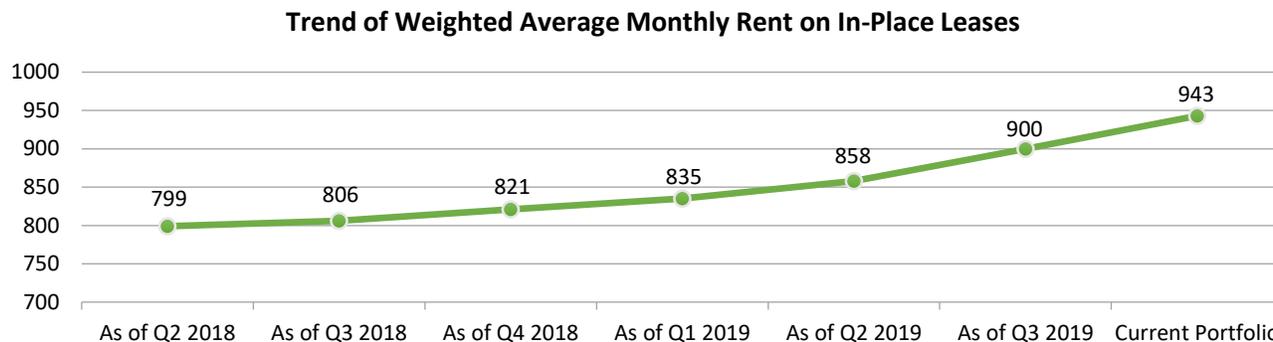
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Further, the portfolio shift engendered by the REIT's ongoing clustering strategy toward the key markets of Austin, Dallas, Houston, Oklahoma City and Northwest Arkansas is shown in the chart below which presents apartment units by MSA for the portfolio as of the IPO compared to the current portfolio as of November 12, 2019.



Additionally, the trend of weighted average monthly rent on in-place leases for the total portfolio has increased from \$799 per apartment unit to \$943 per apartment unit for the current portfolio, which includes pro-forma acquisitions and excludes dispositions subsequent to September 30, 2019.



The current cap rate spreads between larger and smaller markets are effectually at the lowest levels in the past 15 years. As a result, the REIT is further planning to exit Beaumont, Blytheville, Pascagoula, Shreveport and Longview to take advantage of this favourable time to recycle capital from noncore assets into larger markets with high growth potential while at the same time decreasing the average age of the portfolio.

Value-add programs have become increasingly popular within the Sunbelt region of the United States. As a result, prices on older properties with value-add potential continue to increase. Management has gained extensive experience in executing value-enhancing renovations and will continue to evaluate the current portfolio and acquisitions for opportunities to perform redevelopment activities with the appropriate returns. However, going forward, the REIT will also consider acquisitions of newer properties in growth markets if market conditions continue to trend in the same direction.

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BUSINESS PERFORMANCE MEASURES

The following table highlights certain key business performance measures as of September 30, 2019 as well as comparative figures as of September 30, 2018.

	September 30, 2019	September 30, 2018
Number of investment properties	44	48
Total apartment units	9,758	9,879
Average monthly in-place leases	\$ 900	\$ 806
Average monthly in-place leases - Same Community * Properties	\$ 849	\$ 827
Weighted average ending occupancy rate	94.9%	93.6%
Retention rate	54.0%	52.0%
Debt to Gross Book Value *	46.2%	44.5%
Weighted average contractual interest rate of all loans and borrowings	3.9%	3.9%
Weighted average contractual mortgage interest rate	4.0%	3.8%
Weighted average debt term of all loans and borrowings (in years)	8.3	10.1
Weighted average mortgage debt term (in years)	10.1	11.0

**These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" for a reconciliation of these measures to standardized IFRS measures.*

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The following table highlights certain financial performance measures of the REIT for the three and nine months ended September 30, 2019, compared to the three months ended September 30, 2018 and the nine months ended September 30, 2018 (Full Comparative Period):

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Nine months ended September 30, 2019	Nine months ended September 30, 2018 (Full Comparative Period)	Change
Revenue	\$ 27,840	\$ 25,597	\$ 2,243	\$ 83,542	\$ 74,580	\$ 8,962
Revenue, Same Community * Properties	\$ 22,206	\$ 21,529	\$ 677	\$ 65,843	\$ 63,439	\$ 2,404
Revenue, Non-Same Community * Properties	\$ 5,634	\$ 4,068	\$ 1,566	\$ 17,699	\$ 11,141	\$ 6,558
NOI *	\$ 14,533	\$ 13,465	\$ 1,068	\$ 44,835	\$ 39,268	\$ 5,567
NOI *, Same Community * Properties	\$ 11,902	\$ 11,531	\$ 371	\$ 35,959	\$ 33,880	\$ 2,079
NOI *, Non-Same Community * Properties	\$ 2,631	\$ 1,934	\$ 697	\$ 8,876	\$ 5,388	\$ 3,488
NOI Margin *	52.2%	52.6%	-40bps	53.7%	52.7%	100bps
NOI Margin *, Same Community * Properties	53.6%	53.6%	0bps	54.6%	53.4%	120bps
NOI Margin *, Non-Same Community * Properties	46.7%	47.5%	-80bps	50.1%	48.4%	170bps

The following table highlights certain financial performance measures of the REIT for the three and nine months ended September 30, 2019, compared to the three months ended September 30, 2018 and the period from January 9, 2018 to September 30, 2018:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of operations)	Change
FFO *	\$ 7,123	\$ 7,593	\$ (470)	\$ 22,563	\$ 11,283	\$ 11,280
FFO per Unit *	\$ 0.18	\$ 0.19	\$ (0.01)	\$ 0.56	\$ 0.28	\$ 0.28
AFFO *	\$ 6,455	\$ 6,334	\$ 121	\$ 20,117	\$ 9,422	\$ 10,695
AFFO per Unit *	\$ 0.16	\$ 0.16	—	\$ 0.50	\$ 0.24	\$ 0.26
AFFO Payout Ratio *	80.3%	78.4%	190bps	75.2%	77.6%	-240bps

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NOI for the three months ended September 30, 2019 totalled \$14,533, compared to the three months ended September 30, 2018 of \$13,465. The increase of \$1,068 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018. The acquisitions after September 30, 2018 contributed \$1,944 in higher NOI partially offset by the reduction in NOI of \$1,383 as a result of the dispositions in 2019. Furthermore, the Same Community portfolio contributed an increase in NOI of \$371 as described below.

NOI for Same Community properties for the three months ended September 30, 2019 totalled \$11,902, compared to the three months ended September 30, 2018 of \$11,531. The change of \$371 is due to increased rental rates as a result of REIT's capital redevelopment program which resulted in an increase in Same Community rental rates from \$827 as of September 2018 to \$849 as of September 2019. This was offset by higher property taxes and insurance costs as well as higher repair and maintenance and turnover expenses.

NOI for the nine months ended September 30, 2019 totalled \$44,835, compared to the nine months ended September 30, 2018 (Full Comparative Period) of \$39,268. The increase of \$5,567 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018. Acquisitions contributed \$5,210 in higher NOI partially offset by the reduction in NOI of \$1,940 as a result of the dispositions in 2019. Furthermore, the Same Community portfolio contributed an increase in NOI of \$2,079 as described below.

NOI for Same Community properties for the nine months ended September 30, 2019 totalled \$35,959, compared to the nine months ended September 30, 2018 (Full Comparative Period) of \$33,880. The increase of \$2,079 is due to higher rental rates as a result of REIT's capital redevelopment program, discussed above.

FFO was \$7,123 for the three months ended September 30, 2019, or \$0.18 per Unit, compared to the three months ended September 30, 2018 of \$7,593, or \$0.19 per Unit. The decrease of \$470 in FFO is the result of the increase of \$1,068 in NOI described above offset by an increase in general and administrative expenses of \$287, primarily related to an increase of \$102 in share based compensation and an increase of \$202 million in payroll expenses, as well as an increase in finance costs of \$1,160 resulting from property acquisitions, the timing of the September 2019 Offering and the Concurrent Private Placement in relation to the acquisition of Cielo and Madrone described above and the amortization of deferred loan costs.

FFO was \$22,563 for the nine months ended September 30, 2019, compared to the period from January 9, 2018 to September 30, 2018 of \$11,283. The change of \$11,280 in FFO is primarily the result of the number of days of operations in the respective periods, as mentioned above.

AFFO was \$6,455, or \$0.16 per Unit, for the three months ended September 30, 2019, compared to the three months ended September 30, 2018 of \$6,334 or \$0.16 per Unit. The increase of \$121 in AFFO is primarily the result of the change in FFO, described above, offset by a decrease of \$425 in maintenance capital expenditures for the third quarter of 2019 and the exclusion of \$78 in severance costs related to the capital recycling program.

AFFO was \$20,117, or \$0.50 per Unit, for the nine months ended September 30, 2019, compared to the period from January 9, 2018 to September 30, 2018 of \$9,422. The change of \$10,695 in AFFO is primarily the result of the number of days of operations in the respective periods, as mentioned above.

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The following table highlights certain information about the properties as of September 30, 2019 and for the three months ended September 30, 2019, organized by MSA:

MSA	State	Number of Units	Avg Rent Per Unit	Occupancy Rate	Revenue	NOI *	NOI Margin *	NOI as % of Total NOI
Austin	Texas	286	\$ 1,065	97.9%	\$ 953	\$ 442	46.4%	3.0%
Beaumont	Texas	512	\$ 1,068	93.7%	\$ 1,752	\$ 884	50.5%	6.1%
Dallas	Texas	786	\$ 1,034	96.6%	\$ 2,713	\$ 1,411	52.0%	9.7%
Houston	Texas	1,662	\$ 981	94.8%	\$ 5,462	\$ 2,694	49.3%	18.5%
Longview	Texas	1,018	\$ 761	96.8%	\$ 2,601	\$ 1,547	59.5%	10.6%
	Texas	4,264	\$ 954	95.7%	\$ 13,481	\$ 6,978	51.8%	48.0%
Blytheville	Arkansas	196	\$ 448	70.9%	\$ 202	\$ 69	34.2%	0.5%
Northwest Arkansas	Arkansas	360	\$ 840	94.7%	\$ 969	\$ 629	64.9%	4.3%
Hot Springs	Arkansas	88	\$ 651	98.9%	\$ 191	\$ 101	52.9%	0.7%
Little Rock	Arkansas	1,129	\$ 732	93.9%	\$ 2,602	\$ 1,365	52.5%	9.4%
	Arkansas	1,773	\$ 726	91.8%	\$ 3,964	\$ 2,164	54.6%	14.9%
Oklahoma City	Oklahoma	1,125	\$ 729	95.4%	\$ 2,592	\$ 1,561	60.2%	10.7%
Tulsa	Oklahoma	467	\$ 802	95.9%	\$ 1,211	\$ 714	59.0%	4.9%
	Oklahoma	1,592	\$ 750	95.5%	\$ 3,803	\$ 2,275	59.8%	15.7%
Shreveport	Louisiana	248	\$ 691	97.6%	\$ 598	\$ 355	59.4%	2.4%
	Louisiana	248	\$ 691	97.6%	\$ 598	\$ 355	59.4%	2.4%
Pascagoula	Mississippi	184	\$ 642	95.1%	\$ 360	\$ 130	36.1%	0.9%
	Mississippi	184	\$ 642	95.1%	\$ 360	\$ 130	36.1%	0.9%
Total Same Community		8,061	\$ 849	94.8%	\$ 22,206	\$ 11,902	53.6%	81.9%
Non-Same Community **		1,697	\$ 1,138	95.0%	\$ 5,634	\$ 2,631	46.7%	18.1%
Total Portfolio		9,758	\$ 900	94.9%	\$ 27,840	\$ 14,533	52.2%	100.0%

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" for a reconciliation of these measures to standardized IFRS measures.

**The figures for Number of Units, Average Rent Per Unit and Occupancy rate for Non-Same Community are presented for properties owned as of September 30, 2019 which excludes properties disposed before September 30, 2019 as these properties were not owned as of the last day of the period.

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The following table highlights certain information about the properties as of September 30, 2018 and for the three months ended September 30, 2018, organized by MSA:

MSA	State	Number of Units	Avg Rent Per Unit	Occupancy Rate	Revenue	NOI *	NOI Margin *	NOI as % of Total NOI
Austin	Texas	286	\$ 1,017	95.5%	\$ 908	\$ 480	52.9%	3.6%
Beaumont	Texas	512	\$ 1,066	95.5%	\$ 1,743	\$ 862	49.5%	6.4%
Dallas	Texas	786	\$ 997	96.4%	\$ 2,610	\$ 1,384	53.0%	10.3%
Houston	Texas	1,661	\$ 947	95.9%	\$ 5,318	\$ 2,745	51.6%	20.4%
Longview	Texas	1,018	\$ 719	96.8%	\$ 2,463	\$ 1,424	57.8%	10.6%
	Texas	4,263	\$ 920	96.1%	\$ 13,042	\$ 6,895	52.9%	51.2%
Blytheville	Arkansas	196	\$ 435	68.4%	\$ 190	\$ 50	26.3%	0.4%
Northwest Arkansas	Arkansas	360	\$ 841	96.1%	\$ 984	\$ 621	63.1%	4.6%
Hot Springs	Arkansas	88	\$ 640	94.3%	\$ 184	\$ 109	59.2%	0.8%
Little Rock	Arkansas	1,129	\$ 719	92.7%	\$ 2,513	\$ 1,277	50.8%	9.5%
	Arkansas	1,773	\$ 718	90.8%	\$ 3,871	\$ 2,057	53.1%	15.3%
Oklahoma City	Oklahoma	1,125	\$ 703	93.6%	\$ 2,498	\$ 1,449	58.0%	10.8%
Tulsa	Oklahoma	467	\$ 804	93.8%	\$ 1,184	\$ 681	57.5%	5.1%
	Oklahoma	1,592	\$ 733	93.7%	\$ 3,682	\$ 2,130	57.8%	15.8%
Shreveport	Louisiana	248	\$ 695	95.2%	\$ 598	\$ 340	56.9%	2.5%
	Louisiana	248	\$ 695	95.2%	\$ 598	\$ 340	56.9%	2.5%
Pascagoula	Mississippi	184	\$ 636	91.3%	\$ 336	\$ 109	32.4%	0.8%
	Mississippi	184	\$ 636	91.3%	\$ 336	\$ 109	32.4%	0.8%
Total Same Community		8,060	\$ 827	94.3%	\$ 21,529	\$ 11,531	53.6%	85.6%
Non-Same Community		1,819	\$ 708	90.3%	\$ 4,068	\$ 1,934	47.5%	14.4%
Total Portfolio		9,879	\$ 806	93.6%	\$ 25,597	\$ 13,465	52.6%	100.0%

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The following table highlights certain information about the properties for the nine months ended September 30, 2019, organized by MSA:

MSA	State	Number of Units	Revenue		NOI *		NOI as % of Total	
							NOI	
Austin	Texas	286	\$	2,831	\$	1,383	48.9%	3.1%
Beaumont	Texas	512	\$	5,278	\$	2,964	56.2%	6.6%
Dallas	Texas	786	\$	8,028	\$	4,234	52.7%	9.4%
Houston	Texas	1,662	\$	16,159	\$	8,166	50.5%	18.2%
Longview	Texas	1,018	\$	7,690	\$	4,548	59.1%	10.1%
	Texas	4,264	\$	39,986	\$	21,295	53.3%	47.5%
Blytheville	Arkansas	196	\$	579	\$	166	28.7%	0.4%
Northwest Arkansas	Arkansas	360	\$	2,873	\$	1,849	64.4%	4.1%
Hot Springs	Arkansas	88	\$	565	\$	293	51.9%	0.7%
Little Rock	Arkansas	1,129	\$	7,700	\$	4,038	52.4%	9.0%
	Arkansas	1,773	\$	11,717	\$	6,346	54.2%	14.2%
Oklahoma City	Oklahoma	1,125	\$	7,702	\$	4,743	61.6%	10.6%
Tulsa	Oklahoma	467	\$	3,585	\$	2,159	60.2%	4.8%
	Oklahoma	1,592	\$	11,287	\$	6,902	61.1%	15.4%
Shreveport	Louisiana	248	\$	1,801	\$	1,047	58.1%	2.3%
	Louisiana	248	\$	1,801	\$	1,047	58.1%	2.3%
Pascagoula	Mississippi	184	\$	1,052	\$	369	35.1%	0.8%
	Mississippi	184	\$	1,052	\$	369	35.1%	0.8%
Total Same Community		8,061	\$	65,843	\$	35,959	54.6%	80.2%
Non-Same Community **		1,697	\$	17,699	\$	8,876	50.1%	19.8%
Total Portfolio		9,758	\$	83,542	\$	44,835	53.7%	100.0%

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" for a reconciliation of these measures to standardized IFRS measures.

**The Number of Units for Non-Same Community are presented for properties owned as of September 30, 2019 which excludes properties disposed before September 30, 2019 as these properties were not owned as of the last day of the period.

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The following table highlights certain information about the properties for the nine months ended September 30, 2018 (Full Comparative Period), organized by MSA:

MSA	State	Number of Units	Revenue	NOI *	NOI Margin *	NOI as % of Total NOI
Austin	Texas	286	\$ 2,679	\$ 1,410	52.6%	3.6%
Beaumont	Texas	512	\$ 5,188	\$ 2,659	51.3%	6.8%
Dallas	Texas	786	\$ 7,666	\$ 4,030	52.6%	10.3%
Houston	Texas	1,661	\$ 15,627	\$ 7,967	51.0%	20.3%
Longview	Texas	1,018	\$ 7,221	\$ 4,086	56.6%	10.4%
	Texas	4,263	\$ 38,381	\$ 20,152	52.5%	51.3%
Blytheville	Arkansas	196	\$ 543	\$ 124	22.8%	0.3%
Northwest Arkansas	Arkansas	360	\$ 2,853	\$ 1,814	63.6%	4.6%
Hot Springs	Arkansas	88	\$ 542	\$ 296	54.6%	0.8%
Little Rock	Arkansas	1,129	\$ 7,407	\$ 3,807	51.4%	9.7%
	Arkansas	1,773	\$ 11,345	\$ 6,041	53.2%	15.4%
Oklahoma City	Oklahoma	1,125	\$ 7,435	\$ 4,361	58.7%	11.1%
Tulsa	Oklahoma	467	\$ 3,490	\$ 1,968	56.4%	5.0%
	Oklahoma	1,592	\$ 10,925	\$ 6,329	57.9%	16.1%
Shreveport	Louisiana	248	\$ 1,776	\$ 985	55.5%	2.5%
	Louisiana	248	\$ 1,776	\$ 985	55.5%	2.5%
Pascagoula	Mississippi	184	\$ 1,012	\$ 373	36.9%	0.9%
	Mississippi	184	\$ 1,012	\$ 373	36.9%	0.9%
Total Same Community		8,060	\$ 63,439	\$ 33,880	53.4%	86.3%
Non-Same Community		1,819	\$ 11,141	\$ 5,388	48.4%	13.7%
Total Portfolio		9,879	\$ 74,580	\$ 39,268	52.7%	100.0%

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" for a reconciliation of these measures to standardized IFRS measures. Additionally, the Full Comparative Period information for the nine months ended September 30, 2018 has been compiled from the current unaudited condensed consolidated interim financial statements and notes thereto as well as the unaudited condensed combined and carve-out interim financial statements for the three months ended March 31, 2018 for the BSR Initial Properties (as presented in the Business Acquisition Report filed on August 1, 2018) and the BSR Initial Properties' internal operating information for the period from April 1, 2018 to May 17, 2018, prior to their acquisition by the REIT on May 18, 2018. These figures include a period prior to the REIT's ownership of the BSR Initial Properties.

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SELECTED QUARTERLY FINANCIAL INFORMATION

	Three months ended September 30, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019	Three months ended December 31, 2018	Three months ended September 30, 2018	Period from May 18, 2018 to June 30, 2018
Revenue:						
Rental revenue	\$ 24,290	\$ 24,462	\$ 24,202	\$ 22,911	\$ 22,248	\$ 10,679
Other property income	3,550	3,531	3,507	3,351	3,349	1,535
	27,840	27,993	27,709	26,262	25,597	12,214
Expenses (Income):						
Property operating expenses	10,194	10,020	9,885	10,013	9,881	4,456
Real estate taxes	—	—	9,645	1,205	—	—
General and administrative expenses	1,757	1,990	1,549	1,569	1,470	892
Fair value adjustment to investment properties	4,126	(14,879)	(1,379)	(1,106)	(9,661)	1,245
Fair value adjustment to investment properties (IFRIC 21)	3,191	2,945	(6,955)	1,241	2,251	1,108
Finance costs from operations	5,543	5,627	5,451	4,561	4,383	2,114
Loss on disposition of investment properties	882	981	—	—	—	—
Distributions on Class B Units	2,858	2,892	2,897	2,897	2,897	1,369
Depreciation of right-of-use asset	33	32	33	—	—	—
Fair value adjustment to derivatives and other financial liabilities	12,653	20,087	29,906	(35,770)	696	(12,549)
Fair value adjustment to unit-based compensation	108	109	96	(74)	(4)	(2)
Change in tenant in common interests	—	—	43	16	19	(46)
Bargain purchase gain	—	—	—	381	—	(75,331)
	41,345	29,804	51,171	(15,067)	11,932	(76,744)
Net (loss) income and comprehensive (loss) income	\$ (13,505)	\$ (1,811)	\$ (23,462)	\$ 41,329	\$ 13,665	\$ 88,958
Business Performance Measures						
FFO *	\$ 7,123	\$ 7,379	\$ 8,061	\$ 7,657	\$ 7,593	\$ 3,690
FFO per Unit *	\$ 0.18	\$ 0.19	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.09
AFFO *	\$ 6,455	\$ 6,188	\$ 7,474	\$ 6,216	\$ 6,334	\$ 3,088
AFFO per Unit *	\$ 0.16	\$ 0.16	\$ 0.19	\$ 0.16	\$ 0.16	\$ 0.08
AFFO Payout Ratio *	80.3%	80.3%	66.4%	79.9%	78.4%	76.0%
Distributions declared	\$ 5,186	\$ 4,968	\$ 4,966	\$ 4,967	\$ 4,967	\$ 2,346

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" for a reconciliation of these measures to standardized IFRS measures.

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REVIEW OF SELECTED OPERATING INFORMATION

The following table highlights selected financial information of the REIT for the three and nine months ended September 30, 2019 compared to the three months ended September 30, 2018 and the period from January 9, 2018 to September 30, 2018 (136 days of operations after the IPO in 2018). The comparative periods for the period from January 9, 2018 to September 30, 2018 only contain operating results of the properties after their acquisition by the REIT on May 18, 2018. This information has been compiled from the current unaudited condensed consolidated interim financial statements and notes thereto.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of operations)	Change
Revenue:						
Rental revenue	\$ 24,290	\$ 22,248	\$ 2,042	\$ 72,954	\$ 32,927	\$ 40,027
Other property income	3,550	3,349	201	10,588	4,884	5,704
	27,840	25,597	2,243	83,542	37,811	45,731
Expenses (Income):						
Property operating expenses	10,194	9,881	313	30,099	14,337	15,762
Real estate taxes	—	—	—	9,645	—	9,645
General and administrative expenses	1,757	1,470	287	5,296	2,362	2,934
Fair value adjustment to investment properties	4,126	(9,661)	13,787	(12,132)	(8,416)	(3,716)
Fair value adjustment to investment properties (IFRIC 21)	3,191	2,251	940	(819)	3,359	(4,178)
Finance costs from operations	5,543	4,383	1,160	16,621	6,497	10,124
Loss on disposition of investment properties	882	—	882	1,863	—	1,863
Distributions on Class B Units	2,858	2,897	(39)	8,647	4,266	4,381
Depreciation on right-of-use asset	33	—	33	98	—	98
Fair value adjustment to derivatives and other financial liabilities	12,653	696	11,957	62,646	(11,853)	74,499
Fair value adjustment to unit-based compensation	108	(4)	112	313	(6)	319
Change in tenant in common interests	—	19	(19)	43	(27)	70
Bargain purchase gain	—	—	—	—	(75,331)	75,331
	41,345	11,932	29,413	122,320	(64,812)	187,132
Net (loss) income and comprehensive (loss) income	\$ (13,505)	\$ 13,665	\$ (27,170)	\$ (38,778)	\$ 102,623	\$ (141,401)

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Revenue

Rental revenue consists of all rental related income earned from the investment properties, including rent earned from residents under lease agreements. Other property income mainly comprises fees associated with moving in or out, such as application fees and cleaning fees, late rental payment fees, renters' liability insurance, parking fees, utility charges and other fee income from residents under the terms of the lease arrangements.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Change %
Rental revenue	\$ 24,290	\$ 22,248	\$ 2,042	9.2%
Other property income	3,550	3,349	201	6.0%
	\$ 27,840	\$ 25,597	\$ 2,243	8.8%

The increase in rental revenue for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018 as well as higher rental rates across the portfolio. The acquisitions after September 30, 2018 contributed \$3,625 in rental revenue partially offset by the reduction in rental revenue of \$2,150 as a result of the dispositions in 2019. Additionally, the REIT's capital redevelopment program resulted in an increase in Same Community rental rates from \$827 as of September 2018 to \$849 as of September 2019.

The increase in other property income for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is primarily the result of an increase in Same Community utility reimbursements. Acquisitions after September 30, 2018 contributed \$410 in other property income partially offset by the reduction of \$369 in other property income as a result of the dispositions in 2019.

	Nine months ended September 30, 2019	January 9, 2018 to September 30, 2018 (136 days of operations)	Change	Change %
Rental revenue	\$ 72,954	\$ 32,927	\$ 40,027	121.6%
Other property income	10,588	4,884	5,704	116.8%
	\$ 83,542	\$ 37,811	\$ 45,731	120.9%

The increase in rental revenue for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of the number of days of operations in the respective periods, mentioned above. Extrapolating the result for the 136 day period of operations to a comparative full nine month period results in an additional \$33,493 in rental revenue for the period, which equates to \$66,420 for the comparative period when extrapolated. The remaining change of \$6,534 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018 as well as higher rental rates across the portfolio. Acquisitions after September 30, 2018 contributed \$8,068 in rental revenue partially offset by the reduction in rental revenue of \$3,015 as a result of the dispositions in 2019. Additionally, the REIT's capital redevelopment program resulted in an increase in Same Community rental rates compared to the prior year.

The higher other property income for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of the number of days of operations in the respective periods, as mentioned above. Extrapolating the result for the 136 day period of operations to a comparative full nine month period results in an additional \$4,814 for the period, which equates to \$9,698 for the comparative period when extrapolated. The remaining change of \$890 in other property income is primarily the result of property acquisitions net of dispositions

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subsequent to September 30, 2018. The acquisitions after September 30, 2018 contributed \$966 of other property income partially offset by the reduction of \$607 of other property income as a result of the dispositions in 2019. The remainder of the change is due to higher utility reimbursements.

Property operating expenses

Property operating expenses are comprised mainly of building common area and maintenance expenses, payroll, insurance and other costs associated with the management and maintenance of the investment properties.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Change %
Property operating expenses	\$ 10,194	\$ 9,881	\$ 313	3.2%

The increase in property operating expenses for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is primarily the result of repair and maintenance and apartment unit turnover expenses as well as higher property insurance costs. Acquisitions after September 30, 2018 contributed \$1,071 in property operating expenses partially offset by the reduction of \$1,006 in property operating expenses as a result of the dispositions in 2019.

	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of	Change	Change %
Property operating expenses	\$ 30,099	\$ 14,337	\$ 15,762	109.9%

The increase in property operating expenses for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of the number of days of operations in the respective periods, as mentioned above. Extrapolating the result for the 136 day period of operations to a comparative full nine month period results in an additional \$13,976 in property operating expenses for the period, which equates to \$28,313 for the comparative period when extrapolated. The remaining change of \$1,786 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018. Acquisitions after September 30, 2018 contributed \$2,457 in property operating expenses partially offset by the reduction of \$1,507 in property operating expenses as a result of the dispositions in 2019. The remainder of the increase is due to higher repair and maintenance and apartment unit turnover expenses, property insurance costs and payroll and benefits.

Real estate taxes

Annual property taxes are recognized when the realty tax obligation is imposed. There were no real estate tax expenses for the three months ended September 30, 2019, the three months ended September 30, 2018 or the period from January 9, 2018 to September 30, 2018.

For the nine months ended September 30, 2019, real estate taxes of \$9,645 were the result of annual property taxes in certain tax jurisdictions for properties owned at the beginning of the 2019 calendar year that were acquired by the REIT upon the closing of the IPO.

General and administrative expenses

General and administrative expenses include legal fees, audit fees, salaries and benefits for certain REIT employees, trustee fees, transfer agent fees, insurance and other administrative costs.

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	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Change %
General and administrative expenses	\$ 1,757	\$ 1,470	\$ 287	19.5%

The increase in general and administrative expenses for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is primarily related to an increase of \$202 in payroll expenses and \$102 in share based compensation.

	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of	Change	Change %
General and administrative expenses	\$ 5,296	\$ 2,362	\$ 2,934	124.2%

The increase in general and administrative expenses for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of the number of days of operations in the respective periods, as mentioned above.

Fair value adjustment to investment properties

In accordance with IFRS, management has elected to use the fair value model to account for investment properties. For the three months ended September 30, 2019, overall investment properties increased by \$63,641 as a result of the two property acquisitions discussed above which led to a combined increase of \$104,450 as well as an increase due to additions to investment properties of \$7,484. This increase was offset by three property dispositions discussed above which led to a reduction in the investment property portfolio of \$44,167 and the change in fair value of investment properties of \$4,126. Fair value adjustments were determined based on the movement of various parameters, including changes in NOI and capitalization rates.

For the nine months ended September 30, 2019, overall investment properties increased by \$91,147 as a result of the three property acquisitions discussed above which led to a combined increase of \$157,277 as well as an increase due to additions to investment properties of \$20,328 and the change in fair value of investment properties of \$12,132. This increase was offset by nine property dispositions discussed above which led to a reduction in the investment property portfolio of \$98,590.

Further information can be found in the "Investment property portfolio" section below.

Fair value adjustment to investment properties (IFRIC 21)

Fair value adjustment to investment property (IFRIC 21) results from a pro rata property tax basis adjustment commonly included in property sales prices in the United States, as real estate taxes are recognized when the respective realty tax obligation is imposed for the year. The fair value adjustment to investment property (IFRIC 21) represents the difference

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between the presumed pro rata property tax basis adjustment over the period the obligation relates to and the recognition of the realty tax obligation when it is imposed.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Change %
Fair value adjustment to investment properties (IFRIC 21)	\$ 3,191	\$ 2,251	\$ 940	41.8%

The increase in the fair value adjustment to investment properties (IFRIC 21) for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018. Acquisitions after September 30, 2018 contributed \$1,020 to the fair value adjustment partially offset by the reduction of \$130 to the fair value adjustment as a result of the dispositions in 2019. The remainder of the increase is a result of higher annual property taxes, predominately for properties in Texas-based jurisdictions.

	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of	Change	Change %
Fair value adjustment to investment properties (IFRIC 21)	\$ (819)	\$ 3,359	\$ (4,178)	-124.4%

The change in the fair value adjustment to investment properties (IFRIC 21) for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of annual property taxes imposed at the beginning of the 2019 calendar year of \$9,645 partially offset by \$3,475 resulting from the number of days of operations in the respective periods, as mentioned above. The remaining change of \$1,992 is primarily the result of property acquisitions net of dispositions subsequent to September 30, 2018. The acquisitions after September 30, 2018 contributed \$1,949 to the fair value adjustment partially offset by the reduction of \$174 to the fair value adjustment as a result of the dispositions in 2019. The remainder of the change is a result of higher annual property taxes, predominately for properties in Texas-based jurisdictions.

Finance costs from operations

Finance costs consist of interest expense on loans and borrowings, amortization of deferred financing costs, amortization of issuance (premium) discounts, interest paid on hedging instruments which are recognized in profit or loss and distributions to tenant in common interests.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Change %
Finance costs from operations	\$ 5,543	\$ 4,383	\$ 1,160	26.5%

The increase in finance costs from operations for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is primarily attributable to the funding of property acquisitions and use of proceeds from dispositions subsequent to September 30, 2018. The funding of the acquisitions after September 30, 2018 contributed \$1,366 in finance costs from operations partially offset by the reduction in finance costs from operations of \$607 as a result

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of the dispositions in 2019. The remainder of the change is due to an increase in the amortization of deferred financing costs of \$100 and interest on incremental draws on the Credit Facility subsequent to September 30, 2018.

	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of	Change	Change %
Finance costs from operations	\$ 16,621	\$ 6,497	\$ 10,124	155.8%

The increase in finance costs from operations for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of the number of days of operations in the respective periods, as mentioned above. Extrapolating the result for the 136 day period of operations to a comparative full nine month period results in an additional \$6,630 in finance costs from operations for the period, which equates to \$13,127 for the comparative period when extrapolated. The remaining change of \$3,494 is primarily attributable to the funding of property acquisitions and use of proceeds from dispositions subsequent to September 30, 2018. The funding of the acquisitions after September 30, 2018 contributed \$3,732 in finance costs from operations partially offset by the reduction in finance costs from operations of \$883 as a result of the dispositions in 2019. The remainder of the change is due to the amortization of deferred financing costs of \$212, a loss on extinguishment of debt of \$61 and interest on incremental draws on the Credit Facility subsequent to September 30, 2018.

Loss on disposition of investment properties

Loss on disposition of investment properties is determined as the difference between the net sale proceeds and the carrying amount of the investment property and is recognized in the statement of income and comprehensive income in the year of sale. Investment properties are carried at fair value which is the sales price; therefore, the resulting loss represents costs incurred to sell the assets such as brokerage fees.

The REIT incurred a loss on disposition of investment properties of \$882 during the three months ended September 30, 2019 and \$1,863 during the nine months ended September 30, 2019 as a result of the disposition of three investment properties during the third quarter of 2019 and six investment properties during the second quarter of 2019. There were no property sales in the comparative periods.

Distributions on Class B Units

Class B Units are designated as financial liabilities and are, in all material aspects, economically equivalent to the Units on a per unit basis.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Change %
Distributions on Class B Units	\$ 2,858	\$ 2,897	\$ (39)	-1.3%

Distributions on Class B Units for the three months ended September 30, 2019 decreased as compared to the three months ended September 30, 2018 due to the redemption of Class B Units in exchange for Units subsequent to September 30, 2018.

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	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of	Change	Change %
Distributions on Class B Units	\$ 8,647	\$ 4,266	\$ 4,381	102.7%

The higher distributions on Class B Units for the nine months ended September 30, 2019 as compared to the period from January 9, 2018 to September 30, 2018 is primarily the result of the number of days of operations in the respective periods, as mentioned above.

Fair value adjustment to derivatives and other financial liabilities

Fair value adjustments to derivatives and other financial liabilities consists of fair value adjustments recorded to Class B Units, interest rate swaps, prepayment embedded derivatives and Unit-based compensation.

Class B Units are measured at fair value with any changes in fair value recorded in profit or loss. The fair value adjustments of Class B Units are calculated using the Unit closing price as of the end of the reporting period. An increase in the Unit closing price over the period results in a fair value loss whereas a decrease in the Unit closing price over the period results in a fair value gain. The fair value adjustment results from the fair value of Class B Units as of the end of the period presented.

The REIT is subject to two receive-variable based on 1 Month USD – London Interbank Offered Rate (“LIBOR”) / pay fixed interest rate swap agreements. These swaps are used to manage interest rate exposure over the period of the interest rate swaps. The valuation of these instruments was determined using a discounted cash flow analysis based on the contractual terms of the derivatives, including the period to maturity of each instrument, using observable market-based inputs, including interest rate curves and implied volatilities. Changes in fair value are recognized as a fair value adjustment to interest rate swaps in the unaudited condensed consolidated interim financial statements.

Management considers whether a contract contains an embedded derivative at inception of the contract. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through the statements of comprehensive income. Under IFRS 9, Financial Instruments: Recognition and Measurement, (“IFRS 9”) certain early redemption options that meet the definition of an embedded derivative are bifurcated from the financial liability and measured at fair value. The fair value of the prepayment embedded derivatives has been determined using LIBOR based interest rate swap options as a proxy.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of
Fair value adjustment to Class B Units	\$ 16,544	\$ (231)	\$ 68,181	\$ (11,810)
Fair value adjustment to interest rate swaps	\$ 787	\$ (137)	\$ 1,591	\$ (79)
Fair value adjustment to prepayment embedded derivatives	\$ (4,678)	\$ 1,064	\$ (7,126)	\$ 36
Fair value adjustment to derivatives and other financial liabilities	\$ 12,653	\$ 696	\$ 62,646	\$ (11,853)

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For the three and nine months ended September 30, 2019, the REIT recognized a fair value loss to Class B Units of \$16,544 and \$68,181, respectively. The fair value losses are a result of an increase in the Unit closing price as of the end of the reporting period, which is used to calculate the fair value of the outstanding Class B Units.

For the three and nine months ended September 30, 2019, the REIT recognized a fair value loss to interest rate swaps of \$787 and \$1,591, respectively. Fair value adjustments were due to current forecasted LIBOR rates as of September 30, 2019.

For the three and nine months ended September 30, 2019, the REIT recognized a fair value gain to prepayment embedded derivatives of \$4,678 and \$7,126, respectively. The fair value gains to prepayment embedded derivatives were the result of changes in the proxy LIBOR based interest rate swap options as of September 30, 2019.

Change in tenant in common interests

Tenant in common interests represent the ownership interests in certain consolidated subsidiaries not owned by the REIT. Under International Accounting Standard 32 ("IAS 32"), the tenant in common interests meet the definition of a liability. Tenant in common interest holders are indemnified from the impact of the performance of the respective subsidiary; however, upon the sale of a property, the tenant in common interest holder would receive their interest in the proceeds from the property sale based on the respective tenant in common agreement. As such, the changes in expectation of what the tenant in common interests would receive as a result of changes in the fair value of the respective properties results in a remeasurement of the tenant in common interests. There was no change in tenant in common interests for the three months ended September 30, 2019. There was a \$43 change in tenant in common interests for the nine months ended September 30, 2019, which was reflective of the change in the overall fair value of the properties affiliated with the tenant in common agreements.

Bargain purchase gain

Upon the acquisition of the BSR Initial Properties on May 18, 2018, the REIT recognized a bargain purchase gain due to the excess of the fair value of net assets acquired from the BSR Initial Properties over the consideration paid for the BSR Initial Properties. The net assets acquired resulted in a bargain purchase gain of \$75,331.

Net (loss) income and comprehensive (loss) income

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change
Net (loss) income and comprehensive (loss) income	\$ (13,505)	\$ 13,665	(27,170)

Net loss and comprehensive loss for the three months ended September 30, 2019 was less than the net income and comprehensive income for the three months ended September 30, 2018 by \$27,170 primarily as the result of the fair value adjustments to investment properties and Class B Units, noted above.

	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of	Change
Net (loss) income and comprehensive (loss) income	\$ (38,778)	\$ 102,623	(141,401)

Net loss and comprehensive loss for the nine months ended September 30, 2019 was less than the net income and comprehensive income for the period from January 9, 2018 to September 30, 2018 by \$141,401 as the result of the number

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of days of operations in the respective periods, as mentioned above, as well as the fair value adjustments to investment properties and Class B Units, noted above, and the bargain purchase gain in the prior year.

Net Operating Income, Funds from Operations and Adjusted Funds from Operations

Below is a summary of the FFO and AFFO for the three and nine months ended September 30, 2019, the three months ended September 30, 2018 and the period from January 9, 2018 to September 30, 2018, with additional detail in the section titled "Reconciliation of Non-IFRS Measures". Based on the respective ownership dates, the weighted average unit counts for the three and nine months ended September 30, 2019 were 40,535,441 and 40,031,852, respectively. The unit count includes the combined Units, Class B Units and issued Deferred Units. See "Units Outstanding".

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of operations)
NOI *	\$ 14,533	\$ 13,465	\$ 44,835	\$ 20,115
NOI *, Same Community * Properties	\$ 11,902	\$ 11,531	\$ 35,959	\$ 17,163
NOI *, Non-Same Community * Properties	\$ 2,631	\$ 1,934	\$ 8,876	\$ 2,952
NOI Margin *	52.2%	52.6%	53.7%	53.2%
NOI Margin *, Same Community * Properties	53.6%	53.6%	54.6%	54.0%
NOI Margin *, Non-Same Community * Properties	46.7%	47.5%	50.1%	48.8%
FFO *	\$ 7,123	\$ 7,593	\$ 22,563	\$ 11,283
FFO per Unit *	\$ 0.18	\$ 0.19	\$ 0.56	\$ 0.28
Maintenance capital expenditures	\$ 722	\$ 1,147	\$ 2,662	\$ 1,716
Adjusted Funds From Operations *	\$ 6,455	\$ 6,334	\$ 20,117	\$ 9,422
AFFO per Unit *	\$ 0.16	\$ 0.16	\$ 0.50	\$ 0.24
AFFO Payout Ratio *	80.3%	78.4%	75.2%	77.6%

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Refer to section "Reconciliation of Non-IFRS Measures" for a reconciliation of these measures to standardized IFRS measures.

RECONCILIATION OF NON-IFRS MEASURES

FFO, FFO per Unit, AFFO and AFFO per Unit

In management's view, FFO and AFFO are accepted and meaningful measures of financial performance in the real estate industry and Unitholders, financial analysts and investors are better served when FFO and AFFO are provided.

FFO and AFFO are measures which should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT regards FFO and AFFO as key measures of operating performance. The REIT also uses AFFO in assessing its distribution paying capacity.

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Set out below is a reconciliation of the unaudited FFO and AFFO for the periods presented:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 (136 days of operations)
Net (loss) income and comprehensive (loss) income	\$ (13,505)	\$ 13,665	\$ (38,778)	\$ 102,623
<i>Adjustments to arrive at FFO</i>				
Distributions on Class B Units	2,858	2,897	8,647	4,266
Fair value adjustment to investment properties	4,126	(9,661)	(12,132)	(8,416)
Fair value adjustment to investment properties (IFRIC 21)	3,191	2,251	(819)	3,359
Property tax liability adjustment, net (IFRIC 21)	(3,191)	(2,251)	819	(3,359)
Fair value adjustment to derivatives and other financial liabilities	12,653	696	62,646	(11,853)
Fair value adjustment to unit-based compensation	108	(4)	313	(6)
Loss on disposition of investment properties	882	—	1,863	—
Principal payments on lease liability	(32)	—	(94)	—
Depreciation of right-to-use asset	33	—	98	—
Bargain purchase gain	—	—	—	(75,331)
Funds from Operations ("FFO")	\$ 7,123	\$ 7,593	\$ 22,563	\$ 11,283
FFO per Unit	\$ 0.18	\$ 0.19	\$ 0.56	\$ 0.28
<i>Adjustments to arrive at AFFO</i>				
Maintenance capital expenditures	(722)	(1,147)	(2,662)	(1,716)
Severance costs on disposition of investment properties	78	—	218	—
Straight line rental revenue differences	(24)	(112)	(2)	(145)
Adjusted Funds from Operations ("AFFO")	\$ 6,455	\$ 6,334	\$ 20,117	\$ 9,422
AFFO per Unit	\$ 0.16	\$ 0.16	\$ 0.50	\$ 0.24

NOI and NOI Margin

In management's view, NOI is an accepted and meaningful measure of financial performance in the real estate industry and Unitholders, financial analysts and investors are better served when NOI is provided. NOI is a measure that should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS.

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Set out below is a reconciliation of the unaudited NOI and NOI margin for the periods presented:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Period from January 9, 2018 to September 30, 2018 136 days of operations)
Total revenue	\$ 27,840	\$ 25,597	\$ 83,542	\$ 37,811
Property operating expenses	(10,194)	(9,881)	(30,099)	(14,337)
Real estate taxes	—	—	(9,645)	—
	17,646	15,716	43,798	23,474
Property tax liability adjustment (IFRIC 21)	(3,191)	(2,251)	819	(3,359)
Severance costs on disposition of investment properties	78	—	218	—
Net Operating Income ("NOI")	\$ 14,533	\$ 13,465	\$ 44,835	\$ 20,115
NOI margin	52.2%	52.6%	53.7%	53.2%

The information for the Full Comparative Period for the nine months ended September 30, 2018 has been compiled from the current unaudited condensed consolidated interim financial statements and notes thereto as well as the unaudited condensed combined and carve-out interim financial statements for the three months ended March 31, 2018 for the BSR Initial Properties (as presented in the Business Acquisition Report filed on August 1, 2018) and the BSR Initial Properties' internal operating information for the period from April 1, 2018 to May 17, 2018, prior to their acquisition by the REIT on May 18, 2018. Set out below is a reconciliation of the unaudited NOI and NOI margin for the Full Comparative Period of the nine months ended September 30, 2018:

	Period from May 18, 2018 to September 30, 2018 (136 days of operations)	Period from April 1, 2018 to May 17, 2018	Three months ended March 31, 2018	Nine months ended September 30, 2018
Total revenue	\$ 37,811	\$ 12,712	\$ 24,057	\$ 74,580
Property operating expenses	(14,337)	(4,674)	(9,615)	(28,626)
Real estate taxes	—	—	(7,940)	(7,940)
	23,474	8,038	6,502	38,014
Property tax liability adjustment (IFRIC 21)	(3,359)	(1,145)	5,758	1,254
Net Operating Income ("NOI")	\$ 20,115	\$ 6,893	\$ 12,260	\$ 39,268
NOI margin	53.2%	54.2%	51.0%	52.7%

Debt to Gross Book Value

Set out below is a reconciliation of the Debt to Gross Book Value as of September 30, 2019 and September 30, 2018:

	September 30, 2019	September 30, 2018
Loans and borrowings (current portion)	\$ 22,056	\$ 34,034
Loans and borrowings (non-current portion)	478,059	359,215
Total loans and borrowings ("Debt")	500,115	393,249
Gross Book Value	\$ 1,081,493	\$ 883,485
Debt to Gross Book Value	46.2%	44.5%

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LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2019, the capital structure of the REIT was as follows:

	September 30, 2019
<i>Indebtedness</i>	
Loans and borrowings (current portion)	\$ 22,056
Loans and borrowings (non-current portion)	478,059
Class B Units	248,949
	749,064
<i>Unitholders' equity</i>	
Unitholders' equity	300,881
Total capitalization	\$ 1,049,945

Liquidity and capital resources are used to fund capital investments in the investment properties, development and acquisition activities, servicing of debt obligations and distributions to Unitholders. The principal source of liquidity is NOI generated from property operations. For the nine months ended September 30, 2019, net cash from operating activities was \$42,840. Business operations are also financed using property-specific mortgages, credit facilities and equity financing.

As of September 30, 2019, liquidity was \$111.6 million consisting of cash and cash equivalents of \$20.7 million, \$55.9 million available borrowing capacity under the Credit Facility and \$35.0 million available borrowing capacity under a revolving line of credit.

As of September 30, 2019, current liabilities of \$47.5 million exceeded current assets of \$38.5 million, resulting in a net working capital deficit of \$9.0 million. Current liabilities include \$22.1 million of current mortgages payable, predominately comprised of one mortgage loan maturing in 2019 and two mortgage loans maturing in the first three quarters of 2020, totalling \$19.4 million, along with regular principal amortization.

The REIT expects to be able to meet all obligations as they become due using some or all of the following sources of liquidity: cash flow generated from property operations; property-specific mortgages; existing cash and cash equivalents on hand; and available borrowing capacity under existing credit facilities.

In addition, subject to market conditions, the REIT may raise funding through equity financing. The REIT believes that its capital structure will provide it with financial flexibility to pursue future growth strategies. However, the REIT's ability to fund operating expenses, capital expenditures and future debt service requirements will depend on, among other things, future operating performance, which will be affected by general economic, industry, financial and other factors, including factors beyond the REIT's control.

Mortgage notes as of September 30, 2019 mature at various dates from 2019 through 2056. Outside of the regular principal amortization of existing loans and borrowings; balloon payments on property mortgages totalling \$19.4 million come due in the next twelve months. For the property mortgages maturing in the next twelve months, there are no existing refinancing commitments; however, the REIT anticipates refinancing this debt to extend the maturity date through a new property mortgage or other credit facilities.

The REIT funds capital expenditures with cash flow from operations and available borrowing capacity under existing credit facilities.

CONTRACTUAL COMMITMENTS

The REIT will seek to maintain a combination of short, medium and long-term debt maturities that are appropriate for the overall debt level of its portfolio, taking into account the availability of financing and market conditions, and the financial

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characteristics of each investment property. As of September 30, 2019, the REIT's mortgage debt was 97% fixed or economically hedged to fixed rates and 90% of total debt was fixed or economically hedged to fixed rates. Management administers a portion of its variable-rate mortgages payable using an interest rate swap that alters its exposure to the impact of changing interest rates. See section "Fair value adjustments to derivatives and other financial liabilities" for more detail. The following table provides information on the carrying balance and the non-discounted contractual maturities of financial liabilities of the REIT with fixed repayment terms, including estimated interest payments:

	Carrying amount	Contractual cash flows	1 year	2 years	3 years	4 years	More than 4 years
Loans and borrowings	\$ 500,115	\$ 508,471	\$ 22,821	\$ 26,464	\$ 122,456	\$ 40,263	\$ 296,467
Interest payable	1,331	162,464	19,651	18,721	14,970	12,814	96,308
Interest rate swaps	2,346	2,322	260	566	600	507	389
Lease liability	200	207	137	70	—	—	—
Tenant in common interests	3,792	3,792	125	125	125	125	3,292
Capital improvements liability	637	637	637	—	—	—	—
Accounts payable and other liabilities	23,242	23,242	23,242	—	—	—	—
	\$ 531,663	\$ 701,135	\$ 66,873	\$ 45,946	\$ 138,151	\$ 53,709	\$ 396,456

DISTRIBUTIONS

The REIT initially adopted a distribution policy pursuant to which the REIT makes cash distributions to Unitholders and, through BSR, Class B Unitholders on each monthly distribution date. Pursuant to this distribution policy, distributions are paid to Unitholders and Class B Unitholders of record at the close of business on the last business day of a month on or about the 15th day of the following month. Distributions must be approved by the board of trustees of the REIT and are subject to change depending on the general economic outlook and financial performance of the REIT. The REIT does not use net income in accordance with IFRS as the basis to establish the level of distributions as net income includes, among other items, non-cash fair value adjustments related to its property portfolio.

In accordance with National Policy 41-201 - Income Trusts and Other Indirect Offerings, the REIT provides the following additional disclosure relating to cash distributions:

	Nine months ended September 30, 2019
Cash provided by operating activities	\$ 42,840
Less: Interest paid	(15,664)
	27,176
Less: Distributions paid to Unitholders	(6,238)
Less: Distributions paid to Class B Unitholders	(8,664)
Excess of cash provided by operating activities over distributions paid	\$ 12,274

Total distributions declared to Unitholders and Class B Unitholders were \$15,120 for the nine months ended September 30, 2019.

INVESTMENT PROPERTY PORTFOLIO

Investment properties include land and land improvements, building and building improvements, as well as furniture and equipment. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably. Management evaluates financial performance of the investment property portfolio by analyzing the performance of the portfolio in a given period. The investment property portfolio had 44 properties as of September 30, 2019.

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A reconciliation of the carrying value for investment properties at the beginning and end of the period is set out below:

	Nine months ended September 30, 2019
Investment properties in use, beginning of period	\$ 934,801
Property acquisition on March 27, 2019 - Wimberly	52,827
Property acquisition on August 27, 2019 - Cielo	61,300
Property acquisition on August 27, 2019 - Madrone	43,150
Dispositions	(98,590)
Additions to investment properties	10,442
Change in fair value of investment properties	12,132
	1,016,062
IFRIC 21 fair value adjustment	2,052
IFRIC 21 real estate tax liability adjustment	(2,052)
Investment properties in use, end of period	1,016,062
Investment property under development, beginning of period	2,750
Transfer of undeveloped land to investment property under development	—
Additions to investment property under development	9,886
Investment property under development, end of period	12,636
Investment properties, end of period	\$ 1,028,698

INVESTMENT PROPERTY VALUATION

The REIT uses an internal valuation process to value the investment properties as of September 30, 2019. The REIT engages third party appraisers to prepare valuations on a portion of the portfolio annually, such that the entire portfolio is appraised at least once every three years.

The estimated fair value of each investment property was determined using the direct capitalization income method. The stabilized future estimated cash flows are divided by an overall capitalization rate. The capitalization rates were derived in part from a combination of third-party information and the observation of industry trends (Level 3 inputs). Assumptions used to derive capitalization rates include property age, amenities, renovations, geographic region and location.

A significant increase (decrease) in estimated rents or occupancy rates per annum in isolation would result in a significantly higher (lower) fair value. A significant increase (decrease) in capitalization rate estimates in isolation would result in significantly lower (higher) fair value. Generally, a change in estimated rents is accompanied by a directionally similar change in the rent growth per annum assumption and an opposite change in future vacancy rate estimates.

The high, low, and overall weighted average capitalization rates are set out below:

	September 30, 2019
Capitalization rates	
High	10.0%
Low	4.8%
Weighted average	5.9%

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INVESTMENT PROPERTY ACQUISITIONS

The REIT acquired three investment properties, Wimberly, Cielo and Madrone, during the nine months ended September 30, 2019. The acquisitions added 926 apartment units to the portfolio. Subsequent to September 30, 2019, the REIT acquired two investment properties, Satori and Auberry. The acquisitions added 516 apartment units to the portfolio.

Refer to the "Business Overview" section above for further information on the nature, prices and funding for these acquisitions.

INVESTMENT PROPERTY DISPOSITIONS

The REIT disposed of nine investment properties totalling 1,619 apartment units in the second and third quarters of 2019. Subsequent to September 30, 2019, the REIT disposed of six investment properties totalling 915 apartment units.

Refer to the "Business Overview" section above for further information on the nature, prices and uses of funds from these dispositions.

CASH FLOWS

The REIT held cash and cash equivalents of \$20,684 as of September 30, 2019. The changes in cash flow for the nine months ended September 30, 2019 are as follows:

	Nine months ended September 30, 2019
Cash provided by operating activities	\$ 42,840
Cash used in investing activities	(47,980)
Cash provided by (used in) financing activities	18,247
Change in cash and cash equivalents during the period	\$ 13,107

Operating activities for the nine months ended September 30, 2019

Operating activities for the period generated a net cash inflow of \$42,840. This cash flow from operating activities was largely driven by cash inflows from normal business operations (net income adjusted for non-cash items and financing activities).

Investing activities for the nine months ended September 30, 2019

Investing activities for the period generated a net cash outflow of \$47,980. This was largely driven by the acquisitions of Wimberly, Cielo and Madrone and additions to investment properties of \$20,454, offset by net proceeds received of \$95,778 from the disposition of nine investment properties.

Financing activities for the nine months ended September 30, 2019

Financing activities for the period generated a net cash inflow of \$18,247. This was largely driven by net proceeds from the September 2019 Offering and Concurring Private Placement of \$53,104 and proceeds from the issuance of loans and borrowings of \$201,458. These inflows were offset by \$203,892 of principal payments of loans and borrowings, \$15,664 interest paid and distributions paid to Unitholders and Class B Unitholders of \$14,902.

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UNITS OUTSTANDING

Under the Declaration of Trust, the REIT is permitted to issue an unlimited number of Units. The total number of Units outstanding as at September 30, 2019 was 22,188,196. In addition, there were 22,735,026 Class B Units outstanding.

Deferred Units issued to the REIT's board of trustees as of September 30, 2019 were 101,619. Unvested Restricted Units and Performance Units issued to the REIT's management as of September 30, 2019 were 77,015 and 101,873, respectively.

Subject to certain limitations, the Class B Units are redeemable at the option of the holder and, therefore, are considered puttable instruments in accordance with IAS 32. Upon notice of redemption, BSR may redeem the Class B Units for cash or Units in its sole discretion. Therefore, the Class B Units meet the definition of a financial liability under IAS 32.

The weighted average unit count was 40,535,441 and 40,031,852 for the three and nine months ended September 30, 2019, respectively, which includes the Units, Class B Units and issued Deferred Units, weighted based on the respective ownership dates during the periods. The weighted average unit count was 39,730,184 and 39,723,083 for the three months ended September 30, 2018 and the period from January 9, 2018 to September 30, 2018, respectively.

TRANSACTIONS WITH RELATED PARTIES

The unaudited condensed consolidated interim financial statements include the following related party transactions:

- Distributions on Units of \$1,263 were declared to Bailey/Hughes Holders during the nine months ended September 30, 2019.
- Distributions on Class B Units of \$5,339 were declared to key management personnel, primarily the Bailey/Hughes Holders, during the nine months ended September 30, 2019. Key management personnel of the REIT are those persons having the authority and responsibility for planning, directing and controlling the activities of the REIT directly or indirectly.
- Compensation expenses include \$1,477 paid to key management personnel during the nine months ended September 30, 2019. The REIT's Chief Executive Officer did not receive any compensation for services rendered during the period.
- The REIT leases its Little Rock, Arkansas corporate headquarters from an irrevocable trust controlled by the family of the REIT's Chief Executive Officer. The current operating lease term expires in 2021.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial period are outlined below.

Investment properties

A property is determined to be an investment property when it is held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business. Investment property includes land and land improvements, building and building improvements, as well as furniture and equipment and certain intangibles, such as in-place leases, if any. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Unrealized gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are primarily determined internally by management or externally by external appraisers using the direct capitalization income method.

Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably. All repairs and maintenance costs are expensed as incurred.

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The REIT used an internal valuation process to value the investment properties as of September 30, 2019. The fair value of each investment property was determined using the direct capitalization income method. The stabilized future estimated cash flows are divided by an overall capitalization rate. The capitalization rates were derived in part from a combination of third-party information and the observation of industry trends (Level 3 inputs). Assumptions used to derive capitalization rates include property age, amenities, renovations, geographic region and location.

FUTURE ACCOUNTING CHANGES

New standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing the combined financial statements in future periods.

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The REIT intends to adopt the amendments in its unaudited condensed consolidated interim financial statements beginning on January 1, 2020, when the standard becomes effective. The REIT has reviewed the potential impact of this standard and has concluded that the standard will not have a material impact.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the disclosure controls or internal controls over financial reporting of the REIT will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met.

Further, the design of a control system must reflect that there are resource constraints, and the benefits of controls must be considered relative to their costs. Inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at September 30, 2019. Based on this evaluation, the REIT has concluded that it has a) designed disclosure controls and procedures to provide reasonable assurance that (i) material information relating to the REIT is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared and (ii) information required to be disclosed by the REIT in its various reports filed or submitted under securities legislation is recorded, processed, summarized and reported within time periods specified in securities legislation; and b) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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There have been no changes in the internal controls over financial reporting of the REIT during the period of this MD&A that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

FINANCIAL RISK MANAGEMENT

The REIT's activities expose it to credit risk, market risk and liquidity risk. Risk management is carried out by the Chief Financial Officer under policies approved by senior executive management. The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT, BSR and the residents of the properties. The disclosure in this MD&A is subject to the risk factors outlined below.

RISK FACTORS

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT. The AIF contains a detailed summary of risk factors pertaining to the REIT and its business. There have been no changes to the nature or the number of risk factors pertaining to the REIT since the date of the AIF. The disclosures in this MD&A are subject to the risk factors outlined in the AIF. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed in the AIF could materially and adversely affect the business, prospects, financial condition, results of operations, cash flow or the ability of the REIT to make cash distributions to Unitholders and Class B Unitholders or the value of the Units.