



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, 2022

November 8, 2022

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PRESENTATION

This Management's Discussion and Analysis ("MD&A") of BSR Real Estate Investment Trust (the "REIT", "we" and "our") is prepared as of November 8, 2022 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, 2022.

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust of the REIT dated January 9, 2018, under the laws of the Province of Ontario, which was amended and restated on May 11, 2022 (the "Declaration of Trust"). The principal business of the REIT is to acquire and operate multi-family residential rental properties across the United States. The operations of the REIT commenced on May 18, 2018 when it completed an initial public offering ("IPO") and indirectly acquired an interest in BSR Trust, LLC ("BSR") and 47 garden-style, multi-family communities.

This MD&A should be read in conjunction with the REIT's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2022, prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (the "IASB").

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 8, 2022. Additional information about the REIT, including the REIT's current annual information form in respect of the year ended December 31, 2021 (the "AIF"), can be found on SEDAR at www.sedar.com or on the REIT's website at www.bsrrreit.com.

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" and in Canadian dollars under the symbol "HOM.UN". The REIT's convertible debentures are listed and publicly traded on the TSX in U.S. dollars under the symbol "HOM.DB.U".

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 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 exit or sale plans, acquisitions, portfolio expansion, capital recycling, capital redevelopment, property stabilizations and rental rate increases), macroeconomic and industry trends (including those relating to job growth, population growth, vacancy and home ownership rates) and the potential impact of and response measures to be taken with respect to COVID-19 as well as any other forward-looking statements made within this MD&A. 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.

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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, assumptions relating to the REIT's future growth potential, results of operations, demographic and industry trends, no changes in legislative or regulatory matters, the tax laws as currently in effect, a gradual recovery and growth of the general economy over 2022, the impact of COVID-19, lease renewals and rental increases, the ability to re-lease or find new tenants, the timing and ability of the REIT to sell certain properties, project costs and timing, relatively historically low interest costs, a continuing trend toward land use intensification at reasonable costs and development yields, including residential development in urban markets, access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable refinancing of debts as they mature, the availability of investment opportunities for growth in the REIT's target markets, the valuations to be realized on property sales relative to current IFRS values, and the market price of the Units.

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;
- developments and changes in applicable laws and regulations;
- the impact of climate change;
- the impact of inflation; and
- the impact of COVID-19 on the operations, business and financial results of the REIT.

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, including with respect to 2022 FFO, AFFO and Same Community portfolio guidance under "2022 Earnings and Same Store Portfolio Guidance", are 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 to understand management's current expectations relating to the future growth of the REIT, as disclosed herein. These forward-looking statements have been approved by management to be made as at the date of this MD&A. Certain material factors, estimates or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in this MD&A and actual results could differ materially from such conclusions, forecasts or projections. There can be no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. 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.

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ACCOUNTING POLICIES

The REIT's accounting policies are described in the consolidated financial statements for the year ended December 31, 2021. 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 financial measures, non-IFRS ratios and certain real estate industry supplementary financial measures 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 and we believe that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall financial performance of the REIT's business. 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. Because non-IFRS financial measures, non-IFRS ratios and supplementary financial measures do not have standardized meanings prescribed under IFRS, securities regulators require that such measures be clearly defined, identified, and reconciled to their nearest IFRS measure. The reconciliations of the non-IFRS financial measures and non-IFRS ratios used in this MD&A are provided under "Reconciliation of Non-IFRS Measures".

Net Operating Income and NOI Margin

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 accounted for 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/retention costs on dispositions. 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.

"NOI Margin" is defined as NOI divided by total revenue, as a percentage. Management believes that NOI Margin is a meaningful supplementary measure of operating performance of the REIT's income producing properties. NOI Margin is an important measure of the percentage of income generated from the income producing properties and is used by the REIT in evaluating the performance of the portfolio.

Same Community

"Same Community" results are used by management to evaluate performances of investment properties owned by the REIT during comparative periods. Same Community results are a meaningful measure of operating performance because it allows management to assess rent growth and leasing activity of its portfolio on a same property basis and the impact of capital investments. The REIT calculates Same Community results for revenue, NOI, NOI Margin and certain operating metrics.

The Same Community results in this MD&A remove the results of the acquisitions of eight properties referred to as Alleia, Adley at Gleannloch, Aura 36Hundred, Aura Benbrook, Hangar 19, Lakeline, Overlook and Vale Frisco. Further, the Same Community results in this MD&A remove the results of seven properties disposed of from January 1, 2021 to September

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30, 2022 referred to as Towne Park, Capri, Colony Square, Mountain Ranch, Regency Woods, Heritage at Hillcrest and Windhaven. Same Community results in this MD&A also remove the results of Vale Luxury which was considered non-stabilized during at least a portion of the comparative periods due to lease-up.

The results of the properties excluded from Same Community results noted above comprise "Non-Same Community" results.

Funds from Operations and Adjusted Funds from Operations

In January 2022, 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. The REIT's method of calculating FFO and AFFO is substantially in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO and AFFO, respectively, reported by other issuers.

The REIT defines FFO as IFRS consolidated net income or loss 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, transaction costs expensed as a result of the issuance of convertible debentures, changes in the fair value of financial instruments which are economically effective hedges but do not qualify or were not designated for hedge accounting, losses on extinguishment of debt, change in tenant in common interests, operational revenue and expenses from right of use assets and transaction costs expensed as a result of property dispositions. 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 regards FFO as a key measure of operating performance.

The REIT defines AFFO as FFO adjusted for items such as actual maintenance capital expenditures incurred, straight-line rental revenue differences, severance/retention costs associated with the disposition of investment properties and realized rental guaranties associated with properties in lease up. 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 regards AFFO as a key measure of operating performance.

FFO per Unit and AFFO per Unit

"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, holders of class B units ("Class B Units") and issued deferred units of the REIT granted to trustees ("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.

The REIT regards FFO per Unit and AFFO per Unit as an important measure to further evaluate the performance of FFO and AFFO on a per Unit basis in order to normalize for changes driven by unit issuances and therefore better compare the REIT's performance period to period.

AFFO Payout Ratio

"AFFO Payout Ratio" is defined as total cash distributions of the REIT (including distributions on Class B Units) divided by AFFO. The REIT uses the AFFO Payout Ratio in assessing its distribution paying capacity.

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Gross Book Value

"Gross Book Value" means the book value of the total 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.

Debt to Gross Book Value Ratio

"Debt to Gross Book Value Ratio" is calculated by dividing debt, which consists of total loans and borrowings and convertible debentures, by Gross Book Value.

Liquidity

"Liquidity" is defined as (a) cash and cash equivalents (unrestricted), plus (b) borrowing capacity available under any existing credit facilities. This metric is a useful measure of the REIT's cash resources and credit available under committed credit facilities.

Net Asset Value and Net Asset Value per Unit

Net Asset Value ("NAV") and is calculated as the sum of the value of Unitholders' equity and Class B Units as of the balance sheet date. NAV is a useful measure of the overall value of the REIT's investment properties (net of outstanding debt) as of a point in time and also serves as a measure to depict the overall value driven from the performance of the REIT's assets.

"NAV per Unit" is calculated by dividing NAV by the number of Units, Class B Units and issued Deferred Units outstanding as of the balance sheet date. The REIT regards NAV per Unit as an important measure to further evaluate the performance of NAV in order to normalize for changes driven by unit issuances and therefore better compare the REIT's overall value.

BUSINESS OVERVIEW

The REIT is an internally managed, unincorporated, open-ended real estate investment trust governed by the third amended and restated declaration of trust of the REIT dated May 11, 2022 (the "Declaration of Trust"), as it may be further amended and restated from time to time, and established 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 holders of Units ("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 and Oklahoma;
- enhance the value of the REIT's assets and maximize long-term Unit value through active internal asset and property management programs and procedures;
- expand the asset base of the REIT and increase the REIT's AFFO per Unit and NAV per Unit primarily through acquisitions in attractive growth markets, improvement of its properties using targeted capital expenditures and recycling of capital through strategic dispositions; and
- provide Unitholders with predictable, sustainable, growing and tax efficient cash distributions.

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 portfolio of 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

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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.

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. As of September 30, 2022, the Bailey/Hughes Holders together owned 16,102,913 Class B Units and 4,041,313 Units, together representing an approximate 35% ownership interest in the REIT (determined as if all Class B Units securities are redeemed for Units).

Since the IPO, the REIT acquired 22 properties for a total contractual purchase price of approximately \$1.3 billion and sold 39 properties for a total contractual purchase price of \$760.5 million. Properties acquired and sold after December 31, 2020 are described in detail below. Contractual purchase prices listed below are before working capital adjustments and closing costs.

For dispositions mentioned below, unless otherwise noted, existing loans and borrowings were not assumed by the purchasers. Proceeds from dispositions were used to retire and/or repay loans and borrowings and to fund future acquisitions.

In February 2021, the REIT sold Towne Park located in Northwest Arkansas for a contractual purchase price of \$31.7 million for the 237 apartment units. Concurrent with the sale, the buyer assumed an in-place mortgage of \$18.8 million with a fixed rate of 4.48% resulting in net proceeds of \$12.9 million and the avoidance of \$5.8 million in prepayment premiums by the REIT.

In March 2021, the REIT announced the acquisition of Vale Frisco Apartments ("Vale Frisco"), a 349 apartment unit garden-style residential community in the Dallas/Fort Worth metropolitan statistical area ("MSA"), Adley at Gleannloch Apartments ("Adley at Gleannloch"), a 260 apartment unit garden-style residential community in the Houston MSA, and Alleia Long Meadows Farms ("Alleia"), a 400 apartment unit big house style residential community located in the Houston MSA, for a combined total contractual purchase price of \$195.0 million. The transaction was funded using the REIT's Credit Facility (as defined herein). The acquisitions of Vale Frisco and Adley at Gleannloch closed in March 2021 and the acquisition of Alleia closed in May 2021. The REIT and the seller entered into a Rent Guaranty Escrow Agreement, allowing the REIT to collect up to \$4.4 million through May 2022 to supplement rental income as these properties are being leased.

In March 2021, the REIT sold Capri and Colony Square located in the Blytheville MSA for a combined contractual purchase price of \$3.1 million for the 196 apartment units.

In April 2021, the REIT sold Mountain Ranch located in the Northwest Arkansas MSA for a contractual purchase price of \$49.5 million for the 360 apartment units.

In May 2021, the REIT sold Regency Woods located in the Pascagoula, Mississippi MSA for a contractual purchase price of \$8.3 million for the 184 apartment units.

In July 2021, the REIT purchased Hangar 19 located in the Dallas, Texas MSA for a contractual purchase price of \$82.8 million for the 351 apartment units. The transaction was funded using the REIT's Credit Facility.

In September 2021, the REIT acquired Aura 36Hundred located in Austin, Texas MSA for a contractual purchase price of \$93.8 million for the 356 apartment units. The transaction was funded with \$51.0 million in mortgage debt and the REIT's Credit Facility.

In November 2021, the REIT sold Windhaven Park Apartments and Heritage at Hillcrest Apartments, located in the Dallas/Fort Worth and Austin MSAs, respectively, for a combined contractual purchase price of \$147.9 million for the 760 apartment units.

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In December 2021, the REIT acquired Aura Benbrook Apartments, a 301-unit garden-style residential community in the Dallas/Fort Worth MSA, Overlook by the Park Apartments, a 384-unit midrise suburban community in the Dallas/Fort Worth MSA, and The M at Lakeline Apartments, a 374-unit big house style residential community in the Austin MSA, for a combined contractual purchase price of \$273.6 million. The transaction was funded using the REIT's Credit Facility and cash on hand.

The REIT currently owns 31 multifamily garden-style residential properties consisting of 8,666 apartment units. 85% of the apartment units are located in Texas, 11% in Oklahoma and 4% in Arkansas. The investment guidelines of the REIT are outlined in the Declaration of Trust. As of September 30, 2022, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

HIGHLIGHTS

Highlights for the three months ended September 30, 2022 ("Q3 2022")¹

- NAV per Unit increased 25.6% to \$22.32 as of September 30, 2022, compared to \$17.77 as of September 30, 2021, and is consistent with NAV per Unit as of June 30, 2022;
- FFO per Unit for Q3 2022 of \$0.21 increased 31.3% over the three months ended September 30, 2021 ("Q3 2021");
- AFFO per Unit for Q3 2022 of \$0.19 increased 26.7% over Q3 2021;
- Weighted average rent increased 14.5% to \$1,460 per apartment unit as of September 30, 2022, compared to \$1,275 as of September 30, 2021, and 3.4% sequentially from \$1,412 as of June 30, 2022;
- During Q3 2022, rental rates for new leases increased 12.3% and renewals increased 10.3% over the prior lease, resulting in a blended increase of 11.2%;
- Same Community revenue for Q3 2022 increased 10.7% over Q3 2021;
- Same Community NOI for Q3 2022 increased 9.7% over Q3 2021;
- During Q3 2022, the REIT's AFFO Payout Ratio was 67.2% compared to 82.7% during Q3 2021;
- As of September 30, 2022, weighted average occupancy was 94.7% compared to 96.5% as of September 30, 2021;
- Debt to Gross Book Value excluding the convertible debentures as of September 30, 2022 was 34.1%;
- In July 2022, the REIT hedged an additional \$280.0 million in variable rate debt. Following the commencement of the final swap on January 3, 2023, 100% of the REIT's debt will be fixed or economically hedged to fixed rates at a weighted average contractual interest rate of 3.4%;
- In July 2022, the REIT entered into an agreement to jointly develop phase II of Aura 36Hundred in the Austin, Texas metropolitan statistical area. The 238 apartment unit development is expected to be completed in 2024 with a projected total cost of \$59.5 million;
- For the sixth consecutive year, BSR was named as one of the *Best Places to Work in Arkansas* by Arkansas Business and the Best Companies Group; and

Subsequent highlights

- On October 3, 2022, the Toronto Stock Exchange accepted the REIT's notice of intention to make a normal course issuer bid ("NCIB") for up to a maximum of approximately 3.3 million of its issued and outstanding Units. The REIT may purchase Units for a twelve-month period beginning on October 6, 2022 and the NCIB will terminate on October 5, 2023. The REIT purchased 199,650 Units under its NCIB automatic securities purchase plan at an average price of \$13.99 per Unit through November 7, 2022.

¹ This section refers to certain non-IFRS measures including NAV per Unit, FFO per Unit, AFFO per Unit, Same Community, AFFO Payout Ratio and Debt to Gross Book Value. These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. For definitions, reconciliations and the basis of presentation of the REIT's non-IFRS measures, refer to sections "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures".

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OUTLOOK

Acquisition Strategy

Management believes characteristics and trends in the REIT's target markets in the United States multifamily sector suggest these markets are 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, (iii) large multifamily transaction volume and external growth opportunities in the U.S., (iv) an absence of rent control policies, (v) regulatory frameworks that tend to be more landlord-friendly and (vi) the development of significant new product and repurposing of older product. 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.

Compared to other real estate sectors, the shorter lease durations of the multifamily sector can provide a natural hedge against inflation. The average BSR lease is 13 months. Rental rates continue to increase in the REIT's primary markets due to significant migration from the east and west coasts of the United States. Moreover, the millennial age cohort continues to show a greater propensity to rent driven by large student loans, rising home prices, recent increases in mortgage interest rates 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 internal management platform to make acquisitions primarily in the attractive markets within the Sunbelt region consistent with its proven acquisition strategy. The REIT's internal management platform is highly scalable given the REIT's ability to acquire properties with only a marginal increase in general and administrative expenses. Therefore, with the REIT now positioned as a net acquirer of assets, more of the cash flows generated by the portfolio are retained, thereby increasing FFO and AFFO. The REIT's acquisitions to-date reflect its strategy of acquiring modern properties, clustered in target markets with above average population growth. These properties were either purchased at an attractive return or have potential for capital redevelopment or operating enhancements using the BSR platform. 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 opportunistically review its portfolio with the goal of recycling capital to maximize total Unitholder returns, by selling non-core properties that no longer meet the long-term growth strategy. The REIT sold seven properties during 2021. These sales crystallized the benefits of the upgrades on these assets as well as value created by the management platform, allowing the REIT to redeploy capital to properties in high growth markets where it can maximize the platform's capabilities.

The weighted average age of the current portfolio has declined to 11 years old from 29 years old since the IPO on May 18, 2018, which is attributable to the nature of acquisitions and dispositions subsequent to the IPO. The REIT's 22 acquisitions following the IPO added 6,966 apartment units with a weighted average year built of 2015 (six years old) compared to the 39 dispositions to-date which total 8,136 apartment units with a weighted average year built of 1990 (31 years old). The REIT's capital recycling program is substantially complete.

In July 2022, the REIT entered into an agreement to jointly develop phase II of Aura 36Hundred in the Austin, Texas metropolitan statistical area. The 238 apartment unit development is expected to be completed in 2024 with a projected total cost of \$59.5 million

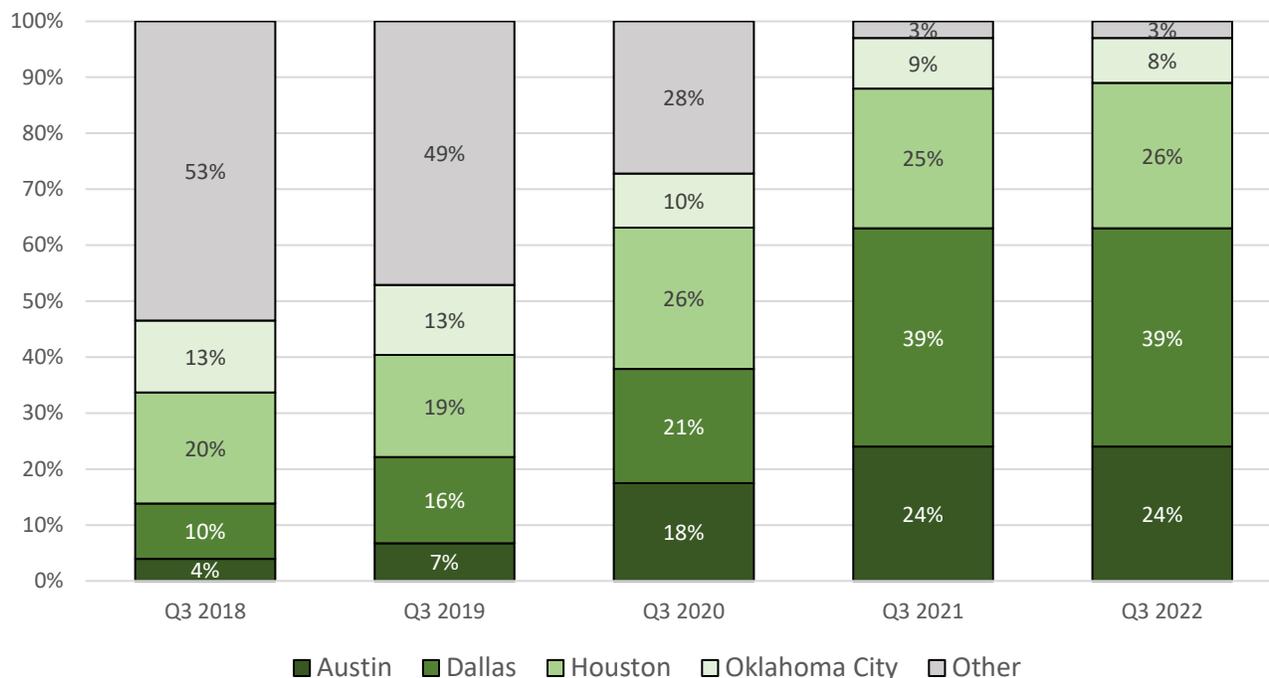
The following charts depict the percentage of total NOI by MSA for the portfolio of properties with an emphasis on the REIT's primary markets of Austin, Dallas, Houston and Oklahoma City. The effects of the capital recycling program increased the percentage of NOI concentrated in the REIT's primary markets to 97% in the current portfolio compared to 47% as of Q3 2018.

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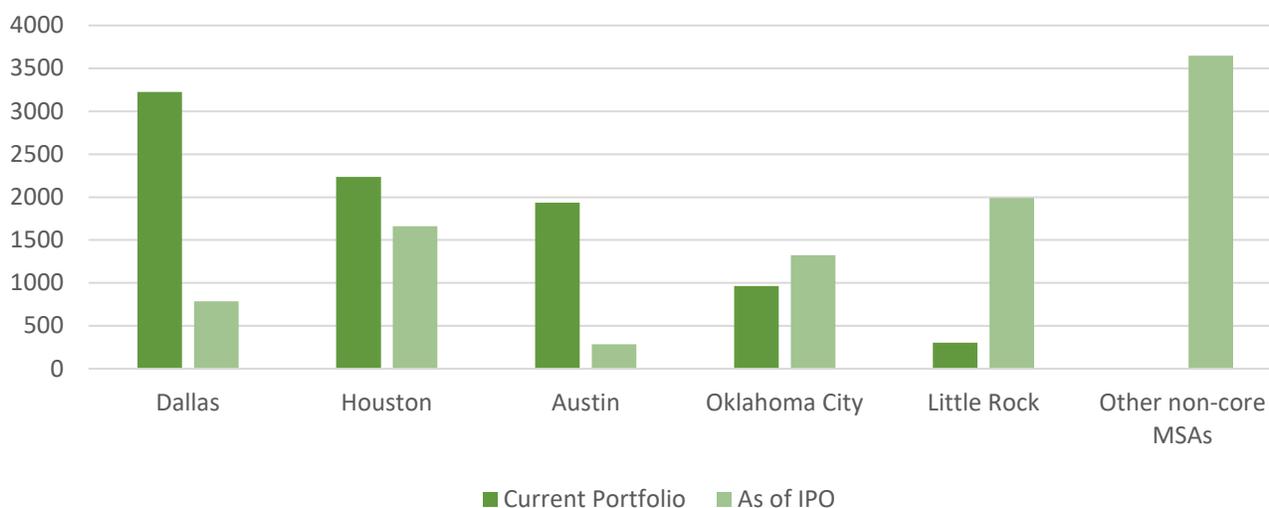
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Percentage of NOI by MSA for Q3 2018 through Q3 2022



Further, the portfolio shift from the REIT's ongoing clustering strategy toward the key markets of Austin, Dallas, Houston and Oklahoma City 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 8, 2022.

Units by MSA - Current Portfolio (left column) vs. Portfolio as of the IPO (right column)



The weighted average monthly rent on in-place leases for the total portfolio has increased 83% from \$799 per apartment unit as of Q2 2018 to \$1,460 per apartment unit as of September 30, 2022. The weighted average monthly rent on in-place leases for the total portfolio has increased 15% from Q3 2021. Annual rent as a percentage of median household income in

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the United States is 27.2%. Annual rent as a percentage of median household income in the REIT's core markets is as follows: Dallas 20.7%, Houston 19.5%, Austin 19.1% and Oklahoma City 14.4%.

Trend of Average Monthly Rent on In-Place Leases



The current capitalization rate spreads between larger and smaller markets were among the narrowest in the past 15 years. As a result, the REIT took advantage of this opportunity to recycle capital from non-core assets into larger markets with high growth potential while at the same time improving the average age of the portfolio. The REIT will continue to review the current portfolio for capital recycling opportunities which create long term value for unitholders.

With the focus of the REIT's capital recycling program now primarily complete, the REIT has positioned itself to expand its property portfolio on an accretive basis. In conjunction with better-than-anticipated revenue growth in its primary markets of Dallas, Austin and Houston, Texas, the REIT expects continued growth in NOI and AFFO throughout 2022.

2022 Earnings and Same Store Portfolio Guidance

The REIT provided initial 2022 guidance for FFO per Unit and AFFO per Unit, along with its expectations for growth of the Same Community Properties for revenue, property operating expense and NOI in 2022. As of September 30, 2022, the REIT is lowering its expectations for FFO per Unit and AFFO per Unit due to the impact of unprecedented increases in the federal funds rate prior to the commencement of the new interest rate swaps discussed below. Following the commencement of the final swap on January 3, 2023, 100% of the REIT's debt will be fixed or economically hedged to fixed rates. The REIT decreased its full year 2022 FFO per Unit midpoint to \$0.86 or 2.3% compared to \$0.88 as of June 30, 2022. The REIT decreased its full year 2022 AFFO per Unit midpoint to \$0.80 or 2.4% compared to \$0.82 as of June 30, 2022. The guidance for Same Community properties revenue, property operating expenses and NOI remains unchanged.

Per Unit	Revised guidance for 2022	
	Range	Midpoint
Total Portfolio		
FFO per Unit	\$0.85 to \$0.87	\$0.86
AFFO per Unit	\$0.79 to \$0.81	\$0.80
Same Community Growth		
Total Revenue	10.0% to 12.0%	11.00%
Property Operating Expenses	4.5% to 6.5%	5.50%
NOI	12.0% to 14.0%	13.00%

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Non-IFRS measures are presented to illustrate alternative relevant measures to assess the REIT's performance. See "Non-IFRS Measures". See also "Forward-Looking Statements", as the figures presented above are considered "financial outlook" for purposes of applicable Canadian securities laws and may not be appropriate for purposes other than to understand management's current expectations relating to the future growth of the REIT. Although the REIT believes that its anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information. The REIT reviews its key assumptions regularly and may change its outlook on a going-forward basis if necessary.

Change in Senior Management Structure

The REIT also announced today the retirement of Blake Brazeal, the REIT's Co-President and Chief Operating Officer, effective on December 31, 2022. In connection with Mr. Brazeal's retirement, and effective January 1, 2023, Susan Koehn, the REIT's current Chief Financial Officer and Corporate Secretary will assume the role of Chief Operating Officer and Brandon Barger, the REIT's current Chief Accounting Officer, will assume the role of Chief Financial Officer and Corporate Secretary consistent with the REIT's succession plan effective on January 1, 2023. Mr. Brazeal will be available to assist the REIT as necessary on a consulting basis.

Ms. Koehn served as the Chief Financial Officer of the REIT and its predecessor since 2016 and served as the Chief Accounting Officer from 2014 to 2016. Mr. Barger joined the REIT's predecessor in 2014 as the Director of Financial Reporting and assumed the role of Chief Accounting Officer in 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At our core, BSR is focused on our company's impact on our residents, employees, stakeholders and communities where we operate and serve. The mission of BSR is to provide an exceptional living experience for residents at a community they are proud to call home while creating value for our Unitholders through strength, profitability and growth. BSR conducts business with integrity and strives for the highest ethical standards by always treating partners, team members, residents and vendors with respect, honesty and fairness. We believe that any interaction with our company should be a genuinely positive experience and we believe in leaving things better than we found them. This ideology has been integral to our success since the roots of the formation of BSR in 1956.

The REIT's Environmental and Social Responsibility Policy outlines the REIT's approach to environmental sustainability and social responsibility from a corporate governance perspective as well as the REIT's commitments to embed these practices into its business model. Additionally, the REIT's enhanced Diversity Policy (the "Diversity Policy") reflects the REIT's commitment toward adding additional members to the REIT's board of trustees and senior management team with diversity in business and other professional experience, gender, geography, age, race and ethnicity.

The following is an outline of the REIT's ongoing efforts to summarize our organization's impact:

Our Residents

BSR is committed to providing healthy and safe living spaces as well as exceptional customer service to our residents.

- J Turner Research publishes ORA scores that quantify and rank top properties and management companies in the United States. The ORA score is an aggregate compilation of a property's ratings across various review sites on a scale of 0 to 100 and serves as a benchmark to compare and contrast a company's individual properties. As it is independently sourced, the ORA score is a robust indicator of resident satisfaction. BSR's ORA score was 82.08 for 2021 and was ranked 2nd among all publicly traded multifamily REITs operating in the United States (4th and 5th in 2020 and 2019, respectively). In 2021, the average ORA score of all multifamily REITs was 71.71; the national ORA score average of all US multifamily properties was 62.62.

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- To encourage resident health, wellness and quality of life, 100% of our apartment communities have on-site pools and fitness centers.
- For the convenience and accessibility of our residents, BSR uses virtual signatures on substantially all resident lease and related documents.
- Approximately 60% of our residents take advantage of the ability to pay virtually and submit service requests online, which also reduces waste.
- BSR provides its residents access to a credit builder program, which reports on-time rent payment history and paid-in-full status to TransUnion and Equifax to help residents build better credit scores. Residents also have access to credit insights, such as the factors that affect their score, and credit monitoring and identity theft protection up to \$1 million.
- BSR offered rent deferral programs for residents who encountered reduced hours or job loss due to the COVID-19 pandemic and waived all late fees for a portion of 2020 to ease residents' hardship.
- BSR has a non-discrimination policy which protects residents and prospective residents from discrimination based on race, color, national origin, religion, sex, family status and disability as covered under the Fair Housing Act.

Our People

BSR is committed to maintaining a workplace culture that attracts, retains and rewards the best and brightest people.

- For the sixth 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.
- As a result of our dedication to our employees, we have kept voluntary employee turnover below the industry average (29.3% in 2021 compared to the industry average of 32.2%). Further, the average tenure of our employees is five years.
- As of September 30, 2022, 56% of our employees chose to live at a BSR community, which shows the level of pride BSR team members have in our communities and also enhances the experience and service provided for all of our residents. Additionally, in 2021 we provided \$0.9 million in team member discounts on rent for those who choose to live at a BSR community.
- We perform a company-wide Team Member Satisfaction Survey every year and the feedback is meticulously reviewed by our executive team. Results are shared throughout the organization, along with action items from the results of the feedback in the survey. Our 2021 Team Member Satisfaction Survey had 71% participation by our employees, with a few key responses highlighted below:
 - 94% of our team members say BSR provides them the opportunity to excel in their position through professional development and in-house training.
 - 89% of our team members would confidently refer employment with us to a friend or colleague.
 - 86% of our team members say their contributions to the company are recognized and appreciated.
 - 90% of our team member say they look forward to going to work each day.
- Our comprehensive training program of 291 courses (79 offered in Spanish) including topics such as fair housing and safety compliance, team member orientation, sales, maintenance and management development training. Of the courses offered, 26% were created in-house, providing a highly tailored learning experience for our employees. In 2021, BSR employees completed 5,246 training hours.
- BSR team members have an opportunity to become "BSR Certified" which consists of completing orientation training and taking a certification exam with one of our area proctors. Certifications are available for the following positions: Community Manager, Assistant Community Manager, Leasing Specialist and Service Manager. Team members are able to test on a variety of position related policies and procedures to show they have a working knowledge of their role.
- For selected team members with a desire for advancement, our career succession program frames out a tailored development plan for promotion with specified performance goals, training requirements and respective certifications. In 2021, we promoted 33 team members internally. Of those promotions, 15% were graduates of

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the succession program and we currently have 15 candidates who are in the program or have graduated and are waiting for an opportunity to become available.

- Each quarter, we celebrate team member achievements in our internal newsletter, recognizing teams and individuals who demonstrated exceptional performance and excellence. We also use social media and our intranet site to celebrate our team members for achievements and certifications. Finally, our annual Celebration of Excellence Award Ceremony is for our on-site management and the corporate team to gather and be recognized with awards based on financial performance and overall excellence.
- Our annual Maintenance Appreciation Week is a special time to reward the work performed and show appreciation to our service team members.
- We conduct salary surveys to create pay ranges for positions to ensure fair and equal pay.
- During the COVID-19 pandemic, we have offered additional bonuses and paid time off for employees related to sick time and dependant care.

Our Stakeholders and Governance

BSR is committed to good corporate governance to maximize shareholder value in a manner consistent with the highest standards of integrity.

- The board of trustees maintains oversight of the individual committees' responsibilities and environmental, social and governance (ESG) matters as a whole, along with overall enterprise risk management.
- The Diversity Policy reflects the REIT's commitment toward adding additional members to the REIT's board of trustees and senior management team with diversity in business and other professional experience, gender, geography, age, race and ethnicity.
- Our executive management team, including our Chief Executive Officer and Chief Financial Officer, maintain regular contact with a broad base of investors, including through quarterly earnings calls, individual meetings and other channels of communication, to understand their concerns. In 2021, senior management met with approximately 55 institutional investors, 12 research analysts, investment advisors at 13 banks and attended four investor conferences (mostly virtual).
- BSR maintains high quality IT infrastructure and cybersecurity monitoring initiatives.
- Select members of BSR management and the board of trustees actively monitor our third-party anonymous whistleblower hotline.
- Our board survey is held every year, which is collectively discussed and reviewed to gauge completeness and effectiveness of corporate governance.
- BSR maintains a code of business conduct and ethics, as well as a disclosure and confidential information policy, and on an annual basis each employee receives an updated employee handbook and acknowledges their review of the company's policies and procedures.

Our Communities and Environment

BSR is committed to operating in an environmentally responsible manner, and we continue to identify and implement innovative sustainable practices.

- BSR formed the Home Away from Home Foundation (the "Foundation") in 2021 which will provide apartment homes for those needing to travel for extended medical treatment and requiring temporary housing. The Foundation is currently raising funding and is leveraging BSR communities in our key markets to fulfill its mission by partnering with area medical facilities specializing in longer term treatments.
- Through 2023, BSR intends to continue a significant investment into smart home and energy management technology with a rollout across approximately 4,000 additional apartment units to support more efficient energy usage and improve the overall resident experience. We expect to see an energy reduction of 15-20% for our residents and for BSR for apartment units under this program.

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- In 2022, BSR is investing in smart waste management across all properties to optimize dumpster capacity and identify contamination issues.
- As of September 30, 2022, utilities for 65% of BSR properties are sub-metered. On average, properties that are sub-metered are 38% more efficient than a non-sub-metered property due to residents directly paying for their actual usage.
- The REIT actively manages the energy consumption of vacant units to reduce waste.
- BSR uses smart irrigation systems to conserve water usage through the analysis of weather data.
- BSR uses a third-party utility biller providing vacant apartment unit charge backs, energy consumption variance reporting, pre-acquisition energy audits and detection of water leaks.
- When identifying properties to acquire, the REIT obtains a Phase I environmental report conducted by independent and experienced consultants prior to an acquisition, and if recommended, the REIT also obtains a Phase II environmental report.
- Air filters and suite appointments are changed and inspected on a quarterly basis.
- When performing renovations, the REIT prioritizes installation of low-flow toilets, LED lighting, high efficiency fixtures and Energy Star approved appliances to reduce water and energy consumption, if not previously installed.

BUSINESS PERFORMANCE MEASURES

The following table highlights certain key business performance measures as of September 30, 2022, compared to September 30, 2021.

	September 30, 2022	September 30, 2021
Number of investment properties	31	30
Total apartment units	8,666	8,367
Average monthly in-place leases	\$1,460	\$1,275
Average monthly in-place leases - Same Community * Properties	\$1,354	\$1,199
Weighted average ending occupancy rate	94.7%	96.5%
Retention rate	54.0%	56.6%
Weighted average contractual interest rate of all loans and borrowings and convertible debentures	3.5%	3.1%
Weighted average contractual interest rate of all loans and borrowings	3.4%	3.0%
Weighted average contractual mortgage interest rate	3.4%	3.1%
Convertible debentures debt term (in years)	3.0	4.0
Weighted average debt term of all loans and borrowings (in years)	4.6	5.3
Weighted average mortgage debt term (in years)	5.4	5.7

The following table highlights certain key business performance measures as of September 30, 2022, compared to December 31, 2021.

	September 30, 2022	December 31, 2021
Unitholders' equity	\$1,011,580	\$666,569
Debt to Gross Book Value *	36.2%	45.1%
NAV *	\$1,299,344	\$1,032,934
NAV per Unit *	\$22.32	\$19.81

**These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. For definitions, reconciliations and the basis of presentation of the REIT's non-IFRS measures, refer to sections "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures".*

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The following table highlights certain key financial performance measures of the REIT for the three and nine months ended September 30, 2022, compared to the three and nine months ended September 30, 2021:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change
Revenue	\$ 40,549	\$ 31,705	\$ 8,844	\$ 116,881	\$ 85,521	\$ 31,360
Revenue, Same Community * Properties	\$ 24,033	\$ 21,702	\$ 2,331	\$ 69,413	\$ 62,458	\$ 6,955
Revenue, Non-Same Community * Properties	\$ 16,516	\$ 10,003	\$ 6,513	\$ 47,468	\$ 23,063	\$ 24,405
Net income and comprehensive income	\$ 23,787	\$ 106,993	\$ (83,206)	\$ 243,650	\$ 212,346	\$ 31,304
NOI *	\$ 21,719	\$ 16,504	\$ 5,215	\$ 62,362	\$ 44,233	\$ 18,129
NOI *, Same Community * Properties	\$ 12,471	\$ 11,366	\$ 1,105	\$ 37,308	\$ 32,689	\$ 4,619
NOI *, Non-Same Community * Properties	\$ 9,248	\$ 5,138	\$ 4,110	\$ 25,054	\$ 11,544	\$ 13,510
NOI Margin *	53.6%	52.1%	150bps	53.4%	51.7%	170bps
NOI Margin *, Same Community * Properties	51.9%	52.4%	-50bps	53.7%	52.3%	140bps
NOI Margin *, Non-Same Community * Properties	56.0%	51.4%	460bps	52.8%	50.1%	270bps
FFO *	\$ 12,082	\$ 8,160	\$ 3,922	\$ 34,784	\$ 20,966	\$ 13,818
FFO per Unit *	\$ 0.21	\$ 0.16	\$ 0.05	\$ 0.63	\$ 0.41	\$ 0.22
Maintenance capital expenditures	\$ (920)	\$ (948)	\$ 28	\$ (2,840)	\$ (2,134)	\$ (706)
Escrowed rent guaranty realized	\$ —	\$ 677	\$ (677)	\$ 87	\$ 2,152	\$ (2,065)
Severance/retention costs on dispositions	\$ —	\$ —	\$ —	\$ —	\$ 105	\$ (105)
Straight line rental revenue differences	\$ 47	\$ (40)	\$ 87	\$ 183	\$ (75)	\$ 258
AFFO *	\$ 11,209	\$ 7,849	\$ 3,360	\$ 32,214	\$ 21,014	\$ 11,200
AFFO per Unit *	\$ 0.19	\$ 0.15	\$ 0.04	\$ 0.58	\$ 0.41	\$ 0.17
AFFO Payout Ratio *	67.2%	82.7%	-1550bps	67.4%	91.4%	-2400bps
Weighted average unit count	58,205,337	52,109,042	6,096,294	55,580,637	51,163,398	4,417,239

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. For definitions, reconciliations and the basis of presentation of the REIT's non-IFRS measures, refer to sections "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures".

Total portfolio revenue of \$40.5 million for Q3 2022 increased 27.9% compared to \$31.7 million in Q3 2021. The increase was the result of increases of \$2.3 million from Same Community properties, as described below, and \$9.3 million from property acquisitions, partially offset by property dispositions that reduced revenue by \$2.9 million.

Revenue from Same Community properties of \$24.0 million for Q3 2022 increased 10.7% from \$21.7 million in Q3 2021, primarily due to a 13.0% increase in average rental rates from \$1,199 per apartment unit as of September 30, 2021 to \$1,354 per apartment unit as of September 30, 2022.

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The decrease in net income and comprehensive income for Q3 2022 compared to Q3 2021 was primarily due to a change in the fair value adjustment to investment properties (loss) of \$185.8 million, partially offset by the change in the fair value adjustment (gain) to derivatives and other financial liabilities of \$95.4 million, over the prior period, and an increase in NOI, discussed below.

The 31.6% increase in total portfolio NOI for Q3 2022 to \$21.7 million compared to \$16.5 million in Q3 2021 was the result of increases of \$1.1 million from Same Community properties, described below, and \$5.4 million from property acquisitions and non-stabilized properties, partially offset by the reduction in NOI due to property dispositions of \$1.2 million.

The 9.7% increase in Same Community NOI to \$12.5 million for Q3 2022 compared to \$11.4 million in Q3 2021 was the result of the increase in revenue described above, partially offset by an increase in property operating expenses of \$1.2 million due to an increase in payroll, administrative and repair and maintenance expenses as well as an increase in the cost of real estate taxes and insurance over the prior period.

FFO was \$12.1 million, or \$0.21 per Unit, for Q3 2022 compared to \$8.2 million, or \$0.16 per Unit, for Q3 2021. The increase was primarily the result of the higher NOI discussed above, partially offset by an increase of \$1.2 million in finance costs associated with additional debt related to additional investment properties over the prior period and an increase in interest rates. As discussed below, during Q3 2022 the REIT entered into three swaps (the "Swaps") to hedge an additional \$280.0 million in variable rate debt. The first two Swaps became effective on September 1, 2022. Losses on extinguishment of debt are excluded from the calculation of FFO.

AFFO was \$11.2 million, or \$0.19 per Unit, for Q3 2022, compared to \$7.8 million, or \$0.15 per Unit, for Q3 2021. The improvement was primarily the result of the increase in FFO discussed above, partially offset by an escrowed rent guaranty realized in the prior year of \$0.7 million. Losses on extinguishment of debt and severance/retention costs on dispositions are excluded from the calculation of AFFO.

The 36.7% increase in total portfolio revenue for YTD 2022 to \$116.9 million compared to \$85.5 million in YTD 2021 was the result of increases of \$6.9 million from Same Community properties, \$34.2 million from property acquisitions and \$0.9 million from non-stabilized properties, partially offset by property dispositions that reduced revenue by \$10.7 million.

Revenue from Same Community properties for YTD 2022 increased 11.1% to \$69.4 million compared to \$62.5 million in YTD 2021, primarily due to a 13.0% increase in average rental rates from \$1,199 per apartment unit as of September 30, 2021 to \$1,354 per apartment unit as of September 30, 2022.

The increase in net income and comprehensive income for YTD 2022 compared to YTD 2021 was primarily due to an increase in the fair value adjustment (gain) to derivatives and other financial liabilities of \$203.5 million over the prior period and the increase in NOI, discussed below, partially offset by the change in the fair value adjustment to investment properties (loss) of \$192.9 million.

The 41.0% increase in total portfolio NOI for YTD 2022 to \$62.4 million compared to \$44.2 million in YTD 2021 was the result of increases of \$4.6 million from Same Community properties, discussed below, and \$18.6 million from property acquisitions and non-stabilized properties, partially offset by property dispositions which reduced NOI by \$4.9 million. Severance/retention costs on dispositions are excluded from NOI.

The 14.1% increase in Same Community NOI for YTD 2022 to \$37.3 million compared to \$32.7 million in YTD 2021 was the result of the increase in revenue described above, offset by an increase in property operating expenses of \$2.3 million due to higher payroll expenses, administrative expenses, cost of utilities, real estate taxes and property insurance expense compared to the prior period.

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FFO was \$34.8 million, or \$0.63 per Unit, for YTD 2022 compared to \$21.0 million, or \$0.41 per Unit, for YTD 2021. The FFO per Unit increase of 53.7% was primarily the result of higher NOI discussed above, partially offset by increases of \$0.6 million in general and administrative expenses primarily related to payroll expenses and \$3.7 million in finance costs related to additional debt associated with investment properties acquired over the prior period and an increase in interest rates. As discussed below, during Q3 2022 the REIT entered into three Swaps to hedge an additional \$280.0 million in variable rate debt. The first two Swaps became effective on September 1, 2022. Losses on extinguishment of debt are excluded from the calculation of FFO.

AFFO was \$32.2 million, or \$0.58 per Unit, for YTD 2022, compared to \$21.0 million, or \$0.41 per Unit, for YTD 2021. The AFFO per Unit improvement of 41.5% was primarily the result of the increase in FFO, discussed above, partially offset by a lower escrow rent guaranty realized of \$2.1 million and an increase in maintenance capital expenditures of \$0.7 million largely related to the painting of metal railings and replacing of gutters in Q2 2022. Losses on extinguishment of debt and severance/retention costs on dispositions are excluded from the calculation of AFFO.

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The following table highlights key information about the properties as of September 30, 2022, organized by complete MSA for the full portfolio. The rental growth rates shown for Q3 2022 are calculated as the average percentage change over the prior lease for new or renewed leases during the quarter.

MSA	State	Number of Units	Avg Rent Per Unit as of	Occupancy Rate as of	Effective New Lease Rate	Effective Renewal Lease Rate Growth	Effective Blended Lease Rate Growth
			September 30, 2022	September 30, 2022 *	Growth for Q3 2022	for Q3 2022	for Q3 2022
Austin	Texas	1,936	\$ 1,627	95.9%	10.9%	10.2%	10.5%
Dallas	Texas	3,225	\$ 1,548	94.5%	14.2%	11.4%	12.8%
Houston	Texas	2,236	\$ 1,470	94.0%	10.9%	9.2%	10.0%
Little Rock	Arkansas	304	\$ 1,020	94.4%	12.3%	11.2%	11.7%
Oklahoma City	Oklahoma	965	\$ 935	94.5%	11.9%	8.9%	10.2%
Total Portfolio		8,666	\$ 1,460	94.7%	12.3%	10.3%	11.2%

The following table highlights key information about the properties as of September 30, 2022 and 2021, organized by MSA:

MSA	State	September 30, 2022			September 30, 2021		
		Number of Units	Avg Rent Per Unit	Occupancy Rate	Number of Units	Avg Rent Per Unit	Occupancy Rate
Austin	Texas	1,206	\$ 1,609	96.7%	1,206	\$ 1,397	97.4%
Dallas	Texas	1,840	\$ 1,453	94.5%	1,840	\$ 1,283	96.9%
Houston	Texas	1,226	\$ 1,363	93.5%	1,226	\$ 1,222	95.6%
	Texas	4,272	\$ 1,472	94.8%	4,272	\$ 1,298	96.7%
Little Rock	Arkansas	304	\$ 1,020	94.4%	304	\$ 915	96.7%
Oklahoma City	Oklahoma	965	\$ 935	94.5%	965	\$ 846	95.4%
Total Same Community		5,541	\$ 1,354	94.7%	5,541	\$ 1,199	96.5%
Non-Same Community *		3,125	\$ 1,646	94.8%	2,826	\$ 1,430	96.4%
Total Portfolio		8,666	\$ 1,460	94.7%	8,367	\$ 1,275	96.5%

*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, 2022 and September 30, 2021, respectively, which excludes properties sold prior to that date as these properties were not owned as of the last day of the period. Additionally, the Occupancy Rate for Non-Same Community excludes the impact of properties considered to be non-stabilized, due to lease-up.

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The following tables highlight key information about the properties for the three months ended September 30, 2022, compared to the three months ended September 30, 2021, organized by MSA:

MSA	State	Three months ended September 30, 2022		Three months ended September 30, 2021		\$ Change in Revenue	\$ Change in NOI *	% Change in Revenue	% Change in NOI *
		Revenue	NOI *	Revenue	NOI *				
Austin	Texas	\$ 6,246	\$ 3,085	\$ 5,456	\$ 2,968	\$ 790	\$ 117	14.5%	3.9%
Dallas	Texas	\$ 8,618	\$ 4,359	\$ 7,819	\$ 3,920	\$ 799	\$ 439	10.2%	11.2%
Houston	Texas	\$ 5,248	\$ 2,687	\$ 4,806	\$ 2,369	\$ 442	\$ 318	9.2%	13.4%
	Texas	\$ 20,112	\$ 10,131	\$ 18,081	\$ 9,257	\$ 2,031	\$ 874	11.2%	9.4%
Little Rock	Arkansas	\$ 1,003	\$ 569	\$ 923	\$ 478	\$ 80	\$ 91	8.7%	19.0%
Oklahoma City	Oklahoma	\$ 2,918	\$ 1,771	\$ 2,698	\$ 1,631	\$ 220	\$ 140	8.2%	8.6%
Total Same Community		\$ 24,033	\$ 12,471	\$ 21,702	\$ 11,366	\$ 2,331	\$ 1,105	10.7%	9.7%
Non-Same Community		\$ 16,516	\$ 9,248	\$ 10,003	\$ 5,138	\$ 6,513	\$ 4,110	65.1%	80.0%
Total Portfolio		\$ 40,549	\$ 21,719	\$ 31,705	\$ 16,504	\$ 8,844	\$ 5,215	27.9%	31.6%

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. For definitions, reconciliations and the basis of presentation of the REIT's non-IFRS measures, refer to sections "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures".

The following tables highlight key information about the properties for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, organized by MSA:

MSA	State	Nine months ended September 30, 2022		Nine months ended September 30, 2021		Change in Revenue	Change in NOI *	% Change in Revenue	% Change in NOI *
		Revenue	NOI *	Revenue	NOI *				
Austin	Texas	\$ 17,940	\$ 9,565	\$ 15,702	\$ 8,129	\$ 2,238	\$ 1,436	14.3%	17.7%
Dallas	Texas	\$ 24,868	\$ 13,144	\$ 22,339	\$ 11,338	\$ 2,529	\$ 1,806	11.3%	15.9%
Houston	Texas	\$ 15,226	\$ 7,770	\$ 13,890	\$ 6,900	\$ 1,336	\$ 870	9.6%	12.6%
	Texas	\$ 58,034	\$ 30,479	\$ 51,931	\$ 26,367	\$ 6,103	\$ 4,112	11.8%	15.6%
Little Rock	Arkansas	\$ 2,916	\$ 1,700	\$ 2,700	\$ 1,621	\$ 216	\$ 79	8.0%	4.9%
Oklahoma City	Oklahoma	\$ 8,463	\$ 5,129	\$ 7,827	\$ 4,701	\$ 636	\$ 428	8.1%	9.1%
Total Same Community		\$ 69,413	\$ 37,308	\$ 62,458	\$ 32,689	\$ 6,955	\$ 4,619	11.1%	14.1%
Non-Same Community		\$ 47,468	\$ 25,054	\$ 23,063	\$ 11,544	\$ 24,405	\$ 13,510	105.8%	117.0%
Total Portfolio		\$ 116,881	\$ 62,362	\$ 85,521	\$ 44,233	\$ 31,360	\$ 18,129	36.7%	41.0%

*These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. For definitions, reconciliations and the basis of presentation of the REIT's non-IFRS measures, refer to sections "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures".

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SELECTED QUARTERLY FINANCIAL INFORMATION

	Three months ended September 30, 2022	Three months ended June 30, 2022	Three months ended March 31, 2022	Three months ended December 31, 2021	Three months ended September 30, 2021	Three months ended June 30, 2021	Three months ended March 31, 2021	Three months ended December 31, 2020
Revenue:								
Rental revenue	\$ 35,629	\$ 34,180	\$ 33,252	\$ 30,290	\$ 27,830	\$ 24,669	\$ 22,769	\$ 25,109
Other property income	4,920	4,607	4,293	3,771	3,875	3,377	3,001	3,518
	40,549	38,787	37,545	34,061	31,705	28,046	25,770	28,627
Expenses (Income):								
Property operating expenses	12,150	11,388	10,362	9,745	9,804	8,623	8,215	10,055
Real estate taxes	1,045	(1,331)	29,866	687	(210)	(590)	17,614	(227)
General and administrative expenses	2,177	2,393	2,235	2,247	2,116	1,982	2,028	2,034
Fair value adjustment to investment properties	23,449	(20,258)	(118,789)	(114,282)	(162,302)	(83,469)	(62,695)	(3,996)
Fair value adjustment to investment properties (IFRIC 21)	5,635	7,732	(22,328)	5,057	5,606	5,698	(13,368)	4,083
Finance costs from operations	8,286	6,933	6,311	12,177	8,668	6,880	5,713	16,112
Costs of disposition of investment properties	—	—	—	1,518	—	1,080	609	6,589
Distributions on Class B Units	2,671	2,678	2,648	2,595	2,628	2,703	2,712	2,710
Depreciation of right-of-use asset	33	33	33	32	33	32	33	33
Fair value adjustment to derivatives and other financial liabilities	(38,330)	(129,842)	65,607	42,512	57,084	48,302	(4,421)	30,809
Fair value adjustment to unit-based compensation	(354)	(1,771)	2,569	905	1,285	830	(48)	403
Change in tenant in common interests	—	—	—	—	—	—	—	(1,414)
	16,762	(122,045)	(21,486)	(36,807)	(75,288)	(7,929)	(43,608)	67,191
Net income (loss) and comprehensive income (loss)	\$ 23,787	\$ 160,832	\$ 59,031	\$ 70,868	\$ 106,993	\$ 35,975	\$ 69,378	\$ (38,564)

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	Three months ended September 30, 2022	Three months ended June 30, 2022	Three months ended March 31, 2022	Three months ended December 31, 2021	Three months ended September 30, 2021	Three months ended June 30, 2021	Three months ended March 31, 2021	Three months ended December 31, 2020
Net income (loss) and comprehensive income (loss)	\$ 23,787	\$ 160,832	\$ 59,031	\$ 70,868	\$ 106,993	\$ 35,975	\$ 69,378	\$ (38,564)
<i>Adjustments to arrive at FFO</i>								
Distributions on Class B Units	2,671	2,678	2,648	2,595	2,628	2,703	2,712	2,710
Fair value adjustment to investment properties	23,449	(20,258)	(118,789)	(114,282)	(162,302)	(83,469)	(62,695)	(3,996)
Fair value adj. to investment properties (IFRIC 21)	5,635	7,732	(22,328)	5,057	5,606	5,698	(13,368)	4,083
Property tax liability adjustment, net (IFRIC 21)	(5,635)	(7,732)	22,328	(5,057)	(5,606)	(5,698)	13,368	(4,083)
Fair value adj. to derivatives and other financial liabilities	(38,330)	(129,842)	65,607	42,512	57,084	48,302	(4,421)	30,809
Fair value adjustment to unit-based compensation	(354)	(1,771)	2,569	905	1,285	830	(48)	403
Costs of disposition of investment properties	—	—	—	1,518	—	1,080	609	6,589
Convertible debenture issuance costs	—	—	—	—	—	—	—	138
Loss on extinguishment of debt	853	—	—	5,538	2,472	1,580	271	9,981
Change in tenant in common interest	—	—	—	—	—	—	—	(1,414)
Principal payments on lease liability	(27)	(35)	(34)	(33)	(33)	(33)	(33)	(34)
Depreciation of right-to-use asset	33	33	33	32	33	32	33	33
Funds from Operations ("FFO") *	\$ 12,082	\$ 11,637	\$ 11,065	\$ 9,653	\$ 8,160	\$ 7,000	\$ 5,806	\$ 6,655
FFO per Unit *	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.19	\$ 0.16	\$ 0.13	\$ 0.12	\$ 0.15
<i>Adjustments to arrive at AFFO</i>								
Maintenance capital expenditures	(920)	(1,218)	(702)	(974)	(948)	(690)	(496)	(846)
Escrowed rent guaranty realized	—	5	82	265	677	1,475	—	87
Severance/retention costs on dispositions	—	—	—	106	—	59	46	382
Straight line rental revenue differences	47	54	82	43	(40)	11	(46)	(153)
Adjusted Funds from Operations ("AFFO") *	\$ 11,209	\$ 10,478	\$ 10,527	\$ 9,093	\$ 7,849	\$ 7,855	\$ 5,310	\$ 6,125
AFFO per Unit *	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.17	\$ 0.15	\$ 0.15	\$ 0.11	\$ 0.13
AFFO Payout Ratio *	67.2%	71.8%	63.3%	71.4%	82.7%	82.6%	117.3%	92.9%
Weighted average unit count	58,205,337	56,290,702	52,179,657	52,130,772	52,109,042	52,084,576	49,265,328	45,626,505
Distributions declared	\$ 7,528	\$ 7,525	\$ 6,666	\$ 6,495	\$ 6,493	\$ 6,492	\$ 6,228	\$ 5,693

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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, 2022, compared to the three and nine months ended September 30, 2021. This information has been compiled from the current condensed consolidated interim financial statements and notes thereto.

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change
Revenue:						
Rental revenue	\$ 35,629	\$ 27,830	\$ 7,799	\$ 103,061	\$ 75,268	\$ 27,793
Other property income	4,920	3,875	1,045	13,820	10,253	3,567
	40,549	31,705	8,844	116,881	85,521	31,360
Expenses (Income):						
Property operating expenses	12,150	9,804	2,346	33,900	26,642	7,258
Real estate taxes	1,045	(210)	1,255	29,580	16,814	12,766
General and administrative expenses	2,177	2,116	61	6,805	6,126	679
Fair value adjustment to investment properties	23,449	(162,302)	185,751	(115,598)	(308,466)	192,868
Fair value adjustment to investment properties (IFRIC 21)	5,635	5,606	29	(8,961)	(2,064)	(6,897)
Finance costs from operations	8,286	8,668	(382)	21,530	21,261	269
Costs of disposition of investment properties	—	—	—	—	1,689	(1,689)
Distributions on Class B Units	2,671	2,628	43	7,997	8,043	(46)
Depreciation on right-of-use asset	33	33	—	99	98	1
Fair value adjustment to derivatives and other financial liabilities	(38,330)	57,084	(95,414)	(102,565)	100,965	(203,530)
Fair value adjustment to unit-based compensation	(354)	1,285	(1,639)	444	2,067	(1,623)
	16,762	(75,288)	92,050	(126,769)	(126,825)	56
Net income and comprehensive income	\$ 23,787	\$ 106,993	\$ (83,206)	\$ 243,650	\$ 212,346	\$ 31,304

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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, 2022	Three months ended September 30, 2021	Change	Change %
Rental revenue	\$ 35,629	\$ 27,830	\$ 7,799	28.0%
Other property income	4,920	3,875	1,045	27.0%
	\$ 40,549	\$ 31,705	\$ 8,844	27.9%

The increase in rental revenue for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 is primarily the result of higher rental rates across the portfolio, as well as the impact of property acquisitions and non-stabilized properties net of dispositions. Same Community rental rates increased to \$1,354 as of September 2022 from \$1,199 as of September 2021, resulting in an increase of \$2.7 million, partially offset by lower occupancy of \$0.6 million. Acquisitions and non-stabilized properties increased rental revenue by \$8.1 million and \$0.1 million, respectively, partially offset by dispositions which reduced rental revenue by \$2.5 million.

The increase in other property income for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021 is the result of the increase in Same Community other income of \$0.2 million primarily resulting from incremental service fees. Acquisitions increased other property income by \$1.2 million, which was partially offset by property dispositions, which in turn reduced other property income by \$0.4 million.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change %
Rental revenue	\$ 103,061	\$ 75,268	\$ 27,793	36.9%
Other property income	13,820	10,253	3,567	34.8%
	\$ 116,881	\$ 85,521	\$ 31,360	36.7%

The increase in rental revenue for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is primarily the result of higher rental rates across the portfolio, as well as the impact of property acquisitions and non-stabilized properties net of dispositions. Same Community rental rates increased to \$1,354 as of September 2022 from \$1,199 as of September 2021, resulting in an increase of \$7.2 million, partially offset by lower occupancy of \$1.0 million. Acquisitions and non-stabilized properties increased rental revenue by \$30.1 million and \$0.8 million, respectively, partially offset by dispositions which reduced rental revenue by \$9.3 million.

The increase in other property income for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is the result of the increase in Same Community other income of \$0.7 million primarily resulting from utility reimbursements and additional service fees. Acquisitions increased other property income by \$4.2 million, which was partially offset by property dispositions, which in turn reduced other property income by \$1.4 million.

Property operating expenses

Property operating expenses are comprised mainly of payroll, rental, administrative, maintenance and insurance expenses, as well as other costs associated with the management of the investment properties.

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	Three months ended September 30, 2022	Three months ended September 30, 2021	Change	Change %
Property operating expenses	\$ 12,150	\$ 9,804	\$ 2,346	23.9%

The increase in property operating expenses for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, is primarily the result of acquisitions and non-stabilized properties, net of property dispositions. Acquisitions and non-stabilized properties increased property operating expenses by \$2.4 million and \$0.1 million, respectively, partially offset by property dispositions which reduced property operating expenses by \$0.9 million.

Same Community property operating expenses increased by \$0.6 million primarily related to increases in repair and maintenance expenses, administrative costs, utility expenses, property insurance and payroll expenses.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change %
Property operating expenses	\$ 33,900	\$ 26,642	\$ 7,258	27.2%

The increase in property operating expenses for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is primarily the result of acquisitions and non-stabilized properties, net of property dispositions. Acquisitions and non-stabilized properties increased property operating expenses by \$9.0 million and \$0.3 million, respectively, partially offset by property dispositions which reduced property operating expenses by \$3.7 million.

Same Community property operating expenses increased by \$1.6 million primarily related to increases in repair and maintenance expenses, administrative costs, utility expenses, property insurance and payroll expenses.

Real estate taxes and fair value adjustment to investment properties (IFRIC 21)

Annual property taxes are recognized when the realty tax obligation is imposed and recorded as real estate taxes.

Fair value adjustment to investment properties (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 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. Effectively, the fair value adjustment to investment properties (IFRIC 21) levels the annual property tax obligation proportionally throughout the year, offsetting the real estate taxes line item which is recorded at a single point in time during the year.

While these line items are presented separately on the statement of net income and comprehensive income, they should be aggregated to practically explain the overall movement in property taxes for the REIT for the comparative periods, as shown below.

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change	Change %
Real estate taxes	\$ 1,045	\$ (210)	\$ 1,255	-597.6%
Fair value adjustment to investment properties (IFRIC 21)	5,635	5,606	29	0.5%
	\$ 6,680	\$ 5,396	\$ 1,284	23.8%

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The increase in the combined real estate taxes and fair value adjustment to investment properties (IFRIC 21) for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, is primarily the result of property acquisitions and non-stabilized properties net of dispositions. Acquisitions increased the combined real estate taxes and fair value adjustment to investment properties (IFRIC 21) by \$1.6 million, partially offset by dispositions which reduced it by \$0.7 million. Real estate taxes increased \$0.5 million for Same Community properties, versus the comparative period, based on updated tax assessments for 2022.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change %
Real estate taxes	\$ 29,580	\$ 16,814	\$ 12,766	75.9%
Fair value adjustment to investment properties (IFRIC 21)	(8,961)	(2,064)	(6,897)	334.2%
	\$ 20,619	\$ 14,750	\$ 5,869	39.8%

The increase in the combined real estate taxes and fair value adjustment to investment properties (IFRIC 21) for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is primarily the result of property acquisitions and non-stabilized properties net of dispositions. Acquisitions and non-stabilized properties increased the combined real estate taxes and fair value adjustment to investment properties (IFRIC 21) by \$7.1 million and \$0.2 million, respectively, partially offset by dispositions which reduced it by \$2.0 million. Real estate taxes increased \$0.7 million for Same Community properties, versus the comparative period, based on updated tax assessments for 2022.

General and administrative expenses

General and administrative expenses include payroll and benefits for certain REIT employees, professional fees, trustee fees, insurance and other administrative costs.

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change	Change %
General and administrative expenses	\$ 2,177	\$ 2,116	\$ 61	2.9%

The increase in general and administrative expenses for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, is primarily related to higher share based compensation.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change %
General and administrative expenses	\$ 6,805	\$ 6,126	\$ 679	11.1%

The increase in general and administrative expenses for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021, is primarily related to an increase in payroll expenses and insurance costs.

Fair value adjustment to investment properties

In accordance with IFRS, management has elected to use the fair value model to account for investment properties. Fair value adjustments were determined based on the movement of various parameters, including changes in NOI and capitalization rates.

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For the three months ended September 30, 2022, overall investment properties decreased by \$5.6 million as a result of a decrease in fair value of \$23.4 million driven primarily by slight capitalization rate expansion during the quarter, offset by additions to investment properties in use and under development of \$17.9 million.

For the nine months ended September 30, 2022, overall investment properties increased by \$137.4 million as a result of an increase in fair value of \$115.6 million driven primarily by a net decline in capitalization rates and increases in NOI in BSR's markets as well as additions to investment properties of \$20.8 million (net of insurance claim proceeds).

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

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, interest expense on convertible debentures, loss on extinguishment of debt, transaction costs for the issuance of convertible debentures and distributions to tenant in common interests.

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change	Change %
Finance costs from operations	\$ 8,286	\$ 8,668	\$ (382)	-4.4%

The increase in finance costs from operations for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, is primarily attributable to a decrease of \$1.6 million due to a lower loss on extinguishment of debt related to refinancing activities in the comparative period. This decrease was partially offset by an increase of \$1.2 million due to the timing of acquisitions and dispositions during 2021, net of the impact from the cash proceeds used to pay down debt as a result of the April 2022 equity offering.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change %
Finance costs from operations	\$ 21,530	\$ 21,261	\$ 269	1.3%

The increase in finance costs from operations for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021, is primarily attributable to an increase of \$3.7 million due to the timing of acquisitions and dispositions during 2021 (net of the impact from the cash proceeds used to pay down debt as a result of the April 2022 equity offering), partially offset by a decrease of \$3.5 million due to a lower loss on extinguishment of debt related to refinancing activities in the comparative period.

Costs of disposition of investment properties

Costs of disposition of investment properties are the difference between the net sale proceeds and the carrying amount of the investment properties. They represent the costs incurred to sell the assets such as brokerage fees, title costs, real estate tax credits, legal and other costs associated with sales and are 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.

The REIT did not incur any costs of dispositions of investment properties during the three and nine months ended September 30, 2022. The REIT incurred costs of disposition of investment properties of \$1.7 million during the nine months ended September 30, 2021.

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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, 2022	Three months ended September 30, 2021	Change	Change %
Distributions on Class B Units	\$ 2,671	\$ 2,628	\$ 43	1.6%

Distributions on Class B Units for the three months ended September 30, 2022 increased compared to the three months ended September 30, 2021, respectively, due to the increase in monthly cash distributions to Unitholders announced in February 2022.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change %
Distributions on Class B Units	\$ 7,997	\$ 8,043	\$ (46)	-0.6%

Distributions on Class B Units for the nine months ended September 30, 2022 declined compared to the nine months ended September 30, 2021, respectively, due to the redemption of Class B Units subsequent to the comparative periods' end, offset by the increase in monthly cash distributions to Unitholders announced in February 2022.

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, convertible debentures, 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.

The REIT is subject to three receive-variable based on One Month USD – London Interbank Offered Rate (“LIBOR”) / pay fixed interest rate swap agreements and three receive-variable based on One Month USD – Secured Overnight Financing Rate (“SOFR”) / 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 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.

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	Three months ended September 30, 2022	Three months ended September 30, 2021
Fair value adjustment to Class B Units	\$ (20,299)	\$ 53,800
Fair value adjustment to convertible debentures	(1,670)	3,936
Fair value adjustment to interest rate swaps	(16,541)	(466)
Fair value adjustment to prepayment embedded derivatives	180	(186)
Fair value adjustment to derivatives and other financial liabilities	\$ (38,330)	\$ 57,084

For the three months ended September 30, 2022, the REIT recognized a fair value gain on Class B Units of \$20.3 million as a result of a decrease in the Unit closing price from \$14.99 per Unit as of June 30, 2022 to \$14.00 per Unit as of September 30, 2022. For the three months ended September 30, 2021, the fair value loss was a result of the increase in the Unit closing price from \$13.21 per Unit as of June 30, 2021 to \$15.77 per Unit as of September 30, 2021.

For the three months ended September 30, 2022, the REIT recognized a fair value gain on convertible debentures of \$1.7 million as a result of a decrease in the closing price of the REIT's convertible debentures to \$106.00 as of September 30, 2022 from \$110.00 per convertible debenture as of June 30, 2022. For the three months ended September 30, 2021, the REIT recognized a fair value loss on convertible debentures of \$3.9 million. The fair value loss was a result of an increase in the closing price of the REIT's convertible debentures to \$111.50 as of September 30, 2021 from \$102.24 per convertible debenture as of June 30, 2021.

For the three months ended September 30, 2022, the REIT recognized a fair value gain on interest rate swaps of \$16.5 million due to current forecasted LIBOR and SOFR rates as of September 30, 2022.

For the three months ended September 30, 2022, the REIT recognized a fair value loss on prepayment embedded derivatives of \$0.2 million as a result of changes in the proxy LIBOR based interest rate swap options as of September 30, 2022.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Fair value adjustment to Class B Units	\$ (75,884)	\$ 96,106
Fair value adjustment to convertible debentures	(6,674)	5,632
Fair value adjustment to interest rate swaps	(22,156)	(2,672)
Fair value adjustment to prepayment embedded derivatives	2,149	1,899
Fair value adjustment to derivatives and other financial liabilities	\$ (102,565)	\$ 100,965

For the nine months ended September 30, 2022, the REIT recognized a fair value gain on Class B Units of \$75.9 million as a result of a decrease in the Unit closing price from \$17.69 per Unit as of December 31, 2021 to \$14.00 per Unit as of September 30, 2022. For the nine months ended September 30, 2021, the fair value loss was a result of the increase in the Unit closing price from \$11.25 per Unit as of December 31, 2020 to \$15.77 per Unit as of September 30, 2021.

For the nine months ended September 30, 2022, the REIT recognized a fair value gain on convertible debentures of \$6.7 million as a result of a decrease in the closing price of the REIT's convertible debentures to \$106.00 as of September 30, 2022 from \$122.00 per convertible debenture as of December 31, 2021. For the nine months ended September 30, 2021, the REIT recognized a fair value loss on convertible debentures of \$5.6 million. The fair value loss was a result of an increase in the closing price of the REIT's convertible debentures to \$111.50 as of September 30, 2021 from \$98.25 per convertible debenture as of December 31, 2020.

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For the nine months ended September 30, 2022, the REIT recognized a fair value gain on interest rate swaps of \$22.2 million due to current forecasted LIBOR and SOFR rates as of September 30, 2022.

For the nine months ended September 30, 2022, the REIT recognized a fair value loss on prepayment embedded derivatives of \$2.1 million as a result of changes in the proxy LIBOR based interest rate swap options as of September 30, 2022.

Net income and comprehensive income

	Three months ended September 30, 2022	Three months ended September 30, 2021	Change
Net income and comprehensive income	\$ 23,787	\$ 106,993	\$ (83,206)

Net income and comprehensive income for the three months ended September 30, 2022 was lower than the net income and comprehensive income for the three months ended September 30, 2021 by \$83.2 million, primarily due to a decrease in the fair value adjustment to investment properties of \$185.8 million, partially offset by the change in the fair value adjustment (gain) to derivatives and other financial liabilities of \$95.4 million, over the prior period, and an increase in NOI, discussed below.

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change
Net income and comprehensive income	\$ 243,650	\$ 212,346	\$ 31,304

Net income and comprehensive income for the nine months ended September 30, 2022 was higher than the net income and comprehensive income for the three months ended September 30, 2021 by \$31.3 million, primarily due to an increase in the fair value adjustment (gain) to derivatives and other financial liabilities of \$203.5 million over the prior period and the increase in NOI partially offset by the decrease in the fair value adjustment to investment properties of \$192.9 million.

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RECONCILIATION OF NON-IFRS MEASURES

FFO, FFO per Unit, AFFO, AFFO per Unit and AFFO Payout Ratio

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

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net income and comprehensive income	\$ 23,787	\$ 106,993	\$ 243,650	\$ 212,346
<i>Adjustments to arrive at FFO</i>				
Distributions on Class B Units	2,671	2,628	7,997	8,043
Fair value adjustment to investment properties	23,449	(162,302)	(115,598)	(308,466)
Fair value adjustment to investment properties (IFRIC 21)	5,635	5,606	(8,961)	(2,064)
Property tax liability adjustment, net (IFRIC 21)	(5,635)	(5,606)	8,961	2,064
Fair value adjustment to derivatives and other financial liabilities	(38,330)	57,084	(102,565)	100,965
Fair value adjustment to unit-based compensation	(354)	1,285	444	2,067
Costs of disposition of investment properties	—	—	—	1,689
Loss on extinguishment of debt	853	2,472	853	4,323
Principal payments on lease liability	(27)	(33)	(96)	(99)
Depreciation of right-to-use asset	33	33	99	98
Funds from Operations ("FFO")	\$ 12,082	\$ 8,160	\$ 34,784	\$ 20,966
FFO per Unit	\$ 0.21	\$ 0.16	\$ 0.63	\$ 0.41
<i>Adjustments to arrive at AFFO</i>				
Maintenance capital expenditures	(920)	(948)	(2,840)	(2,134)
Escrowed rent guaranty realized	—	677	87	2,152
Severance/retention costs on dispositions	—	—	—	105
Straight line rental revenue differences	47	(40)	183	(75)
Adjusted Funds from Operations ("AFFO")	\$ 11,209	\$ 7,849	\$ 32,214	\$ 21,014
AFFO per Unit	\$ 0.19	\$ 0.15	\$ 0.58	\$ 0.41
Distributions declared	\$ 7,528	\$ 6,493	\$ 21,719	\$ 19,213
AFFO Payout Ratio	67.2%	82.7%	67.4%	91.4%
Weighted average unit count	58,205,337	52,109,042	55,580,637	51,163,398

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NOI and NOI Margin

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

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Total revenue	\$ 40,549	\$ 31,705	\$ 116,881	\$ 85,521
Property operating expenses	(12,150)	(9,804)	(33,900)	(26,642)
Real estate taxes	(1,045)	210	(29,580)	(16,814)
	27,354	22,111	53,401	42,065
Property tax liability adjustment (IFRIC 21)	(5,635)	(5,606)	8,961	2,064
Severance/retention costs on dispositions	—	—	—	105
Net Operating Income ("NOI")	\$ 21,719	\$ 16,505	\$ 62,362	\$ 44,234
NOI margin	53.6%	52.1%	53.4%	51.7%

NAV and NAV per Unit

Set out below is a reconciliation of the NAV and NAV per Unit as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Unitholders' equity	\$ 1,011,580	\$ 666,569
Class B Units	287,764	366,365
NAV	\$ 1,299,344	\$ 1,032,934
Unit count, as of the end of period	58,225,682	52,142,519
NAV per Unit	\$ 22.32	\$ 19.81

Debt to Gross Book Value

Set out below is a reconciliation of the Debt to Gross Book Value as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Loans and borrowings (current portion)	\$ 1,762	\$ 1,714
Loans and borrowings (non-current portion)	716,694	824,767
Convertible debentures	44,270	51,745
Total loans and borrowings and convertible debentures ("Debt")	762,726	878,226
Gross Book Value	\$ 2,106,623	\$ 1,948,095
Debt to Gross Book Value	36.2%	45.1%

If the convertible debentures were excluded from total loans and borrowings, Debt to Gross Book Value would be 34.1%.

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LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2022, the capital structure of the REIT was as follows:

	September 30, 2022	December 31, 2021
<i>Indebtedness</i>		
Loans and borrowings (current portion)	\$ 1,762	\$ 1,714
Loans and borrowings (non-current portion)	716,694	824,767
Convertible debentures	44,270	51,745
Class B Units	287,764	366,365
	1,050,490	1,244,591
<i>Unitholders' equity</i>		
Unitholders' equity	1,011,580	666,569
Total capitalization	\$ 2,062,070	\$ 1,911,160

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, 2022, cash provided by operating activities was \$63.3 million. Business operations are also financed using property-specific mortgages, credit facilities and equity financing.

As of September 30, 2022, the REIT had liquidity of \$176.7 million, consisting of cash and cash equivalents of \$9.4 million and \$167.3 million available on the Credit Facility. The REIT can obtain additional liquidity through adding properties to be borrowing base.

As of September 30, 2022, current liabilities of \$46.0 million exceeded current assets of \$32.3 million, resulting in a working capital deficit of \$13.7 million.

The REIT, through BSR, maintains a senior secured revolving credit facility provided by various U.S. chartered banks (the "Credit Facility") with a maximum revolving credit availability of \$500 million, of which \$392.8 million was available as of September 30, 2022 based on borrowing base properties. As of September 30, 2022, the Credit Facility was secured by thirteen of the REIT's investment properties and is due on September 30, 2025. The Credit Facility currently bears interest at the Adjusted Term Secured Overnight Financing Rate ("SOFR"), as defined in the Credit Facility, plus 1.45% to 1.90% based on meeting certain leverage ratios as defined in the Credit Facility. Alternatively, the REIT has the ability to borrow using base rate loans at a rate equal to 0.45% to 0.90% plus the greatest of the bank's prime rate, the Federal Funds Rate plus 0.5%, or the one-month term SOFR rate, plus 1.0%. As of September 30, 2022 and December 31, 2021, the balance outstanding on the Credit Facility was \$225.5 million and \$345.5 million, respectively, at a variable interest rate of 4.6% and 1.7% as of September 30, 2022 and December 31, 2021, respectively. As noted below, the REIT entered into receive variable based on 1 Month USD – LIBOR/pay fixed interest rate swap agreements on a notional value of \$100 million to manage interest rate exposure with respect to the Credit Facility. In July 2022 the REIT entered into three receive-variable based on 1 Month USD-SOFR CME/pay fixed interest rate swaps on an aggregate notional value of \$280 million. Two of the Swaps, which have notional values of \$150 million and \$65 million at fixed rates of 2.163% and 2.178%, respectively, began on September 1, 2022 and mature on August 31, 2029. The third Swap, which has a notional value of \$65 million at a fixed rate of 2.087%, will begin on January 3, 2023 and matures on July 27, 2029. Following the commencement of the final swap, 100% of the REIT's debt will be fixed or economically hedged to fixed rates at a weighted average contractual interest rate of 3.4%.

Mortgage notes as of September 30, 2022 mature at various dates from 2024 through 2056. Outside of the regular principal amortization of existing loans and borrowings; there are no balloon payments on property mortgages coming due in the next twelve months.

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

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 the impact of COVID-19 and other factors beyond the REIT's control. Although the COVID-19 pandemic has hindered operations and the portfolio recycling and growth strategy, its impact on the REIT's operations, business and financial results to-date has not been material; however, this could change if residents become unable to pay rent in future periods. See "Risk Factors".

CONTRACTUAL COMMITMENTS

The REIT seeks to maintain a combination of short, medium and long-term debt maturities that are appropriate for the overall debt level of its portfolio, considering the availability of financing and market conditions, and the financial characteristics of each investment property. As of September 30, 2022, the REIT's mortgage debt was 100% fixed or economically hedged to fixed rates and 92% of total debt was fixed or economically hedged to fixed rates. Following the commencement of the \$65,000 swap beginning on January 3, 2023, 100% of the REIT's debt will be fixed or economically hedged to fixed rates.

Management administers a portion of its variable-rate loans and borrowings using interest rate swaps that alter the REIT's 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	5 years	More than 5 years
Loans and borrowings	\$ 718,456	\$ 724,979	\$ 1,763	\$ 161,825	\$ 274,914	\$ 29,732	\$ 862	\$ 255,883
Interest payable	1,306	122,555	28,425	28,194	20,470	8,581	8,301	28,584
Convertible debentures	44,270	41,764	—	—	41,764	—	—	—
Interest payable on convertible debentures	—	6,265	2,088	2,088	2,088	—	—	—
Lease liability	338	358	358	—	—	—	—	—
Capital improvements liability	1,605	1,605	1,605	—	—	—	—	—
Accounts payable and other liabilities	41,304	41,304	41,304	—	—	—	—	—
	\$ 807,279	\$ 938,830	\$ 75,543	\$ 192,107	\$ 339,236	\$ 38,313	\$ 9,163	\$ 284,467

UNITHOLDERS EQUITY AND DISTRIBUTIONS

On February 9, 2021, the REIT completed a follow-on offering, on a bought deal basis, of 6,302,000 Units ("February 2021 Offering") for gross proceeds of \$69.0 million, or \$66.0 million net of issue and other transaction costs.

On December 1, 2021, the REIT announced the filing of and receipt for a final short form base shelf prospectus (the "Shelf Prospectus"), which is valid until January 1, 2024, allowing the REIT to issue Units, debt securities, subscription receipts and warrants, at prices and on terms based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering of up to \$500 million.

On December 8, 2021, the REIT announced that it has established an at-the-market equity program (the "ATM Program") under the Shelf Prospectus and a prospectus supplement thereto that allows the REIT to issue up to \$150.0 million of Units from treasury to the public from time to time, at the REIT's discretion. The ATM Program will be effective until the earlier of (i) the issuance and sale of all of the Units through the agents on the terms and conditions set forth in the Distribution

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Agreement, (ii) the Shelf Prospectus ceasing to be effective on January 1, 2024, and (iii) the termination of the Distribution Agreement as permitted therein. For the nine months ended September 30, 2022, there were no Units issued using the ATM Program.

On April 29, 2022, the REIT completed a follow-on offering of 5,888,000 Units for gross of approximately \$115.1 million, or \$109.7 million net of issue and other transaction costs, including the exercise of the over-allotment option by underwriters in full.

On October 3, 2022, the TSX accepted the REIT's notice of intention to make a NCIB for up to a maximum of approximately 3.3 million of its issued and outstanding Units. Unitholders may obtain a copy of the notice of intention, without charge, by contacting the Corporate Secretary of the REIT.

Purchases under the NCIB will be made through the facilities of the TSX and/or through alternative Canadian trading systems. The number of Units that can be purchased pursuant to the NCIB is subject to a current daily maximum of 15,900, subject to the REIT's ability to make block purchases of Units that exceed such limits. The NCIB will terminate on October 5, 2023, or such earlier time as the REIT completes its purchases pursuant to the NCIB or provides notice of termination.

The REIT purchased and canceled 199,650 Units under its NCIB and related automatic securities purchase plan at an average price of \$13.99 per Unit, through November 7, 2022.

The REIT adopted a distribution policy pursuant to which the REIT makes cash distributions to Unitholders and, through BSR, Class B Unitholders, on a monthly basis. 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 February 2022, the REIT's board of trustees approved a 4% increase to the cash distribution to \$0.52 per Unit and Class B Unit on an annualized basis beginning with the February 2022 distribution to be paid on March 15, 2022.

For the nine months ended September 30, 2022, the REIT announced total distributions of \$0.3881 per Unit, resulting in total distributions declared to Unitholders and holders of Class B Units of BSR ("Class B Unitholders") of \$21.7 million for the period (\$19.2 million for the nine months ended September 30, 2021).

While cash flows provided by operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in a temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash provided by operating activities.

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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, 2022	Nine months ended September 30, 2021
Cash provided by operating activities	\$ 63,267	\$ 42,174
Less: Interest paid	(19,460)	(15,996)
Less: Cash payment costs for debt refinances/repayments	—	(1,609)
	43,807	24,569
Less: Distributions paid to Unitholders	(13,405)	(10,874)
Less: Distributions paid to Class B Unitholders	(7,970)	(8,075)
Excess of cash provided by operating activities over distributions paid	\$ 22,432	\$ 5,620

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 31 properties as of September 30, 2022. 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, 2022	Nine months ended September 30, 2021
Investment properties in use, beginning of period	\$ 1,918,167	\$ 1,081,383
Property acquisitions	—	369,770
Property dispositions	—	(92,415)
Additions to investment properties	8,636	8,670
Proceeds from insurance claim	(1,214)	—
Change in fair value of investment properties	115,598	308,466
	2,041,187	1,675,874
IFRIC 21 fair value adjustment	8,961	4,838
IFRIC 21 real estate tax liability adjustment	(8,961)	(4,838)
Investment property in use, end of period	2,041,187	1,675,874
Investment property under development, beginning of period	—	—
Additions to investment property under development	14,419	—
Transfer of investment property under development to in use	—	—
Investment property under development, end of period	14,419	—
Investment properties, end of period	\$ 2,055,606	\$ 1,675,874

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INVESTMENT PROPERTY VALUATION

The REIT uses an internal valuation process to value the investment properties as of September 30, 2022. 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. As part of management's internal valuation program, the REIT considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations across the REIT's portfolio and updates, as deemed necessary, the valuation models to reflect current market data.

The estimated fair value of each investment property was determined using the direct capitalization income method. The stabilized future 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, capital expenditures assumptions and location.

For the nine months ended September 30, 2022, the change in fair value of investment properties of \$115.6 million was primarily driven by higher rental rates resulting in higher stabilized future cash flows as well as compression in the capitalization rates primarily for properties located in Austin, Dallas and Houston.

A significant increase (decrease) in stabilized future cash flows 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.

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

	September 30, 2022	December 31, 2021
Capitalization rates		
High	5.7%	5.5%
Low	3.7%	3.5%
Weighted average	4.0%	4.1%

The lower weighted average capitalization rate as of September 30, 2022 compared to December 31, 2021 is due to the concentration of the portfolio and market performance in the REIT's key markets of Austin, Dallas and Houston.

Refer to the "Business Overview" section above for further information on the nature, prices and funding for any recent acquisitions or dispositions.

CASH FLOWS

The REIT held cash and cash equivalents of \$9.4 million as of September 30, 2022. The changes in cash flows for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 are as follows:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cash provided by operating activities	\$ 63,267	\$ 42,174
Cash used in investing activities	(18,878)	(305,792)
Cash (used in) provided by financing activities	(41,871)	264,083
Change in cash and cash equivalents during the period	\$ 2,518	\$ 465

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Operating activities

Operating activities for the nine months ended September 30, 2022 generated a net cash inflow of \$63.3 million. 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

Investing activities for the nine months ended September 30, 2022 generated a net outflow of \$18.9 million. This was primarily driven by cash spent on additions of \$20.8 million (net of insurance settlements), of which \$14.4 million relate to the investment property under development. Additions were partially offset by escrowed rent guaranty cash received of \$2.1 million.

Financing activities

Financing activities for the nine months ended September 30, 2022 used \$41.9 million of cash. This was largely driven by principal payments of loans and borrowings of \$281.4 million, distributions paid to Unitholders and Class B Unitholders of \$21.4 million and interest paid of \$19.5 million, partially offset by \$171.6 million in proceeds from the issuance of loans and borrowings and \$109.7 million in net proceeds from the issuance of units, net of issuance costs.

UNITS OUTSTANDING

The total number of Units, Class B Units and Deferred Units outstanding as of September 30, 2022 and September 30, 2021 are as follows:

	September 30, 2022	September 30, 2021
Units	37,388,788	30,960,530
Class B Units	20,554,586	20,948,743
Deferred Units	282,308	218,827
Total unit count outstanding	58,225,682	52,128,100
Weighted average unit count (three months ended)	58,205,337	52,109,042
Weighted average unit count (nine months ended)	55,580,637	51,163,398

Under the Declaration of Trust, the REIT is permitted to issue an unlimited number of Units. On February 9, 2021, the REIT completed the February 2021 Offering resulting in the issuance of 6,302,000 Units for total gross proceeds of \$69.0 million. On April 29, 2022, the REIT completed the April 2022 equity offering resulting in the issuance of 5,888,000 Units for total gross proceeds of \$115.1 million.

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 International Accounting Standard 32 ("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.

Deferred Units are issued to the REIT's board of trustees and vest immediately upon grant.

The unit count includes the combined Units, Class B Units and issued Deferred Units, weighted based on the respective ownership dates during the periods.

Additionally, unvested Restricted Units ("RUs") and Performance Units ("PUs") issued to the REIT's management as of September 30, 2022 totalled 70,957 RUs and 170,857 PUs, respectively.

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As of September 30, 2022, the REIT's convertible debentures are not considered to be dilutive to Unitholders; however, if it is determined that the convertible debentures would have a dilutive effect upon conversion at the holders' contractual conversion price, a diluted unit calculation will be included in the metrics presented herein.

TRANSACTIONS WITH RELATED PARTIES

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

- Distributions on Units of \$1.6 million were declared to Bailey/Hughes Holders during the nine months ended September 30, 2022 (\$1.4 million for the nine months ended September 30, 2021).
- Distributions on Class B Units of \$5.2 million were declared to key management personnel, primarily the Bailey/Hughes Holders, during the nine months ended September 30, 2022 (\$5.2 million for the nine months ended September 30, 2021). 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 \$6.3 million paid to key management personnel during the nine months ended September 30, 2022 (\$3.3 million for the nine months ended September 30, 2021). The REIT's former Chief Executive Officer (as of January 1, 2022, the Executive Vice-Chair of the Board) did not receive any compensation for services rendered during 2021.
- The REIT leases its Little Rock, Arkansas corporate headquarters from an irrevocable trust controlled by the family of the REIT's Chief Executive Officer, President and Chief Investment Officer, Dan Oberste, and the former Chief Executive Officer (as of January 1, 2022, the Executive Vice-Chair of the Board), John S. Bailey. The current lease term expires in March 2025.

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

Investment properties consist of investment properties in use and investment property under development. 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, except for investment property acquired in a business combination, where such costs are expensed as incurred. 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 using the direct capitalization income method. As part of management's internal valuation program, the REIT considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations across the REIT's portfolio. On a quarterly basis, the valuation team reviews and updates, as deemed necessary, the valuation models to reflect current market data.

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.

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)

The REIT uses an internal valuation process to value the investment properties as of September 30, 2022. The fair value of each investment property was determined using the direct capitalization income method. The stabilized future 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.

As mentioned above, 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.

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 NI 52-109) as of September 30, 2022. In making this assessment, the Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control – Integrated Framework (2013). 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.

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.

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Liquidity risk is the risk that the REIT will encounter difficulty in meeting obligations associated with the maturity of financial obligations. The REIT's liquidity is subject to macroeconomic, financial, competitive and other factors that are beyond the REIT's control including the recent COVID-19 disruption.

Liquidity risk is managed through cash flow forecasting. Management monitors forecasts of the REIT's liquidity requirements to ensure it has sufficient cash to meet operational needs through maintaining sufficient cash and/or availability on the undrawn Credit Facility and the Line of Credit and ensuring that it meets its financial covenants related to debt agreements. Such forecasting involves a significant degree of judgment, takes into consideration current and projected macroeconomic conditions, the REIT's cash collection efforts, debt financing plans, and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the REIT at terms and conditions that are favorable to the REIT, or at all.

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 under the heading "Risk Factors", which section is hereby incorporated herein by reference. 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.