



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, 2024

November 7, 2024

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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 7, 2024, 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, 2024.

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, 2024, 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 Accounting Standards ("IFRS") and its interpretations adopted by the IASB. This MD&A has been prepared based on information available to management as of November 7, 2024. Additional information about the REIT, including the REIT's current annual information form in respect of the year ended December 31, 2023 (the "AIF"), can be found on SEDAR+ at www.sedarplus.ca or on the REIT's website at www.bsreit.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 unsecured subordinated debentures (the "Convertible Debentures") are listed and trade 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 consolidated 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) 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 2024 and 2025, 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, 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 the economic environment.

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 2024 FFO, AFFO and Same Community portfolio guidance under "2024 Earnings and Same Community 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, 2023. 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.

On January 23, 2020, the IASB issued amendments to IAS 1 – Presentation of Financial Statements (the “2020 Amendments”), providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (the “2022 Amendments” and, together with the 2020 Amendments, the “IAS 1 Amendments”), to improve the information provided about long-term debt with covenants.

The IAS 1 Amendments affect only the presentation of liabilities in the statement of financial position and provide that for liabilities to be classified as non-current, the entity must have the right to defer settlement of the liability for at least 12 months after the reporting period. Further, the IAS 1 Amendments make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The REIT adopted the IAS 1 Amendments beginning on January 1, 2024, when the amendments became effective, and has accordingly reclassified the Convertible Debentures and class B units (“Class B Units”) from non-current liabilities to current liabilities on a retrospective basis. Consistent with the requirements under IAS 1 and National Instrument 51-102, the REIT has presented a third statement of financial position as of January 1, 2023, to show the effect of the adoption of the amendments at the beginning of the preceding period. As a result of the adoption applied retrospectively, the REIT reclassified Class B Units of \$240,711 and \$267,826 as of December 31, 2023 and January 1, 2023, respectively, to current liabilities. The REIT also reclassified Convertible Debentures of \$39,676 and \$42,599 as of December 31, 2023 and January 1, 2023, respectively, to current liabilities.

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 gain or loss determined in accordance with IFRS. 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.

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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. As of September 30, 2024, all of the REIT's investment properties in use are classified as Same Community, which excludes the investment property under development.

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, operational revenue and expenses from right of use assets, transaction costs expensed as a result of property dispositions and restructuring costs. FFO should not be construed as an alternative to net 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 guarantees associated with properties in lease up. AFFO should not be construed as an alternative to net 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 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 Deferred Units.

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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.

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") 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 compares the REIT's overall value.

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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.sedarplus.ca 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 Texas, Oklahoma and Arkansas;
- 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
- 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 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. However, Class B Units do not carry a voting right with respect to matters put before Unitholders of the REIT for vote. The Class B Units are non-voting as a result of tax considerations applicable to the cross-border REIT structure, and do not give the holders of Class B Units any enhanced economic or voting power at the REIT level relative to voting public Unitholders. Accordingly, the Class B Units do not create a traditional dual-class voting structure of the REIT.

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, 2024, the Bailey/Hughes Holders together owned 16,080,645 Class B Units and 5,078,484 Units, together representing an approximate 40% ownership interest in the REIT (determined as if all Class B Units 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 \$760.6 million.

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 REIT also owns one 238-unit property under development in Austin, Texas. The investment guidelines of the REIT are outlined in the Declaration of Trust. As of September 30, 2024, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

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HIGHLIGHTS

Highlights¹

- Same Community revenue for the three months ended September 30, 2024 ("Q3 2024") increased 0.5% over the three months ended September 30, 2023 ("Q3 2023").
- Weighted average occupancy of 94.7% as of September 30, 2024;
- FFO per Unit for Q3 2024 of \$0.23 was unchanged compared to Q3 2023;
- AFFO per Unit for Q3 2024 of \$0.21 was unchanged compared to Q3 2023;
- Debt to Gross Book Value as of September 30, 2024 was 46.4%;
- During Q3 2024, excluding short term leases, rental rates for new leases and renewals changed -2.5% and 2.6%, respectively, resulting in a 0.3% blended increase over the prior leases;
- In August 2024, the REIT's Board of Trustees approved a 7.7% increase to the cash distribution beginning with the August 2024 distribution paid on September 16, 2024.
- On September 20, 2024, the REIT entered into a 90-day \$150.0 million swaption and received a cash premium of \$0.2 million, exercisable by the counterparty on December 20, 2024. If exercised, the underlying swap would be effective as of July 1, 2025 at a rate of 2.50%, maturing on July 1, 2031; and
- During Q3 2024, the REIT retired \$11.9 million of its debt with cash flows generated from operations.

Subsequent Highlight

- On November 1, 2024, the REIT entered into a new \$42.0 million interest rate swap at a fixed rate of 3.13% effective February 2, 2025 and maturing February 1, 2030, subject to the counterparty's optional early termination date of February 2, 2026.

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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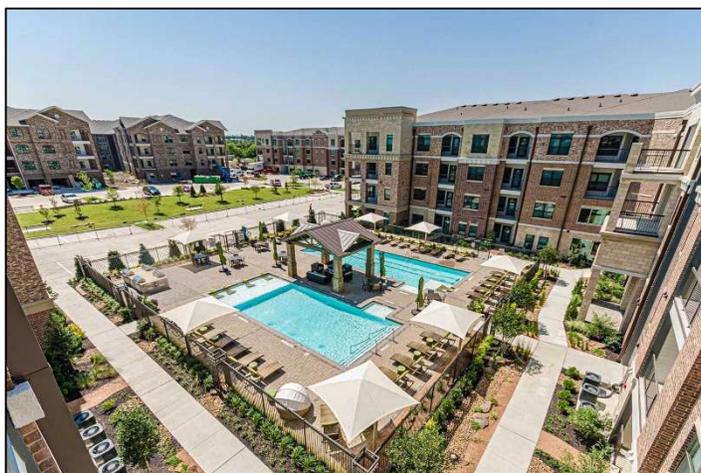
OUTLOOK

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) historically 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 14 months. Unprecedented demand for housing in 2021 drove a wave of development resulting in an increase in new deliveries in the second half of 2023 and 2024. However, migration continues into the REIT's primary markets, from the east and west coasts of the United States, and the new supply is anticipated to be absorbed in 2025. The pace of new development slowed as interest rates continued to rise in 2023, and the resulting slowdown in deliverables is expected to render additional rent growth in future periods.

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 while lowering general and administrative expenses as a percentage of the total assets. 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 and allowing the REIT to redeploy capital to properties in high growth markets where it can maximize the platform's capabilities. The REIT's current growth strategy includes acquiring more modern properties, clustered in target markets with above average population growth with a potential for higher rent.



Satori Frisco – Dallas, Texas MSA

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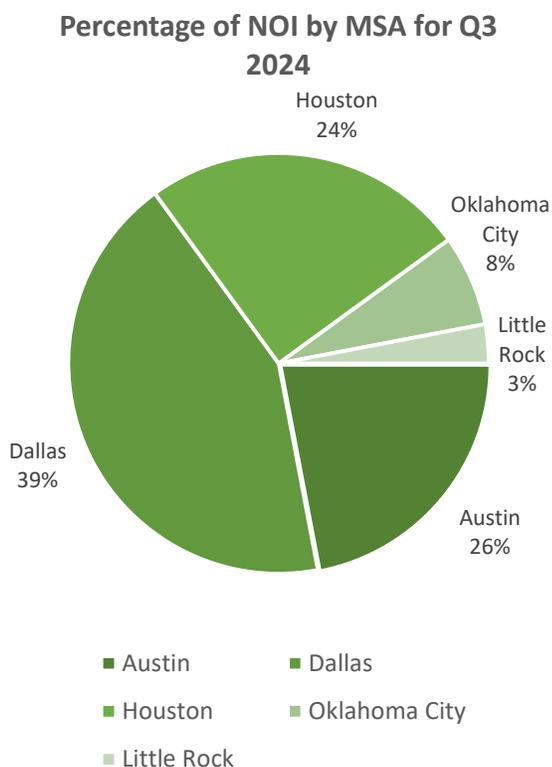
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Current Portfolio

The REIT currently owns 31 multifamily garden-style residential properties consisting of 8,666 apartment units, located in Texas, Oklahoma and Arkansas. With a primary focus on resident experience, our properties include many modern features and amenities such as resort style swimming pools, splash pads, upscale clubhouses, modern fitness centers, dog parks, pet care centers, garages and covered parking, bicycle storage, cinemas, private work pods, conference rooms, business centers, community game rooms, and outdoor barbeque areas.

The following chart depicts the percentage of total NOI by MSA for the portfolio of properties within the REIT’s markets of Austin, Dallas, Houston, Oklahoma City and Little Rock.



Aura 36Hundred – Austin, Texas MSA



Vale Luxury – Houston, Texas MSA



Ariza Plum Creek – Austin, Texas MSA

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 approximately 92% completed and is expected to be finished during the fourth quarter of 2024.

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The weighted average monthly rent on in-place leases for the total portfolio has increased 0.2% from \$1,504 per apartment unit as of September 30, 2023 to \$1,507 per apartment unit as of September 30, 2024, even with the new deliveries discussed above. Annual rent as a percentage of median household income in the United States is 35.3%. Annual rent as a percentage of median household income in the REIT's core markets averages less than 25.0%.

There continues to be strong investor demand for high-quality, well-located properties in the REIT's operating regions of the country, causing capitalization rates to adjust slower than the higher interest rate environment. Given the REIT's capital recycling program is now primarily complete and the REIT's strong liquidity position, management can opportunistically acquire new communities when accretive to the REIT.



Cielo Apartment Living – Austin, Texas

2024 Earnings and Same Community Portfolio Guidance

The REIT's 2024 guidance is outlined below for FFO per Unit and AFFO per Unit, along with its expectations for growth in Same Community Properties' revenue, operating expenses and NOI. The guidance does not include potential acquisitions or dispositions.

The guidance for FFO per Unit and AFFO per Unit remain unchanged at \$0.96 and \$0.88; however, the REIT has revised its 2024 guidance to lower the total midpoint for Same Community total revenue growth to 0.5% from 1.0% and to lower the midpoint for Same Community NOI growth to 1.5% from 2.0% compared to the previous guidance. FFO per Unit and AFFO per Unit remained unchanged from our previous guidance due to a reduction in finance costs, partially offset by a decline in NOI related to the delay in the completion of the property under development.

Per Unit	Revised guidance for 2024	
	Range	Midpoint
Total Portfolio		
FFO per Unit	\$0.93 to \$0.99	\$0.96
AFFO per Unit	\$0.85 to \$0.91	\$0.88
Same Community Growth		
Total Revenue	0.0% to 1.0%	0.5%
Property Operating Expenses and Real Estate Taxes	(2.0%) to 0.0%	(1.0%)
NOI	0.5% to 2.5%	1.5%

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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.

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 (the "Board") 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:

Environmental

BSR is committed to operating in an environmentally responsible manner, and we continue to identify and implement innovative practices that promote sustainability and resilience.

- BSR has upgraded 5,332 apartment units with smart home and energy management technology, with more added every week. This results in an energy reduction of up to 15-20% for our residents and around 50% savings for any vacant BSR apartment units under this program.
- BSR invests in smart waste management across all properties to optimize dumpster capacity and identify contamination issues.
- Utilities for 65% of BSR properties are sub-metered. On average, properties that are sub-metered are 38% more efficient than non-sub-metered properties.
- 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.
- BSR uses smart irrigation systems to conserve water usage through the analysis of weather data.
- Air filters in BSR suites are changed and inspected on a quarterly basis.
- When performing renovations, BSR uses low-flow toilets, LED lighting, high efficiency fixtures and Energy Star approved appliances.
- BSR offers virtual signatures on leasing documents, paperless rent payments, and service requests.
- Multiple BSR communities have electric vehicle charging stations for resident use.
- 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.

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Social

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 between 1 and 100, measuring online review sentiment for all multifamily properties across the United States. BSR's score consistently ranks in the Top 5 of publicly traded multifamily REITs. BSR placed second with an ORA score of 80.93 for 2023 while the national average ORA score of all U.S. multifamily properties was 63.96.
- 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.
- To encourage resident health, wellness and quality of life, 100% of BSR's apartment communities have on-site pools and fitness centers.
- 62% of BSR employees chose to live alongside our residents at our communities. This shows the level of pride BSR team members have in our product and also enhances the experience and service provided for all of our residents.

Employees

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

- BSR is committed to providing a diverse and inclusive workforce. We currently have 47% female and 53% male team members, approximately 65% of which are racially diverse.
- BSR was named one of the Best Places to Work in Multifamily, and Best Places to Work in Multifamily for Women at the Multifamily Innovation Awards in December 2023.
- BSR performs 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 resulting from the feedback in the survey. A few key responses are 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.
 - 91% of our team members are proud of BSR's brand.
 - 99% of our team members say BSR operates in a socially responsible manner.
 - 96% of our team members say BSR's work positively impacts people's lives.
 - 92% of our team members are satisfied with the workplace flexibility offered by BSR.
 - 94% of our team members are satisfied with BSR's investment in training and education.
 - 91% of our team members are inspired to give their best effort at work each day.
 - 87% of our team members are satisfied with BSR's total benefits package.
 - 88% of our team members are satisfied with the amount of paid leave offered by BSR
- BSR provided \$1.7 million of employee rent discounts at BSR communities in 2023.
- BSR's Career Succession Program provides a framework for employees to reach their career goals at BSR. In 2023, we promoted 25 team members internally.
- Our comprehensive training program of 1,430 courses (1,064 offered in Spanish) includes topics such as fair housing and safety compliance, team member orientation, sales, management development, and virtual reality maintenance skills training. In 2023, BSR employees completed 6,174 training hours.
- BSR's Team Member Appreciation Month is a special time to show appreciation to our team members for serving our residents well.
- Our annual Celebration of Excellence Award Ceremony recognizes our on-site management teams and the corporate team with awards based on job performance. Our most recent Celebration of Excellence was held in April 2024 in Houston, Texas.
- Each quarter, we celebrate team member achievements in our internal newsletter and intranet.

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- 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 can pass a test on a variety of position related policies and procedures to show they have a working knowledge of their role.
- BSR's human resources' department hosts in-person roadshows to each of our MSAs to objectively review BSR's comprehensive benefits package with employees.
- BSR has kept voluntary employee turnover below the industry average (27.5% in 2023 compared to the industry average of 34.8%). Further, the average tenure of our employees is four years.

Community

- BSR formed the Home Away from Home Foundation in 2021. The non-profit initiative provides apartment homes for those needing to travel for extended medical treatment and requiring temporary housing as well as for individuals who need temporary housing due to natural disasters.
- In 2024, BSR dedicated an apartment home in Little Rock, Arkansas to a family that lost their residence because of a catastrophic event.
- In 2024, BSR has provided lodging at a BSR property for a family receiving long term medical treatment.
- BSR maintains an active partnership with local colleges for yearly summer internship opportunities.
- BSR team members are actively involved in community and non-profit volunteering resulting in the selection of employees in various watch lists like "40 Under 40" and "20 in their 20s".

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.
- Our executive management team maintains regular contact with a broad base of investors.
- BSR maintains high quality IT infrastructure and active cybersecurity monitoring and protection initiatives.
- BSR leadership and audit committee chair actively monitor our third-party anonymous whistleblower hotline.
- Our board survey is conducted 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.
- 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.
- BSR maintains an employee handbook which is accessible by all team members.
- BSR has a Diversity Policy that reflects our commitment toward adding additional members to the board of trustees and senior management team with diversity in business and other professional experience, gender, geography, age, race and ethnicity. BSR's board of trustees has 29% female representation and 71% male representation.

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BUSINESS PERFORMANCE MEASURES

The following table highlights certain key business performance measures as of September 30, 2024, compared to September 30, 2023.

	September 30, 2024	September 30, 2023
Number of investment properties	31	31
Total apartment units	8,666	8,666
Average monthly in-place leases - Same Community * Properties	\$1,507	\$1,504
Weighted average ending occupancy rate	94.7%	95.2%
Retention rate	55.4%	56.0%
Weighted average contractual interest rate of all loans and borrowings and convertible debentures *	3.8%	3.3%
Weighted average contractual interest rate of all loans and borrowings *	3.7%	3.2%
Weighted average contractual mortgage interest rate *	3.6%	3.3%
Convertible debentures term (in years)	1.0	2.0
Weighted average debt term of all loans and borrowings (in years) *	3.0	4.1
Weighted average mortgage debt term (in years) *	3.6	4.7

**Note that these items exclude the construction loan for the investment property under development*

The following table highlights certain key business performance measures as of September 30, 2024, compared to December 31, 2023.

	September 30, 2024	December 31, 2023
Unitholders' equity	\$622,198	\$712,401
Debt to Gross Book Value *	46.4%	44.5%
NAV *	\$907,625	\$953,112
NAV per Unit *	\$16.87	\$17.71

**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, 2024, compared to the three and nine months ended September 30, 2023:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Change	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change
Revenue	\$ 42,290	\$ 42,079	\$ 211	\$ 126,505	\$ 125,707	\$ 798
Revenue, Same Community * Properties	\$ 42,273	\$ 42,079	\$ 194	\$ 126,488	\$ 125,707	\$ 781
Revenue, Non-Same Community * Properties	\$ 17	\$ —	\$ 17	\$ 17	\$ —	\$ 17
Net loss and comprehensive loss	\$ (39,251)	\$ (79,286)	\$ 40,035	\$ (80,027)	\$ (141,340)	\$ 61,313
NOI *	\$ 22,256	\$ 22,694	\$ (438)	\$ 70,201	\$ 68,576	\$ 1,625
NOI *, Same Community * Properties	\$ 22,411	\$ 22,694	\$ (283)	\$ 70,356	\$ 68,576	\$ 1,780
NOI *, Non-Same Community * Properties	\$ (155)	\$ —	\$ (155)	\$ (155)	\$ —	\$ (155)
NOI Margin *	52.6%	53.9%	-130bps	55.5%	54.6%	90bps
NOI Margin *, Same Community * Properties	53.0%	53.9%	-90bps	55.6%	54.6%	100bps
NOI Margin *, Non-Same Community * Properties	n/a	n/a	n/a	n/a	n/a	n/a
FFO *	\$ 12,159	\$ 13,081	\$ (922)	\$ 39,882	\$ 39,377	\$ 505
FFO per Unit *	\$ 0.23	\$ 0.23	\$ —	\$ 0.74	\$ 0.69	\$ 0.05
Maintenance capital expenditures	\$ (1,067)	\$ (1,141)	\$ 74	\$ (3,181)	\$ (3,474)	\$ 293
Straight line rental revenue differences	\$ 13	\$ (2)	\$ 15	\$ 5	\$ 68	\$ (63)
AFFO *	\$ 11,105	\$ 11,938	\$ (833)	\$ 36,706	\$ 35,971	\$ 735
AFFO per Unit *	\$ 0.21	\$ 0.21	\$ —	\$ 0.68	\$ 0.63	\$ 0.05
AFFO Payout Ratio *	65.9%	61.6%	430bps	57.7%	61.5%	-380bps
Weighted average unit count	53,789,870	56,930,050	(3,140,180)	53,828,208	57,112,882	(3,284,674)

*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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Financial Summary for the Three Months Ended September 30, 2024

Same Community revenue of \$42.3 million for Q3 2024 increased 0.5% compared to \$42.1 million for Q3 2023, primarily due to a \$0.2 million increase in other property income related to rental fees and utility reimbursements.

The net loss and comprehensive loss change between Q3 2024 and Q3 2023 is primarily due to non-cash adjustments to fair value of investment properties and derivatives and other financial liabilities from June 30, 2024 to September 30, 2024 and June 30, 2023 to September 30, 2023, respectively, and is not considered comparable period over period.

The 1.2% decrease in Same Community NOI for Q3 2024 of \$22.4 million compared to \$22.7 million in Q3 2023 was the result of an increase in property tax expenses of \$0.4 million, and lower tax refunds of \$0.1 million due to the timing of when refunds are received, partially offset by the increase in revenue as described above.

The 1.9% decrease in total portfolio NOI for Q3 2024 of \$22.3 million compared to \$22.7 million in Q3 2023 was the result of the decrease in Same Community NOI described above and initial operating expenses for the property under development.

FFO was \$12.2 million, or \$0.23 per Unit, for Q3 2024 compared to \$13.1 million, or \$0.23 per Unit, for Q3 2023. The decrease in FFO was primarily the result of the decrease in total portfolio NOI described above and \$0.6 million in higher interest costs. FFO per Unit remained unchanged over the prior period as a result of the REIT's repurchase and cancellation of 3.5 million Units under its prior normal course issuer bid (the "2023 NCIB") and related automatic securities purchase plan (the "2023 ASPP") in 2023.

AFFO was \$11.1 million, or \$0.21 per Unit for Q3 2024 compared to \$11.9 million, or \$0.21 per Unit for Q3 2023. The decrease in AFFO was primarily the result of the decrease in FFO discussed above, partially offset by a \$0.1 million decrease in maintenance capital expenditures. AFFO per Unit remained unchanged over the prior period as a result of the REIT's repurchase and cancellation of 3.5 million Units under its 2023 NCIB and 2023 ASPP in 2023.

NAV was \$0.9 billion, or \$16.87 per unit, as of September 30, 2024 compared to \$1.1 billion, or \$18.66 per unit, as of September 30, 2023. The year over year decrease is primarily due to the decline in the estimated fair value of investment property values, driven by capitalization rate expansion, subsequent to September 30, 2023.

Financial Summary for the Nine Months Ended September 30, 2024

Same Community revenue of \$126.5 million for the nine months ended September 30, 2024 ("YTD 2024") increased \$0.8 million, or 0.6%, compared to \$125.7 million for the nine months ended September 30, 2023 ("YTD 2023"), primarily due to an increase in average rental rates over the comparative period as well as \$0.4 million in other property income related to higher rental fees and utility reimbursements.

The net loss and comprehensive loss change between YTD 2024 and YTD 2023 is primarily due to non-cash adjustments to fair value of investment properties and derivatives and other financial liabilities from December 31, 2023 to September 30, 2024 and December 31, 2022 to September 30, 2023, respectively, and is not considered comparable period over period.

The 2.6% increase in Same Community NOI for YTD 2024 of \$70.4 million compared to \$68.6 million in YTD 2023 was the result of the increase in revenue described above as well as a decrease in real estate tax expense of \$1.2 million, caused by an increase in tax refunds of \$1.1 million combined with \$0.1 million in lower real estate tax

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assessments. These increases in NOI for YTD 2024 were partially offset by higher payroll expenses of \$0.2 million, higher renting expenses of \$0.3 million associated with new services to generate additional other income, and higher repair and maintenance expenses of \$0.1 million.

The 2.4% increase in total portfolio NOI for YTD 2024 of \$70.2 million compared to \$68.6 million in YTD 2023 was the result of the increase in Same Community NOI described above, partially offset by initial operating expenses for the property under development.

FFO was \$39.9 million, or \$0.74 per Unit, for YTD 2024 compared to \$39.4 million, or \$0.69 per Unit, for YTD 2023. The increase in FFO was primarily the result of the increase in Same Community NOI described above, partially offset by \$1.3 million in higher interest costs. FFO per Unit further increased as a result of the REIT's repurchase and cancellation of 3.5 million Units under its 2023 NCIB and 2023 ASPP in 2023.

AFFO was \$36.7 million, or \$0.68 per Unit, for YTD 2024 compared to \$36.0 million, or \$0.63 per Unit, for YTD 2023. The improvement in AFFO was primarily the result of the increase in FFO discussed above as well as a \$0.3 million decrease in maintenance capital expenditures due to roof replacements and balcony restoration performed in the second quarter of 2023. AFFO per Unit further increased as a result of the REIT's repurchase and cancellation of 3.5 million Units under its 2023 NCIB and 2023 ASPP in 2023.

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The following table highlights key information about the properties as of September 30, 2024, organized by MSA for the full portfolio. The rental growth rates shown for Q3 2024 are calculated as the average percentage change over the prior lease for new or renewed leases during the quarter, excluding short term leases.

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, 2024	September 30, 2024	Growth for Q3 2024	for Q3 2024	for Q3 2024
Austin	Texas	1,936	\$ 1,617	94.8%	-5.9%	1.2%	-2.0%
Dallas	Texas	3,225	\$ 1,616	94.9%	-3.2%	1.6%	-0.6%
Houston	Texas	2,236	\$ 1,529	95.7%	0.9%	4.2%	2.8%
Little Rock	Arkansas	304	\$ 1,119	94.1%	-0.4%	5.6%	2.8%
Oklahoma City	Oklahoma	965	\$ 981	92.1%	1.4%	5.4%	3.8%
Total Same Community		8,666	\$ 1,507	94.7%	-2.5%	2.6%	0.3%

The following table highlights key information about the properties as of September 30, 2024 and 2023, organized by MSA:

MSA	State	September 30, 2024			September 30, 2023		
		Number of Units	Avg Rent Per Unit	Occupancy Rate	Number of Units	Avg Rent Per Unit	Occupancy Rate
Austin	Texas	1,936	\$ 1,617	94.8%	1,936	\$ 1,648	95.6%
Dallas	Texas	3,225	\$ 1,616	94.9%	3,225	\$ 1,620	95.1%
Houston	Texas	2,236	\$ 1,529	95.7%	2,236	\$ 1,504	95.7%
	Texas	7,397	\$ 1,589	95.1%	7,397	\$ 1,592	95.4%
Little Rock	Arkansas	304	\$ 1,119	94.1%	304	\$ 1,081	95.1%
Oklahoma City	Oklahoma	965	\$ 981	92.1%	965	\$ 953	94.2%
Total Same Community		8,666	\$ 1,507	94.7%	8,666	\$ 1,504	95.2%

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The following tables highlight key information about the properties for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, organized by MSA:

MSA	State	Three months ended September 30, 2024		Three months ended September 30, 2023		\$ Change in Revenue	\$ Change in NOI *	% Change in Revenue	% Change in NOI *
		Revenue	NOI *	Revenue	NOI *				
Austin	Texas	\$ 10,230	\$ 5,875	\$ 10,490	\$ 5,190	\$ (260)	\$ 685	-2.5%	13.2%
Dallas	Texas	\$ 16,943	\$ 8,716	\$ 16,882	\$ 9,227	\$ 61	\$ (511)	0.4%	-5.5%
Houston	Texas	\$ 10,962	\$ 5,476	\$ 10,647	\$ 5,952	\$ 315	\$ (476)	3.0%	-8.0%
	Texas	\$ 38,135	\$ 20,067	\$ 38,019	\$ 20,369	\$ 116	\$ (302)	0.3%	-1.5%
Little Rock	Arkansas	\$ 1,077	\$ 579	\$ 1,062	\$ 594	\$ 15	\$ (15)	1.4%	-2.5%
Oklahoma City	Oklahoma	\$ 3,061	\$ 1,765	\$ 2,998	\$ 1,731	\$ 63	\$ 34	2.1%	2.0%
Total Same Community		\$ 42,273	\$ 22,411	\$ 42,079	\$ 22,694	\$ 194	\$ (283)	0.5%	-1.2%
Non-Same Community		\$ 17	\$ (155)	\$ —	\$ —	\$ 17	\$ (155)	n/a	n/a
Total Portfolio		\$ 42,290	\$ 22,256	\$ 42,079	\$ 22,694	\$ 211	\$ (438)	0.5%	-1.9%

*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, 2024, compared to the nine months ended September 30, 2023, organized by MSA:

MSA	State	Nine months ended September 30, 2024		Nine months ended September 30, 2023		\$ Change in Revenue	\$ Change in NOI *	% Change in Revenue	% Change in NOI *
		Revenue	NOI *	Revenue	NOI *				
Austin	Texas	\$ 30,708	\$ 17,323	\$ 31,234	\$ 16,371	\$ (526)	\$ 952	-1.7%	5.8%
Dallas	Texas	\$ 50,740	\$ 28,605	\$ 50,658	\$ 28,498	\$ 82	\$ 107	0.2%	0.4%
Houston	Texas	\$ 32,632	\$ 17,339	\$ 31,704	\$ 16,705	\$ 928	\$ 634	2.9%	3.8%
	Texas	\$ 114,080	\$ 63,267	\$ 113,596	\$ 61,574	\$ 484	\$ 1,693	0.4%	2.7%
Little Rock	Arkansas	\$ 3,225	\$ 1,768	\$ 3,144	\$ 1,765	\$ 81	\$ 3	2.6%	0.2%
Oklahoma City	Oklahoma	\$ 9,183	\$ 5,321	\$ 8,967	\$ 5,237	\$ 216	\$ 84	2.4%	1.6%
Total Same Community		\$ 126,488	\$ 70,356	\$ 125,707	\$ 68,576	\$ 781	\$ 1,780	0.6%	2.6%
Non-Same Community		\$ 17	\$ (155)	\$ —	\$ —	\$ 17	\$ (155)	n/a	n/a
Total Portfolio		\$ 126,505	\$ 70,201	\$ 125,707	\$ 68,576	\$ 798	\$ 1,625	0.6%	2.4%

* 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, 2024	Three months ended June 30, 2024	Three months ended March 31, 2024	Three months ended December 31, 2023	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended March 31, 2023	Three months ended December 31, 2022
Revenue:								
Rental revenue	\$ 37,130	\$ 37,284	\$ 37,122	\$ 37,253	\$ 37,124	\$ 37,086	\$ 36,967	\$ 36,627
Other property income	5,160	4,948	4,861	4,843	4,955	4,957	4,618	5,010
	42,290	42,232	41,983	42,096	42,079	42,043	41,585	41,637
Expenses (Income):								
Property operating expenses	13,017	12,066	11,960	12,667	12,898	12,198	11,524	11,904
Real estate taxes	(314)	(2,267)	28,395	336	(1,327)	(945)	29,386	(2,382)
General and administrative expenses	2,340	2,503	2,507	1,939	2,446	2,595	2,544	2,589
Fair value adjustment to investment properties	(15,161)	30,683	38,718	70,987	111,080	71,805	16,526	43,071
Fair value adjustment to investment properties (IFRIC 21)	7,332	8,327	(22,211)	6,603	7,814	7,746	(22,163)	8,961
Finance costs from operations	11,305	11,425	11,576	10,953	10,570	10,320	9,941	8,608
Finance income from interest rate swaps and note receivable	(3,585)	(3,963)	(3,895)	(3,521)	(3,436)	(3,181)	(2,697)	(1,358)
Restructuring costs	-	-	-	263	-	-	-	1,630
Distributions on Class B Units	2,750	2,617	2,626	2,650	2,663	2,665	2,668	2,670
Depreciation of right-of-use asset	33	34	33	33	34	33	33	34
Fair value adjustment to derivatives and other financial liabilities	63,049	19,729	(26,153)	8,790	(20,913)	(15,107)	8,964	(17,274)
Fair value adjustment to unit-based compensation	775	283	(2)	(74)	(464)	(170)	997	(396)
	81,541	81,437	43,554	111,626	121,365	87,959	57,723	58,057
Net loss and comprehensive loss	\$ (39,251)	\$ (39,205)	\$ (1,571)	\$ (69,530)	\$ (79,286)	\$ (45,916)	\$ (16,138)	\$ (16,420)

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	Three months ended September 30, 2024	Three months ended June 30, 2024	Three months ended March 31, 2024	Three months ended December 31, 2023	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended March 31, 2023	Three months ended December 31, 2022
Net loss and comprehensive loss	\$ (39,251)	\$ (39,205)	\$ (1,571)	\$ (69,530)	\$ (79,286)	\$ (45,916)	\$ (16,138)	\$ (16,420)
<i>Adjustments to arrive at FFO</i>								
Distributions on Class B Units	2,750	2,617	2,626	2,650	2,663	2,665	2,668	2,670
Fair value adjustment to investment properties	(15,161)	30,683	38,718	70,987	111,080	71,805	16,526	43,071
Fair value adjustment to investment properties (IFRIC 21)	7,332	8,327	(22,211)	6,603	7,814	7,746	(22,163)	8,961
Property tax liability adjustment, net (IFRIC 21)	(7,332)	(8,327)	22,211	(6,603)	(7,814)	(7,746)	22,163	(8,961)
Fair value adjustment to derivatives and other financial liabilities	63,049	19,729	(26,153)	8,790	(20,913)	(15,107)	8,964	(17,274)
Fair value adjustment to unit-based compensation	775	283	(2)	(74)	(464)	(170)	997	(396)
Restructuring costs	—	—	—	263	—	—	—	1,630
Loss on extinguishment of debt	—	—	—	176	—	—	—	—
Principal payments on lease liability	(36)	(35)	(34)	(33)	(33)	(33)	(31)	(31)
Depreciation of right-to-use asset	33	34	33	33	34	33	33	34
Funds from Operations ("FFO") *	\$ 12,159	\$ 14,106	\$ 13,617	\$ 13,262	\$ 13,081	\$ 13,277	\$ 13,019	\$ 13,284
FFO per Unit *	\$ 0.23	\$ 0.26	\$ 0.25	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23
<i>Adjustments to arrive at AFFO</i>								
Maintenance capital expenditures	(1,067)	(1,401)	(713)	(818)	(1,141)	(1,776)	(557)	(793)
Straight line rental revenue differences	13	8	(16)	—	(2)	25	45	8
Adjusted Funds from Operations ("AFFO") *	\$ 11,105	\$ 12,713	\$ 12,888	\$ 12,444	\$ 11,938	\$ 11,526	\$ 12,507	\$ 12,499
AFFO per Unit *	\$ 0.21	\$ 0.24	\$ 0.24	\$ 0.22	\$ 0.21	\$ 0.20	\$ 0.22	\$ 0.22
AFFO Payout Ratio *	65.9%	54.5%	53.9%	58.3%	61.6%	63.9%	59.1%	59.6%
Weighted average unit count	53,789,870	53,838,699	53,856,476	55,799,773	56,930,050	57,199,497	57,212,200	58,006,651
Distributions declared	\$ 7,316	\$ 6,929	\$ 6,946	\$ 7,256	\$ 7,349	\$ 7,369	\$ 7,394	\$ 7,451

*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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REVIEW OF SELECTED OPERATING INFORMATION

The following table highlights selected financial information of the REIT for the three and nine months ended September 30, 2024, compared to the three and nine months ended September 30, 2023. This information has been compiled from the condensed consolidated interim financial statements and notes thereto for the periods then ended.

	Three months ended September 30, 2024	Three months ended September 30, 2023	Change	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change
Revenue:						
Rental revenue	\$ 37,130	\$ 37,124	\$ 6	\$ 111,536	\$ 111,177	\$ 359
Other property income	5,160	4,955	205	14,969	14,530	439
	42,290	42,079	211	126,505	125,707	798
Expenses (Income):						
Property operating expenses	13,017	12,898	119	37,043	36,620	423
Real estate taxes	(314)	(1,327)	1,013	25,814	27,114	(1,300)
General and administrative expenses	2,340	2,446	(106)	7,350	7,585	(235)
Fair value adjustment to investment properties	(15,161)	111,080	(126,241)	54,240	199,411	(145,171)
Fair value adjustment to investment properties (IFRIC 21)	7,332	7,814	(482)	(6,552)	(6,603)	51
Finance costs from operations	11,305	10,570	735	34,306	30,831	3,475
Finance income from interest rate swaps and note receivable	(3,585)	(3,436)	(149)	(11,443)	(9,314)	(2,129)
Distributions on Class B Units	2,750	2,663	87	7,993	7,996	(3)
Depreciation on right-of-use asset	33	34	(1)	100	100	—
Fair value adjustment to derivatives and other financial liabilities	63,049	(20,913)	83,962	56,625	(27,056)	83,681
Fair value adjustment to unit-based compensation	775	(464)	1,239	1,056	363	693
	81,541	121,365	(39,824)	206,532	267,047	(60,515)
Net loss and comprehensive loss	\$ (39,251)	\$ (79,286)	\$ 40,035	\$ (80,027)	\$ (141,340)	\$ 61,313

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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, 2024	Three months ended September 30, 2023	Change	Change %
Rental revenue	\$ 37,130	\$ 37,124	\$ 6	0.0%
Other property income	5,160	4,955	205	4.1%
	\$ 42,290	\$ 42,079	\$ 211	0.5%

Rental revenue was unchanged for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023.

Other property income for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 increased \$0.2 million, or 4.1%, due to higher rental fees and utility reimbursements.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change	Change %
Rental revenue	\$ 111,536	\$ 111,177	\$ 359	0.3%
Other property income	14,969	14,530	439	3.0%
	\$ 126,505	\$ 125,707	\$ 798	0.6%

Rental revenue for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 increased \$0.4 million, or 0.3%, primarily due to an increase in average rental rates over the comparative period.

Other property income for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 increased \$0.4 million, or 3.0%, due to higher rental fees and utility reimbursements.

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.

	Three months ended September 30, 2024	Three months ended September 30, 2023	Change	Change %
Property operating expenses	\$ 13,017	\$ 12,898	\$ 119	0.9%

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The higher property operating expenses for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, of \$0.1 million is related primarily to renting expenses associated with new services to generate additional other income.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change	Change %
Property operating expenses	\$ 37,043	\$ 36,620	\$ 423	1.2%

The higher property operating expenses for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, of \$0.4 million is related primarily to an increase in renting expenses of \$0.3 million primarily related to new services to generate additional other income and an increase in repair and maintenance expenses of \$0.1 million.

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. The respective real estate taxes and fair value adjustment to investment properties (IFRIC 21) line items can fluctuate period to period depending on the timing of when revised tax assessments are received and tax credits are realized.

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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Change	Change %
Real estate taxes	\$ (314)	\$ (1,327)	\$ 1,013	-76.3%
Fair value adjustment to investment properties (IFRIC 21)	7,332	7,814	(482)	-6.2%
	\$ 7,018	\$ 6,487	\$ 531	8.2%

The increase in the combined real estate taxes and fair value adjustment to investment properties (IFRIC 21) for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, is due to \$0.4 million in higher real estate taxes on a comparative basis as a result of a decrease in our 2023 tax assessments recorded in Q3 2023. Additionally, tax refunds recognized were \$0.1 million lower during Q3 2024 versus the comparative period.

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	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change	Change %
Real estate taxes	\$ 25,814	\$ 27,114	\$ (1,300)	-4.8%
Fair value adjustment to investment properties (IFRIC 21)	(6,552)	(6,603)	51	-0.8%
	\$ 19,262	\$ 20,511	\$ (1,249)	-6.1%

The decrease in the combined real estate taxes and fair value adjustment to investment properties (IFRIC 21) for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is due to tax refunds of \$2.7 million received during YTD 2024 (\$1.6 million received during YTD 2023) and \$0.1 million lower real estate taxes compared to YTD 2023.

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, 2024	Three months ended September 30, 2023	Change	Change %
General and administrative expenses	\$ 2,340	\$ 2,446	\$ (106)	-4.3%

The decrease in general and administrative expenses for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, is primarily related to less management and board compensation as a result of the reduction in the REIT's total number of senior executives and trustees compared to the prior year.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change	Change %
General and administrative expenses	\$ 7,350	\$ 7,585	\$ (235)	-3.1%

The decrease in general and administrative expenses for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is primarily related to less management and board compensation as a result of the reduction in the REIT's total number of senior executives and trustees as well as lower legal and professional fees compared to the prior year.

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.

For the three months ended September 30, 2024, overall investment properties increased by \$22.6 million as a result of an increase in fair value of \$15.2 million driven primarily by net increases in stabilized future cash flows and additions to investment properties in use and under development of \$7.5 million.

For the nine months ended September 30, 2024, overall investment properties decreased by \$25.9 million as a result of a decrease in fair value of \$54.2 million driven primarily by slight net expansion in the capitalization rates and a net reduction in stabilized future cash flows, offset by additions to investment properties in use and under development of \$28.4 million.

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

Finance costs from operations and finance income

Finance costs from operations 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.

Finance income consists of interest income on interest rate swaps and interest income on a note receivable and other interest-bearing accounts.

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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Change	Change %
Finance costs from operations	\$ 11,305	\$ 10,570	\$ 735	7.0%
Finance income from interest rate swaps and note receivable	(3,585)	(3,436)	(149)	4.3%
	\$ 7,720	\$ 7,134	\$ 586	8.2%

The increase in finance costs from operations (net of finance income) for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, is primarily attributable to increased finance costs related to incremental draws on the Credit Facility to fund the repurchase and cancellation of Units under the 2023 NCIB and 2023 ASPP during 2023, as well as higher interest rates and total loans and borrowings outstanding versus the comparative period.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change	Change %
Finance costs from operations	\$ 34,306	\$ 30,831	\$ 3,475	11.3%
Finance income from interest rate swaps and note receivable	(11,443)	(9,314)	(2,129)	22.9%
	\$ 22,863	\$ 21,517	\$ 1,346	6.3%

The increase in finance costs from operations (net of finance income) for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is primarily attributable to increased finance costs related to incremental draws on the Credit Facility to fund the repurchase and cancellation of Units under the 2023 NCIB and 2023 ASPP during 2023, as well as higher interest rates and total loans and borrowings outstanding versus the comparative period.

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.

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	Three months ended September 30, 2024	Three months ended September 30, 2023	Change	Change %
Distributions on Class B Units	\$ 2,750	\$ 2,663	\$ 87	3.3%

Distributions on Class B Units for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 increased \$0.1 million due to an increase in the REIT's distribution.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change	Change %
Distributions on Class B Units	\$ 7,993	\$ 7,996	\$ (3)	0.0%

Distributions on Class B Units for the nine months ended September 30, 2024 were unchanged compared to the nine months ended September 30, 2023.

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 and swaptions, 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 seven receive variable / pay fixed interest rate swap agreements based on various USD – Secured Overnight Financing Rate ("SOFR") Chicago Mercantile Exchange ("CME") terms as well as one interest rate swaption agreement. These instruments are used to manage interest rate exposure over their respective maturities. The valuation of these instruments was determined using discounted cash flow or mark to market analyses 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 and swaption 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 a SOFR based interest rate swap options as a proxy.

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	Three months ended September 30, 2024	Three months ended September 30, 2023
Fair value adjustment to Class B Units - (gain)/loss	\$ 44,254	\$ (19,267)
Fair value adjustment to Convertible Debentures - (gain)/loss	2,611	(1,253)
Fair value adjustment to interest rate swaps and swaptions - (gain)/loss	16,309	(750)
Fair value adjustment to prepayment embedded derivatives - (gain)/loss	(125)	357
Fair value adjustment to derivatives and other financial liabilities - (gain)/loss	\$ 63,049	\$ (20,913)

For the three months ended September 30, 2024, the REIT recognized a fair value loss on Class B Units of \$44.3 million as a result of an increase in the Unit closing price from \$11.99 per Unit as of June 30, 2024 to \$14.19 per Unit as of September 30, 2024. For the three months ended September 30, 2023, the fair value gain of \$19.3 million was a result of the decrease in the Unit closing price from \$12.89 per Unit as of June 30, 2023 to \$11.95 per Unit as of September 30, 2023.

For the three months ended September 30, 2024, the REIT recognized a fair value loss on Convertible Debentures of \$2.6 million as a result of an increase in the closing price of the REIT's Convertible Debentures to \$102.75 as of September 30, 2024 from \$96.50 per Convertible Debenture as of June 30, 2024. For the three months ended September 30, 2023, the REIT recognized a fair value gain on Convertible Debentures of \$1.3 million as a result of a decrease in the closing price of the REIT's Convertible Debentures to \$97.00 as of September 30, 2023 from \$100.00 per Convertible Debentures as of June 30, 2023.

For the three months ended September 30, 2024, the REIT recognized a fair value loss on interest rate swaps and swaptions of \$16.3 million due to current forecasted SOFR rates as of September 30, 2024 as compared to the contractual rates inherent in the swaps.

For the three months ended September 30, 2024, the REIT recognized a fair value gain on prepayment embedded derivatives of \$0.1 million as a result of changes in the proxy SOFR based interest rate swap options as of September 30, 2024.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Fair value adjustment to Class B Units - (gain)/loss	\$ 46,601	\$ (22,095)
Fair value adjustment to Convertible Debentures - (gain)/loss	3,237	(2,088)
Fair value adjustment to interest rate swaps and swaptions - (gain)/loss	6,970	(3,393)
Fair value adjustment to prepayment embedded derivatives - (gain)/loss	(183)	520
Fair value adjustment to derivatives and other financial liabilities - (gain)/loss	\$ 56,625	\$ (27,056)

For the nine months ended September 30, 2024, the REIT recognized a fair value loss on Class B Units of \$46.6 million as a result of an increase in the Unit closing price from \$11.87 per Unit as of December 31, 2023 to \$14.19 per Unit as of September 30, 2024. For the nine months ended September 30, 2023, the fair value gain of \$22.1 million was a result of the decrease in the Unit closing price from \$13.03 per Unit as of December 31, 2022 to \$11.95 per Unit as of September 30, 2023.

For the nine months ended September 30, 2024, the REIT recognized a fair value loss on Convertible Debentures of \$3.2 million as a result of an increase in the closing price of the REIT's Convertible Debentures to \$102.75 as of September 30, 2024 from \$95.00 per Convertible Debenture as of December 31, 2023. For the nine months ended September 30, 2023, the REIT recognized a fair value gain on Convertible Debentures of \$2.1 million as a result of a decrease in the closing price

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of the REIT's Convertible Debentures to \$97.00 as of September 30, 2024 from \$102.00 per Convertible Debenture as of December 31, 2022.

For the nine months ended September 30, 2024, the REIT recognized a fair value loss on interest rate swaps and swaptions of \$6.7 million due to the time lapsed during the comparative periods and current forecasted SOFR rates as of September 30, 2024 as compared to the contractual rates inherent in the swaps.

For the nine months ended September 30, 2024, the REIT recognized a fair value gain on prepayment embedded derivatives of \$0.2 million as a result of changes in the proxy SOFR based interest rate swap options as of September 30, 2024.

Net loss and comprehensive loss

	Three months ended September 30, 2024	Three months ended September 30, 2023	Change
Net loss and comprehensive loss	\$ (39,251)	\$ (79,286)	\$ 40,035

Net loss and comprehensive loss for the three months ended September 30, 2024 compared to the net loss and comprehensive loss for the three months ended September 30, 2023 was lower by \$40.0 million, primarily due to adjustments to fair value of investment properties and derivatives and other financial liabilities from June 30, 2024 to September 30, 2024 and June 30, 2023 to September 30, 2023, respectively, and is not considered comparable period over period.

	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Change
Net loss and comprehensive loss	\$ (80,027)	\$ (141,340)	\$ 61,313

Net loss and comprehensive loss for the nine months ended September 30, 2024 compared to the net loss and comprehensive loss for the nine months ended September 30, 2023 was lower by \$61.3 million, primarily due to adjustments to fair value of investment properties and derivatives and other financial liabilities from December 31, 2023 to September 30, 2024 and December 31, 2022 to September 30, 2023, respectively, and is not considered comparable period over period.

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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, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net loss and comprehensive loss	\$ (39,251)	\$ (79,286)	\$ (80,027)	\$ (141,340)
<i>Adjustments to arrive at FFO</i>				
Distributions on Class B Units	2,750	2,663	7,993	7,996
Fair value adjustment to investment properties	(15,161)	111,080	54,240	199,411
Fair value adjustment to investment properties (IFRIC 21)	7,332	7,814	(6,552)	(6,603)
Property tax liability adjustment, net (IFRIC 21)	(7,332)	(7,814)	6,552	6,603
Fair value adjustment to derivatives and other financial liabilities	63,049	(20,913)	56,625	(27,056)
Fair value adjustment to unit-based compensation	775	(464)	1,056	363
Principal payments on lease liability	(36)	(33)	(105)	(97)
Depreciation of right-to-use asset	33	34	100	100
Funds from Operations ("FFO")	\$ 12,159	\$ 13,081	\$ 39,882	\$ 39,377
FFO per Unit	\$ 0.23	\$ 0.23	\$ 0.74	\$ 0.69
<i>Adjustments to arrive at AFFO</i>				
Maintenance capital expenditures	(1,067)	(1,141)	(3,181)	(3,474)
Straight line rental revenue differences	13	(2)	5	68
Adjusted Funds from Operations ("AFFO")	\$ 11,105	\$ 11,938	\$ 36,706	\$ 35,971
AFFO per Unit	\$ 0.21	\$ 0.21	\$ 0.68	\$ 0.63
Distributions declared	\$ 7,316	\$ 7,349	\$ 21,191	\$ 22,112
AFFO Payout Ratio	65.9%	61.6%	57.7%	61.5%
Weighted average unit count	53,789,870	56,930,050	53,828,208	57,112,882

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, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Total revenue	\$ 42,290	\$ 42,079	\$ 126,505	\$ 125,707
Property operating expenses	(13,017)	(12,898)	(37,043)	(36,620)
Real estate taxes	314	1,327	(25,814)	(27,114)
	29,587	30,508	63,648	61,973
Property tax liability adjustment (IFRIC 21)	(7,332)	(7,814)	6,552	6,603
Net Operating Income ("NOI")	\$ 22,255	\$ 22,694	\$ 70,200	\$ 68,576
NOI margin	52.6%	53.9%	55.5%	54.6%

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NAV and NAV per Unit

Set out below is a reconciliation of the NAV and NAV per Unit as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Unitholders' equity	\$ 622,198	\$ 712,401
Class B Units	285,427	240,711
NAV	\$ 907,625	\$ 953,112
Unit count, as of the end of period	53,804,390	53,828,591
NAV per Unit	\$ 16.87	\$ 17.71

Debt to Gross Book Value

Set out below is a reconciliation of the Debt to Gross Book Value as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Loans and borrowings (current portion)	\$ 209,430	\$ 1,842
Loans and borrowings (non-current portion)	577,647	771,409
Convertible debentures	42,913	39,676
Total loans and borrowings and convertible debentures ("Debt")	829,990	812,927
Gross Book Value	\$ 1,789,027	\$ 1,825,914
Debt to Gross Book Value	46.4%	44.5%

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2024, the capital structure of the REIT was as follows:

	September 30, 2024	December 31, 2023
<i>Indebtedness</i>		
Loans and borrowings (current portion)	\$ 209,430	\$ 1,842
Loans and borrowings (non-current portion)	577,647	771,409
Convertible debentures	42,913	39,676
Class B Units	285,427	240,711
	1,115,417	1,053,638
<i>Unitholders' equity</i>		
Unitholders' equity	622,198	712,401
Total capitalization	\$ 1,737,615	\$ 1,766,039

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, 2024, cash provided by operating activities was \$56.8 million. Business operations are also financed using property-specific mortgages, credit facilities and equity financing.

As of September 30, 2024, the REIT had liquidity of \$139.3 million, consisting of cash and cash equivalents of \$5.4 million and \$133.9 million available on the Credit Facility (defined below). The REIT can obtain additional liquidity through adding unencumbered properties to the borrowing base.

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As of September 30, 2024, current liabilities of \$585.3 million exceeded current assets of \$25.6 million, resulting in a working capital deficit of \$559.7 million, which includes Class B Units and the Convertible Debentures (\$285.4 million and \$42.9 million as of September 30, 2024, respectively). 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. The Convertible Debentures are convertible into Units at the option of the holder.

On November 7, 2024, the REIT announced the issuance of a notice for the Redemption of the Convertible Debentures. The Convertible Debentures will be redeemed in cash on January 3, 2025, in accordance with their terms, at a total redemption price equal to par value of US\$1,000 plus accrued and unpaid interest of US\$12.88 up to but excluding the Redemption Date per US\$1,000 principal amount. The aggregate redemption amount payable by the REIT on the Redemption Date will be \$41.8 million plus accrued and unpaid interest of \$0.5 million. As of September 30, 2024, the outstanding Convertible Debentures were convertible into 2.9 million Units at a conversion price of US\$14.40.

The REIT maintains a senior secured revolving credit facility provided by various U.S. chartered banks (the "Credit Facility") with a maximum revolving credit availability of \$500.0 million, of which \$433.6 million was available as of September 30, 2024. The Credit Facility is secured by thirteen borrowing base properties. On June 9, 2023, the Credit Facility was extended by one year to September 30, 2026, with no other contractual changes as a result of the extension. The Credit Facility currently bears interest at the Adjusted Term 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, 2024 and December 31, 2023, the balance outstanding on the Credit Facility was \$299.7 million and \$304.1 million, respectively, at a variable interest rate of 6.5% as of September 30, 2024 and 6.9% as of December 31, 2023.

In September 2023, the REIT extended \$160,000 of mortgage notes by one year to September 13, 2025, with no other contractual changes as a result of the extension.

Mortgage notes as of September 30, 2024 mature at various dates from 2025 through 2056. Outside of the regular principal amortization of existing loans and borrowings; balloon payments on property mortgages totalling \$208.0 million come due in the next twelve months. On November 5, 2024, the REIT received an option to extend \$160.0 million of mortgages maturing in September 2025 by approximately thirteen months, with no change to the interest rate and other contractual terms. The offer to extend these mortgages is subject to agreement by the REIT, as well as customary due diligence and legal requirements. Further, as of September 30, 2024, the REIT's availability under the Credit Facility is sufficient to refinance the remaining \$48.0 million of mortgage debt maturing in the next twelve months, while also considering other refinancing options including new mortgages.

The REIT has entered into seven receive variable / pay fixed interest rate swap agreements based on various USD – SOFR CME terms with an aggregate notional value of \$511.0 million, which includes the REIT's 2.25% \$50.0 million notional value interest rate swap begins on October 1, 2024. On July 1, 2024, the REIT's 3.27% \$40.0 million notional value interest rate swap increased to a notional value of \$105.0 million.

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As of September 30, 2024, the interest rate swap and swaption structure of the REIT was as follows:

	Maturity date	Fixed rate	Forward swap effective date	Counterparty optional termination date	Notional amount	Carrying value and fair value
<i>Interest rate swap agreements, as of</i>						
Raymond James	9/1/2025	5.07%	n/a	n/a	\$ 1,010	\$ (20)
Bank of Montreal	8/31/2029	2.16%	n/a	7/3/2025	150,000	1,531
Bank of Montreal	7/27/2029	2.09%	n/a	7/3/2026	65,000	1,181
Bank of Montreal	7/1/2032	3.48%	n/a	1/2/2026	60,000	(1,709)
Bank of Montreal	4/26/2030	1.83%	n/a	6/10/2025	80,000	969
Bank of Montreal	7/1/2032	3.27%	n/a	1/2/2026	105,000	(2,112)
Bank of Montreal	7/1/2031	2.25%	10/1/2024	2/1/2027	50,000	719
					\$ 511,010	\$ 559
<i>Interest rate swaption agreement, as of</i>						
Bank of Nova Scotia	12/20/2024	n/a	n/a	n/a	n/a	(222)
					\$ 511,010	\$ 337

In June 2024, the REIT entered into a 90-day \$150.0 million swaption at a cash premium received of \$0.1 million, exercisable by the counterparty on September 14, 2024. If exercised, the underlying swap would be effective as of July 1, 2025 at a rate of 2.75%, maturing on July 1, 2031. The underlying swap is a receive variable One Month USD – SOFR CME / pay fixed interest rate swap. In September 2024, the swaption was not exercised by the counterparty and expired.

In June 2024, the REIT amended its 3.27% \$65.0 million and 3.178% \$40.0 million interest rate swaps by blending them into a receive variable based USD – SOFR CME / pay fixed interest rate swap with a notional value of \$40.0 million (effective June 1, 2024) at a fixed rate of 3.274%, which increased to a notional value of \$105.0 million on July 1, 2024. The interest rate swap matures on July 1, 2032, subject to the counterparty's optional early termination date of January 2, 2026.

In September 2024, the REIT entered into a 90-day \$150.0 million swaption at a cash premium received of \$0.2 million, exercisable by the counterparty on December 20, 2024. If exercised, the underlying swap would be effective as of July 1, 2025 at a rate of 2.50%, maturing on July 1, 2031. The underlying swap is a receive variable One Month USD – SOFR CME / pay fixed interest rate swap.

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.

The REIT funds capital expenditures with cash flows 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 factors beyond the REIT's control. 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, 2024, the REIT's mortgage debt and Credit Facility was 100% fixed or economically hedged to fixed rates, excluding the construction loan for the investment property under

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development. With the construction loan included, as of September 30, 2024, the REIT's debt was 96% fixed or economically hedged to fixed rates.

Management administers a portion of its variable-rate loans and borrowings using interest rate swaps and swaptions 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 REIT expects to be able to meet all obligations as they become due using some or all of the following sources of liquidity: cash flow generated from property operations, property-specific mortgages, existing cash and cash equivalents on hand and available borrowing capacity under existing credit facilities.

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	\$ 787,077	\$ 790,865	\$ 209,430	\$ 362,689	\$ 862	\$ 119,584	\$ 27,826	\$ 70,474
Interest payable	1,464	103,618	40,523	28,985	7,169	6,521	2,902	17,518
Interest rate swaps liability	4,063	4,063	242	—	—	—	—	3,821
Convertible debentures	42,913	41,764	41,764	—	—	—	—	—
Interest payable on convertible debentures	—	2,088	2,088	—	—	—	—	—
Lease liability	72	73	73	—	—	—	—	—
Capital improvements liability	4,087	4,087	4,087	—	—	—	—	—
Accounts payable and other liabilities	41,726	41,726	41,726	—	—	—	—	—
	\$ 881,402	\$ 988,284	\$ 339,933	\$ 391,674	\$ 8,031	\$ 126,105	\$ 30,728	\$ 91,813

UNITHOLDERS EQUITY AND DISTRIBUTIONS

On December 1, 2021, the REIT announced the filing of and receipt for a final short form base shelf prospectus (the "Shelf Prospectus"), 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 \$500.0 million.

On December 8, 2021, the REIT announced 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 from time to time, at the REIT's discretion. The ATM Program was 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 Agreement, (ii) the Shelf Prospectus ceasing to be effective on January 1, 2024, and (iii) the termination of the Distribution Agreement. For the nine months ended September 30, 2024, no Units were issued using the ATM Program, and no Units were issued under the ATM Program since its effective date. The Shelf Prospectus and the ATM Program expired January 1, 2024.

On October 5, 2024, the REIT's 2023 NCIB expired. Under the 2023 NCIB, the REIT was permitted to purchase up to a maximum of 3,186,336 of its issued and outstanding Units during the 12-month period ending October 5, 2024. As of September 30, 2024, the REIT purchased and cancelled 3,137,895 Units under the 2023 NCIB and 2023 ASPP at an average price of \$10.65 per Unit. The REIT suspended its 2023 ASPP in December 2023.

On November 7, 2024, the Toronto Stock Exchange (the "TSX") accepted the REIT's notice of intention to make a normal course issuer bid (the "2024 NCIB") commencing on November 12, 2024 for up to a maximum of 2,856,430 of its issued and outstanding Units, or approximately 10% of the public float as of October 29, 2024, for cancellation over the 12-month period commencing November 12, 2024 through to November 11, 2025. As of October 29, 2024, the REIT had 33,418,469 Units issued and outstanding. The board of trustees of the REIT believes that purchases of Units are in the best interest of the REIT and a desirable use of the REIT's capital. Unitholders may obtain a copy of the notice of intention, without charge, by contacting the Corporate Secretary of the REIT.

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Purchases under the NCIB will be made through the facilities of the TSX and/or through alternative Canadian trading systems and in accordance with applicable regulatory requirements at a price per Unit representative of the market price at the time of acquisition. The number of Units that can be purchased pursuant to the NCIB is subject to a current daily maximum of 12,943 Units (which is equal to 25% of 51,774 Units, being the average daily trading volume during the last six months), subject to the REIT's ability to make block purchases of Units that exceed such limits. All Units purchased under the NCIB will be cancelled upon their purchase. The REIT intends to fund the purchases out of its available resources.

The REIT adopted a distribution policy pursuant to which the REIT makes cash distributions to Unitholders and, through BSR, holders of Class B Units ("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 4.0% increase to the cash distribution to \$0.52 per Unit and Class B Unit on an annualized basis beginning with the February 2022 distribution, which was paid on March 15, 2022. In August 2024, the REIT's board of trustees approved a 7.7% increase to the cash distribution to \$0.56 per Unit and Class B Unit on an annualized basis beginning with the August 2024 distribution paid on September 16, 2024.

For the nine months ended September 30, 2024, the REIT announced total distributions of \$0.40 per Unit, resulting in total distributions declared to Unitholders and Class B Unitholders of \$21.2 million for the period (\$22.1 million for the nine months ended September 30, 2023).

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.

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, 2024	Nine months ended September 30, 2023
Cash provided by operating activities	\$ 56,837	\$ 56,214
Less: Interest paid	(33,932)	(29,916)
Add: Interest received	11,274	8,950
	34,179	35,248
Less: Distributions paid to Unitholders	(13,070)	(14,127)
Less: Distributions paid to Class B Unitholders	(7,994)	(8,000)
Excess of cash provided by operating activities over distributions paid	\$ 13,115	\$ 13,121

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.

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

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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 in use and an investment property under development as of September 30, 2024. 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, 2024	Nine months ended September 30, 2023
Investment properties in use, beginning of period	\$ 1,742,974	\$ 2,001,528
Additions to investment properties in use	8,956	9,636
Disposal of land due to eminent domain	—	(602)
Change in fair value of investment properties	(54,240)	(199,411)
	1,697,690	1,811,151
IFRIC 21 fair value adjustment	6,552	6,603
IFRIC 21 real estate tax liability adjustment	(6,552)	(6,603)
Investment property in use, end of period	1,697,690	1,811,151
Investment property under development, beginning of period	39,987	19,567
Additions to investment property under development	19,396	13,135
Investment property under development, end of period	59,383	32,702
Investment properties, end of period	\$ 1,757,073	\$ 1,843,853

INVESTMENT PROPERTY VALUATION

The REIT uses an internal valuation process to value the investment properties as of September 30, 2024. 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, 2024, the decrease in fair value of investment properties of \$25.9 million was primarily driven by slight net expansion in the capitalization rates in our primary markets as well as a net reduction in stabilized future cash flows.

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.

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

	September 30, 2024	December 31, 2023
Capitalization rates		
High	6.7%	6.7%
Low	4.7%	4.7%
Weighted average	5.2%	5.1%

CASH FLOWS

The REIT held cash and cash equivalents of \$5.4 million as of September 30, 2024. The changes in cash flows for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 are as follows:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Cash provided by operating activities	\$ 56,837	\$ 56,214
Cash used in investing activities	(27,231)	(23,716)
Cash used in financing activities	(30,968)	(35,782)
Change in cash and cash equivalents during the period	\$ (1,362)	\$ (3,284)

Operating activities

Operating activities for the nine months ended September 30, 2024 generated a net cash inflow of \$56.8 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, 2024 generated a net cash outflow of \$27.2 million. This was primarily driven by cash spent on additions of \$27.8 million, partially offset by restricted cash withdrawals of \$0.5 million.

Financing activities

Financing activities for the nine months ended September 30, 2024 generated a net cash outflow of \$31.0 million. This was largely driven by interest paid of \$33.9 million, distributions paid of \$21.1 million and principal payments of loans and borrowings of \$37.3 million, partially offset by \$49.9 million in proceeds from the issuance of loans and borrowings and \$11.3 million in interest received.

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UNITS OUTSTANDING

The total number of Units, Class B Units and Deferred Units outstanding as of September 30, 2024 and September 30, 2023 are as follows:

	September 30, 2024	September 30, 2023
Units	33,400,425	36,084,795
Class B Units	20,114,693	20,479,837
Deferred Units	289,272	380,668
Total unit count outstanding	53,804,390	56,945,300
Weighted average unit count (three months ended)	53,789,870	56,930,050
Weighted average unit count (nine months ended)	53,828,208	57,112,882

Under the Declaration of Trust, the REIT is permitted to issue an unlimited number of Units.

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, 2024 totalled 74,519 RUs and 169,494 PUs, respectively.

As of September 30, 2024, 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 \$0.7 million and \$1.9 million were declared to Bailey/Hughes holders during the three and nine months ended September 30, 2024, respectively (\$0.5 million and \$1.6 million during the three and nine months ended September 30, 2023, respectively).
- Distributions on Class B Units of \$1.9 million and \$5.4 million were declared to key management personnel, primarily the Bailey/Hughes Holders, during the three and nine months ended September 30, 2024, respectively (\$1.8 million and \$5.2 million during the three and nine months ended September 30, 2023, respectively). 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 \$0.7 million and \$3.7 million paid to key management personnel during the three and nine months ended September 30, 2024, respectively (\$0.9 million and \$6.3 million during the three and nine months ended September 30, 2023, respectively), which includes short-term employee compensation and benefits and unit-based compensation.
- The REIT leases its Little Rock, Arkansas corporate headquarters from an irrevocable trust controlled by the family of the REIT's President, Chief Executive Officer and Chief Investment Officer, Dan Oberste, and the former Executive Vice-Chair of the Board, John S. Bailey. The current lease term expires in March 2025.

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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 an investment property under development. Properties are determined to be investment properties when they are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties 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 properties 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.

The REIT uses an internal valuation process to value the investment properties as of September 30, 2024. 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 Interim 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

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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 Interim 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, 2024. In making this assessment, the Chief Executive Officer and the Interim 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 Interim 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 Interim 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.

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.

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.