



NEWS RELEASE

BSR REIT Announces Strong Q3 2020 Financial Results

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- Same Community NOI increased 4.9% in the quarter -

LITTLE ROCK, Ark. and TORONTO, Nov. 10, 2020 /CNW/ - BSR Real Estate Investment Trust ("BSR", or the "REIT") (TSX: HOM.U) (TSX: HOM.UN) today announced its financial results for the three and nine months ended September 30, 2020 ("Q3 2020" and "YTD 2020", respectively). All comparisons in the following summary are to the corresponding periods in the prior year. Results are presented in U.S. dollars. References to "Same Community" correspond to properties the REIT has owned for equivalent periods throughout Q3 2020 and YTD 2020 and the three and nine months ended September 30, 2019 ("Q3 2019" and "YTD 2019", respectively), thus removing the impact of acquisitions and dispositions. Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis as of and for the three and nine months ended September 30, 2020 are available on the REIT's website at www.bsrreit.com and at www.sedar.com.

"We have successfully executed on our portfolio enhancement growth strategy and capital recycling plan to transform our portfolio both in terms of primary market locations and in the age and quality of our communities. We added \$558 million in acquisitions and sold \$389 million of our apartment communities and our renewal program is not finished," stated John Bailey, BSR's Chief Executive Officer. "The acquisitions are expected to drive higher consistent organic rental and asset value growth, while we grow our portfolio by continuing to capitalize on our robust pipeline of acquisition opportunities."

Q3 2020 Highlights

- Same Community¹ revenues for Q3 2020 increased 3.1% over Q3 2019;
- Weighted average rent was \$1,011 per apartment unit as of September 30, 2020 compared to \$900 per apartment unit as of September 30, 2019, a 12.3% increase;
- Same Community¹ weighted average rent was \$909 per apartment unit as of September 30, 2020 compared to \$900 per apartment unit as of September 30, 2019, a 1.0% improvement;

- Same Community¹ Net Operating Income¹ ("NOI") for Q3 2020 increased 4.9% over Q3 2019;
- Same Community¹ NOI margin¹ was 52.5% for Q3 2020 compared to 51.6% for Q3 2019;
- Debt to Gross Book Value¹ as of September 30, 2020 was 50.8%;
- The REIT acquired Broadstone Park West, a 370 apartment unit, garden style residential community in the Houston, Texas market for \$51.0 million, or \$137,838 per apartment unit;
- The REIT acquired Aura Castle Hills, a 276 apartment unit, garden style residential community in the Dallas/Fort market for \$51.8 million, or \$187,681 per apartment unit;
- On September 3, 2020, the REIT issued \$40.0 million of 5% convertible debentures (the "Debentures") maturing September 30, 2025 with a conversion price of \$14.40 per Unit; and
- During Q3 2020, the REIT collected 98.0% of total monthly revenue compared to the historical average of 99.0%.

Subsequent Highlights

- On October 5, 2020, the underwriters of the above-mentioned Debentures exercised their option to acquire a further \$2.5 million of Debentures;
- In October, 2020, the REIT collected 98.0% of monthly revenue compared to the historical average of 99.0%;
- As of October 31, 2020, the REIT had 21 rent deferral agreements representing \$6,300 in deferred rent; and
- On November 10, 2020, the REIT sold six noncore properties for \$130 million in the Little Rock, Arkansas and Houston, Texas metropolitan statistical markets ("MSA") reducing the portfolio's weighted average age to 18 years old compared to 29 years old at the time of the REIT's IPO in 2018. NOI from properties located in the REIT's primary markets now comprises 88% of total NOI compared to 52% at the time of the IPO.

¹ Same Community, NOI, NOI margin, FFO, AFFO and Debt to Gross Book Value are non-IFRS financial measures. See "Non-IFRS Financial Measures" in this news release.

COVID-19 Mitigation

The REIT's highest priority is the health and safety of its residents and team members. Given the fluid nature of the pandemic, management continues to monitor all locations in which BSR operates to adjust policies and procedures as necessary to provide a safe environment to live and work. A combination of measures has been implemented at each of the REIT's properties based on requirements from state and local governments and recommendations from the Center for Disease Control ("CDC"), including:

- Closure of non-essential common areas at all properties in higher risk areas;
- Closure of apartment offices to external traffic in higher risk areas;
- Sanitization of regularly touched surfaces on a more frequent basis;
- Virtual or self-guided apartment tours; and
- Contactless doorstep delivery of packages.

To prevent further spread of the coronavirus, the CDC issued an order to temporarily halt certain residential evictions for nonpayment of rent if a declaration is provided to the landlord stating the resident meets specific eligibility requirements. To date the REIT has received 14 declarations related to the order representing approximately \$34,600 in unpaid rent.

BSR provided \$0.3 million of additional benefits to employees including paid time off, onsite bonuses and medical reimbursements, spent \$0.1 million on disinfectant foggers and pumps, PPE and other cleaning supplies and chose to forgo \$0.3 million in late fee income during YTD 2020 related to the COVID-19 pandemic. The REIT resumed charging late fees in mid-August 2020. The REIT has not received any government subsidies related to the pandemic.

Q3 2020 Financial Summary

In thousands of U.S. dollars

	Three months ended September 30, 2020	Three months ended September 30, 2019	Change	Change %
Revenue, Total Portfolio	\$ 29,849	\$ 27,840	\$ 2,009	7.2%
Revenue, Same Community ¹ Properties	\$ 20,280	\$ 19,663	\$ 617	3.1%
NOI ¹ , Total Portfolio	\$ 15,233	\$ 14,533	\$ 700	4.8%
NOI ¹ , Same Community ¹ Properties	\$ 10,648	\$ 10,148	\$ 500	4.9%
FFO ¹	\$ 7,427	\$ 7,123	\$ 304	4.3%
FFO per Unit ¹	\$ 0.16	\$ 0.18	\$ -0.02	-6.6%
Maintenance capital expenditures	\$ -958	\$ -722	\$ -236	32.7%
Severance/retention costs on dispositions	\$ -	\$ 78	\$ -78	-100%
Straight line rental revenue differences	\$ 21	\$ -24	\$ 45	-187.5%
AFFO ¹	\$ 6,490	\$ 6,455	\$ 35	0.5%
AFFO per Unit ¹	\$ 0.14	\$ 0.16	\$ -0.02	-9.9%
Weighted Average Unit Count	45,255,977	40,535,441	4,720,536	11.6%

The increase in total portfolio revenue for Q3 2020 compared to Q3 2019 was primarily the result of property acquisitions which contributed \$7.4 million in revenue as well as higher rental rates across the portfolio and an increase in utility reimbursements, partially offset by dispositions which reduced revenue by \$6.0 million.

Revenue from Same Community properties outperformed Q3 2019 by \$0.6 million due to an increase in average rental rates from \$900 per apartment unit as of September 2019 to \$909 per apartment unit as of September 2020 as well as a \$0.4 million increase in utility reimbursements, partially offset by the absence of late rental fees of \$0.1 million related to the COVID-19 pandemic. The REIT resumed charging late fees in mid-August of 2020.

The increase in total portfolio NOI for Q3 2020 compared to Q3 2019 was primarily the result of acquisitions contributing \$3.6 million as well as the increase in NOI from Same Community properties, discussed below, offset by property dispositions reducing NOI by \$3.4 million.

NOI from Same Community properties outperformed the Q3 2019 period by \$0.5 million, predominantly due to the higher revenue described above, offset by \$0.1 million in additional COVID-19 pandemic expenses.

FFO was \$7.4 million for Q3 2020, or \$0.16 per Unit, compared to \$7.1 million, or \$0.18 per Unit, in Q3 2019. The increase of \$0.3 million in FFO is mainly the result of the increase of \$0.7 million in NOI discussed above, partially offset by an increase in the amortization of deferred financing costs of \$0.2 million, an increase in interest expense of \$0.1 million due to higher debt offset by lower interest rates and higher general and administrative expenses of \$0.1 million related to share based compensation.

AFFO was flat with the prior year period at \$6.5 million, or \$0.14 per Unit, for Q3 2020, compared to \$6.5 million, or \$0.16 per Unit, for Q3 2019. The increase of \$0.3 million in FFO discussed above was

primarily offset by an increase in maintenance capital expenditures of \$0.2 million due to emergency only maintenance performed during the second quarter of 2020.

YTD 2020 Financial Summary

In thousands of U.S. dollars

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Change	Change %
Revenue, Total Portfolio	\$ 84,659	\$ 83,542	\$ 1,117	1.3%
Revenue, Same Community ¹ Properties	\$ 59,734	\$ 58,219	\$ 1,515	2.6%
NOI ¹ , Total Portfolio	\$ 44,138	\$ 44,835	\$ -697	-1.6%
NOI ¹ , Same Community ¹ Properties	\$ 32,031	\$ 30,841	\$ 1,190	3.9%
FFO ¹	\$ 19,384	\$ 22,563	\$ -3,179	-14.1%
FFO per Unit ¹	\$ 0.43	\$ 0.56	\$ -0.13	-23.5%
Maintenance capital expenditures	\$ -2,449	\$ -2,662	\$ 213	-8.0%
Escrowed rent guaranty realized (Satori)	\$ 437	\$ -	\$ 437	n/a
Severance/retention costs on dispositions	\$ 186	\$ 218	\$ -32	-14.7%
Loss on extinguishment of debt	\$ 1,648	\$ -	\$ 1,648	n/a
Straight line rental revenue differences	\$ 83	\$ -2	\$ 85	n/a
AFFO ¹	\$ 19,289	\$ 20,117	\$ -828	-4.1%
AFFO per Unit ¹	\$ 0.43	\$ 0.50	\$ -0.07	-14.6%
Weighted Average Unit Count	44,972,437	40,031,852	4,940,585	12.3%

The increase in total portfolio revenue for YTD 2020 compared to YTD 2019 was primarily the result of property acquisitions, which contributed \$18.6 million in revenue and a \$1.5 million increase in Same Community revenue, partially offset by property dispositions that reduced revenue by \$19.0 million. The \$0.4 million of income related to the rent guarantee on the Satori acquisition is not included in revenue, NOI or FFO for the nine months ended September 30, 2020; however, it is included as an adjustment to AFFO.

Same Community properties revenue for YTD 2020 outperformed YTD 2019 by \$1.5 million, primarily due to an increase in rental rates of \$1.1 million as well as increases in utility reimbursements of \$0.5 million and in fees associated with moving in or out of an apartment unit of \$0.2 million, partially offset by the absence of late rental fees of \$0.3 million related to the COVID-19 pandemic.

The decrease in total portfolio NOI for YTD 2020 compared to YTD 2019 was primarily the result of property dispositions reducing NOI by \$10.8 million, partially offset by acquisitions contributing \$8.9 million in NOI as well as the increase in NOI from Same Community properties discussed below.

NOI from Same Community properties for YTD 2020 outperformed YTD 2019 by \$1.2 million, predominantly due to the increase in revenue discussed above, offset by higher property insurance expense of \$0.2 million and real estate taxes of \$0.1 million. The REIT paid \$0.3 million in COVID-19 expenses compared to the prior year, offset by a decline in payroll expenses.

YTD 2020 FFO was \$19.4 million, or \$0.43 per Unit, compared to \$22.6 million, or \$0.56 per Unit, in YTD 2019. The decrease of \$3.2 million in FFO was mainly the result of a decrease of \$0.7 million in NOI, described above, as well as a \$1.6 million loss on extinguishment of debt, which included the non-cash write-off of a \$1.4 million prepayment embedded derivative upon the refinancing of mortgage debt. General and administrative expenses (G&A) contributed \$0.4 million to the decrease in FFO over the prior period, primarily related to an increase in share based compensation and other employee benefits, offset by lower legal and professional fees and travel expenses. The REIT incurred severance/retention costs, related to the capital recycling program, of \$0.2 million during YTD 2020 and

YTD 2019. These costs are not adjusted from FFO.

YTD 2020 AFFO was \$19.3 million, or \$0.43 per Unit, compared to \$20.1 million, or \$0.50 per Unit, for YTD 2019. The decrease of \$0.8 million was primarily the result of the change in FFO described above, partially offset by the exclusion of loss on extinguishment of debt of \$1.6 million and the inclusion of income related to the rent guaranty on the Satori acquisition of \$0.4 million. Further, maintenance capital expenditures decreased \$0.2 million over the prior year period due to emergency only maintenance during the second quarter of 2020. The severance/retention costs, discussed above, were adjusted from AFFO.

Total Highlights from Recent Four Quarters

The following table highlights certain financial performance of the REIT reported for the most recent four quarters. Total portfolio NOI increased from Q2 2020 to Q3 2020 primarily due to the acquisitions of Wolf Ranch in June 2020, Broadstone Park West in July 2020 and Aura at Castle Hills in September 2020. NOI margins declined from Q2 2020 to Q3 2020 on both a total portfolio and same community basis due to an increase in bad debt expense related to the 1% decline in collections previously discussed, the timing of the recording of certain health benefit expenses and an increase in turnover expenses due to emergency only maintenance performed in Q2.

In thousands of U.S. dollars (except per unit amounts)

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Operational Information				
Number of real estate investment properties	40	38	40	40
Total apartment units	9,681	9,035	9,460	9,359
Average monthly rent on in-place leases	\$ 1,011	\$ 996	\$ 961	\$ 942
Average monthly rent on in-place leases, Same Community ¹ Properties	\$ 909	\$ 901	\$ 904	\$ 902
Weighted average occupancy rate	93.5%	94.8%	94.2%	93.6%
Retention rate	53.4%	53.5%	52.8%	53.7%
Debt to Gross Book Value ¹	50.8%	48.5%	49.4%	48.3%
	Three months ended September 30, 2020	Three months ended June 30, 2020	Three months ended March 31, 2020	Three months ended December 31, 2019
Operating Results				
Revenue, Total Portfolio	\$ 29,849	\$ 27,288	\$ 27,522	\$ 28,122
Revenue, Same Community ¹ Properties	\$ 20,280	\$ 19,745	\$ 19,709	\$ 19,773
NOI ¹ , Total Portfolio	\$ 15,233	\$ 14,222	\$ 14,683	\$ 14,864
NOI ¹ , Same Community ¹ Properties	\$ 10,648	\$ 10,566	\$ 10,817	\$ 10,550
NOI Margin ¹ , Total Portfolio	51.0%	52.1%	53.4%	52.9%
NOI Margin ¹ , Same Community ¹ Properties	52.5%	53.5%	54.9%	53.4%
FFO ¹	\$ 7,427	\$ 6,635	\$ 5,322	\$ 6,698
FFO per Unit	\$ 0.16	\$ 0.15	\$ 0.12	\$ 0.15
Escrowed rent guaranty realized (Satori)	\$ —	\$ —	\$ 437	\$ 660
Loss on extinguishment of debt	\$ —	\$ —	\$ 1,648	\$ —
Maintenance capital expenditures	\$ 958	\$ 678	\$ 813	\$ 1,196
AFFO ¹	\$ 6,490	\$ 6,192	\$ 6,607	\$ 6,273
AFFO per Unit ¹	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.14
AFFO Payout Ratio	87.5%	90.0%	84.8%	89.6%
Weighted Average Unit Count	45,255,977	44,663,118	44,995,099	45,017,734

Liquidity and Capital Structure

As of September 30, 2020, the REIT had liquidity of \$41.2 million consisting of cash and cash equivalents of \$6.8 million and \$34.4 million available on a \$35.0 million line of credit.

As of September 30, 2020, the REIT had total mortgage notes payable of \$396.9 million, excluding the credit facility and line of credit, with a weighted average contractual interest rate of 3.9% and a weighted average term to maturity of 9.0 years. Total loans and borrowings of the REIT as of September 30, 2020 were \$595.0 million, excluding the Debentures. 77% of the REIT's debt was fixed or economically hedged to fixed rates.

Additionally, as of September 30, 2020, the REIT had \$40.0 million in Debentures outstanding at a contractual interest rate of 5.0%, maturing in 5.0 years with a conversion price of \$14.40 per Unit.

On November 10, 2020, the REIT sold the following noncore properties: Indian Hills, Overbrook I and V, and Woodland Oaks located in the Little, Rock, Arkansas MSA and Baystone and Vanderbilt located in the Houston, Texas MSA. The net proceeds of \$127 million were used to repay \$68 million in mortgage debt with the balance used to reduce the outstanding balance on the REIT's credit facility. Debt to gross book value is 48.1% after these dispositions.

Distributions and Units Outstanding

Cash distributions declared to REIT unitholders and Class B unitholders of BSR Trust, LLC totalled \$5.7 million for Q3 2020, representing an AFFO payout ratio of 87.5%. 100% of the REIT's cash distributions were a return of capital. As of September 30, 2020, the total number of REIT Units outstanding was 23,787,506. There were also 21,596,107 Class B Units of BSR Trust, LLC outstanding, which are redeemable for REIT Units on a one-for-one basis.

Change in senior management structure

The REIT also announced today that Daniel Oberste has been appointed President & Chief Investment Officer, effective immediately. Mr. Oberste previously served as EVP and Chief Investment Officer of the REIT. In this new role, he will retain oversight over the REIT's investment strategy, while also assuming responsibility for its capital markets program. Blake Brazeal will be Co-President & Chief Operating Officer, remaining focused on the REIT's management platform while also determining its strategic direction in concert with CEO John Bailey and Mr. Oberste. "As CIO, Dan has made a tremendous contribution to the growth and success of the REIT," said Mr. Bailey. "This senior management realignment reflects the importance of Dan and Blake's roles as we continue to recycle capital into our targeted markets with new property investments."

Mr. Oberste initially worked for the REIT's predecessor in 2002 and returned in 2009 after exiting his legal practice. Since that time, he has served in progressively senior roles with the organization. "I am proud to work with our management team in this expanded role," said Mr. Oberste. "John, Blake and I make a great team, and I look forward to continuing to work alongside them to accelerate the REIT's growth."

Both Mr. Oberste and Mr. Brazeal will report to Mr. Bailey. "Dan and I have worked side-by-side since 2012 in constructing what we believe is one of the premier multifamily platforms in the nation," said Mr. Brazeal. "This promotion further cements our relationship, and I couldn't be more proud of my colleague."

Conference Call

John Bailey, Chief Executive Officer, and Susan Koehn, Chief Financial Officer, will host a conference call for analysts and investors on Wednesday, November 11th, 2020 at 1:00 pm (ET). The dial-in numbers

for participants are 416-764-8688 or 888-390-0546. In addition, the call will be webcast live at: https://produceredition.webcasts.com/starthere.jsp?ei=1382085&tp_key=71898648ec

A replay of the call will be available until Wednesday, November 18th, 2020. To access the replay, dial 416-764-8677 or 888-390-0541 (Passcode: 242557 #). A transcript of the call will be archived on the REIT's website.

About BSR Real Estate Investment Trust

BSR Real Estate Investment Trust is an internally managed, unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. The REIT owns a portfolio of multifamily garden-style residential properties located in attractive primary and secondary markets in the Sunbelt region of the United States.

Non-IFRS Financial Measures

Same Community, NOI, NOI Margin, FFO, AFFO and Debt to Gross Book Value are key measures of performance commonly used by real estate operating companies and real estate investment trusts. They are not measures recognized under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Same Community, NOI, NOI Margin, FFO, AFFO and Debt to Gross Book Value as calculated by the REIT may not be comparable to similar measures presented by other issuers. Please refer to the REIT's Management's Discussion and Analysis for the three months ended September 30, 2020 for a reconciliation of Same Community, NOI, NOI Margin, FFO, AFFO and Debt to Gross Book Value to standardized IFRS measures.

Forward-Looking Statements

This news release contains forward-looking information within the meaning of applicable securities legislation, which reflects the REIT's current expectations regarding future events, including the accretive impact of the REIT's capital recycling efforts on future financial results and the potential impact of COVID-19, and in some cases can be identified by such terms as "will" and "expected". Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the REIT's control that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, including those relating to the REIT's ability to finance and complete future acquisitions, as well as that COVID-19 will not have a material impact on the REIT's business. The risks and uncertainties that may impact such forward-looking information include, but are not limited to, the impact of COVID-19 on the REIT's operations, business and financial results and the factors discussed under "Risks and Uncertainties" in the REIT's Management's Discussion and Analysis for the three months ended September 30, 2020 and in the REIT's annual information form dated March 10, 2020, both of which are available on SEDAR (www.sedar.com). The REIT does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. This forward-looking information speaks only as of the date of this news release.

SOURCE BSR Real Estate Investment Trust