

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus to which it relates dated December 1, 2021, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in this prospectus supplement and the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of any, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This prospectus supplement, together with the short form base shelf prospectus to which it relates dated December 1, 2021, as amended or supplemented, does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus to which it relates dated December 1, 2021, as amended or supplemented, from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer and Secretary of BSR Real Estate Investment Trust at its head offices located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7, by telephone at 501.371.6335, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
(to the Short Form Base Shelf Prospectus Dated December 1, 2021)**

New Issue

December 8, 2021



BSR REAL ESTATE INVESTMENT TRUST

US\$150,000,000

Units

The price per Unit will be stated in U.S. dollars.

BSR Real Estate Investment Trust (the "REIT") is an internally managed, unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario pursuant to a second amended and restated declaration of trust dated April 23, 2020, as the same may be further amended or amended and restated from time to time (the "Declaration of Trust").

This prospectus supplement (the "Prospectus Supplement"), together with the short form base shelf prospectus to which it relates dated December 1, 2021, as amended or supplemented (the "Prospectus"), qualifies the distribution (the "Offering") of trust units (the "Units") of the REIT having an aggregate sale price of up to US\$150,000,000. See "Plan of Distribution".

The Units are listed on the Toronto Stock Exchange ("TSX") in U.S. dollars under the symbol "HOM.U", and in Canadian dollars under the symbol "HOM.UN". On December 7, 2021, the last trading day prior to announcement of the Offering, the closing price of the Units on the TSX was US\$16.75 and C\$21.01, respectively. **The TSX has conditionally approved the listing of the Units, subject to the REIT fulfilling all of the listing requirements of the TSX on or before one business day subsequent to filing this Prospectus Supplement, and in no case, later than the first sale of Units pursuant hereto.**

The REIT has entered into an equity distribution agreement dated December 8, 2021 (the "Distribution Agreement") with BMO Nesbitt Burns Inc. ("BMO"), Desjardins Securities Inc. ("Desjardins"), CIBC World Markets Inc. ("CIBC") and RBC Dominion Securities Inc. ("RBC", and collectively with BMO, Desjardins and CIBC, the "Agents") pursuant to which the REIT may distribute Units under the Offering from time to time through the Agents, as agents, in accordance with the terms of the Distribution Agreement. Sales of Units, if any, under this

Prospectus Supplement and the accompanying Prospectus are anticipated to be made in transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 – *Shelf Distributions* (“**NI 44-102**”), including sales made directly on the TSX or on any other recognized marketplace upon which the Units are listed or quoted or where Units are traded in Canada. The Units will be distributed at the market prices prevailing at the time of the sale. As a result, prices at which Units are sold may vary as between purchasers and during the period of any distribution. **There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after raising only a portion of the offering amount set out above, or none at all. See “Plan of Distribution”.**

The REIT will pay the Agents compensation for their services in acting as agents in connection with the sale of Units pursuant to the Distribution Agreement in the amount of 2.00% of the gross proceeds from Units sold under the Offering (the “**Commission**”).

As sales agents, the Agents will not engage in any prohibited transactions to stabilize or maintain the price of the Units in connection with the Offering. No Agent of the at-the-market distribution, and no person or company acting jointly or in concert with an Agent, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Units or securities of the same class as the Units distributed under this Prospectus Supplement, including selling an aggregate number or principal amount of securities that would result in the Agent creating an over-allocation position in the securities.

Any investment in Units involves significant risks that should be carefully considered by prospective investors before purchasing Units. The risks outlined in this Prospectus Supplement and the Prospectus, and in the documents incorporated by reference herein and therein, should be carefully reviewed and considered by prospective investors in connection with any investment in Units. See the “Risk Factors” section of this Prospectus Supplement.

Each of BMO, RBC and CIBC is an affiliate of a separate financial institution that has extended credit facilities to the REIT. Consequently, the REIT may be considered a “connected issuer” of such Agents within the meaning of applicable securities legislation. The net proceeds from this Offering may be used to reduce the REIT’s indebtedness under those credit facilities, including the Credit Facility (as defined herein). See “Relationship with Certain Agents”, “Use of Proceeds” and “Plan of Distribution”.

THE UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY CANADIAN SECURITIES COMMISSION OR REGULATORY AUTHORITY NOR HAS ANY CANADIAN SECURITIES COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

A return on a purchaser’s investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of a purchaser’s initial investment is at risk, and the anticipated return on a purchaser’s investment is based on many performance assumptions. Although the REIT intends to make distributions from AFFO (as defined herein) to holders of Units (“**Unitholders**”), these distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors including the financial performance of the REIT’s properties, compliance with debt covenants and other contractual obligations, working capital requirements and future capital requirements, all of which are subject to a number of risks. The market value of the Units may decline if the REIT is unable to meet its AFFO targets in the future, and that decline may be material. See “Non-IFRS Measures” for a further discussion of AFFO. **It is important for a prospective purchaser of Units to consider the particular risk factors of an investment in Units, including those described in the “Risk Factors” section of this Prospectus Supplement (which, for certainty, incorporates by reference the information under the heading “Risk Factors” in the Annual Information Form, the Annual MD&A and the Interim MD&A (each, as defined herein)), which may affect the REIT and its business, the real estate industry and the Offering, and therefore, the stability and amount of distributions that a purchaser of Units receives.**

Because the REIT is treated as a real estate investment trust for U.S. federal income tax purposes, distributions paid by the REIT to Canadian investors that are made out of the REIT’s current or accumulated earnings and profits (as determined under U.S. federal income tax principles), generally will be subject to U.S. withholding tax at a rate of 30%, which may be reduced to 15% for investors that qualify for benefits under the United States-Canada Income Tax Convention (1980, as amended) (the “**Treaty**”), provided that the required form evidencing eligibility for such benefits is filed with the REIT or the appropriate withholding agent. To the extent a Canadian investor is

subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units out of the REIT's current or accumulated earnings and profits, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act (as defined herein). So long as the Units continue to be regularly traded on an established securities market, distributions with respect to Units in excess of the REIT's current and accumulated earnings and profits that are distributed to Canadian investors that have not owned (or been deemed to own) more than 10% of the outstanding Units generally will not be subject to U.S. withholding tax, although there can be no assurances that withholding on such amounts will not be required. The composition of distributions for U.S. federal income tax purposes may change over time, which may affect the after-tax return to Unitholders. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by an RRSP, RRIF or DPSP, but excluding trusts governed by a TFSA, RESP or RDSP (each as defined herein)) may be eligible for an exemption from U.S. withholding tax. The foregoing is qualified by the more detailed summary in this Prospectus Supplement. See "Certain Canadian Federal Income Tax Considerations" and "Certain U.S. Federal Income Tax Considerations". See also "Risk Factors — Tax-Related Risks" in the Annual Information Form.

The after-tax return from an investment in Units to Unitholders subject to Canadian federal income tax will depend, in part, on the composition for Canadian federal income tax purposes of distributions paid by the REIT, portions of which may be fully or partially taxable or may constitute tax deferred returns of capital (i.e., returns that initially are non-taxable but which reduce the adjusted cost base of the Unitholders' Units). The composition of distributions for Canadian federal income tax purposes may change over time, thus affecting the after-tax return to Unitholders.

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that statute or any other legislation.

Mr. John S. Bailey, Ms. Susan Koehn, Mr. W. Daniel Hughes, Jr. and Mr. William A. Halter are Trustees and/or executive officers of the REIT and reside outside Canada. Although such non-resident persons have appointed GODA Incorporators, Inc., 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, as their agent for service of process in Ontario, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "Risk Factors" (which, for certainty, incorporates by reference the information under the heading "Risk Factors" in the Annual Information Form, the Annual MD&A and the Interim MD&A).

The REIT's head and registered office is located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7. The head and registered office of BSR Trust, LLC ("**BSR**"), the REIT's operating subsidiary, is located at 1209 Orange Street, Wilmington, Delaware, U.S.A., 19801. The principal place of business of BSR is located at 1400 West Markham Street, Suite 202, Little Rock, Arkansas, U.S.A., 72201.

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IMPORTANT INFORMATION ABOUT THE PROSPECTUS AND THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference herein and therein. The second part is the Prospectus, which gives more general information, some of which may not apply to the Offering. This Prospectus Supplement is deemed to be incorporated by reference in the Prospectus solely for the purpose of the Offering.

If the description of the Units varies between this Prospectus Supplement and the Prospectus, investors should rely on the information in this Prospectus Supplement.

The REIT is not making an offer of Units in any jurisdiction where the offer is not permitted by law.

INTERPRETATION

In this Prospectus Supplement, unless the context otherwise requires, references to the “**REIT**” refer to BSR Real Estate Investment Trust and its subsidiaries on a consolidated basis; “**Units**” means the trust units of the REIT; and “**Unitholders**” means holders of Units.

References to Canadian dollars or “**C\$**” are to Canadian currency and references to U.S. dollars, “**\$**” or “**US\$**” are to U.S. currency. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

References to “**management**” in this Prospectus Supplement means the persons acting in the capacities of the REIT’s Chief Executive Officer, President and Chief Investment Officer, Co-President and Chief Operating Officer, Chief Financial Officer, Chief Administrative Officer and Chief Accounting Officer. Any statements in this Prospectus Supplement or incorporated in this Prospectus Supplement by reference made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

All capitalized terms referred to herein are defined under “Glossary of Terms”.

RELIANCE

A prospective investor should rely on the information contained in this Prospectus Supplement and the accompanying Prospectus, and in the documents incorporated by reference herein and therein, and is not entitled to rely on parts of the information contained in this Prospectus Supplement, the Prospectus, or in the documents incorporated by reference herein and therein, to the exclusion of others. The REIT has not authorized anyone to provide investors with additional or different information. The REIT is not offering to sell the Units in any jurisdiction where the offer or sale of such securities is not permitted. The information contained in this Prospectus Supplement and the Prospectus, and in the documents incorporated by reference herein and therein, is accurate only as of the date of this Prospectus Supplement, the Prospectus or the respective date of the applicable document incorporated by reference herein and therein, regardless of the time of delivery of this Prospectus Supplement or of any sale of the Units. The REIT’s business, financial condition, results of operations and prospects may have changed since the date of this Prospectus Supplement. The REIT does not undertake to update the information contained or incorporated by reference herein, except as required by the applicable securities laws.

For investors outside Canada, the REIT has not done anything that would permit the offering of the Units or possession or distribution of this Prospectus Supplement and the Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the offering of the Units and the possession or distribution of this Prospectus Supplement and the Prospectus.

Statements included or incorporated by reference in this Prospectus Supplement and the Prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete, and in each

instance, prospective investors should refer to the actual agreement for a complete description of the matter involved. Each such statement is qualified in its entirety by such reference. This Prospectus Supplement may add, update or change information contained in the Prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the Prospectus, including the documents incorporated by reference herein and therein, contains “forward-looking information” as defined under Canadian securities laws (collectively, “**forward-looking statements**”) which reflect management’s expectations regarding the Offering, the proposed use of proceeds thereof, objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT (including exit or sale plans, acquisitions, capital recycling, capital redevelopment, and rental rate increases), macroeconomic and industry trends (including those relating to job growth, population growth, vacancy and home ownership rates) and the potential impact of and response measures to be taken with respect to the novel coronavirus COVID-19 (“**COVID-19**”). 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, including that the Offering contemplated herein is completed.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this Prospectus Supplement, 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 and in the Prospectus, including the documents incorporated by reference herein and therein, including, but not limited to, the REIT’s future growth potential, results of operations, future prospects and opportunities, demographic and industry trends, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws as currently in effect, the continuing availability of capital, current economic conditions and the anticipated impact of COVID-19.

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: (a) the REIT’s ability to execute its growth strategies; (b) the impact of changing conditions in the U.S. multifamily housing market; (c) increasing competition in the U.S. multifamily housing market; (d) the effect of fluctuations and cycles in the U.S. real estate market; (e) the marketability and value of the REIT’s portfolio; (f) changes in the attitudes, financial condition and demand of the REIT’s demographic market; (g) fluctuation in interest rates and volatility in financial markets; (h) developments and changes in applicable laws and regulations; (i) statements regarding the impact of the current global health crisis caused by COVID-19; and (j) such other factors referred to under “Risk Factors” in this Prospectus Supplement and the Prospectus, and the documents incorporated by reference herein and therein, including the REIT’s filings with Securities Commissions or similar authorities in Canada (including the Annual Information Form, the Annual MD&A and the Interim MD&A).

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. The opinions, estimates or assumptions referred to

above and described in greater detail under “Risk Factors” should be considered carefully by readers. 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 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 Prospectus Supplement and the Prospectus, including the documents incorporated by reference herein and therein, may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this Prospectus Supplement and the Prospectus, including the documents incorporated by reference herein and therein. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of the respective documents. 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. All forward-looking statements in this Prospectus Supplement are qualified by these cautionary statements.

EXCHANGE RATE INFORMATION

The REIT’s portfolio consists of properties located in the states of Texas, Oklahoma and Arkansas. The REIT discloses all financial information contained in this Prospectus in U.S. dollars. The following table sets forth, for the periods indicated, the high, low, average and period-end rates of exchange for US\$1.0000, expressed in Canadian dollars, published by the Bank of Canada.

	Nine months ended	Year ended December 31	
	September 30	2020	2019
Highest rate during the period	1.2856	1.4496	1.3600
Lowest rate during the period	1.2040	1.2718	1.2988
Average rate for the period	1.2513	1.3415	1.3269
Rate at the end of the period	1.2741	1.2732	1.2988

On December 7, 2021, the daily average rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US\$1.0000 equals C\$1.2660. The REIT makes no representation that U.S. dollars could be converted into Canadian dollars at that rate or any other rate.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, Canadian counsel to the REIT, and Blake, Cassels & Graydon LLP, Canadian counsel to the Agents, based on the current provisions of the Tax Act as of the date hereof, and subject to the provisions of any particular plan, provided that the REIT qualifies at all times as a “mutual fund trust” (as defined in the Tax Act) or the Units are listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the TSX), the Units will be a qualified investment for trusts governed by an RRSP, RESP, RRIF, DPSP, RDSP or a TFSA (collectively, “**Exempt Plans**”).

Notwithstanding the foregoing, if the Units are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP, the holder, annuitant or subscriber thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP, RRIF, RESP or RDSP provided the holder, annuitant or subscriber (as the case may be) of such Exempt Plan deals at arm’s length with the REIT, for purposes of the Tax Act, and does not have a “significant interest” (as defined for the purposes of the prohibited investment rules in the Tax Act) in the REIT. Generally, a holder, annuitant or subscriber will have a significant interest in the REIT if the holder, annuitant or subscriber together with persons and partnerships not dealing at arm’s length with the holder, annuitant or subscriber, for the purposes of the Tax Act, own, directly or

indirectly, 10% or more of the fair market value of the Units. In addition, the Units will not be a “prohibited investment” if the Units are “excluded property” as defined for purposes of the prohibited investment rules in the Tax Act for trusts governed by a TFSA, RRSP, RRIF, RESP or RDSP. Prospective purchasers who intend to hold their Units in their TFSAs, RRSPs, RRIFs, RESPs or RDSPs should consult their own tax advisors regarding their particular circumstances.

NON-IFRS MEASURES

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

FFO, AFFO and NOI

In February 2019, the Real Property Association of Canada (“**REALPAC**”) published a white paper titled “White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS”. The purpose of the white paper is to provide reporting issuers and investors with guidance on the definition of funds from operations (“**FFO**”) and adjusted funds from operations (“**AFFO**”) and to help promote more consistent disclosure from reporting issuers. The REIT’s method of calculating FFO and AFFO is substantially in accordance with REALPAC’s recommendations, but may differ from other issuers’ methods and, accordingly, may not be comparable to FFO and AFFO, respectively, reported by other issuers.

The REIT defines FFO as IFRS consolidated net income or loss adjusted for items such as unrealized changes in the estimated fair value of investment properties, the effect of changes in value of puttable instruments classified as financial liabilities, property taxes accounted for under IFRS Interpretations Committee – 21 Levies, transaction costs expensed as a result of the purchase of a property being accounted for as a business combination, transaction costs expensed as a result of the issuance of convertible debentures, changes in the fair value of financial instruments which are economically effective hedges but do not qualify or were not designated for hedge accounting, losses on extinguishment of debt, change in tenant in common interests and operational revenue and expenses from right of use assets and transaction costs expensed as a result of property dispositions. FFO should not be construed as an alternative to net income (loss) or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT regards FFO as a key measure of operating performance.

The REIT defines AFFO as FFO adjusted for items such as actual maintenance capital expenditures incurred, straight-line rental revenue differences, severance/retention costs associated with the disposition of investment properties and realized rental guaranties associated with properties in lease up. AFFO should not be construed as an alternative to net income (loss) or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT regards AFFO as a key measure of operating performance.

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

See the REIT’s Interim MD&A for a reconciliation of FFO, AFFO and NOI to the most directly comparable IFRS measure.

Other Real Estate Industry Metrics

Additionally, this Prospectus Supplement and the Prospectus, including the documents incorporated by reference herein and therein, may contain several other real estate industry metrics that could be considered non-IFRS financial measures.

- **“AFFO Payout Ratio”** is defined as total cash distributions of the REIT (including distributions on Class B Units) divided by AFFO.
- **“AFFO per Unit”** is defined as AFFO divided by the weighted average Unit count for the period, which is representative of the combined Units, Class B Units and issued Deferred Units.
- **“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.
- **“FFO per Unit”** is defined as FFO divided by the weighted average Unit count for the period, which is representative of the combined Units, Class B Units and issued Deferred Units.
- **“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.
- **“Liquidity”** is defined as (a) cash and cash equivalents (unrestricted), plus (b) borrowing capacity available under any existing credit facilities.
- **“NAV”** means net asset value and is calculated as the sum of the value of Unitholders' equity and Class B Units as of the balance sheet date.
- **“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.
- **“NOI margin”** is defined as NOI divided by total revenue.
- **“Same Community”** results are used by management to evaluate period-over-period performance of investment properties fully-owned by the REIT during both respective periods. Same Community results represent total revenues, property operating expenses, real estate taxes and property tax liability adjustment, net (IFRIC 21). These results remove the impact of acquisitions and dispositions.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Prospectus solely for the purpose of the Offering. Information has been incorporated by reference in the Prospectus from documents filed with Securities Commissions or similar authorities in Canada. Copies of these documents may be obtained on request without charge from the Chief Financial Officer and Secretary of the REIT at its head offices located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7, by telephone at 501.371.6335, or electronically on SEDAR at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained herein or in any other subsequently filed document that is also incorporated by reference in this Prospectus Supplement, the following documents or portions of documents filed by the REIT with the Securities Commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) the audited consolidated financial statements of the REIT for the year ended December 31, 2020, together with the notes thereto and the auditors' report thereon (the "**Annual Financial Statements**");
- (b) the management's discussion and analysis of financial condition and results of operations of the REIT for the year ended December 31, 2020 (the "**Annual MD&A**");
- (c) the unaudited condensed consolidated interim financial statements of the REIT for the three and nine months ended September 30, 2021, together with the notes thereto (the "**Interim Financial Statements**");
- (d) the management's discussion and analysis of financial condition and results of operations of the REIT for the three and nine months ended September 30, 2021 (the "**Interim MD&A**");
- (e) the annual information form of the REIT dated March 9, 2021 for the year ended December 31, 2020 (the "**Annual Information Form**"); and
- (f) the management information circular of the REIT dated March 9, 2021 in respect of the annual general meeting of Unitholders held on May 12, 2021.

Any documents of the type described in Item 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* which are filed by the REIT with the Securities Commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus Supplement and the Prospectus. In addition, pursuant to NI 44-102, if the REIT disseminates a news release in respect of previously undisclosed information that, in the REIT's determination, constitutes a "material fact" (as such term is defined under applicable Canadian securities laws), the REIT will identify such news release as a "designated news release" for the purposes of this Prospectus Supplement in writing on the face page of the version of such news release that the REIT files on SEDAR, and each such "designated news release" shall be deemed to be incorporated by reference into this Prospectus Supplement only for the purposes of the Offering. These documents will be available under the REIT's issuer profile on SEDAR at www.sedar.com.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement or the Prospectus, or in a document incorporated or deemed to be incorporated by reference herein or therein, shall be deemed to be modified or superseded, for the purposes of this Prospectus Supplement or the Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein or in the Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Prospectus.

Upon a new annual information form and consolidated annual financial statements being filed by the REIT with the Securities Commissions or similar authorities in Canada during the period that this Prospectus Supplement is effective, the previous annual information form, the previous consolidated annual financial statements and all consolidated interim financial statements and, in each case, the accompanying management's discussion and analysis and material change reports filed prior to the commencement of the financial year of the REIT in which the new annual information form is filed shall be deemed to no longer be incorporated into this Prospectus Supplement for purpose of future offers and sales of Units under this Prospectus Supplement. Upon consolidated interim financial statements and the accompanying management's discussion and analysis being filed by the REIT

with the Securities Commissions or similar authorities in Canada during the period that this Prospectus Supplement is effective, all consolidated interim financial statements and the accompanying management's discussion and analysis filed prior to such new consolidated interim financial statements and management's discussion and analysis shall be deemed to no longer be incorporated into this Prospectus Supplement for purposes of future offers and sales of Units under this Prospectus Supplement. In addition, upon a new management information circular for an annual meeting of Unitholders being filed by the REIT with the Securities Commissions or similar authorities in Canada during the period that this Prospectus Supplement is effective, the previous management information circular filed in respect of the prior annual meeting of Unitholders shall no longer be deemed to be incorporated into this Prospectus Supplement for purposes of future offers and sales of Units under this Prospectus Supplement.

SUMMARY DESCRIPTION OF THE BUSINESS OF THE REIT

The REIT is an internally managed, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. The head office of the REIT is located at 333 Bay Street, Suite 3400, Toronto Ontario M5H 2S7. The REIT was formed for the purpose of acquiring and owning multifamily real estate properties.

The REIT's portfolio of properties currently consists of 28 multifamily residential properties comprising 7,607 apartment units that are located in five major metropolitan markets within three bordering states throughout the Sunbelt region of the United States, which is generally considered the southeastern and southwestern regions of the United States. The REIT currently operates in Texas, Oklahoma and Arkansas.

Consistent with the REIT's past practices and in the normal course of business, the REIT is continuously engaged in discussions with respect to possible acquisitions of and investments in new assets and businesses, dispositions of existing assets, including those contemplated as a part of the REIT's capital recycling initiatives, and related financings and refinancings. There can be no assurance that any of these discussions will result in a definitive agreement, and, if they do, what the terms or timing of any acquisition, investment, disposition, financing or refinancing would be, if consummated. The REIT expects to continue current discussions and actively pursue acquisition, investment, disposition, financing and refinancing opportunities, which currently, or may from time to time, involve entering into purchase and sale agreements that are subject to various conditions, including due diligence. As of the date hereof, there are no significant probable acquisitions identified by the REIT, whereby financial statements would be required to be included in this Prospectus Supplement and the Prospectus in order for this Prospectus Supplement and the Prospectus to contain full, true and plain disclosure.

RECENT DEVELOPMENTS

There have been no material developments in the business of the REIT since September 30, 2021, the date of the REIT's most recent Interim Financial Statements, which have not been disclosed in this Prospectus Supplement and the Prospectus, or the documents incorporated by reference herein and therein, other than as follows:

On November 23, 2021, the REIT announced the disposition of Windhaven Park and Heritage at Hillcrest located in the Dallas, Texas and Austin, Texas metropolitan statistical areas (MSAs), respectively. The REIT received gross consideration of US\$148 million for the dispositions, totalling 760 apartment units. The net proceeds of US\$142 million were used to repay US\$59 million in mortgage debt with the balance used to reduce the outstanding balance on the Credit Facility.

CONSOLIDATED CAPITALIZATION OF THE REIT

Since September 30, 2021, being the date of the REIT's most recent Interim Financial Statements, there have been no material changes in the capitalization of the REIT on a consolidated basis, other than as set forth below.

The following table sets forth the consolidated capitalization of the REIT as at September 30, 2021, and the *pro forma* consolidated capitalization of the REIT as at September 30, 2021 after giving effect to the transactions

described above under “Recent Developments”. The table should be read in conjunction with the Interim Financial Statements and notes thereto incorporated by reference in this Prospectus.

	September 30, 2021 (unaudited)	September 30, 2021 (unaudited—pro forma after giving effect to the transactions described under “Recent Developments”)
	(US\$000s – except Units) ⁽¹⁾	(US\$000s – except Units) ⁽¹⁾
Indebtedness		
Loans and borrowings	US\$694,588	US\$552,588 ⁽²⁾
Class B Units	US\$330,362	US\$326,762 ⁽³⁾
Debentures	US\$47,388	US\$47,296 ⁽⁴⁾
Unitholders’ Equity		
Units	US\$596,109	US\$593,801
	30,960,530	31,187,365
<i>(Authorized – unlimited; Issued – 30,960,530)</i>		
Total Capitalization	US\$1,668,447	US\$1,520,447

Notes:

- (1) On September 29, 2021, the daily average rate of exchange posted by the Bank of Canada for the conversion of U.S. dollars into Canadian dollars was US\$1.000 equals C\$1.2741.
- (2) On November 23, 2021, the REIT disposed of Windhaven Park and Heritage at Hillcrest for gross proceeds of US\$148 million. Net proceeds of US\$142 million were used to repay US\$59 million in mortgage debt and the balance used to reduce the outstanding balance on the Credit Facility.
- (3) The REIT redeemed 221,558 Class B Units for Units at a weighted average price per unit of US\$16.25.
- (4) The REIT issued 5,277 Units in connection with the conversion of Debentures at the option of the holder such that approximately 69.4444 Units were issued for each US\$1,000 principal amount of Debentures converted.

Pursuant to the Distribution Agreement and the Offering, the REIT may, from time to time during the period that the Offering remains in effect, issue and sell Units having an aggregate sale price of up to US\$150,000,000. See “Plan of Distribution”.

USE OF PROCEEDS

The net proceeds from the Offering are not determinable in light of the nature of the distribution. The net proceeds of any given distribution of Units through the Agents in an “at-the-market distribution” will represent the gross proceeds after deducting the applicable compensation payable to the Agents under the Distribution Agreement and the expenses of the distribution. The proceeds actually received by the REIT will depend on the number of Units actually sold and the offering price of such Units. See “Plan of Distribution”.

The REIT expects that the net proceeds of the Offering, if any, will be used to repay indebtedness outstanding from time to time, to fund the acquisition of real property and other investments as permitted by the Declaration of Trust, for capital expenditures and for other general purposes. However, management of the REIT will have discretion with respect to the actual use of the net proceeds of the Offering. In addition, the REIT may, from time to time, issue securities (including equity securities) other than pursuant to this Prospectus Supplement. See “Risk Factors”.

PLAN OF DISTRIBUTION

The REIT has entered into the Distribution Agreement with the Agents under which the REIT may issue and sell Units from time to time having an aggregate sale price of up to US\$150,000,000 in each of the provinces and territories of Canada pursuant to placement notices delivered by the REIT to the applicable Agent or Agents from time to time in accordance with the terms of the Distribution Agreement. Sales of Units, if any, will be made in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102, including sales made by the Agents directly on the TSX or any other trading market for the Units in Canada. Subject to the pricing parameters in a placement notice, the Units will be distributed at the market prices prevailing at the time of the sale. As a result, prices may vary as between purchasers and during the period of distribution. The REIT cannot predict the number of Units that the REIT may sell under the Distribution Agreement on the TSX or any other trading market for the Units in Canada, or if any Units will be sold at all.

The Agents will offer the Units subject to the terms and conditions of the Distribution Agreement on a daily basis or as otherwise agreed upon by the REIT and the applicable Agent or Agents. The REIT will designate the maximum number of Units to be sold pursuant to any single placement notice to the applicable Agent or Agents. The REIT will identify in the placement notice which Agent or Agents will effect the placement. Subject to the terms and conditions of the Distribution Agreement, the applicable Agent or Agents will use their commercially reasonable efforts to sell, on the REIT’s behalf, all of the Units requested to be sold by the REIT. The REIT may instruct the applicable Agent or Agents not to sell Units if the sales cannot be achieved at or above the price designated by the REIT in a particular placement notice.

Either the REIT or the applicable Agent or Agents may suspend the Offering upon proper notice to the other party. The REIT and the applicable Agent or Agents each have the right, by giving written notice as specified in the Distribution Agreement, to terminate the Distribution Agreement in each party’s sole discretion at any time.

The REIT will pay the applicable Agent or Agents the Commission for their services in acting as agents in connection with the sale of Units pursuant to the Distribution Agreement. The amount of the Commission will be 2.00% of the gross proceeds from the sale of Units pursuant to the Offering. The Commission will be paid in the same currency as the Unit to which such Commission pertains were sold. The sales proceeds remaining after payment of the Commission and after deducting any expenses payable by the REIT and any transaction or filing fees imposed by any governmental, regulatory, or self-regulatory organization in connection with the sales, will equal the net proceeds to the REIT from the sale of such Units.

The applicable Agent or Agents will provide written confirmation to the REIT no later than the opening of the trading day immediately following the trading day on which it has made sales of the Units under the Distribution Agreement. Each confirmation will include the number of Units sold on such day, the price of the Units sold on such day, the gross proceeds, the Commission payable by the REIT to the applicable Agent or Agents with respect to such sales (including the currency payable in respect thereof) and the net proceeds payable to the REIT. The applicable Agent or Agents will also assist the REIT with such other periodic reporting as may be reasonably requested by the REIT with respect to the sales of Units.

The REIT will disclose the number of the Units sold under this Prospectus Supplement, as well as the net proceeds to the REIT and Commission paid by the REIT in the REIT’s annual and interim financial statements and management’s discussion and analysis filed on SEDAR for any quarters in which sales of Units occur.

Settlement for sales of Units will occur, unless the parties agree otherwise, on the second trading day on the TSX or applicable exchange following the date on which any sales were made in return for payment of the net proceeds to the REIT. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. Sales of Units will be settled through the facilities of CDS Clearing and Depository Services Inc. or by such other means as the REIT and the Agents may agree.

The REIT has agreed to pay the reasonable expenses of the Agents in connection with the Offering, pursuant to the terms of the Distribution Agreement. Under the terms of the Distribution Agreement, the REIT has also agreed to

indemnify and hold harmless the Agents and their respective subsidiaries and affiliates, and each of their respective directors, officers, employees, partners, and agents, against certain liabilities, including civil liabilities under securities legislation, and to contribute to payments that any of the indemnified persons may be required to make in respect thereof.

The Agents and their affiliates will not engage in any prohibited transactions to stabilize or maintain the price of the Units in connection with any offer or sales of Units pursuant to the Distribution Agreement. No Agent, underwriter or dealer involved in the distribution of Units under the Offering, no affiliate of such an Agent, underwriter or dealer, and no person or company acting jointly or in concert with such an Agent, underwriter or dealer has over-allotted or will over-allot securities in connection with such distribution, or effected or will effect any other transaction that is intended to stabilize or maintain the market price of the Units or securities of the same class as the Units distributed under the this Prospectus Supplement, including selling an aggregate number or principal amount of securities that would result in the Agent creating an over-allocation position in the securities.

As a consequence of their participation in the Offering, each Agent will be entitled to the Commission relating to the offering of the Units such Agent has sold. The REIT and certain of its affiliates may have outstanding indebtedness owing to certain of the Agents and lending affiliates of such Agents, a portion of which the REIT may reduce or repay with the net proceeds of the Offering. See “Use of Proceeds” and “Relationship with Certain Agents”.

The total expenses related to the commencement of the Offering to be paid by the REIT, excluding the Commission payable to the Agents under the Distribution Agreement, are estimated to be approximately US\$230,000.

Pursuant to the Distribution Agreement, the Offering will terminate upon 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 receipt for this Prospectus Supplement ceasing to be effective in accordance with applicable securities laws (which is expected to be January 1, 2024), and (iii) the termination of the Distribution Agreement as permitted therein.

The TSX has conditionally approved the listing of the Units, subject to the REIT fulfilling all of the listing requirements of the TSX on or before one business day subsequent to filing this Prospectus Supplement, and in no case, later than the first sale of Units pursuant hereto.

The Units have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered within the United States and each Agent has agreed that it will not offer, sell or deliver the Units within the United States. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy the Units in the United States or to, or for the account or benefit of, U.S. persons.

DESCRIPTION OF UNITS

The REIT is authorized to issue an unlimited number of Units pursuant to the Declaration of Trust. See “Description of Capital Structure and Declaration of Trust” in the Annual Information Form for a description of the material attributes and characteristics of the Units. As of December 7, 2021, 31,187,365 Units were issued and outstanding.

There are constraints on the ownership of Units. The constraints, and the mechanism by which ownership is monitored and maintained, are set forth under “Description of Capital Structure and Declaration of Trust – Restrictions on Ownership and Transfer” in the Annual Information Form.

DISTRIBUTION POLICY

The REIT has adopted a distribution policy, as permitted under the Declaration of Trust. See the section entitled “Distributions — Distribution Policy” in the Annual Information Form for a description of the REIT’s distribution policy.

From July 1, 2018 onwards to the date hereof, the REIT has made monthly distributions of \$0.0417 per Unit / Class B Unit, representing \$0.50 per Unit / Class B Unit on an annualized basis.

PRIOR SALES

The following table sets forth the details regarding all issuances of Units, including issuances of all securities convertible into or redeemable for Units, for the 12-month period prior to the date of this Prospectus Supplement.

Date of Issuance	Security Issued	Reason for Issuance	Number of Securities Issued	Price (US\$)
February 9, 2021	Trust Units	Offering of Trust Units	6,302,000	10.95
December 10, 2020 - November 24, 2021	Trust Units	Trust Units issued for Class B Unit redemptions	968,831	\$10.50 - \$17.60
November 2, 2021 – November 22, 2021	Trust Units	Trust Units issued for Debenture conversions	5,277	\$17.30 - \$17.86
December 15, 2020 - November 15, 2021	Deferred Units	Deferred Units granted to Trustees of the REIT as distribution equivalents	7,659	\$10.72 - \$17.46
December 15, 2020 - November 15, 2021	Restricted Units	Restricted Units granted to executive officers of the REIT as distribution equivalents	3,175	\$10.72 - \$17.46
December 15, 2020 - November 15, 2021	Performance Units	Performance Units granted to executive officers of the REIT as distribution equivalents	7,645	\$10.72 - \$17.46
March 12, 2021	Restricted Units	Restricted Units granted to executive officers of the REIT	38,185	\$10.91
March 12, 2021	Performance Units	Performance Units granted to executive officers of the REIT	57,278	\$10.91
December 31, 2020 - September 30, 2021	Deferred Units	Deferred Units granted to Trustees of the REIT in satisfaction of retainer fees	46,505	\$10.95 - \$15.44
January 1, 2021 - August 13, 2021	Trust Units	Trust Units issued to executive officers of the REIT in satisfaction of vested Restricted Units and Performance Units	54,313	\$11.25 - \$15.35

TRADING PRICE AND VOLUME

Trust Units

The Units are listed for trading on the TSX in U.S. dollars under the symbol “HOM.U” and in Canadian dollars under the symbol “HOM.UN”. The following table shows the monthly range of high and low prices per Unit and total monthly volumes traded on the TSX for the 12-month period prior to the date of this Prospectus Supplement.

Period	Price Per Unit Monthly High		Price Per Unit Monthly Low		Total Monthly Volume (Units)
	(C\$)	(US\$)	(C\$)	(US\$)	
December 2020	14.65	11.49	13.33	10.27	904,809
January 2021	14.66	11.50	13.52	10.70	830,668
February 2021	14.71	11.50	13.19	10.50	1,852,053
March 2021	13.87	11.00	13.29	10.59	898,693
April 2021	14.18	11.44	13.54	10.85	1,124,126
May 2021	15.3	12.7	13.61	11.11	1,479,880
June 2021	16.53	13.44	15.05	12.44	578,596
July 2021	17.86	14.09	16.20	12.94	1,116,684
August 2021	20.31	16.59	17.20	13.73	1,198,676
September 2021	20.20	16.62	18.30	14.58	1,006,024
October 2021	21.07	17.00	19.65	15.55	560,731
November 2021	22.70	18.00	20.27	16.30	1,798,094
December 1 – 7, 2021	22.00	17.20	20.94	16.30	230,648

On December 7, 2021, being the last day on which the Units traded prior to the date of this Prospectus Supplement, the closing price of the Units was US\$16.75 and C\$21.01.

Debentures

The Debentures are listed for trading on the TSX in U.S. dollars under the symbol “HOM.DB.U”. The following table shows the monthly range of high and low prices of Debentures and total monthly volumes traded on the TSX for the 12-month period prior to the date of this Prospectus Supplement.

Period	Price Per Debenture Monthly High	Price Per Debenture Monthly Low	Total Monthly Volume (Debentures)
	(US\$)	(US\$)	
December 2020	99.50	98.00	2,769,000
January 2021	100.25	98.00	2,563,000
February 2021	101.00	99.41	2,064,000
March 2021	101.44	100.00	476,300
April 2021	102.00	100.99	742,000
May 2021	103.00	101.50	448,000
June 2021	104.82	102.20	282,000
July 2021	104.82	102.22	297,000
August 2021	112.00	103.00	791,000
September 2021	111.75	108.00	486,000
October 2021	117.00	110.00	2,416,000

November 2021	123.44	114.50	3,803,000
December 1 – 7, 2021	-	-	0

On December 7, 2021, being the last day on which the Debentures traded prior to the date of this Prospectus Supplement, the closing price of the Debentures was US\$119.00.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, Canadian counsel to the REIT, and Blake, Cassels & Graydon LLP, Canadian counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable as of the date hereof to the acquisition, holding and disposition of Units acquired under this Offering. This summary is applicable to a holder who, for the purposes of the Tax Act and at all relevant times, is the beneficial owner of Units, is or is deemed to be resident in Canada, deals at arm's length with the REIT and each of the Agents, is not affiliated with the REIT or any Agent and holds the Units as capital property (in this section, referred to as a **"Holder"**). The Units generally will be capital property to a Holder provided that the Holder does not hold the Units in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and in all subsequent taxation years, deemed to be capital property. Holders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder: (i) that is a "financial institution" subject to the mark-to-market rules in the Tax Act; (ii) that is a "specified financial institution" for purposes of the Tax Act; (iii) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (iv) that has elected to determine its "Canadian tax results" in a foreign currency pursuant to the "functional currency" reporting rules in the Tax Act; (v) that has entered or will enter into a "derivative forward agreement", as defined in the Tax Act, with respect to any Units; or (vi) that holds or has held, actually or constructively, more than 10% of the outstanding Units, as determined for U.S. federal income tax purposes at any relevant time (See "Certain U.S. Federal Income Tax Considerations"). Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary assumes that one or both of the TSX Publicly Traded Exception or the U.S. Publicly Traded Exception will apply in respect of the Units at all relevant times. See "Certain U.S. Federal Income Tax Considerations".

This summary is based on the facts set out in this Prospectus Supplement and the Prospectus, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Proposed Amendments**"), counsels' understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"), and a certificate as to certain factual matters from an executive officer of the REIT. Except for Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all or that the CRA will not change its administrative policies or assessing practices. Amendments to the Tax Act or to the Proposed Amendments could significantly alter the tax status of the REIT or the tax consequences of investing in Units.

For the purposes of this summary and the opinion given under the heading "Eligibility for Investment", all references to the "REIT" refer only to BSR Real Estate Investment Trust and not its subsidiaries.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a Holder's particular status and circumstances, including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Holder of Units. A prospective Holder should consult its own tax advisors for advice with respect to the income tax consequences of an investment in Units in its own circumstances.

This summary does not address Canadian federal tax considerations applicable to purchasers of Units who are non-residents of Canada for purposes of the Tax Act, and such purchasers should consult their own tax advisors regarding the tax consequences to them of acquiring, holding and disposing of Units. Distributions on Units or amounts paid in respect thereof, whether in cash or Units, will be paid or issued net of any applicable withholding tax.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Units must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard. An investment in Units will be denominated in U.S. dollars and distributions on Units will be paid in U.S. dollars. Accordingly a Holder of Units must convert such amounts to Canadian dollars for purposes of the Tax Act.

Status of the REIT

This summary assumes the REIT will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. An executive officer of the REIT has advised counsel that the REIT has met at all times since its inception, and is expected to continue to meet, the requirements necessary for it to qualify as a mutual fund trust at all times. **If the REIT were not to qualify as a mutual fund trust at any time, the income tax considerations could be materially and adversely different from those described below.**

This summary is also based on the assumption that the REIT will at no time be a "SIFT trust", as defined in the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act (the "SIFT Rules"). The SIFT Rules effectively tax certain income of a publicly traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders. These rules apply only to "SIFT trusts" and "SIFT partnerships" (each as defined in the Tax Act) and their investors.

Where the SIFT Rules apply, distributions of a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's net income. Non-portfolio earnings generally are defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and capital gains from the disposition of, "non-portfolio properties" (as defined in the Tax Act). The SIFT trust is itself liable to pay an income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust generally are deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as "eligible dividends" for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada and for purposes of computing a Canadian resident corporation's "general rate income pool" or "low rate income pool", as the case may be (each as defined in the Tax Act). In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it does not own any non-portfolio property and does not carry on business in Canada in that year. An executive officer of the REIT has advised counsel that the REIT (i) has not owned and does not currently intend to own any non-portfolio property, and (ii) has not carried on and does not currently intend to carry on a business in Canada.

If the REIT were to become subject to the SIFT Rules, certain of the income tax considerations described below would, in some respects, be materially and adversely different, and the SIFT Rules may, depending on the nature and extent of distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of Unitholders.

For the remainder of this summary, it is assumed that the REIT will not own any non-portfolio property or carry on business in Canada and, accordingly, will not be a SIFT trust.

Taxation of the REIT

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The income of the REIT for purposes of the Tax Act will include, among other things, foreign accrual property income (“**FAPI**”) in respect of its “controlled foreign affiliates”, dividends received from BSR REIT Holdings, Inc. (“**BSR Holdings**”), and any net realized taxable capital gains.

BSR Holdings is a “foreign affiliate” and a “controlled foreign affiliate” (a “**CFA**”) of the REIT for purposes of the Tax Act. To the extent that BSR Holdings or any other CFA of the REIT earns in a particular taxation year income that is characterized as FAPI for purposes of the Tax Act, the amount of such FAPI allocable to the REIT must be included in computing the income of the REIT for the taxation year of the REIT in which the taxation year of BSR Holdings (or such other CFA) ends whether or not the REIT actually receives a distribution of FAPI in that year. The FAPI relating to the shares of BSR Holdings will include FAPI earned directly or indirectly by BSR Holdings (including FAPI earned directly or through any subsidiary CFAs or partnerships). If an amount of FAPI is included in computing the income of the REIT for Canadian tax purposes, an amount may be deductible in respect of the “foreign accrual tax” (“**FAT**”) applicable to the FAPI as computed in accordance with the Tax Act. As the REIT intends to qualify as a real estate investment trust for U.S. federal income tax purposes, the amount of U.S. federal income tax payable by the REIT, BSR Holdings and the other subsidiaries of the REIT on their operating income is not expected to be material, and it is not expected that there would be a material related FAT deduction available to apply against any FAPI in respect of BSR Holdings or any other CFA of the REIT.

The adjusted cost base to the REIT of its shares in BSR Holdings will be increased by the net amount of FAPI included in the income of the REIT in respect of FAPI earned by BSR Holdings (including FAPI earned directly or through any subsidiary CFAs or partnerships) net of any applicable FAT deduction relating to such FAPI. At such time as the REIT receives a dividend from BSR Holdings, the amount included in income in respect of that dividend will effectively be reduced by any amount(s) so added to the adjusted cost base to the REIT of its shares of BSR Holdings (for clarity, net of any applicable FAT deduction) and there will be a corresponding deduction in the adjusted cost base to the REIT of its shares of BSR Holdings. In the current circumstances of the REIT and its CFAs, it is expected that a portion of the income earned directly or indirectly by BSR Holdings (including income earned directly or indirectly through subsidiary CFAs or partnerships) will be FAPI and, accordingly, will be required to be included in computing the income of the REIT for Canadian federal income tax purposes on an accrual basis as described above.

For the purposes of the Tax Act, all income of the REIT (generally including FAPI) must be calculated in Canadian currency. Where the REIT (or any of its subsidiaries) holds investments or incurs indebtedness denominated in foreign currencies (including U.S. dollars), gains or losses may be realized by the REIT as a consequence of fluctuations in the relative value of the Canadian currency and the applicable foreign currencies.

In computing its income, the REIT will be entitled to deduct reasonable current administrative and other expenses incurred by it to earn income. Reasonable expenses incurred in respect of the issuance of Units or Units generally may be deducted by the REIT on a five-year, straight-line basis, pro-rated for short taxation years.

The REIT may generally deduct from its income for a taxation year amounts which are paid or become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if a Unitholder is entitled in the year to enforce payment of the amount. Counsel has been advised by an executive officer of the REIT that the trustees’ current intention is to make payable to Unitholders in each year sufficient amounts such

that the REIT generally will not be liable to pay tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation year, the REIT intends to make one or more in-kind distributions in that year in the form of additional Units. Income of the REIT payable in a taxation year of the REIT to the Unitholders in the form of additional Units will generally be deductible to the REIT in computing its income for that year.

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. Where the property in question was held by the REIT as capital property, the REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the REIT during the year (the “**capital gains refund**”). The capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for the taxation year arising in connection with the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Holder (as income or taxable capital gains, as the case may be) and such amount may be deductible by the REIT in computing its income, subject to the application of subsection 132(5.3) of the Tax Act. Subsection 132(5.3) of the Tax Act generally prohibits the REIT from deducting in the computation of the REIT’s income the portion of an amount paid to a redeeming Holder of the REIT that is considered to be paid out of the income of the REIT, and limits the ability of the REIT to deduct capital gains so allocated to redeeming unitholders. Any such income (including any taxable capital gains) may be made payable to non-redeeming unitholders so that the REIT will not be liable for non-refundable income tax thereon, in which case the amounts and/or taxable component of distributions to non-redeeming Holders of the REIT may be greater than would have been the case in the absence of such limitations.

Taxation of Taxable Holders

REIT Distributions

A Holder generally will be required to include in computing income for a particular taxation year the portion of the net income of the REIT, including FAPI attributed to the REIT, dividends received (or deemed to be received) by the REIT from BSR Holdings, except to the extent that the amount included in the REIT’s income in respect of such dividends is effectively reduced in connection with prior FAPI recognition as described above under “Taxation of the REIT”, and any net realized taxable capital gains, that is paid or payable to the Holder on the Units in that taxation year, whether or not those amounts are received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Holder.

Provided that the appropriate designations are made by the REIT, such portion of its net taxable capital gains and foreign source income that are paid or become payable to a Holder will generally retain their character as taxable capital gains or foreign source income, as the case may be, to Holders for purposes of the Tax Act. This summary assumes that such designations will be made by the REIT.

The non-taxable portion of any net realized capital gains of the REIT that is paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Holder on the Units in a taxation year generally should not be included in the Holder’s income for the year, but such an amount which is paid or becomes payable to a Holder (other than as proceeds of disposition in respect of the redemption of Units or any part thereof) will reduce the adjusted cost base of the Units held by such Holder. To the extent that the adjusted cost base of a Unit otherwise

would be less than zero, the Holder will be deemed to have realized a capital gain equal to the negative amount and the Holder's adjusted cost base of the Units will be increased by the amount of such deemed capital gain.

Foreign Tax Credits and Deductions

To the extent a Holder is subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act, and as described in the ensuing paragraphs; provided, however, that to the extent that any U.S. tax withheld does not represent the final U.S. income tax liability for the year, the Holder also files a U.S. federal income tax return to establish the Holder's final U.S. income tax liability for the year and the Holder is not entitled to a refund of such tax.

The U.S. withholding tax deducted in respect of a distribution paid on a Unit in a taxation year will generally be characterized as "non-business income tax", as defined in the Tax Act, and may be deductible as a foreign tax credit from the Holder's Canadian federal income tax otherwise payable for that year where the Holder has sufficient non-business income from U.S. sources, to the extent permitted by the Tax Act and provided that such tax has not been deducted in computing the Holder's income. Alternatively, such non-business income tax (including any amount not deductible from tax otherwise payable as a foreign tax credit) generally may be deducted by the Holder in computing the Holder's net income for the purposes of the Tax Act.

A Holder's ability to apply U.S. withholding taxes in the foregoing manner may be affected where the Holder does not have sufficient taxes otherwise payable under Part I of the Tax Act, or sufficient U.S. source income in the taxation year the U.S. withholding taxes are paid (which may depend, in part, on the composition of distributions made by the REIT for Canadian federal income tax purposes), or where the Holder has other U.S. sources of income or losses, or has paid other U.S. taxes. Although the foreign tax credit provisions are generally designed to avoid double taxation, the maximum credit is limited. Because of this, and because of differences between the Canadian and U.S. tax rules concerning the timing of the recognition of expenses and income and the composition of the distributions and other factors, there is a risk of double taxation. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own circumstances.

Disposition of Units

Upon the disposition or deemed disposition of Units by a Holder, whether on a redemption or otherwise, the Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (determined, in the case of a redemption, as discussed below) are greater (or less) than the aggregate of the Holder's adjusted cost base of the Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Unit generally will include all amounts paid by the Holder for the Unit subject to certain adjustments, including a reduction, as a consequence of certain distributions paid by the REIT in excess of its net income as described above. The cost of additional Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such Units. For the purpose of determining the adjusted cost base of a Unit to a Holder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before that acquisition.

A redemption of Units in consideration for cash, redemption notes, or other assets of the REIT, as the case may be, will be a disposition of such Units for proceeds of disposition equal to the amount of such cash or the fair market value of such redemption notes or other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Holder. Holders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, to the extent that such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gains realized by the REIT on the redemption

of Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed in specie by the REIT to a Holder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Holder will thereafter be required to include in income the amount of any interest or other income derived from the property, in accordance with the provisions of the Tax Act.

Capital Gains and Losses

One-half of any capital gain realized by a Holder from a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of the Holder will be included in the Holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized on the disposition of a Unit will be deducted against any taxable capital gains realized by the Holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

Refundable Tax

A Holder which is a Canadian-controlled private corporation (as defined in the Tax Act) will be subject to an additional refundable tax in respect of its "aggregate investment income" (as defined in the Tax Act) for the year, which is generally defined to include interest, all or substantially all income and capital gains paid or payable to the Holder by the REIT, and capital gains realized on a disposition of Units.

Alternative Minimum Tax

A Holder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of the REIT, paid or payable, or deemed to be paid or payable, to the Holder and that is designated as net taxable capital gains.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

THIS SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE UNITS AND THE REIT'S ELECTION TO BE TAXED AS A REAL ESTATE INVESTMENT TRUST.

In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., U.S. counsel to the REIT, the following is a description of (i) certain U.S. federal income tax consequences of the treatment of the REIT as a real estate investment trust and (ii) certain U.S. federal income tax consequences to non-U.S. Holders (as defined below) of the purchase, ownership and disposition of the Units.

This summary is based on the Code, the regulations promulgated by the U.S. Treasury Department, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect.

The statements in this section and the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. referred to below are based on the Code, current, temporary and proposed U.S. Treasury Regulations, the legislative history of the Code, current administrative interpretations and practices of the IRS and court decisions. The reference to IRS interpretations and practices includes the IRS practices and policies endorsed in private letter rulings, which are not binding on the IRS except with respect to the taxpayer that received the ruling. In each case, these sources are relied upon as they exist on the date of this discussion. Future legislation, U.S. Treasury Regulations, administrative interpretations, and court decisions could change the current law or adversely affect existing interpretations of current law on which this information in this section is based. Any such change could apply retroactively. The REIT

has not received any rulings from the IRS concerning its qualification as a U.S. real estate investment trust. Accordingly, even if there is no change in applicable law, no assurance can be provided that statements made in this section, which do not bind the IRS or the courts, will not be challenged by the IRS or sustained by a court if so challenged.

Taxation of the REIT

U.S. Status

Although the REIT is organized as an unincorporated trust under Canadian law, the REIT is classified as a corporation for U.S. federal income tax purposes under current Treasury Regulations. The discussion herein reflects this classification and uses terminology consistent with this classification, including references to “dividends” and “earnings and profits.” Furthermore, pursuant to Section 7874 of the Code, the REIT is treated as a U.S. corporation for all purposes under the Code and, as a result, it is permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity.

Real Estate Investment Trust Status

The REIT elected to be taxed as a real estate investment trust for U.S. federal income tax purposes commencing with its initial taxable year ending December 31, 2018. The REIT believes that it is organized and operates in such a manner so as to qualify for taxation as a real estate investment trust under the U.S. federal income tax laws, and the REIT intends to continue to operate in such a manner, but no assurance can be given that the REIT will operate in a manner so as to remain qualified as a real estate investment trust. These laws are highly technical and complex.

In connection with this Prospectus Supplement, Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. is rendering an opinion to the REIT to the effect that, commencing with its first taxable year ending December 31, 2018, the REIT has been organized in conformity with the requirements for qualification and taxation as a real estate investment trust under the Code, and that the REIT’s organization and current and proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a real estate investment trust for its taxable year ending December 31, 2021 and subsequent taxable years. Investors should be aware that Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.’s opinion is based upon customary assumptions, is conditioned upon certain representations made by the REIT as to factual matters, including representations regarding the nature of the REIT’s assets and the conduct of its business, and is not binding upon the IRS or any court and speaks as of the date issued. In addition, Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.’s opinion is based on existing U.S. federal income tax laws governing qualification as a real estate investment trust, which is subject to change either prospectively or retroactively. Moreover, the REIT’s qualification and taxation as a real estate investment trust depends upon its ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal income tax laws. Those qualification tests involve the percentage of income that the REIT earns from specified sources, the percentage of the REIT’s assets that fall within specified categories, the diversity of the REIT’s stock ownership, and the percentage of earnings that the REIT distributes. Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. will not review the REIT’s compliance with those tests on a continuing basis. Accordingly, no assurance can be given that the REIT’s actual results of operations for any particular taxable year will satisfy such requirements. Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.’s opinion does not foreclose the possibility that the REIT may have to use one or more of the REIT savings provisions described below, which would require the REIT to pay an excise or penalty tax (which could be material) in order for it to maintain its real estate investment trust qualification. For a discussion of the tax consequences of the REIT’s failure to qualify as a real estate investment trust, see “Failure to Qualify”.

General U.S. Federal Income Tax Considerations of Real Estate Investment Trust Status

The REIT generally will not be subject to U.S. federal income tax on the portion of its taxable income, including capital gain, that is distributed to Unitholders. The REIT expects to distribute amounts at least equal to the REIT’s

taxable income, including capital gain, on an annual basis. The REIT would be subject to U.S. federal income tax at normal corporate rates on any taxable income, including capital gain, not distributed.

The REIT is generally not subject to U.S. federal income tax on income that is distributed currently to Unitholders, but the REIT will be subject to U.S. federal income tax as follows:

- The REIT will pay U.S. federal income tax on its taxable income, including net capital gain, that the REIT does not distribute to Unitholders during, or within a specified time after, the calendar year in which the income is earned.
- If due to reasonable cause and not willful neglect the REIT fails to satisfy either of the gross income tests discussed below, but nonetheless maintains its qualification as a real estate investment trust because other requirements are met, the REIT will be subject to a 100% tax on the greater of the amount by which it fails the 75% gross income test or the 95% gross income test, multiplied in either case by a fraction intended to reflect the REIT's profitability.
- If the REIT fails to satisfy the 5% asset test or the 10% vote or value test (and does not qualify for a de minimis safe harbour) or fails to satisfy the other asset tests, each of which is discussed below, and nonetheless maintains its qualification as a real estate investment trust because certain other requirements are met, and such failure was due to reasonable cause and not wilful neglect, it would be subject to a tax equal to the greater of US\$50,000 or an amount determined by multiplying the highest U.S. federal corporate tax rate by the net income generated by the assets that caused the failure for the period beginning on the first date of the failure to meet the tests and ending on the date (which must be within six months after the last day of the quarter in which the failure is identified) that the REIT disposes of the assets or otherwise satisfies the tests.
- If the REIT fails to satisfy one or more real estate investment trust requirements other than the gross income tests and the asset tests, and such failure was due to reasonable cause and not wilful neglect, the REIT would be subject to a penalty of US\$50,000 for each such failure.
- If the REIT has net income from "prohibited transactions," which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.
- If the REIT elects to treat property that it acquires in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as "foreclosure property," the REIT may thereby avoid (a) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) the inclusion of any income from such property not qualifying for purposes of the real estate investment trust gross income tests discussed below, but the income from the sale or operation of the property may be subject to U.S. corporate income tax at the highest applicable rate.
- The REIT may be required to pay monetary penalties to the IRS in certain circumstances, including if the REIT fails to meet recordkeeping requirements intended to monitor its compliance with rules relating to the composition of a real estate investment trust's unitholders, as described below in "—Qualification as a Real Estate Investment Trust."
- If the REIT fails to distribute during each calendar year at least the sum of:
 - (a) 85% of its real estate investment trust ordinary income for such calendar year;
 - (b) 95% of its real estate investment trust capital gain net income for such calendar year, other than capital gains it elects to retain and pay tax on as described below; and
 - (c) any undistributed taxable income from prior taxable years,

it would be subject to a 4% non-deductible excise tax on the excess of such required distribution over the amounts the REIT actually distributed. If the REIT were to retain and pay income tax on any of its net long-term capital gain, such retained amounts would be treated as having been distributed for purposes of the 4% excise tax.

- A 100% tax may be imposed on some items of income and expense that are directly or indirectly paid between a real estate investment trust and a taxable REIT subsidiary (“TRS”), if and to the extent that the IRS successfully determines that the transaction was not at arms-length and adjusts the reported amount of these items. Such transactions will include those pursuant to which a TRS provides services to its parent real estate investment trust.
- If the REIT acquires any asset from a C corporation, or a corporation that generally is subject to full corporate level tax, in a merger or other transaction in which the REIT acquires a basis in the asset that is determined by reference either to the C corporation’s basis in the asset or to another asset, the REIT will pay tax at the highest regular corporate rate applicable if it recognizes gain on the sale or disposition of the asset during the five-year period after the REIT acquires the asset. The amount of gain on which the REIT will pay tax is the lesser of:
 - (a) the amount of gain recognized at the time of the sale or disposition; and
 - (b) the amount of gain that the REIT would have recognized if it had sold the asset at the time the REIT acquired it.

In addition, the REIT, including its subsidiaries and affiliated entities, may be subject to a variety of taxes, including payroll taxes and state and local income, property and other taxes on its assets and operations. A TRS will also be subject to U.S. federal corporate income tax on its taxable income. The REIT may also be subject to tax in various situations and on some types of transactions not presently contemplated. The REIT will use the calendar year both for U.S. federal income tax purposes and for financial reporting purposes.

Qualification as a Real Estate Investment Trust

A REIT is a corporation, trust, or association that meets each of the following requirements:

- (a) It is managed by one or more trustees or directors.
- (b) Its beneficial ownership is evidenced by transferable shares, or by transferable certificates of beneficial interest.
- (c) It would be taxable as a domestic corporation, but for the real estate investment trust provisions of the U.S. federal income tax laws.
- (d) It is neither a financial institution nor an insurance company subject to special provisions of the U.S. federal income tax laws.
- (e) At least 100 persons are beneficial owners of its shares or ownership certificates.
- (f) Not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals, which the U.S. federal income tax laws define to include certain entities, during the last half of any taxable year.
- (g) It elects to be a real estate investment trust, or has made such election for a previous taxable year, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain real estate investment trust status.

- (h) It meets certain other qualification tests, described below, regarding the nature of its income and assets and the distribution of its income.
- (i) It uses a calendar year for U.S. federal income tax purposes and complies with the recordkeeping requirements of the U.S. federal income tax laws.

Taxable as a U.S. Corporation

The REIT must be taxable as a U.S. corporation. As noted above, pursuant to Section 7874 of the Code, the REIT is treated as a U.S. corporation for all purposes under the Code and, as a result, it is permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity. See “U.S. Status”.

Share Ownership Test

The Units must be held by a minimum of 100 persons for at least 335 days in each taxable year or a proportional number of days in any short taxable year (other than its first taxable year as a U.S. real estate investment trust). In addition, at all times during the second half of each taxable year as a U.S. real estate investment trust (other than its first taxable year as a U.S. real estate investment trust), no more than 50% in value of the Units may be owned, directly or indirectly (applying constructive ownership rules) by five or fewer individuals (including specified tax-exempt entities but generally excluding certain qualified trusts). If the REIT were to comply with the Treasury Regulations for ascertaining its actual ownership and did not know, or exercising reasonable diligence would not have reason to know, that more than 50% in value of the outstanding Units were held, actually or constructively, by five or fewer individuals, then the REIT would be treated as meeting such requirement.

In order to ensure compliance with the 50% ownership test, the REIT has placed restrictions on the transfer of the Units to prevent concentration of ownership. In order to demonstrate compliance with these requirements under the Treasury Regulations, the REIT must maintain records that disclose the actual ownership of the outstanding Units. Failure to comply with these record-keeping requirements could subject the REIT to monetary penalties. In fulfilling its obligation to maintain records, the REIT will request written statements each year from the record holders of designated percentages of Units disclosing the actual owners of such Units. A list of persons failing or refusing to comply in whole or in part with the REIT’s request for written statements must be maintained by the REIT. In addition, as discussed above, the Declaration of Trust provides restrictions regarding the transfer of Units that are intended to assist the REIT in continuing to satisfy the share ownership requirements. The REIT intends to enforce the percentage limitations on ownership of Units to maintain its qualification as a real estate investment trust.

Effect of Subsidiary Entities

A subsidiary corporation that is a “qualified REIT subsidiary” (or “QRS”) is not treated as a corporation separate from its parent real estate investment trust. All assets, liabilities, and items of income, deduction, and credit of a QRS are treated as assets, liabilities, and items of income, deduction, and credit of the real estate investment trust. A QRS is a corporation all of the capital stock of which is owned by the real estate investment trust and that has not elected to be a TRS (as discussed below). Thus, in applying the requirements described herein, any QRS that the REIT owns will be ignored, and all assets, liabilities, and items of income, deduction, and credit of such subsidiary will be treated as the REIT’s assets, liabilities, and items of income, deduction, and credit. The REIT owns its interest in BSR through BSR Holdings, which is treated as a QRS.

An unincorporated domestic entity, such as a partnership or limited liability company that has a single owner for U.S. federal income tax purposes, generally is not treated as an entity separate from its parent for U.S. federal income tax purposes. An unincorporated domestic entity with two or more owners for U.S. federal income tax purposes generally is treated as a partnership for U.S. federal income tax purposes. In the case of a real estate investment trust that is a partner in a partnership that has other partners, the real estate investment trust is treated as owning its proportionate share of the assets of the partnership and as earning its proportionate share of

the gross income of the partnership for purposes of the real estate investment trust qualification tests. For purposes of the 10% value test (described in “Asset Tests”), a real estate investment trust’s proportionate share is based on its proportionate interest in the equity interests and certain debt securities issued by the partnership. For all of the other asset and income tests, a real estate investment trust’s proportionate share is based on its proportionate interest in the capital interests in the partnership. All of the REIT’s real estate assets are owned through BSR and its subsidiaries and are therefore subject to these rules.

An entity that would otherwise be treated as a partnership for U.S. federal income tax purposes may nonetheless be treated as a corporation for U.S. federal income tax purposes if it is a “publicly traded partnership” and certain other requirements are met. A partnership would be treated as a publicly traded partnership if its interests were traded on an established securities market or were readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. The Fourth Amended and Restated Limited Liability Company Agreement of BSR contains provisions intended to ensure that BSR is not considered a publicly traded partnership. Accordingly, the REIT does not anticipate that BSR will be treated as a publicly traded partnership that would be treated as a corporation for U.S. federal income tax purposes. However, if it were, the REIT would not be treated as owning its proportionate share of the assets and income of BSR for the purposes of the real estate investment trust asset and income test requirements (and, instead, would be treated as owning the stock of a corporation). This could cause the REIT to fail to qualify as a real estate investment trust. In addition, the income of BSR would become subject to U.S. federal corporate income tax.

A real estate investment trust, in general, may jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary corporation as a TRS of the real estate investment trust. The separate existence of a TRS, unlike a disregarded QRS as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, such an entity would generally be subject to U.S. federal corporate income tax on its taxable income. A real estate investment trust is not treated as holding the assets of a TRS or as receiving directly any income that a TRS earns. Rather, the shares of the TRS are an asset in the hands of the real estate investment trust, and the real estate investment trust recognizes as income any dividends that it receives from a TRS. This treatment can affect the gross income and asset test calculations described below. Overall, no more than 20% of the value of a real estate investment trust’s assets may consist of stock or securities of one or more TRS. The REIT currently owns the stock of one subsidiary corporation treated as a TRS, Peace of Mind Insurance Company, Inc.

Asset Tests

At the close of each quarter of the REIT’s taxable year, the REIT must satisfy tests relating to the nature of its assets determined in accordance with generally accepted accounting principles. First, at least 75% of the value of the REIT’s total assets must be represented by:

- (1) real estate assets (e.g., interests in real property, interests in mortgages on real property or interests in real property, shares in other real estate investment trusts, cash, cash items, U.S. government securities, and qualified temporary investments);
- (2) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as “rents from real property”, such that rents attributable to the personal property do not exceed 15% of the total rent from both the real and personal property rented pursuant to the lease; and
- (3) debt instruments issued by “publicly offered” real estate investment trusts (i.e., real estate investment trusts that are required to file annual and periodic reports with the SEC under the *Securities Exchange Act of 1934*).

Second, although the remaining 25% of the REIT’s assets generally may be invested without restriction, it is prohibited from owning securities representing more than 10% of either the vote or value of the outstanding securities of any non-government issuer other than a QRS, another real estate investment trust or a TRS. Further, no more than 20% of the value of the REIT’s total assets may be represented by securities of its TRSs. No more

than 5% of the value of the REIT's total assets may be represented by securities of any single non-government issuer other than a QRS, or a TRS, or shares of another real estate investment trust. Finally, not more than 25% of the value of a real estate investment trust's assets may be represented by debt instruments issued by publicly offered real estate investment trusts to the extent not secured by real property or interests in real property.

For purposes of the 10% vote or value test, the 25% securities test and the 5% asset test, the term "securities" does not include stock in another real estate investment trust, equity or debt securities of a QRS. For purposes of the 10% value test, the term "securities" does not include:

- "Straight debt" securities, which is defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into stock, and (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors. "Straight debt" securities do not include any securities issued by a partnership or a corporation in which the real estate investment trust or any controlled TRS (i.e., a TRS in which the REIT owns directly or indirectly more than 50% of the voting power or value of the stock) holds non-"straight debt" securities that have an aggregate value of more than 1% of the issuer's outstanding securities. However, "straight debt" securities include debt subject to the following contingencies:
 - (a) a contingency relating to the time of payment of interest or principal, as long as either (i) there is no change to the effective yield of the debt obligation, other than a change to the annual yield that does not exceed the greater of 0.25% or 5% of the annual yield to maturity, or (ii) neither the aggregate issue price nor the aggregate face amount of the issuer's debt obligations held by the real estate investment trust exceeds US\$1 million and no more than 12 months of unaccrued interest on the debt obligations can be required to be prepaid; and
 - (b) a contingency relating to the time or amount of payment upon a default or prepayment of a debt obligation, as long as the contingency is consistent with customary commercial practice.
- Any loan to an individual or an estate.
- Any "section 467 rental agreement," other than an agreement with a related party tenant.
- Any obligation to pay "rents from real property."
- Certain securities issued by governmental entities.
- Any security issued by a real estate investment trust.
- Any debt instrument of an entity treated as a partnership for U.S. federal income tax purposes to the extent of the real estate investment trust's interest as a partner in the partnership.
- Any debt instrument of an entity treated as a partnership for U.S. federal income tax purposes not described in the preceding bullet points if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test described below in "Qualification as a Real Estate Investment Trust — Gross Income Tests."

As discussed above, the REIT generally may not own more than 10% by vote or value of any one issuer's securities and no more than 5% of the value of the REIT's total assets generally may be represented by the securities of any single issuer. If the REIT fails to meet either of these tests at the end of any quarter and such failure is not cured within 30 days thereafter, the REIT would fail to qualify as a real estate investment trust. After the 30-day cure period, the REIT could maintain its qualification as a real estate investment trust by disposing of sufficient assets to cure such a violation provided it did not exceed the lesser of 1% of the REIT's assets at the end of the relevant quarter or US\$10,000,000 if the disposition occurred within six months after the last day of the calendar quarter in which the REIT identified the violation. For violations of these tests that are larger than such amount and for

violations of the other asset tests described above, where such violations are due to reasonable cause and not wilful neglect, the REIT can avoid disqualification as a real estate investment trust, after the 30-day cure period, by taking steps including the disposition of sufficient assets to meet the asset tests (within six months after the last day of the calendar quarter in which it identifies the violation) and paying a tax equal to the greater of US\$50,000 or an amount determined by multiplying the highest U.S. federal corporate tax rate by the net income generated by the non-qualifying assets for the period beginning on the first date of the failure to meet the tests and ending on the date that it disposes of the assets or otherwise satisfies the asset tests.

Gross Income Tests

There are two separate percentage tests relating to the sources of the REIT's gross income that must be satisfied for each taxable year. The two tests are as follows:

The 75% Gross Income Test

At least 75% of the REIT's gross income for the taxable year must be "qualifying income." Qualifying income generally includes:

- (a) rents from real property, except as modified below;
- (b) interest on obligations adequately secured by mortgages on, or interests in, real property;
- (c) gains from the sale or other disposition of "non-dealer property," which means interests in real property and real estate mortgages, other than gain from property held primarily for sale to customers in the ordinary course of its trade or business;
- (d) dividends or other distributions on shares in other real estate investment trusts, as well as gain from the sale of such shares;
- (e) abatements and refunds of real property taxes;
- (f) income from the operation, and gain from the sale, of "foreclosure property", which means property acquired at or in lieu of a foreclosure of the mortgage secured by such property;
- (g) commitment fees received for agreeing to make loans secured by mortgages on real property, or to purchase or lease real property;
- (h) certain qualified temporary investment income attributable to the investment of new capital received by the REIT in exchange for Units or certain publicly offered debt, which income is received or accrued during the one-year period following the receipt of such capital; and
- (i) gain from the sale or other disposition of a real estate asset which is not a "prohibited transaction" solely by reason of the exceptions in Section 857(b)(6) of the Code.

Although a debt instrument issued by a publicly offered real estate investment trust is a "real estate asset" for the asset tests, income from such debt instruments and the gain from the sale of such debt instruments are not treated as qualifying income for the 75% gross income test unless such debt instruments are adequately secured by real property or an interest in real property.

The 95% Gross Income Test

In addition to deriving 75% of the REIT's gross income from the sources listed above, at least 95% of the REIT's gross income for the taxable year must consist of the qualifying income for purposes of the 75% gross income test

as described above and from dividends, interest and gains from the sale or disposition of stock or other securities that are not dealer property.

Rents from Real Property

“Rents from real property” is qualifying income for both gross income tests (discussed above). Rents received from a tenant will not, however, qualify as rents from real property in satisfying either gross income test if the REIT, or an owner of 10% or more of the Units, directly or constructively owns 10% or more of such tenant, unless the tenant is a TRS of the REIT and certain other requirements are met. In addition, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as rents from real property. Moreover, an amount received or accrued will not qualify as rent from real property or as interest income for purposes of both gross income tests if it is based in whole or in part on the income or profits of any person, although an amount received or accrued generally will not be excluded from “rents from real property” or interest income solely by reason of being based on a fixed percentage or percentages of receipts or sales. In addition, for rents received to qualify as rents from real property, the REIT generally must not furnish or render services to tenants, other than through a TRS, or an “independent contractor” from whom it derives no income, except that the REIT may directly provide services that are “usually or customarily rendered” in connection with the rental of properties for occupancy only and are not considered “rendered to the occupant for his convenience.” The REIT is permitted to render a de minimis amount of impermissible services to tenants, or in connection with the management of property, and still treat amounts received with respect to that property (other than the amounts attributable to the provision of the de minimis impermissible services) as rent from real property, as long as the REIT’s income from the services (valued at not less than 150% of its direct cost of performing such services) does not exceed 1% of its income from the related property. Furthermore, the REIT may furnish such services to tenants through a TRS and still treat amounts otherwise received with respect to the property as rent from real property.

Currently, the REIT does not lease significant amounts of personal property pursuant to its leases. Moreover, the REIT does not currently perform any services other than customary ones for its tenants, unless such services are provided through independent contractors from whom the REIT does not receive or derive income. Accordingly, the REIT believes that its leases generally produce rent that qualifies as “rents from real property” for purposes of both gross income tests.

Interest

For purposes of both gross income tests, the term “interest” generally does not include any amount received or accrued, directly or indirectly, if the determination of such amount depends in whole or in part on the income or profits of any person. However, interest generally includes both: (i) an amount that is based on a fixed percentage or percentages of receipts or sales; and (ii) an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from leasing substantially all of its interest in the real property securing the debt, and only to the extent that the amounts received by the debtor would be qualifying “rents from real property” if received directly by a real estate investment trust.

If a loan contains a provision that entitles a real estate investment trust to a percentage of the borrower’s gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property’s value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests.

Interest on debt secured by a mortgage on real property or on interests in real property generally is qualifying income for purposes of the 75% gross income test. However, if a loan is secured by real property and other property and the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date the real estate investment trust agreed to originate or acquire the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test, but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the

interest income attributable to the portion of the principal amount of the loan that is not secured by real property—that is, the amount by which the loan exceeds the value of the real estate that is security for the loan. However, in the case of a loan that is secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining if the interest on such loan is qualifying income for purposes of the 75% gross income test.

Dividends

The REIT's share of any dividends received from any corporation (including any TRS, but excluding any real estate investment trust) in which it owns an equity interest will qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test. The REIT's share of any dividends received from any other real estate investment trust in which it owns an equity interest, if any, will be qualifying income for purposes of both gross income tests.

Exclusion of Gross Income from Hedging Transactions and Foreign Currency Gain

Any income from (i) a hedging transaction that is clearly and timely identified and that hedges indebtedness incurred or to be incurred to acquire or carry real estate assets or (ii) a clearly and timely identified transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income that would qualify under the 75% or the 95% gross income tests, will not constitute gross income (rather than being treated either as qualifying income or non-qualifying income) for purposes of the 75% and the 95% gross income tests. In addition, if a hedge that is clearly and timely identified is entered into in connection with the extinguishment of indebtedness that was the subject of a hedge described in the prior sentence or a disposition of property that was the subject of a prior hedge was described in the preceding sentence, income from the hedge will not constitute gross income for purposes of the 75% and 95% gross income test. Income from such transactions that does not meet these requirements will be treated as non-qualifying income for purposes of the 75% and the 95% gross income tests. Any income from foreign currency gain that is "real estate foreign exchange gain" as defined in the Code will not constitute gross income for purposes of the 75% and 95% gross income tests. Other foreign currency gain, if such foreign currency gain is "passive foreign exchange gain" as defined in the Code, will not constitute gross income only for purposes of the 95% gross income test.

Prohibited Transactions

A real estate investment trust will incur a 100% tax on the net income (including foreign currency gain) derived from any sale or other disposition of property, other than foreclosure property (described below), that the real estate investment trust holds primarily for sale to customers in the ordinary course of a trade or business. The REIT believes that none of its properties are or will be held primarily for sale to customers and that a sale of any of its properties will not be in the ordinary course of the REIT's business. Whether a real estate investment trust holds a property "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular property. A safe harbor to the characterization of the sale of property by a real estate investment trust as a prohibited transaction and the 100% prohibited transaction tax is available if the following requirements are met:

- (a) the real estate investment trust has held the property for not less than two years;
- (b) the aggregate expenditures made by the real estate investment trust, or any partner of the real estate investment trust, during the two-year period preceding the date of the sale that are includable in the basis of the property do not exceed 30% of the selling price of the property;
- (c) either (1) during the year in question, the real estate investment trust did not make more than seven sales of property other than foreclosure property or sales to which Section 1033 of the Code applies, (2) the aggregate adjusted bases of all such properties sold by the real estate investment trust during the year did not exceed 10% of the aggregate bases of all of the assets of

the real estate investment trust at the beginning of the year, (3) the aggregate fair market value of all such properties sold by the real estate investment trust during the year did not exceed 10% of the aggregate fair market value of all of the assets of the real estate investment trust at the beginning of the year, (4) (i) the aggregate adjusted tax bases of all such property sold by the real estate investment trust during the year did not exceed 20% of the aggregate adjusted tax bases of all property of the real estate investment trust at the beginning of the year and (ii) the average annual percentage of properties sold by the real estate investment trust compared to all the real estate investment trust's properties (measured by adjusted tax bases) in the current and two prior years did not exceed 10% or (5) (i) the aggregate fair market value of all such property sold by the real estate investment trust during the year did not exceed 20% of the aggregate fair market value of all property of the real estate investment trust at the beginning of the year and (ii) the average annual percentage of properties sold by the real estate investment trust compared to all the real estate investment trust's properties (measured by fair market value) in the current and two prior years did not exceed 10%;

- (d) in the case of property not acquired through foreclosure or lease termination, the real estate investment trust has held the property for at least two years for the production of rental income; and
- (e) if the real estate investment trust has made more than seven sales of non-foreclosure property during the taxable year, substantially all of the marketing and development expenditures with respect to the property were made through an independent contractor from whom the real estate investment trust derives no income or a TRS.

The REIT will attempt to comply with the terms of the safe-harbor provisions in the U.S. federal income tax laws prescribing when a property sale will not be characterized as a prohibited transaction. The REIT cannot assure you, however, that it can comply with the safe-harbor provisions or that it will avoid owning property that may be characterized as property that it holds "primarily for sale to customers in the ordinary course of a trade or business." The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be taxed to the TRS at regular U.S. federal corporate tax rates.

Foreclosure Property

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property: (i) that is acquired by a real estate investment trust as a result of the real estate investment trust having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the real estate investment trust and secured by the property, (ii) for which the related loan or lease was made, entered into or acquired by the real estate investment trust at a time when default was not imminent or anticipated, and (iii) for which such real estate investment trust makes an election to treat the property as foreclosure property. Real estate investment trusts generally are subject to tax at the maximum U.S. federal corporate tax rate on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% penalty tax on gains from prohibited transactions described below, even if the property was held primarily for sale to customers in the ordinary course of a trade or business.

Failure to Satisfy Gross Income Tests

Even if the REIT fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may still qualify as a real estate investment trust for such year if it is entitled to relief under provisions of the Code.

These relief provisions will generally be available if:

- (a) following its identification of the failure, the REIT files a schedule with a description of each item of gross income that caused the failure in accordance with the Treasury Regulations; and
- (b) the REIT's failure to comply was due to reasonable cause and not due to wilful neglect.

The REIT cannot predict, however, whether in all circumstances it would qualify for the relief provisions. In addition, even if these relief provisions apply, the REIT will nonetheless be subject to a special tax equal to the greater of the amount by which it fails either the 75% or 95% gross income test for that year multiplied by a fraction the numerator of which is the real estate investment trust taxable income for the taxable year (adjusted for certain items) and the denominator of which is the gross income for the taxable year (adjusted for certain items).

Annual Distribution Requirements

In order to qualify as a real estate investment trust, the REIT is required to make distributions, other than capital gain dividends, to its shareholders each year in an amount at least equal to:

- the sum of:
 - (a) 90% of its real estate investment trust taxable income, computed without regard to the dividends paid deduction and real estate investment trust net capital gain, plus
 - (b) 90% of its net income after tax, if any, from foreclosure property: minus
- the excess of the sum of specified items of non-cash income over 5% of the REIT's taxable income, computed with respect to the dividends paid deduction or its net capital gain.

Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if either (i) declared before the REIT timely files its U.S. federal income tax return for such year and if paid on or before the first regular dividend payment after such declaration or (ii) declared in October, November or December of the prior taxable year, payable to Unitholders of record on a specified day in any such month, and actually paid before the end of January of the following year. The distributions under clause (i) are taxable to the Unitholders in the year in which paid, and the distributions in clause (ii) are treated as paid on December 31st of the prior taxable year to the extent of the REIT's earnings and profits. In both instances, these distributions relate to the REIT's prior taxable year for purposes of the 90% distribution requirement. To the extent that the REIT does not distribute all of its net capital gain or distribute at least 90%, but less than 100%, of its real estate investment trust taxable income, as adjusted, the REIT will be subject to tax on the undistributed amount at regular capital gains or ordinary corporate tax rates, as the case may be. Management of the REIT intends to make timely distributions sufficient to satisfy the annual distribution requirements.

In order for the REIT's distributions to be counted as satisfying the 90% distribution requirement, such distributions generally must not be "preferential dividends." A dividend is not a preferential dividend if that distribution is (1) pro rata among all outstanding shares within a particular class and (2) in accordance with the preferences among different classes of shares as set forth in the REIT's organizational documents. The preferential dividend rule does not apply to "publicly offered REITs," however, the REIT does not qualify as a "publicly offered REIT."

The REIT will pay U.S. federal income tax on taxable income, including net capital gain, that the REIT does not distribute to its Unitholders. Furthermore, if the REIT fails to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- (a) 85% of its real estate investment trust ordinary income for such year,

- (b) 95% of its real estate investment trust capital gain income for such year, and
- (c) any undistributed taxable income (ordinary and capital gain) from all prior periods,

it will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts it actually distributes.

The REIT may elect to retain and pay U.S. federal corporate income tax on the net long-term capital gain it receives in a taxable year. If the REIT so elects, it will be treated as having distributed any such retained amount for purposes of the 4% nondeductible excise tax described above. The REIT intends to make timely distributions sufficient to satisfy the annual distribution requirements and to avoid corporate income tax and the 4% nondeductible excise tax.

It is possible that, from time to time, the REIT may experience timing differences between: (i) the actual receipt of income and actual payment of deductible expenses, and (ii) the inclusion of that income and deduction of such expenses in arriving at the REIT's taxable income. As a result, unless, for example, the REIT raises funds by a borrowing or pays taxable dividends of its capital stock or debt securities, the REIT may have less cash than is necessary to distribute taxable income sufficient to avoid corporate income tax and the 4% excise tax described above or even to meet the 90% distribution requirement. If the REIT fails to meet the 90% distribution requirement as a result of an adjustment to its U.S. federal income tax return by the IRS, or if the REIT determines that it has failed to meet the 90% distribution requirement in a prior taxable year, it may retroactively cure the failure by paying a "deficiency dividend," plus applicable penalties and interest, within a specified period.

A taxpayer's net interest expense deduction is limited to 30% of the sum of adjusted taxable income ("ATI"), business interest, and certain other amounts. Adjusted taxable income does not include items of income or expense not allocable to a trade or business, business interest or expense, the new deduction for qualified business income, net operating losses ("NOLs"), and for years prior to 2022, deductions for depreciation, amortization, or depletion. For partnerships, the interest deduction limit is applied at the partnership level, subject to certain adjustments to the partners for unused deduction limitations at the partnership level. A real property trade or business may elect out of this interest limit so long as it uses a 40-year recovery period for nonresidential real property, a 30-year recovery period for residential rental property, and a 20-year recovery period for related improvements. For this purpose, a real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operating, management, leasing, or brokerage trade or business. The REIT believes this definition encompasses its business and thus will allow it the option of electing out of the limits on interest deductibility should it determine it is prudent to do so. Disallowed interest expense is carried forward indefinitely (subject to special rules for partnerships).

The NOL deduction is limited to 80% of taxable income (before the deduction). NOL carrybacks for individuals and non-real estate investment trust corporations are generally eliminated, but indefinite NOL carryforwards are allowed. The deduction applies to any income remaining after the current year dividends paid deduction.

Like-Kind Exchanges

The REIT may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for U.S. federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could require us to pay U.S. federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

Failure to Qualify

Although management expects that the REIT will qualify as a real estate investment trust, if it were to fail to qualify for taxation as a real estate investment trust in any taxable year and relief provisions did not apply, it would be subject to U.S. federal income tax on its taxable income at regular U.S. federal corporate tax rates. If the REIT were

to fail to qualify as a real estate investment trust, it would not be able to deduct the amount of distributions to Unitholders. In such event, all distributions to Unitholders would be taxable as dividends to the extent of the REIT's current and accumulated earnings and profits (as determined under U.S. federal income tax principles). Unless entitled to relief under specific statutory provisions, the REIT also would be disqualified from re-electing taxation as a real estate investment trust for the four taxable years following the year during which qualification was lost. In the event that the REIT fails to satisfy one or more requirements for qualification as a real estate investment trust, other than the gross income tests and the asset tests, each of which is subject to the cure provisions described above, it would retain its real estate investment trust qualification if (i) the violation is due to reasonable cause and not wilful neglect and (ii) it pays a penalty of US\$50,000 for each failure to satisfy the provision. The REIT cannot predict whether in all circumstances it would qualify for such statutory relief.

Taxation of Non-U.S. Holders

The following discussion describes certain U.S. federal income tax consequences to Non-U.S. Holders (as defined below) under present law of an investment in the Units. This discussion applies only to investors that hold the Units as capital assets. The U.S. federal income tax consequences of an investment in the Units by either a U.S. Holder or any Non-U.S. Holder who owns (or is considered to own) more than 10% of the Units will be materially different than the U.S. federal income tax consequences described in this summary.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations (except as specifically addressed herein) such as banks, certain financial institutions, insurance companies, broker dealers, U.S. expatriates, traders that elect to mark to market, tax-exempt entities, persons liable for alternative minimum tax or persons holding a Unit as part of a straddle, hedging, conversion or integrated transaction.

A **"Non-U.S. Holder"** is a beneficial owner of a Unit that is neither a U.S. Holder nor a partnership (including an entity that is treated as a partnership for U.S. federal income tax purposes). A **"U.S. Holder"** is a beneficial owner of a Unit that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the U.S.,
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the U.S., any state thereof or the District of Columbia,
- an estate whose income is subject to U.S. federal income taxation regardless of its source or
- a trust that (a) is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

The U.S. federal income tax treatment of a partner in a partnership or other entity treated as a partnership that holds Units depends on the status of the partner and the activities of the partnership. Partners in a partnership that owns Units should consult their own tax advisors as to the particular U.S. federal income tax considerations applicable to them.

THE RULES GOVERNING THE U.S. FEDERAL INCOME TAXATION OF NON-U.S. HOLDERS ARE COMPLEX AND THIS SUMMARY IS FOR GENERAL INFORMATION ONLY. NON-U.S. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE IMPACT OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME TAX LAWS ON OWNERSHIP OF THE UNITS, INCLUDING ANY REPORTING REQUIREMENTS.

Distributions on the Units

Distributions (including any taxable stock dividends) that are neither attributable to gains from sales or exchanges by the REIT of U.S. real property interests ("**USRPIs**") nor designated as capital gain dividends (except as described

below) will be treated as dividends of ordinary income to the extent that they are made out of the REIT's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such distributions ordinarily will be subject to withholding at a rate of 30%, unless an applicable tax treaty or statutory provision reduces that tax. The REIT plans to withhold U.S. income tax at the rate of 30% on the gross amount of any ordinary dividend paid to a Non-U.S. Holder unless the Non-U.S. Holder provides an IRS Form W-8BEN or IRS Form W-8BEN-E (or other acceptable substitute or applicable form) to the REIT or unless the Non-U.S. Holder provides an IRS Form W-8ECI certifying that the distribution is "effectively connected" income (as discussed below).

A Non-U.S. Holder that is a qualified resident of Canada generally is entitled to a 15% withholding rate under the Treaty if: (i) the Non-U.S. Holder is an individual and holds no more than 10% of the outstanding Units, (ii) the Units are publicly traded and the Non-U.S. Holder owns no more than 5% of the outstanding Units or (iii) the Non-U.S. Holder (other than an individual) holds no more than 10% of the outstanding Units and the REIT is diversified. For this purpose, the REIT will be treated as diversified if the gross value of no single interest in real property of the REIT exceeds 10% of the gross value of the REIT's total interest in real property. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by an RRSP, an RRIF or a DPSP) may be eligible for an exemption from U.S. federal tax withholding on dividends under Article XXI of the Treaty. A trust governed by a TFSA, a RESP or a RDSP is not entitled to benefits as an entity or arrangement under the Treaty. Instead, income received by a TFSA, a RESP or a RDSP is treated as received by the beneficiary of the TFSA, RESP, or RDSP as the case may be, and the TFSA, RESP, or RDSP, as the case may be, should be disregarded for U.S. federal income tax purposes. The beneficiary or annuitant of the TFSA, RESP, or RDSP as the case may be, may, however, be eligible for reduced withholding tax rates under the Treaty. Unitholders that are Exempt Plans should consult their own tax advisors with respect to the Canadian and U.S. federal income tax considerations relevant to an investment in Units.

Distributions that are treated as effectively connected with a U.S. trade or business of a Non-U.S. Holder, and, if required by an applicable income tax treaty, attributable to a permanent establishment of the Non-U.S. Holder, generally are subject to U.S. federal income tax on a net income basis at graduated rates, in the same manner as U.S. Holders, and are not subject to withholding if certain certification requirements are satisfied (generally, on IRS Form W-8ECI). Any such dividends received by a Non-U.S. Holder that is a corporation may also be subject to an additional branch profits tax of 30%, unless reduced by an applicable income tax treaty (5% under the Treaty and applicable protocols currently in force).

A Non-U.S. Holder would not incur tax on a distribution in excess of the REIT's current and accumulated earnings and profits if the excess portion of the distribution did not exceed the adjusted tax basis of the Non-U.S. Holder's Units. Instead, the excess portion of the distribution would reduce the Non-U.S. Holder's adjusted tax basis in the Units. A Non-U.S. Holder would be subject to tax on a distribution that exceeds both the REIT's current and accumulated earnings and profits and the adjusted tax basis in its Units if the Non-U.S. Holder otherwise would be subject to tax on gain from the disposition of its Units as described herein. Management of the REIT expects that distributions on the Units will exceed the REIT's current and accumulated earnings and profits as determined under the Code. For the purpose of determining the amount to withhold, management will make a reasonable estimate of the portion of a distribution that is paid out of current and accumulated earnings and profits or make such calculations or take such other actions as may be required in order to comply with U.S. laws. Because management believes that the Units will be considered regularly traded on an established securities market, each as described below under "Certain U.S. Federal Income Tax Considerations – Taxation of Non-U.S. Holders – Dispositions of Units", it does not expect to be required to withhold on distributions in excess of the REIT's current and accumulated earnings and profits that are distributed to Non-U.S. Holders that own 10% or less of the outstanding Units during the applicable testing period, although there can be no assurances that withholding on such amounts will not be required. If withholding is or becomes required on distributions in excess of the REIT's current and accumulated earnings and profits, the rate of withholding will be equal to 15% of such amounts.

A Non-U.S. Holder could incur tax on distributions that are attributable to gains from the REIT's sale or exchange of USRPIs under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, such gains are considered effectively connected with a U.S. trade or business of the Non-U.S. Holder and are taxed at the normal graduated rates applicable to U.S. Holders. Moreover, such gains may be subject to branch profits tax in the hands

of a Unitholder that is a foreign corporation at a rate of 30% unless reduced by an applicable income tax treaty (5% under the Treaty). However, a distribution of proceeds attributable to the sale or exchange by the REIT of USRPIs will not be subject to tax under FIRPTA or the branch profits tax, and will be taxed in the same manner as distributions of cash generated by the REIT's real estate operations other than the sale or exchange of properties (as described above) if (i) the distribution is made with regard to a class of shares that is regularly traded on an established securities market located in the United States (as management believes is the case with respect to the Units, see discussion below under “– Dispositions of Units”) and (ii) the recipient Unitholder does not own more than 10% of that class of Units at any time during the 1-year period ending on the date the distribution is received.

The REIT is required to withhold 21% (or less to the extent provided in applicable Treasury Regulations) of any distribution to a Non-U.S. Holder owning more than 10% of the relevant class of shares (or that otherwise has held more than 10% of a relevant class of shares at any time during the 1-year period ending on the date the distribution is received) that could be designated by the REIT as a capital gain dividend; this amount is creditable against the Non-U.S. Holder's FIRPTA tax liability.

Qualified Shareholders

Subject to the exception discussed below, any distribution to a “qualified shareholder” who holds Units directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. While a “qualified shareholder” will not be subject to FIRPTA withholding on REIT distributions, certain investors of a “qualified shareholder” (i.e., non-U.S. persons who hold interests in the “qualified shareholder” (other than interests solely as a creditor), and hold more than 10% of the Units (whether or not by reason of the investor's ownership in the “qualified shareholder”)) may be subject to FIRPTA withholding.

A “qualified shareholder” is a foreign person that (i) either (a) is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or (b) is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the New York Stock Exchange or Nasdaq stock market, (ii) is a “qualified collective investment vehicle” (within the meaning of Section 897(k)(3)(B) of the Code), and (iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) described in (i), above.

Qualified Pension Funds

Any distribution to a “qualified foreign pension fund” (or an entity all of the interests of which are held by a “qualified foreign pension fund”) who holds stock in a real estate investment trust directly or indirectly will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, a sale of stock in a real estate investment trust by a “qualified foreign pension fund” that holds such stock directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA.

A “qualified foreign pension fund” is any trust, corporation, or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established (A) by such country (or one or more political subdivisions thereof) to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (including self-employed individuals) or persons designated by such employees, as a result of services rendered by such employees to their employers or (B) by one or more employers to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (including self-employed individuals) or persons designated by such employees in consideration for services rendered by such employees to such employers, (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation

with respect to which annual information reporting about its beneficiaries (is provided or is otherwise available) to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (b) taxation of any investment income of such organization or arrangement is deferred or such income is excluded from the gross income of such entity or arrangement or taxed at a reduced rate.

FIRPTA Withholding Obligations

In order for the REIT to comply with its withholding obligations under FIRPTA, the Units are subject to notice requirements and transfer restrictions. Non-U.S. Holders are required to provide the REIT with such information as the REIT may request. Furthermore, any Non-U.S. Holder that would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the business day prior to the date of the transfer that would cause the non-U.S. person to own more than 5% of the Units. For the purpose of determining whether a Non-U.S. Holder has acquired more than 5% of the Units, rules of constructive ownership apply which can attribute ownership of Units (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership. If any Non-U.S. Holder that otherwise would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with the notice provisions described above, the excess Units (i.e., the excess of the number of Units it is treated as owning over an amount equal to 5% of the outstanding Units) will be sold, with such Non-U.S. Holders receiving the lesser of (i) its original purchase price for the excess Units and (ii) the sale price of the excess Units (net of selling expenses). Any such Non-U.S. Holder would also not have any economic entitlement to any distribution by the REIT on an excess Unit, and, if any such distributions are received by the Non-U.S. Holder and are not repaid, the REIT is permitted to withhold from subsequent payments to the Non-U.S. Holder up to the amount of such forfeited distributions. Non-U.S. Holders are strongly advised to monitor their actual and constructive ownership of Units. Notwithstanding that a Non-U.S. Holder may comply with the notice requirements and transfer restrictions described above, the REIT is entitled to withhold on distributions as otherwise required by law, and, to the extent that the REIT has not sufficiently withheld on prior distributions, is entitled to withhold on subsequent distributions.

Dispositions of Units

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax with respect to gain on the disposition of such Non-U.S. Holder's Units unless:

- (a) the REIT is or has been a U.S. Real Property Holding Corporation (“**USRPHC**”) for U.S. federal income tax purposes at any time during the 5-year period ending on the date of disposition or such shorter period that such Units were held;
- (b) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or
- (c) the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States and, if required by an applicable income tax treaty, attributable to a permanent establishment of the Non-U.S. Holder.

A Non-U.S. Holder described in the second bullet point above is subject to a flat 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses (even though the individual is not considered a resident of the United States). A Non-U.S. Holder described in the third bullet point above generally is subject to U.S. federal income tax on a net income basis at graduated rates, in the same manner as U.S. Holders, and, if it is a

corporation, may also be subject to an additional branch profits tax of 30%, unless reduced by an applicable income tax treaty (5% under the Treaty).

As to the first bullet point above, if at least 50% of a real estate investment trust's assets are USRPIs, then the real estate investment trust will be a USRPHC. Management of the REIT believes that the REIT is and will continue to be a USRPHC for U.S. federal income tax purposes. However, if the Units are considered "regularly traded on an established securities market," the Units would not be treated as interests in a USRPHC (and therefore gain recognized on a disposition would not be subject to U.S. federal income tax) with respect to Non-U.S. Holders who do not hold, actually or constructively, more than 10% of the outstanding Units at any time during the 5-year period ending on the date of disposition, or such shorter period that such Units were held. In addition, the purchaser of Units would not be required to withhold tax if the Units are considered "regularly traded on an established securities market" (as management believes is the case), regardless of whether the selling Non-U.S. Holder held more than 10% of the outstanding Units during the applicable testing period.

An "established securities market" consists of any of the following: (i) a U.S. national securities exchange which is registered under Sec. 6 of the *Securities Exchange Act of 1934*; (ii) a non-U.S. national securities exchange which is officially recognized, sanctioned, or supervised by a governmental authority; or (iii) any over-the-counter market. An over-the-counter market is any market which has an interdealer quotation system. An interdealer quotation system is any system of general circulation to brokers and dealers which regularly disseminates quotations of stocks and securities by identified brokers or dealers, other than by quotation sheets which are prepared and distributed by a broker or dealer in the regular course of business and which contain only quotations of such broker or dealer.

For the purpose of (ii), above, the TSX is a non-U.S. national securities exchange which is officially recognized, sanctioned, or supervised by a governmental authority, and, accordingly, the TSX is an established securities market. For so long as 100 or fewer persons do not own 50% or more of the Units, the Units should be treated as "regularly traded" on the TSX for a calendar quarter if: (a) the Units trade, other than in de minimis quantities, on at least 15 days during the calendar quarter; (b) the aggregate number of Units traded during the calendar quarter is at least 7.5% of the average number of Units outstanding during such calendar quarter (reduced to 2.5% if there are 2,500 or more record Unitholders); and (c) the REIT attaches a statement to its U.S. federal income tax return that provides information relating to it, the Units, and beneficial owners of more than 5% of the Units (the "**TSX Publicly Traded Exception**").

In addition, the Units would be considered "regularly traded" on an established securities market for a calendar quarter if the established securities market were located in the United States and the Units were regularly quoted by more than one broker or dealer making a market in the Units through an interdealer quotation system. The Units are currently quoted on the OTC Pink Market (the "**OTC**"). The OTC is an over-the-counter market with an interdealer quotation system that should be treated as an "established securities market" located in the United States. A broker or dealer makes a market in a class of stock only if the broker or dealer holds itself out to buy or sell shares of such class of stock at the quoted price. In this regard, at least two brokers or dealers are regularly quoting and making a market in the Units on the OTC. For each calendar quarter during which the Units are regularly quoted on the OTC, the Units should be treated as "regularly traded" on an established securities market in the United States (the "**U.S. Publicly Traded Exception**") and, accordingly, gain on sales of Units by Non-U.S. Holders that own 10% or less of the outstanding Units during the applicable testing period would not be subject to U.S. federal income tax. Investors are cautioned that there can be no assurances that there will be at least two brokers or dealers regularly quoting the Units on the OTC in any particular calendar quarter. In addition, neither the Code, the applicable Treasury regulations, administrative pronouncements nor judicial decisions provide guidance as to the frequency or duration with which the Units must be quoted during a calendar quarter to be "regularly quoted." U.S. counsel to the REIT believes that it is reasonable to interpret this exception to the effect that, so long as the brokers or dealers regularly quote the Units at any time during a calendar quarter, any gain from a sale at any time during the quarter would not be subject to U.S. federal income tax for Non-U.S. Holders that own 10% or less of the outstanding Units during the applicable testing period. Due to the lack of guidance from the IRS, however, investors are cautioned that there can be no assurance the IRS would concur in this interpretation.

Nonetheless, management believes that the Units will satisfy the U.S. Publicly Traded Exception and/or the TSX Publicly Traded Exception. However, if neither the U.S. Publicly Traded Exception nor the TSX Publicly Traded Exception is satisfied, the sale of Units by a Non-U.S. Holder may be subject to U.S. federal income tax at normal graduated rates with respect to gain recognized. In addition, a purchaser of Units would be required to withhold tax at the rate of 15% of the amount realized from the sale and to report and remit such tax to the IRS. Such withheld amount would not be an additional tax but would be a credit against the Non-U.S. Holder's U.S. federal income tax liability arising from the sale, and a Non-U.S. Holder would be required to file a U.S. federal income tax return.

A sale of Units by a "qualified shareholder" or a "qualified foreign pension fund" who holds Units directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. While a "qualified shareholder" will not be subject to FIRPTA withholding upon sale of Units, certain investors of a "qualified shareholder" (i.e., non-U.S. persons who hold interests in the "qualified shareholder" (other than interests solely as a creditor), and hold more than 10% of the Units (whether or not by reason of the investor's ownership in the "qualified shareholder")) may be subject to FIRPTA withholding.

The U.S. federal income taxation of Non-U.S. Holders is a highly complex matter that may be affected by many other considerations. Accordingly, Non-U.S. Holders of Units should consult their own tax advisors regarding the income and withholding tax considerations with respect to their investment in Units.

Withholding Taxes on Certain Foreign Accounts

Under the Foreign Account Tax Compliance Act ("**FATCA**"), withholding taxes may apply to certain types of payments made to "foreign financial institutions" (as specially defined in the Code) and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, the Units paid to a foreign financial institution or to a non-financial foreign entity, unless (i) the foreign financial institution undertakes certain diligence and reporting, (ii) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules (including an exemption available for certain Canadian financial institutions under the United States-Canada FATCA Intergovernmental Agreement or ("**IGA**")). If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (i) above, it must, among other things, undertake to identify accounts held by certain U.S. persons or U.S. owned foreign entities and annually report certain information about such accounts. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution may under certain circumstances be eligible for a refund or credit of any amounts withheld by filing a U.S. federal income tax return. An intergovernmental agreement or IGA between the jurisdiction of a foreign financial institution and the United States may modify the general FATCA rules described in this paragraph. Prospective investors should consult their tax advisors regarding these withholding provisions.

Information Reporting and Backup Withholding

Generally, the REIT must report to the IRS and to a Non-U.S. Holder the amount of interest and dividends paid to the Non-U.S. Holder and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest and dividend payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. In general, a Non-U.S. Holder is not subject to backup withholding with respect to payments of interest or distributions that are made to the Non-U.S. Holder if the Non-U.S. Holder has provided a properly completed IRS Form W-8BEN, IRS Form W-8BEN-E or other applicable IRS Form W-8. A Non-U.S. Holder is subject to information reporting and, depending on the circumstances, backup withholding with respect to the proceeds of the sale or other disposition of a Unit within the United States or conducted through certain U.S.-related payors, unless the payor of the proceeds receives the statement described above or the Non-U.S. Holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules are allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the IRS on a timely basis.

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of real estate investment trusts may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The real estate investment trust rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department which may result in statutory changes as well as revisions to regulations and interpretations. Prospective investors are urged to consult with their tax advisors regarding the effect of potential changes to the U.S. federal income tax laws on an investment in the Units.

State, Local and Foreign Taxes

The REIT and its Unitholders are generally subject to tax in Canada, as discussed in "Certain Canadian Federal Income Tax Considerations." The REIT and/or its Unitholders may be subject to taxation by various U.S. states or localities or other foreign jurisdictions, including those in which the REIT or a Unitholder transacts business, owns property or resides. The REIT may own properties located in numerous jurisdictions and may be required to file tax returns in some or all of those jurisdictions. The state, local and foreign tax treatment may differ from the U.S. federal income tax treatment described above. Consequently, prospective investors should consult their tax advisors regarding the effect of state, local and foreign income and other tax laws upon an investment in the Units.

RISK FACTORS

An investment in the Units offered hereby involves certain risks. Prospective investors should carefully consider, in light of their own financial circumstances, the risk factors set out below which relate to the Units, as well as the risk factors described under the heading "Risk Factors" found in the Annual Information Form, the Annual MD&A, the Interim MD&A, and the Prospectus. In addition, prospective investors should carefully consider all other information contained in this Prospectus Supplement and the Prospectus, the documents incorporated by reference herein and therein (including, without limitation, the Annual Information Form, the Annual MD&A and the Interim MD&A), and in all subsequently filed documents incorporated by reference, before making an investment decision.

Volatility of Market Price of the Units

The REIT has applied to list the Units being distributed under this Prospectus Supplement on the TSX. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX. There can be no assurance that an active public market for trading in the Units will persist and, as a result, the market price of the Units may be adversely affected.

The market price of the Units may be volatile and subject to wide fluctuations in response to numerous factors, including actual or anticipated fluctuations in the REIT's operating and financial results, the results of any public announcements made by the REIT, sales of the Units in the marketplace, failure to meet analysts' expectations, or general market conditions.

The volatility may affect the ability of holders of Units to sell the Units at an advantageous price. Financial markets have, at times, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur, the REIT's operations could be adversely impacted and the trading price of the Units may be adversely affected.

Investment Eligibility

The REIT will endeavor to ensure that the Units continue to be qualified investments for trusts governed by Exempt Plans. No assurance can be given in this regard. If the Units are not qualified investments for Exempt Plans, such Exempt Plans (and, in the case of certain Exempt Plans, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences.

Canadian Tax Matters

Tax proposals announced by the Minister of Finance on April 19, 2021 are intended to limit the deduction of interest to protect the Canadian tax base from erosion due to excessive debt and interest expense. The legislation for such tax proposals has yet to be released and it is not clear whether these proposals will impact the REIT's (or any subsidiary's) deduction of interest in its computation of income or loss for the purposes of the Tax Act.

Distributions on Units

Although the REIT intends to make distributions to the Unitholders in accordance with its distribution policy, these cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors disclosed in the REIT's continuous disclosure documents, including the financial performance of the properties in its portfolio, debt covenants and obligations, working capital requirements and future capital requirements. In addition, the market value of the Units may decline if the REIT is unable to meet its cash distribution targets in the future, and that decline may be significant.

Potential Dilution

The REIT is authorized to issue an unlimited number of Units for such consideration and on such terms and conditions as shall be established by the board of trustees, in many cases, without the approval of the Unitholders, and, generally, Unitholders will have no pre-emptive rights in connection with such further issuances. The REIT may issue additional Units in subsequent offerings (including through the sale of securities convertible into or exchangeable for Units) and on the vesting of equity awards or other securities exchangeable or exercisable for Units. The REIT cannot predict the size of future issuances of Units or the effect that future issuances and sales of Units will have on the market price of the Units. Issuances of a substantial number of additional Units, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Units. With any additional issuance of Units, holders of Units will suffer dilution to their voting power.

Net Proceeds to the REIT

There is no certainty that the maximum total offering amount, or any of the offering amount, will be raised under the Offering. The Agents have agreed to use commercially reasonable efforts to sell the Units when and to the extent requested by the REIT, but the REIT is not required to request the sale of the maximum amount offered and, if it requests a sale, the Agents are not obligated to purchase any Units that are not sold. As a result of the Offering being made on a commercially reasonable efforts basis with no minimum offering amount, and only as requested by the REIT, the REIT may raise substantially less than the maximum total offering amount, or none at all.

"At-the-Market" Offerings

Investors who purchase Units in this in this Offering at different times will likely pay different prices, and so may experience different outcomes in their investment results. The REIT will have discretion, subject to market demand, to vary the timing, prices, and numbers of Units sold, and there is no minimum or maximum sales price. Investors may experience a decline in the value of their Units as a result of sales made at prices lower than the prices they paid.

Discretion in Use of Proceeds

The REIT cannot specify with certainty the particular uses of any net proceeds that it will receive from the Offering. Management will have broad discretion in the application of any net proceeds, including for any of the purposes described in “Use of Proceeds”. Accordingly, a purchaser of Units will have to rely upon the judgment of management with respect to the use of any proceeds of the Offering, with only limited information concerning management’s specific intentions. The REIT’s management may spend a portion or all of the net proceeds from the Offering in ways that Unitholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser’s investment. The failure by management to apply these funds effectively could harm the REIT’s business. Pending use of such funds, the REIT might invest the net proceeds from the Offering in a manner that does not produce income or that loses value.

Number of Units to be Offered

The Units will be sold by the Agents at the market price prevailing at the time of sale and, therefore, there is no certainty on the number of Units that may be sold under the Offering. If the prevailing market price for the Units declines, then the REIT will be able to issue more Units under the Offering and investors may suffer greater dilution.

COVID-19

In response to the ongoing outbreak of COVID-19, governmental authorities in Canada and in the U.S. where the REIT operates have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place, and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it may cause significant impact and economic disruptions to the REIT.

The REIT’s highest priority is the health and safety of its residents and team members. Given the fluid nature of the COVID-19 pandemic, management continues to monitor all of its locations 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 Centers for Disease Control and Prevention.

Although the REIT has taken steps to mitigate the impact of COVID-19, the continued presence and spread of COVID-19 could have a material adverse impact on the REIT’s business, operations, financial results and position and prospects, including through a general or acute decline in economic activity in the regions the REIT operates in, a decrease in the willingness of the general population to travel, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the REIT’s apartment units. Contagion in one of the REIT’s buildings or a market in which the REIT operates could negatively impact the REIT’s occupancy, its reputation or attractiveness of that market. Any of these occurrences may have a material adverse effect on the business, financial condition and results of operations of the REIT. The REIT continues to monitor the situation and work with its stakeholders in order to assess further possible implications to its business, and where practicable, mitigate adverse consequences and responsibly address this global pandemic.

The length of the COVID-19 pandemic and severity of such outbreak across the globe is currently unknown, may worsen, may continue to cause general economic uncertainty in key global markets and a worsening of global economic conditions and may cause low levels of economic growth. The pace of recovery following the COVID-19 pandemic cannot be accurately predicted and may be slow.

All of the foregoing occurrences may have a material adverse effect on the business, financial condition and results of operations of the REIT, and accordingly, the trading price of the Units or other securities of the REIT.

RELATIONSHIP WITH CERTAIN AGENTS

Each of BMO, RBC and CIBC is an affiliate of a separate U.S. chartered bank that provides BSR with the Credit Facility, which is available up to a maximum amount of US\$300 million. In addition, CIBC is an affiliate of a U.S. chartered bank that provides BSR with an additional credit facility up to a maximum amount of US\$173.8 million. Desjardins may in the future provide credit facilities to BSR or the REIT. See “Debt Strategy and Indebtedness” in the Annual Information Form for further information. Consequently, the REIT may be considered a “connected issuer” of such Agents under applicable Canadian securities laws. As of the date of this Prospectus Supplement, BSR is in compliance with the terms of its indebtedness under its credit facilities, which indebtedness is secured against certain of the properties in the REIT’s portfolio. Since the indebtedness was initially incurred, BSR and the REIT’s financial position and the value of the collateral granted as security for the indebtedness have not materially changed in an adverse manner. As of the date of this Prospectus Supplement, BSR was indebted under the Credit Facility in an aggregate amount of approximately US\$111.7 million, and was indebted under the CIBC facility in an aggregate amount of approximately US\$148.5 million. The decision to undertake the Offering was made by the REIT. No affiliate of any Agent was involved in the decision to undertake the Offering. The terms of the Offering were determined by negotiation between the REIT and the Agents, and the affiliates of the Agents had no influence as to the determination of the terms of the Offering. The Agents will not receive any direct benefit from the Offering other than their respective portion of the fee payable by the REIT. A portion of the net proceeds from an at-the-market distribution may be applied towards the payment of indebtedness owed by BSR to affiliates of certain Agents. As a result, one or more affiliates of the Agents may receive more than 2.00% of the net proceeds from the Offering in the form of the repayment of such indebtedness.

In the ordinary course of their various business activities, the Agents and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers, and such investment and securities activities may involve securities of the REIT or its affiliates, including the Units. If the Agents or their affiliates have a lending relationship with the REIT, they routinely hedge their credit exposure to the REIT consistent with their customary risk management policies. The Agents and their affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the REIT or its affiliates, including the Units. Any such short positions could adversely affect future trading prices of the Units. The Agents and certain of their affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of the Units and may at any time hold, or recommend to clients that it acquires, long and/or short positions in the Units.

LEGAL MATTERS AND EXPERTS

The matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the issue and sale of the Units, will be passed upon on behalf of the REIT by Goodmans LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

The matters referred to under “Certain U.S. Federal Income Tax Considerations” will be passed upon on behalf of the REIT by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.

As of the date of this Prospectus Supplement, the partners and associates of Goodmans LLP, Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. and Blake, Cassels & Graydon LLP beneficially owned, directly or indirectly, each as a separate group, less than 1% of the outstanding securities of the REIT.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario. KPMG LLP is independent of the REIT in accordance with the ethical requirements that are relevant to their audit of the REIT’s consolidated financial statements in Canada. To the knowledge of the REIT, KPMG LLP does not own any registered or beneficial interest, directly or indirectly, in any securities or other property of the REIT.

The transfer agent and registrar for the Units is TSX Trust Company at its principal office located in Toronto, Ontario.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated December 7, 2021, the REIT was granted a permanent exemption from the requirement to translate into French this Prospectus Supplement, as well as and the documents incorporated by reference herein, and any other prospectus supplement to be filed in relation to an “at-the-market” distribution. For the purposes of this Prospectus Supplement, the REIT is not required to publicly file French versions of this Prospectus Supplement and the documents incorporated by reference herein.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in some provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Units distributed under an at-the-market distribution by the REIT do not have the right to withdraw from an agreement to purchase the Units and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to Units purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the Units purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in some provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Units distributed under an at-the-market distribution by the REIT may have against the REIT or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

A purchaser should refer to applicable securities legislation for the particulars of these rights and should consult a legal adviser.

Solely with regard to the Offering, the above supersedes the previous statement in the Prospectus under “Purchaser’s Statutory Rights” in entirety.

GLOSSARY OF TERMS

In this Prospectus Supplement, the following terms will have the meanings set forth below, unless otherwise indicated:

“**affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario);

“**Agents**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**AFFO**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**AFFO Payout Ratio**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**AFFO Per Unit**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**allowable capital loss**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Taxation of Taxable Holders – Capital Gains and Losses”;

“**Annual Financial Statements**” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“**Annual Information Form**” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“**Annual MD&A**” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“**ATI**” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of the REIT – Annual Distribution Requirements”;

“**BMO**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**BSR**” means BSR Trust, LLC, the operating subsidiary of the REIT;

“**BSR Holdings**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Taxation of the REIT”;

“**capital gains refund**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Taxation of the REIT”;

“**CIBC**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**CFA**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Taxation of the REIT”;

“**Class B Units**” means the Class B units of BSR;

“**Commission**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**Code**” means the United States Internal Revenue Code of 1986, as amended;

“**COVID-19**” has the meaning ascribed thereto under “Cautionary Note Regarding Forward-Looking Statements”;

“**CRA**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**Credit Facility**” means the senior secured revolving credit facility of BSR provided by a U.S. chartered bank affiliated with BMO, RBC and CIBC, as it may be amended from time to time;

“**Debentures**” means the US\$40,000,000 aggregate principal amount of 5.00% convertible unsecured subordinated debentures of the REIT issued on September 3, 2020;

“**Debt to Gross Book Value**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**Declaration of Trust**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**Deferred Units**” means the deferred units of the REIT granted under the Omnibus Equity Incentive Plan;

“**Desjardins**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**Distribution Agreement**” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“**DPSP**” means a “deferred profit sharing plan” as defined in the Tax Act;

“Exempt Plans” has the meaning ascribed thereto under “Eligibility for Investment”;

“FAPI” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Taxation of the REIT”;

“FAT” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Taxation of the REIT”;

“FATCA” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Withholding Taxes on Certain Foreign Accounts”;

“FFO” has the meaning ascribed thereto under “Non-IFRS Measures”;

“FFO Per Unit” has the meaning ascribed thereto under “Non-IFRS Measures”;

“FIRPTA” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Distributions on the Units”;

“forward-looking statements” has the meaning ascribed thereto under “Cautionary Note Regarding Forward-Looking Statements”;

“Gross Book Value” has the meaning ascribed thereto under “Non-IFRS Measures”;

“Holder” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“IFRS” means International Financial Reporting Standards;

“Interim Financial Statements” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“Interim MD&A” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“IRS” means the United States Internal Revenue Service;

“Liquidity” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NAV” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NAV per Unit” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NI 44-102” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“NOI” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NOI Margin” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NOLs” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of the REIT – Annual Distribution Requirements”;

“Non-U.S. Holder” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders”;

“Offering” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“Omnibus Equity Incentive Plan” means the omnibus equity incentive plan of the REIT dated as of May 18, 2018, as amended or amended and restated from time to time;

“OTC” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders – Dispositions of Units”;

“Performance Units” means the performance units of the REIT granted under the Omnibus Equity Incentive Plan;

“Proposed Amendments” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“Prospectus” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“Prospectus Supplement” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“QRS” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of the REIT — Effect of Subsidiary Entities”;

“RBC” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“RDSP” means a “registered disability savings plan” as defined in the Tax Act;

“REALPAC” has the meaning ascribed thereto under “Non-IFRS Measures”;

“REIT” means BSR Real Estate Investment Trust;

“RESP” means a “registered education savings plan” as defined in the Tax Act;

“Restricted Units” means the restricted units of the REIT granted under the Omnibus Equity Incentive Plan;

“RRIF” means a “registered retirement income fund” as defined in the Tax Act;

“RRSP” means a “registered retirement savings plan” as defined in the Tax Act;

“Same Community” has the meaning ascribed thereto under “Non-IFRS Measures”;

“SEC” means the U.S. Securities and Exchange Commission;

“Securities Commissions” means each securities commission or securities regulatory authority in the provinces and territories in which the REIT is a reporting issuer;

“SEDAR” means the system for electronic document analysis and retrieval;

“SIFT Rules” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Status of the REIT”;

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“TFSA” means a “tax-free savings account” as defined in the Tax Act;

“Treaty” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“TRS” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — General U.S. Federal Income Tax Considerations of Real Estate Investment Trust Status”;

“Trustees” means the trustees of the REIT from time to time;

“TSX” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“TSX Publicly Traded Exception” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Dispositions of Units”;

“Unitholder” means a holder of Units;

“Units” means trust units of the REIT;

“U.S. Holder” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders”;

“U.S. Publicly Traded Exception” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Dispositions of Units”;

“U.S. Securities Act” has the meaning ascribed thereto on the cover page of this Prospectus Supplement;

“USRPHC” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Dispositions of Units”; and

“USRPIs” has the meaning ascribed thereto under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Distributions on the Units”.

CERTIFICATE OF THE REIT

Dated: December 8, 2021

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

BSR REAL ESTATE INVESTMENT TRUST

(Signed) "*John S. Bailey*"
Chief Executive Officer

(Signed) "*Susan Koehn*"
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) "*Neil Labatte*"
Trustee

(Signed) "*Graham Senst*"
Trustee

CERTIFICATE OF THE OPERATING ENTITY AND OF THE PROMOTER

Dated: December 8, 2021

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

BSR TRUST, LLC

(Signed) "*John S. Bailey*"
Chief Executive Officer

(Signed) "*Susan Koehn*"
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Daniel Oberste*"
Director

(Signed) "*Blake Brazeal*"
Director

CERTIFICATE OF THE AGENTS

Dated: December 8, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

(Signed) *"Michael Brodie"*

By: Michael Brodie

DESJARDINS SECURITIES INC.

(Signed) *"Mark Edwards"*

By: Mark Edwards

CIBC WORLD MARKETS INC.

(Signed) *"Jeff Appleby"*

By: Jeff Appleby

RBC DOMINION SECURITIES INC.

(Signed) *"David Switzer"*

By: David Switzer

This short form prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in each of the provinces and territories of Canada that permit certain information about these securities to be determined after this prospectus has become final and that permit the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. **These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of any, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".***

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. **Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer and Secretary of BSR Real Estate Investment Trust at its head offices located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7, by telephone at 501.371.6335, and are also available electronically at www.sedar.com.***

BASE SHELF SHORT FORM PROSPECTUS

New Issue and Secondary Offering

December 1, 2021



BSR REAL ESTATE INVESTMENT TRUST

US\$500,000,000

Units

Debt Securities

Warrants

Subscription Receipts

The price per Offered Unit is stated in U.S. dollars.

BSR Real Estate Investment Trust (the "REIT") is an internally managed, unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario pursuant to a second amended and restated declaration of trust dated April 23, 2020, as the same may be further amended or amended and restated from time to time (the "Declaration of Trust").

The REIT may, from time to time during the 25 month period that this short form base shelf prospectus (the "Prospectus"), including any amendments, remains valid, offer for sale and issue: (i) trust units of the REIT (the "Units"); (ii) debt securities (including convertible debt securities), which may consist of debentures, notes or other types of debt and may be issuable in series (the "Debt Securities"); (iii) Unit purchase warrants (the "Warrants"); and (iv) subscription receipts to purchase any of the foregoing (the "Subscription Receipts" and, together with the Units, the Debt Securities and the Warrants, collectively referred to as the "Securities"). The REIT may sell up to US\$500,000,000 aggregate initial offering price of Securities (or the equivalent amount if any Securities are denominated in a currency other than U.S. dollars). The Securities may be offered for sale separately or in combination with one or more other Securities and may be sold from time to time in one or more transactions at a fixed price or prices (which may be changed) or at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices.

Certain members or affiliates of the Bailey family and the Hughes family (together, the "Bailey/Hughes Holders") may also offer Units beneficially owned by them or issuable to them on the exchange of class B units ("Class B Units") of BSR Trust, LLC ("BSR"), the operating subsidiary of the REIT. This Prospectus qualifies the distribution of Securities by the REIT and by the Bailey/Hughes Holders and their affiliates that are selling Unitholders. See "Selling Unitholders".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY CANADIAN SECURITIES COMMISSION OR REGULATORY AUTHORITY NOR HAS ANY CANADIAN SECURITIES COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Prospective investors should be aware that the acquisition of the Securities described herein may have tax consequences. Prospective investors should read the tax disclosure in any applicable Prospectus Supplement; however, this Prospectus or any applicable Prospectus Supplement may not fully describe these tax consequences, and investors should consult their tax adviser prior to making any investment in the Securities.

The specific terms of any Securities offered will be described in one or more shelf prospectus supplements (collectively or individually, as the case may be, a “**Prospectus Supplement**”), including, where applicable: (i) in the case of Units, the number of Units being offered, the offering price and any other specific terms; (ii) in the case of Debt Securities, the specific designation, the aggregate principal amount being offered, the denominations, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating, and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, exchange or conversion provisions (if any), the repayment terms, the form (either global or definitive), the authorized denominations and any other specific terms; (iii) in the case of Warrants, the number of Warrants being offered, the offering price, the exercise price, the form, and any other specific terms; and (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Units or any other Securities and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable Canadian securities laws to be omitted from this Prospectus, including the information disclosed in the specific terms of any offering of Securities, as discussed above, will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except in cases where an exemption from such delivery requirements has been obtained. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The REIT and/or any selling Unitholders may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities directly to one or more purchasers pursuant to applicable statutory exemptions or through agents. See “Plan of Distribution”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the REIT and/or any selling Unitholders in connection with such offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that the REIT and/or any selling Unitholders will receive and any other material terms of the plan of distribution. The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices, which prices may vary as between purchasers and during the period of distribution of the Securities.

This Prospectus may qualify an “at-the-market distribution” (as defined under applicable Canadian securities legislation). Only the REIT, and not a selling Unitholder, may sell Securities in an “at-the-market distribution”.

In connection with any offering of Securities other than an “at-the-market distribution” (as defined under applicable Canadian securities laws), the underwriters, dealers or agents, as the case may be, may over allot or effect transactions which stabilize or maintain the market price of the Securities at a level above that which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”. No underwriter, dealer or agent involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter, dealer or agent, and no person or company acting jointly or in concert with such underwriter, dealer or agent will over-allot securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities or securities of the same class as the Securities distributed under this Prospectus, including selling an

aggregate number or principal amount of securities that would result in the underwriter or dealer creating an over-allocation position in the Securities.

The Units are listed on the Toronto Stock Exchange (“**TSX**”) in U.S. dollars under the symbol “HOM.U”, and in Canadian dollars under the symbol “HOM.UN”. The REIT’s head and registered office is located at 333 Bay Street, Toronto, Ontario, M5H 2S7. The head and registered office of BSR is located at 1209 Orange Street, Wilmington, Delaware, U.S.A, 19801. The principal place of business of BSR is located at 1400 West Markham Street, Suite 202, Little Rock, Arkansas, U.S.A, 72201.

Mr. John S. Bailey, Ms. Susan Koehn, Mr. W. Daniel Hughes, Jr. and Mr. William A. Halter are Trustees and/or executive officers of the REIT and reside outside Canada. Although such non-resident persons have appointed GODA Incorporators, Inc., 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, as their agent for service of process in Ontario, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See “Risk Factors”.

Owning the Securities may subject investors to tax consequences. This Prospectus and any applicable Prospectus Supplement may not describe the tax consequences fully. Prospective investors should read the tax discussion in any applicable Prospectus Supplement and consult with a tax advisor with respect to their own particular circumstances.

Each series or issue of Debt Securities, Warrants or Subscription Receipts will be a new issue of securities with no established trading market. Unless specified in a Prospectus Supplement, Securities may not be listed on any securities or stock exchange. Accordingly, unless so specified, there may be no market through which the Securities may be sold and purchasers may not be able to resell the Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See “Risk Factors”.

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GENERAL MATTERS

In this Prospectus, unless the context otherwise requires, references to the “**REIT**” refer to BSR Real Estate Investment Trust and its subsidiaries on a consolidated basis; “**Units**” means the trust units of the REIT; and “**Unitholders**” means holders of Units.

References to Canadian dollars or “**C\$**” are to Canadian currency and references to U.S. dollars, “**\$**” or “**US\$**” are to U.S. currency. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

References to “**management**” in this Prospectus means the persons acting in the capacities of the REIT’s Chief Executive Officer, President and Chief Investment Officer, Co-President and Chief Operating Officer, Chief Financial Officer, Chief Administrative Officer and Chief Accounting Officer. Any statements in this Prospectus or incorporated in this Prospectus by reference made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

All capitalized terms referred to above are defined elsewhere in this Prospectus including under “Glossary of Terms”

RELIANCE

A prospective investor should rely on the information contained in this Prospectus and in the documents incorporated by reference herein and is not entitled to rely on parts of the information contained in this Prospectus or documents incorporated by reference herein to the exclusion of others. The REIT has not authorized anyone to provide investors with additional or different information. The REIT is not offering to sell the Securities in any jurisdiction where the offer or sale of such Securities is not permitted. The information contained in this Prospectus or in the documents incorporated by reference herein is accurate only as of the date of this Prospectus or the respective date of the applicable document incorporated by reference herein, regardless of the time of delivery of this Prospectus or of any sale of the Securities. The REIT’s business, financial condition, results of operations and prospects may have changed since the date of this Prospectus. The REIT does not undertake to update the information contained or incorporated by reference herein, except as required by the applicable securities laws.

For investors outside Canada, the REIT has not done anything that would permit the offering of the Securities or possession or distribution of this Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the offering of the Securities and the possession or distribution of this Prospectus.

Statements included or incorporated by reference in this Prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete, and in each instance, prospective investors should refer to the actual agreement for a complete description of the matter involved. Each such statement is qualified in its entirety by such reference. Each time the REIT sells Securities under this Prospectus, it will provide a Prospectus Supplement that will contain specific information about the terms of that offering. The Prospectus Supplement may also add, update or change information contained in this Prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated by reference herein, contains “forward-looking information” as defined under Canadian securities laws (collectively, “**forward-looking statements**”) which reflect management’s expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT (including exit or sale plans, acquisitions, capital recycling, capital redevelopment, and rental rate increases), macroeconomic and industry trends (including those relating to job growth, population growth, vacancy and home ownership rates) and the potential impact of and response measures to be taken with respect to the novel coronavirus COVID-19 (“**COVID-19**”). The words “plans”,

“expects”, “does not expect”, “goals”, “seek”, “strategy”, “future”, “estimates”, “intends”, “anticipates”, “does not anticipate”, “projected”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “should”, “might”, “likely”, “occur”, “be achieved” or “continue” and similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

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

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this Prospectus, 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 the documents incorporated by reference herein, including, but not limited to, the REIT’s future growth potential, results of operations, future prospects and opportunities, demographic and industry trends, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws as currently in effect, the continuing availability of capital, current economic conditions and the anticipated impact of COVID-19.

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: (a) the REIT’s ability to execute its growth strategies; (b) the impact of changing conditions in the U.S. multifamily housing market; (c) increasing competition in the U.S. multifamily housing market; (d) the effect of fluctuations and cycles in the U.S. real estate market; (e) the marketability and value of the REIT’s portfolio; (f) changes in the attitudes, financial condition and demand of the REIT’s demographic market; (g) fluctuation in interest rates and volatility in financial markets; (h) developments and changes in applicable laws and regulations; (i) statements regarding the impact of the current global health crisis caused by COVID-19; and (j) such other factors referred to under “Risk Factors” in this Prospectus and the documents incorporated by reference herein, including the REIT’s filings with Securities Commissions or similar authorities in Canada, including the Annual Information Form, the Annual MD&A and the Interim MD&A (each, as defined below).

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. The opinions, estimates or assumptions referred to above and described in greater detail under “Risk Factors” should be considered carefully by readers. 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 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 Prospectus, including the documents incorporated by reference herein, may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this Prospectus, including the documents incorporated by reference herein. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of the respective documents. 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. All forward-looking statements in this Prospectus are qualified by these cautionary statements.

EXCHANGE RATE INFORMATION

The REIT's portfolio consists of properties located in the states of Texas, Oklahoma and Arkansas. The REIT discloses all financial information contained in this Prospectus in U.S. dollars. The following table sets forth, for the periods indicated, the high, low, average and period-end rates of exchange for US\$1.00, expressed in Canadian dollars, published by the Bank of Canada.

	Nine months ended September 30	Year ended December 31	
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Highest rate during the period	1.2856	1.4496	1.3600
Lowest rate during the period	1.2040	1.2718	1.2988
Average rate for the period	1.2513	1.3415	1.3269
Rate at the end of the period	1.2741	1.2732	1.2988

On November 30, 2021, the daily average rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US\$1.0000 equals C\$1.2792. The REIT makes no representation that U.S. dollars could be converted into Canadian dollars at that rate or any other rate.

NON-IFRS MEASURES

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

FFO, AFFO and NOI

In February 2019, the Real Property Association of Canada ("**REALPAC**"), published a white paper titled "White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS". The purpose of the white paper is to provide reporting issuers and investors with greater 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 issuer's 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 expenses 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, changes in tenant in common interest and operational revenue and expenses from right of use assets and transaction costs expenses as a result of property dispositions. FFO should not be construed as an alternative to net income (loss) or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT regards FFO as a key measure of operating performance.

The REIT defines AFFO as FFO adjusted for items such as actual maintenance capital expenditures incurred, straight-line rental revenue differences, severance/retention costs associated with the disposition of investment properties, realized rental guaranties associated with properties in lease up. AFFO should not be construed as an alternative to net income (loss) or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT regards AFFO as a key measure of operating performance.

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

See the REIT’s Interim MD&A for a reconciliation of FFO, AFFO and NOI to the most directly comparable IFRS measure.

Other Real Estate Industry Metrics

Additionally, this Prospectus, including the documents incorporated by reference herein, may contain several other real estate industry metrics that could be considered non-IFRS financial measures.

- “**AFFO Payout Ratio**” is defined as total cash distributions of the REIT (including distributions on Class B Units) divided by AFFO.
- “**AFFO per Unit**” is defined as AFFO divided by the weighted average Unit count for the period, which is representative of the combined Units, Class B Units and issued Deferred Units.
- “**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.
- “**FFO per Unit**” is defined as FFO divided by the weighted average Unit count for the period, which is representative of the combined Units, Class B Units and issued Deferred Units.
- “**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.
- “**Liquidity**” is defined as (a) cash and cash equivalents (unrestricted), plus (b) borrowing capacity available under any existing credit facilities.
- “**NAV**” means net asset value and is calculated as the sum of the value of Unitholders’ equity and Class B Units as of the balance sheet date.
- “**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.
- “**NOI margin**” is defined as NOI divided by total revenue.
- “**Same Community**” results are used by management to evaluate period-over-period performance of investment properties fully-owned by the REIT during both respective periods. Same Community results represent total revenues, property operating expenses, real estate taxes and property tax liability adjustment, net (IFRIC 21). These results remove the impact of acquisitions and dispositions.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with Securities Commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer and Secretary of the REIT at its head offices located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7, by telephone at 501.371.6335, or electronically on SEDAR at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus, the following documents filed by the REIT with the Securities Commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the audited consolidated financial statements of the REIT for the year ended December 31, 2020, together with the notes thereto and the auditors' report thereon (the "**Annual Financial Statements**");
- (b) the management's discussion and analysis of the results of operations and financial condition of the REIT for the year ended December 31, 2020 (the "**Annual MD&A**");
- (c) the unaudited interim consolidated financial statements of the REIT and accompanying notes for the three and nine months ended September 30, 2021, together with the notes thereto (the "**Interim Financial Statements**");
- (d) the management's discussion and analysis of the results of operations and financial condition of the REIT for the three and nine months ended September 30, 2021 (the "**Interim MD&A**");
- (e) the annual information form of the REIT dated March 9, 2021 for the year ended December 31, 2020 (the "**Annual Information Form**"); and
- (f) the management information circular of the REIT dated March 9, 2021 in respect of the annual general meeting of Unitholders held on May 12, 2021.

Any documents of the type described in Item 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* which are filed by the REIT with the Securities Commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this Prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this Prospectus.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form and consolidated annual financial statements being filed by the REIT with the Securities Commissions or similar authorities in Canada during the period that this Prospectus is effective, the previous annual information form, the previous consolidated annual financial statements and all consolidated

interim financial statements and, in each case, the accompanying management's discussion and analysis and material change reports filed prior to the commencement of the financial year of the REIT in which the new annual information form is filed shall be deemed to no longer be incorporated into this Prospectus for purpose of future offers and sales of Securities under this Prospectus. Upon consolidated interim financial statements and the accompanying management's discussion and analysis being filed by the REIT with the Securities Commissions or similar authorities in Canada during the period that this Prospectus is effective, all consolidated interim financial statements and the accompanying management's discussion and analysis filed prior to such new consolidated interim financial statements and management's discussion and analysis shall be deemed to no longer be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. In addition, upon a new management information circular for an annual meeting of Unitholders being filed by the REIT with the Securities Commissions or similar authorities in Canada during the period that this Prospectus is effective, the previous management information circular filed in respect of the prior annual meeting of Unitholders shall no longer be deemed to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific variable terms in respect of any Securities, updated disclosure of earnings interest coverage ratios (if applicable) and any additional or updated information that the REIT may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of such Securities, together with this Prospectus, unless an exemption from the prospectus delivery requirements has been granted or is otherwise available, and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the offering of the Securities covered by such Prospectus Supplement.

SUMMARY DESCRIPTION OF THE BUSINESS OF THE REIT

The REIT is an internally managed, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. The head office of the REIT is located at 333 Bay Street, Suite 3400, Toronto Ontario M5H 2S7. The REIT was formed for the purpose of acquiring and owning multifamily real estate properties.

The REIT's portfolio of properties currently consists of 28 multifamily residential properties comprising 7,607 apartment units that are located in five major metropolitan markets within three bordering states throughout the Sunbelt region of the United States, which is generally considered the southeastern and southwestern regions of the United States. The REIT currently operates in Texas, Oklahoma and Arkansas.

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

The REIT is internally managed by a team of seasoned senior professionals dedicated to the REIT's strategic objectives on a non-conflicted basis. As a fully integrated owner and operator, the REIT is supported by internal capabilities across all disciplines, including acquisitions, asset management, property management, development/redevelopment, financing and capital markets, audit/regulatory affairs, marketing/branding and human resources. Management has extensive experience with the REIT's portfolio, having sourced and managed all of the properties since their acquisition. With an internally managed platform, the REIT benefits from an in-house management team dedicated to the REIT's strategic objectives while operating under an efficient and scalable cost structure.

Consistent with the REIT's past practices and in the normal course of business, the REIT is continuously engaged in discussions with respect to possible acquisitions of and investments in new assets and businesses, dispositions of existing assets, including those contemplated as a part of the REIT's capital recycling initiatives, and related financings and refinancings. There can be no assurance that any of these discussions will result in a definitive agreement, and, if they do, what the terms or timing of any acquisition, investment, disposition, financing or refinancing would be, if consummated. The REIT expects to continue current discussions and actively pursue acquisition, investment, disposition, financing and refinancing opportunities, which currently, or may from time to time, involve entering into purchase and sale agreements that are subject to various conditions, including due diligence. As of the date hereof, there are no significant probable acquisitions identified by the REIT, whereby financial statements would be required to be included in this Prospectus in order for this Prospectus to contain full, true and plain disclosure.

RECENT DEVELOPMENTS

There have been no material developments in the business of the REIT since September 30, 2021, the date of the REIT's most recent Interim Financial Statements, which have not been disclosed in this Prospectus or the documents incorporated by reference herein, other than as follows:

On November 23, 2021, the REIT announced the disposition of Windhaven Park and Heritage at Hillcrest located in the Dallas, Texas and Austin, Texas metropolitan statistical areas (MSAs), respectively. The REIT received gross consideration of US\$148 million for the dispositions, totalling 760 apartment units. The net proceeds of US\$142 million were used to repay US\$59 million in mortgage debt with the balance used to reduce the outstanding balance on the Credit Facility.

CONSOLIDATED CAPITALIZATION OF THE REIT

Since September 30, 2021, being the date of the REIT's most recently completed Interim Financial Statements, there have been no material changes in the capitalization of the REIT, other than as set forth below.

The following table sets forth the consolidated capitalization of the REIT as at September 30, 2021, and the *pro forma* consolidated capitalization of the REIT as at September 30, 2021 after giving effect to the transactions described above under "Recent Developments". The table should be read in conjunction with the Interim Financial Statements and notes thereto incorporated by reference in this Prospectus.

	September 30, 2021 (unaudited)	September 30, 2021 (unaudited— <i>pro forma</i> after giving effect to the transactions described under "Recent Developments")
	(US\$000s – except Units) ⁽¹⁾	(US\$000s – except Units) ⁽¹⁾
Indebtedness		
Loans and borrowings	US\$694,588	US\$552,588 ⁽²⁾
Class B Units	US\$330,362	US\$326,762 ⁽³⁾
Debentures	US\$47,388	US\$47,296 ⁽⁴⁾
Unitholders' Equity	US\$596,109	US\$593,801
Units	30,960,530	31,187,365
<i>(Authorized – unlimited; Issued – 30,960,530)</i>		
Total Capitalization	US\$1,668,447	US\$1,520,447

Notes:

- (1) On September 29, 2021, the daily average rate of exchange posted by the Bank of Canada for the conversion of U.S. dollars into Canadian dollars was US\$1.000 equals C\$1.2741.
- (2) On November 23, 2021, the REIT disposed of Windhaven Park and Heritage at Hillcrest for gross proceeds of US\$148 million. Net proceeds of US\$142 million were used to repay US\$59 million in mortgage debt and the balance used to reduce the outstanding balance on the Credit Facility.
- (3) The REIT redeemed 221,558 Class B Units for REIT Units at a weighted average price per unit of US\$16.25.
- (4) The REIT issued 5,277 Units in connection with the conversion of Debentures at the option of the holder such that approximately 69.4444 Units were issued for each us\$1,000 principal amount of Debentures converted.

USE OF PROCEEDS

The use of proceeds from the sale of Securities will be described in a Prospectus Supplement relating to a specific offering and issuance of Securities. The REIT may use net proceeds from the sale of Securities to repay indebtedness outstanding from time to time, to fund the acquisition of real property and other investments as permitted by the Declaration of Trust, for capital expenditures and for other general purposes. The REIT will not receive any proceeds from any sale of any Securities by selling Unitholders.

PLAN OF DISTRIBUTION

The REIT and/or any selling Unitholders may from time to time during the 25-month period that this Prospectus, including any amendments hereto, remains valid, offer for sale and issue the Securities. During such period, the REIT may sell up to US\$500,000,000 in the aggregate, of initial offering price of Securities (or the equivalent amount if any Securities are denominated in a currency other than U.S. dollars).

The REIT and/or any selling Unitholders will sell the Securities to or through underwriters or dealers or purchasers directly, through applicable statutory exemptions, or through agents. The Securities may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 - *Shelf Distributions* (“NI 44-102”), including sales made directly on the TSX or other existing trading markets for the Securities. Only the REIT, and not a selling Unitholder, may sell Securities in an “at-the-market distribution”. Any such transactions that are deemed “at-the-market-distributions” will be subject to regulatory approval. No underwriter, dealer or agent, no affiliate of such underwriter, dealer or agent and no person acting jointly or in concert with such underwriter, dealer or agent involved in an “at-the-market distribution” will over-allot Securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities.

The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

A Prospectus Supplement will identify each underwriter, dealer or agent, as the case may be, engaged by the REIT and/or any selling Unitholders in connection with such offering and sale of the Securities, and will set forth the terms of the offering, including the name(s) of any underwriters, dealers or agents, the purchase price(s) of the Securities, the proceeds to the REIT and/or any selling Unitholders from the sale of Securities, any initial public offering price (or the manner of determination thereof if offered on a non-fixed price basis), any underwriting discount or commission and any discounts, concessions or commissions allowed or paid by any underwriter to other dealers. Any initial public offering price and any discounts, concessions or commissions allowed or paid to dealers may be changed from time to time. Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters for the purposes of applicable Canadian securities legislation and any such compensation received by them from the REIT and/or any selling Unitholder and any profit on the resale of the Securities by them may be deemed to be underwriting commissions.

In connection with any offering of Securities, except as otherwise set out in a Prospectus Supplement relating to a particular offering of Securities and other than in relation to an “at-the-market” distribution, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions intended to fix, stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. Other than in relation to an “at-the-market” distribution, any underwriters or agents to or through whom Securities are sold by the REIT may make a market in the Securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in any of the Securities will develop or as to the liquidity of any trading market for the Securities.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under certain agreements to be entered into with the REIT and/or any selling Unitholders to indemnification by the REIT and/or any selling Unitholders against certain liabilities, including liabilities under Canadian securities legislation or to contribution with respect to payments that they may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for the REIT and/or any selling Unitholders in the ordinary course of business.

The Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Securities may not be offered, sold or delivered within the United States, and each underwriter or agent for any offering of Securities will agree that it will not offer, sell or deliver the Securities within the United States, except pursuant an exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder (“**Rule 144A**”) and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the offering of Securities, any offer or sale of such Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Securities in the United States or to, or for the account or benefit of, U.S. persons.

Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Units) will be a new issue of Securities with no established trading market. Accordingly, there is currently no market through which the Securities (other than Units) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus and the applicable Prospectus Supplement. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See “Risk Factors”.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement with respect to the offering and issuance of Debt Securities pursuant to this Prospectus.

DESCRIPTION OF SECURITIES

The following is a summary of the material attributes and characteristics of the Securities as at the date of this Prospectus. The summary does not purport to be complete and is indicative only. The specific terms of any Securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such Securities, will be set forth in the applicable Prospectus Supplement. Moreover, a Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus. The Securities will not include any novel derivatives or asset-backed securities as discussed under Part 4 of NI 44-102.

Units

This section describes the general terms that will apply to any Units that may be offered by the REIT pursuant to this Prospectus. Units may be offered separately or together with other Securities, as the case may be. For additional information respecting the Units, see the Declaration of Trust, which is available electronically at www.sedar.com, and the Annual Information Form, which is incorporated by reference herein.

The REIT is authorized to issue an unlimited number of Units pursuant to the Declaration of Trust. As at November 30, 2021, there were 31,187,365 Units issued and outstanding. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Unitholders.

No Unit has any preference or priority over another. Each Unit represents a Unitholder's proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities.

Units will be fully paid and non-assessable when issued and are transferable. The Units are redeemable at any time on demand by the holders thereof and, except as otherwise described in this Prospectus and in the documents incorporated by reference in herein, the Units have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Debt Securities

This section describes the general terms that will apply to any Debt Securities that may be offered by the REIT pursuant to this Prospectus. Debt Securities may be offered separately or together with other Securities, as the case may be.

The following sets forth certain general terms and provisions of the Debt Securities offered under this Prospectus. The specified terms and provisions of the Debt Securities offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described in this section apply to those Debt Securities, will be set forth in the applicable Prospectus Supplement.

The Debt Securities will be direct obligations of the REIT and may be guaranteed by an affiliate or associate of the REIT. The Debt Securities may be senior or subordinated indebtedness of the REIT and may be secured or unsecured, all as described in the relevant Prospectus Supplement. In the event of the insolvency or winding up of the REIT, the subordinated indebtedness of the REIT, including the subordinated Debt Securities, will be subordinate in right of payment to the prior payment in full of all other liabilities of the REIT (including senior indebtedness), except those which by their terms rank equally in right of payment with or are subordinate to such subordinated indebtedness.

The Debt Securities will be issued under one or more trust indentures (each, a "**Trust Indenture**"), in each case between the REIT and a trustee (each, an "**Indenture Trustee**"). The statements made hereunder relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount, which may be authorized from time to time by the REIT.

The particular terms of each issue of Debt Securities will be described in the related Prospectus Supplement. Such description will include, where applicable:

- (a) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- (b) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than U.S. dollars);
- (c) the percentage of the principal amount at which such Debt Securities will be issued;
- (d) the date or dates on which such Debt Securities will mature;
- (e) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- (f) the dates on which any such interest will be payable and the record dates for such payments;
- (g) the Indenture Trustee of the Debt Security under the Trust Indenture pursuant to which the Debt Securities are to be issued;
- (h) the designation and terms of any securities with which the Debt Securities will be offered, if any, and the number of Debt Securities that will be offered with each security;
- (i) whether the Debt Securities are subject to redemption or call and, if so, the terms of such redemption or call provisions;
- (j) whether such Debt Securities are to be issued in registered form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (k) any exchange or conversion terms;
- (l) whether the Debt Securities will be subordinated to other liabilities of the REIT and, if so, to what extent;
- (m) the material tax consequences of owning the Debt Securities, if any; and
- (n) any other material terms and conditions of the Debt Securities.

Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

Any Prospectus Supplement offering guaranteed Debt Securities will comply with the requirements of Item 12 of Form 44-101F1 or the conditions for an exemption from those requirements and will include a certificate from each credit supporter as required by section 21.1 of Form 44-101F1 and section 5.12 of National Instrument 41-101 – *Short Form Prospectus Distributions*.

The REIT will deliver, along with this Prospectus, an undertaking to the Securities Commissions that the REIT will, if any Debt Securities are distributed under this Prospectus, file the periodic and timely disclosure of any credit supporter similar to the disclosure required under section 12.1 of Form 44-101F1, for so long as the Debt Securities are issued and outstanding.

A Prospectus Supplement may include specific variable terms pertaining to the Debt Securities that are not within the alternatives and parameters described in this Prospectus.

Denominations, Registration and Transfer

Unless otherwise provided for in the applicable Prospectus Supplement with respect to a particular series of Debt Securities, Debt Securities will be issued in fully registered form (including global form) and in denominations and integral multiples as set out in the applicable Prospectus Supplement. Other than in the case of book-entry only securities, Debt Securities may be presented for registration or transfer (with the form of transfer endorsed thereon duly executed) at the corporate trust office of the Indenture Trustee in Toronto, Ontario or at the office of any transfer agent designated by the REIT for such purpose with respect to any Debt Securities referred to in a Prospectus Supplement. Reasonable service charges may be levied for certain transfers, conversions or exchanges of the Debt Securities. The REIT may require payment of a sum to cover any tax or other governmental charge payable in connection therewith. The Indenture Trustee or such transfer agent, as the case may be, will effect such transfer, conversion or exchange only when satisfied with the documents of title and the identity of the person making the request. If a Prospectus Supplement refers to any transfer agent in addition to the Indenture Trustee initially designated by the REIT with respect to any series of Debt Securities, the REIT may at any time rescind the designation of any such transfer agent or approve any change in the location through which such transfer agent acts.

In the case of book-entry only securities, a global certificate or certificates (a “**Global Security**”) representing such Debt Securities will be held by a designated depository (the “**Depository**”) for its participants. The Debt Securities may be purchased or transferred only through such participants, which include securities brokers and dealers, banks and trust companies. The Depository will establish and maintain book-entry accounts for its participants acting on behalf of beneficial holders of such Debt Securities. The interests of beneficial holders of such Debt Securities will be represented by entries in the records maintained by the participants. Beneficial holders of Debt Securities issued in book-entry only form will not be entitled to receive a certificate or other instrument evidencing their ownership thereof, except in limited circumstances. Each such beneficial holder will typically receive a customer confirmation of purchase from the participant from which the Debt Securities are purchased in accordance with the practices and procedures of that participant.

Payment

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal of and premium (if any) on a Debt Security will be made in U.S. currency against surrender of the Debt Security at the corporate trust office of the Indenture Trustee in Toronto, Ontario. Unless otherwise indicated in the applicable Prospectus Supplement, payment of any instalment of interest on a Debt Security is registered at or before the close of business on the recorded date for such interest payment.

Warrants

This section describes the general terms that will apply to any Warrants that may be offered by the REIT pursuant to this Prospectus. Warrants may be offered separately or together with other Securities, as the case may be.

The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement. The Warrants will be issued under a warrant indenture. The applicable Prospectus Supplement will include the details of the warrant indenture governing the Warrants being offered.

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. Such description will include, where applicable:

- (a) the number of Warrants being offered and, if offered as a units with another Security, the number of Warrants or a fraction of a Warrant being offered with such other Security;
- (b) the Securities which are underlying the Warrants;

- (c) the exercise price of the Warrants;
- (d) the expiry date of the Warrants;
- (e) the procedure for exercising Warrants into underlying Securities;
- (f) the indenture trustee of the Warrants under the warrant indenture pursuant to which the Warrants are to be issued, if applicable;
- (g) the material tax consequences of owning the Warrants (if any); and
- (h) any other material terms and conditions of the Warrants.

Subscription Receipts

This section describes the general terms that will apply to any Subscription Receipts that may be offered by the REIT pursuant to this Prospectus. Subscription Receipts may be offered separately or together with other Securities, as the case may be.

The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. The Subscription Receipts will be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement governing the Subscription Receipts being offered.

The particular terms of each issue of Subscription Receipts will be described in the related Prospectus Supplement. Such description will include, where applicable:

- (a) the number of Subscription Receipts being offered;
- (b) the price at which the Subscription Receipts will be offered;
- (c) the Securities into which Subscription Receipts are exchangeable;
- (d) the procedures for the exchange of the Subscription Receipts into Securities;
- (e) the number of Securities that may be exchanged upon exercise of each Subscription Receipt;
- (f) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;
- (g) the material tax consequences of owning the Subscription Receipts (if any); and
- (h) any other material terms and conditions of the Subscription Receipts.

DISTRIBUTION POLICY

The REIT has adopted a distribution policy, as permitted under the Declaration of Trust. See the section entitled “Distributions — Distribution Policy” in the Annual Information Form for a description of the REIT’s distribution policy.

PRIOR SALES

Information regarding prior sales of Securities will be provided as required in a Prospectus Supplement with respect to the offering and issuance of Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

Information regarding trading price and volume of the Securities will be provided as required for all of the REIT's issued and outstanding Securities that are listed on any securities exchange, as applicable, in each Prospectus Supplement.

SELLING UNITHOLDERS

This Prospectus may also, from time to time, relate to the offering of Units by way of a secondary offering by certain selling Unitholders. The terms under which the Units will be offered by selling Unitholders will be described in the applicable Prospectus Supplement. The Prospectus Supplement for or including any offering of the Units by selling Unitholders will include, where applicable:

- (a) the names of the selling Unitholders;
- (b) the number of Units owned, controlled or directed by each of the selling Unitholders;
- (c) the number of Units being distributed for the account of each selling Unitholder;
- (d) the number of Units to be owned, controlled or directed by the selling Unitholders whether the Units are owned by the selling Unitholders both of record and beneficially, of record only or beneficially only;
- (e) if a selling Unitholder purchased any of the Units held by it in the 24 months preceding the date of the applicable Prospectus Supplement, the date or dates the selling Unitholder acquired the Units; and
- (f) if a selling Unitholder acquired the Units held by it in the 12 months preceding the date of the applicable Prospectus Supplement, the cost thereof to the selling Unitholder in the aggregate on a per security basis.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain income tax consequences to an investor acquiring any Securities offered thereunder, including, for investors who are non-residents of Canada, whether the payments of principal, interest or distributions, if any, on the Securities will be subject to Canadian non-resident withholding tax. Prospective investors should consult their own tax advisers prior to deciding to purchase any of the Securities.

RISK FACTORS

Before deciding to invest in any Securities, prospective investors of the Securities should consider carefully the risk factors and the other information contained and incorporated by reference in this Prospectus and the applicable Prospectus Supplement relating to a specific offering of Securities before purchasing the Securities, including those risks identified and discussed under the heading "Risk Factors" in the Annual Information Form, the Annual MD&A and the Interim MD&A, which are incorporated by reference herein. See "Documents Incorporated by Reference".

An investment in the Securities offered hereunder is speculative and involves a high degree of risk. Additional risks and uncertainties, including those that the REIT is unaware of or that are currently deemed immaterial, may also become important factors that affect the REIT and its business. If any such risks actually occur, the REIT's business, financial condition and results of operations could be materially adversely affected. Prospective investors should carefully consider the risks below and in the Annual Information Form and the other information elsewhere in this Prospectus, including the documents incorporated by reference herein, and the applicable Prospectus Supplement and consult with their professional advisers to assess any investment in the REIT.

There is no guarantee that the Securities will earn any positive return in the short term or long term.

A holding of Securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of Securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Management of the REIT will have broad discretion with respect to the application of net proceeds received by the REIT from the sale of Securities under this Prospectus and a future Prospectus Supplement.

Management of the REIT may spend net proceeds received by the REIT from a sale of Securities in ways that do not improve the REIT's results of operations or enhance the value of the Units or its other securities issued and outstanding from time to time. Any failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on the REIT's business or cause the price of the securities of the REIT issued and outstanding from time to time to decline.

The REIT may sell additional Units or other Securities that are convertible or exchangeable into Units in subsequent offerings or may issue additional Units or other Securities to finance future acquisitions.

The REIT cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of the Units. Sales or issuances of substantial numbers of Units or other Securities that are convertible or exchangeable into Units, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Units. With any additional sale or issuance of Units or other Securities that are convertible or exchangeable into Units, investors will suffer dilution to their voting power and economic interest in the REIT. Furthermore, to the extent holders of the REIT's equity awards or other convertible securities convert or exercise their securities and sell the Units they receive, the trading price of the Units may decrease due to the additional amount of Units available in the market.

The market price for the Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control. The factors which may contribute to market price fluctuations of the Units include the following:

- (a) actual or anticipated fluctuations in the REIT's quarterly results of operations;
- (b) recommendations by securities research analysts;
- (c) changes in the economic performance or market valuations of companies in the industry in which the REIT operates;
- (d) the addition or departure of the REIT's executive officers and other key personnel;
- (e) sales or perceived sales of additional Units;
- (f) operating and financial performance that varies from the expectations of management, securities analysts and investors;
- (g) regulatory changes affecting the REIT's industry generally and its business and operations;
- (h) announcements of developments and other material events by the REIT or its competitors;
- (i) fluctuations to the costs of vital production materials and services;
- (j) changes in global financial markets and global economies and general market conditions, such as interest rates;

- (k) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors;
- (l) operating and share price performance of other companies that investors deem comparable to the REIT or from a lack of market comparable companies; and
- (m) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

There is currently no market through which the Securities, other than the Units and Debentures, may be sold.

Purchasers may not be able to resell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus and any Prospectus Supplement. This may affect the pricing of the Securities, other than the Units and Debentures, in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Units and Debentures, will develop or, if developed, that any such market, including for the Units and Debentures, will be sustained. The public offering prices of the Securities may be determined by negotiation between the REIT and underwriters based on several factors and may bear no relationship to the prices at which the Securities will trade in the public market subsequent to such offering. See "Plan of Distribution".

Unitholders of the REIT may be unable to sell significant quantities of Units into the public trading markets without a significant reduction in the price of their Units, or at all. There can be no assurance that there will be sufficient liquidity of the Units on the trading markets, or that the REIT will continue to meet the listing requirements of the TSX or any other public stock exchange.

The Debt Securities may be unsecured and may rank equally in right of payment with all of the REIT's other future unsecured debt.

The Debt Securities may be unsecured. Any unsecured Debt Securities will rank equally in right of payment with all of the REIT's other existing and future unsecured debt. The Debt Securities may be effectively subordinated to all of the REIT's existing and future secured debt to the extent of the assets securing such debt. If the REIT is involved in any bankruptcy, dissolution, liquidation or reorganization, the secured debt holders would, to the extent of the value of the assets securing the secured debt, be paid before the holders of unsecured debt securities, including the Debt Securities. In that event, a holder of Debt Securities may not be able to recover any principal or interest due to it under the Debt Securities.

In addition, the collateral, if any, and all proceeds therefrom, securing any Debt Securities may be subject to higher priority liens in favor of other lenders and other secured parties which may mean that, at any time that any obligations that are secured by higher ranking liens remain outstanding, actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings) may be at the direction of the holders of such indebtedness.

There is no assurance that any credit rating assigned to Securities issued hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Securities.

COVID-19 may have a material adverse effect on the business, financial condition and results of operations of the REIT.

In response to the ongoing outbreak of COVID-19, governmental authorities in Canada and in the U.S. where the REIT operates have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place,

and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it may cause significant impact and economic disruptions to the REIT.

The REIT's highest priority is the health and safety of its residents and team members. Given the fluid nature of the COVID-19 pandemic, management continues to monitor all of its locations 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 Centers for Disease Control and Prevention.

Although the REIT has taken steps to mitigate the impact of COVID-19, the continued presence and spread of COVID-19 could have a material adverse impact on the REIT's business, operations, financial results and position and prospects, including through a general or acute decline in economic activity in the regions the REIT operates in, a decrease in the willingness of the general population to travel, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the REIT's apartment units. Contagion in one of the REIT's buildings or a market in which the REIT operates could negatively impact the REIT's occupancy, its reputation or attractiveness of that market. Any of these occurrences may have a material adverse effect on the business, financial condition and results of operations of the REIT.

The REIT continues to monitor the situation and work with its stakeholders in order to assess further possible implications to its business, and where practicable, mitigate adverse consequences and responsibly address this global pandemic.

The length of the COVID-19 pandemic and severity of such outbreak across the globe is currently unknown, may worsen, may continue to cause general economic uncertainty in key global markets and a worsening of global economic conditions and may cause low levels of economic growth. The pace of recovery following the COVID-19 pandemic cannot be accurately predicted and may be slow.

All of the foregoing occurrences may have a material adverse effect on the business, financial condition and results of operations of the REIT, and accordingly, the trading price of the Units or other Securities.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Prospectus, including the documents incorporated by reference herein, there are no material interests, direct or indirect, of the Trustees or officers of the REIT, any Unitholder that beneficially owns more than 10% of the Units or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the REIT or any of its subsidiaries.

LEGAL MATTERS

Certain legal matters relating to an offering of the Securities will be passed upon on behalf of the REIT by Goodmans LLP, Canadian counsel to the REIT, and Mitchell, Williams, Selig, Gates & Woodyard PLLC, U.S. counsel to the REIT. In addition, certain legal matters in connection with an offering and sale of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of such offering and sale by such underwriters, dealers or agents with respect to matters of Canadian and, if applicable, United States or other foreign law. As of the date of this Prospectus the partners and associates of Goodmans LLP and Mitchell, Williams, Selig, Gates & Woodyard, PLLC beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the REIT.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario. KPMG LLP is independent of the REIT in accordance with the ethical requirements that are relevant to their audit of the REIT's

consolidated financial statements in Canada. To the knowledge of the REIT, KPMG LLP does not own any registered or beneficial interest, directly or indirectly, in any securities or other property of the REIT.

The transfer agent and registrar for the Units is TSX Trust Company at its principal office located in Toronto, Ontario.

PROMOTER

BSR took the initiative in founding and organizing the REIT and may therefore be considered a promoter of the REIT for the purposes of applicable securities legislation.

PURCHASER'S CONTRACTUAL RIGHTS

Original purchasers of Securities which are convertible, exchangeable or exercisable for other securities of the REIT will have a contractual right of rescission against the REIT in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will entitle such original purchasers to receive, upon surrender of the underlying securities, the amount paid for the applicable convertible, exchangeable or exercisable Securities (and any additional amount paid upon conversion, exchange or exercise) in the event that this Prospectus, the applicable Prospectus Supplement or an amendment thereto contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under Section 130 of the *Securities Act* (Ontario) (the "**Securities Act**"), and is in addition to any other right or remedy available to original purchasers under section 130 of the Securities Act or otherwise at law.

PURCHASERS' STATUTORY RIGHTS

Unless otherwise provided in a Prospectus Supplement, the following is a description of a purchaser's statutory rights. Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities, which right may be exercised within two business days after receipt or deemed receipt of a prospectus, prospectus supplement and any amendment, and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Securities distributed under an at-the-market distribution by the REIT do not have the right to withdraw from an agreement to purchase the Securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to the Securities purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the Securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. The remedies available to a purchaser for any such failure to deliver or any misrepresentation contained in any prospectus, prospectus supplement or amendment must be exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of such securities distributed under an at-the-market distribution by the REIT may have against the REIT or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation, will remain unaffected by the non-delivery of the prospectus referred to above. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

In an offering of Securities which are convertible, exchangeable or exercisable for other securities of the REIT, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the convertible securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights and/or consult with a legal advisor.

GLOSSARY OF TERMS

In this Prospectus, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders:

"affiliate" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"AFFO" has the meaning ascribed thereto under "Non-IFRS Measures";

"AFFO Payout Ratio" has the meaning ascribed thereto under "Non-IFRS Measures";

"AFFO Per Unit" has the meaning ascribed thereto under "Non-IFRS Measures";

"Annual Financial Statements" has the meaning ascribed thereto under "Documents Incorporated by Reference";

"Annual Information Form" has the meaning ascribed thereto under "Documents Incorporated by Reference";

"Annual MD&A" has the meaning ascribed thereto under "Documents Incorporated by Reference";

"Bailey/Hughes Holders" has the meaning ascribed thereto on the cover page of this Prospectus;

"BSR" has the meaning ascribed thereto on the cover page of this Prospectus;

"Class B Units" has the meaning ascribed thereto on the cover page of this Prospectus;

"COVID-19" has the meaning ascribed thereto under "Cautionary Note Regarding Forward-Looking Statements";

"Debentures" means the US\$40,000,000 aggregate principal amount of 5.00% convertible unsecured subordinated debentures of the REIT issued on September 3, 2020;

"Debt to Gross Book Value Ratio" has the meaning ascribed thereto under "Non-IFRS Measures";

"Debt Securities" has the meaning ascribed thereto on the cover page of this Prospectus;

"Declaration of Trust" has the meaning ascribed thereto on the cover page of this Prospectus;

"Deferred Units" means the deferred units of the REIT issued pursuant to the REIT's amended and restated omnibus equity incentive plan dated March 10, 2020;

"Depositary" has the meaning ascribed thereto under "Description of Securities – Debt Securities";

"FFO" has the meaning ascribed thereto under "Non-IFRS Measures";

"FFO Per Unit" has the meaning ascribed thereto under "Non-IFRS Measures";

“forward-looking statements” has the meaning ascribed thereto under “Cautionary Note Regarding Forward-Looking Statements”;

“Global Security” has the meaning ascribed thereto under “Description of Securities – Debt Securities”;

“Gross Book Value” has the meaning ascribed thereto under “Non-IFRS Measures”;

“IFRS” means International Financial Reporting Standards;

“Indenture Trustee” has the meaning ascribed thereto under “Description of Securities – Debt Securities”;

“Interim Financial Statements” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“Interim MD&A” has the meaning ascribed thereto under “Documents Incorporated by Reference”;

“Liquidity” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NAV” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NAV per Unit” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NI 44-102” has the meaning ascribed thereto under “Plan of Distribution”;

“NOI” has the meaning ascribed thereto under “Non-IFRS Measures”;

“NOI Margin” has the meaning ascribed thereto under “Non-IFRS Measures”;

“Prospectus” means this short form prospectus of the REIT qualifying the distribution of the Securities;

“Prospectus Supplement” has the meaning ascribed thereto on the cover page of this Prospectus;

“REALPAC” has the meaning ascribed thereto under “Non-IFRS Measures”;

“REIT” has the meaning ascribed thereto on the cover page of this Prospectus;

“Rule 144A” has the meaning ascribed thereto under “Plan of Distribution”;

“Same Community” has the meaning ascribed thereto under “Non-IFRS Measures”;

“Securities” has the meaning ascribed thereto on the cover page of this Prospectus;

“Securities Act” has the meaning ascribed thereto under “Purchaser’s Contractual Rights”;

“Securities Commissions” means each securities commission or securities regulatory authority in the provinces and territories in which the REIT is a reporting issuer;

“SEDAR” means the system for electronic document analysis and retrieval;

“Subscription Receipts” has the meaning ascribed thereto on the cover page of this Prospectus;

“subsidiary” has the meaning ascribed thereto in Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions*;

“Trust Indenture” has the meaning ascribed thereto under “Description of Securities – Debt Securities”;

“Trustees” means the trustees of the REIT from time to time;

“TSX” has the meaning ascribed thereto on the cover page of this Prospectus;

“Unitholder” means a holder of Units;

“Units” means trust units of the REIT;

“U.S. Securities Act” has the meaning ascribed thereto on the cover page of this Prospectus; and

“Warrants” has the meaning ascribed thereto on the cover page of this Prospectus.

CERTIFICATE OF THE REIT

Dated: December 1, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BSR REAL ESTATE INVESTMENT TRUST

(Signed) *John S. Bailey*
Chief Executive Officer

(Signed) *Susan Koehn*
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) *Neil Labatte*
Trustee

(Signed) *Graham Senst*
Trustee

CERTIFICATE OF BSR TRUST, LLC

Dated: December 1, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BSR TRUST, LLC

(Signed) "*John S. Bailey*"
Chief Executive Officer

(Signed) "*Susan Koehn*"
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Daniel Oberste*"
Director

(Signed) "*Blake Brazeal*"
Director