

Form 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to trust units (“**Trust Units**”) of BSR Real Estate Investment Trust (the “**Issuer**” or the “**REIT**”), an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario, and class B units (the “**Class B Units**”) of BSR Trust, LLC (“**BSR**”), a Delaware limited liability company and the operating subsidiary of the Issuer, which securities are beneficially owned by John S. Bailey as detailed in the transactions outlined in Item 2.2.

The Class B Units are economically equivalent to Trust Units and are redeemable for cash or Trust Units (on a one-for-one basis subject to certain customary anti-dilution adjustments) as determined by BSR in its sole discretion. The holders of Class B Units are entitled to receive distributions from BSR on the same per unit basis as the holders of Trust Units.

The Issuer’s address is:

BSR Real Estate Investment Trust
333 Bay Street, Suite 3400
Toronto, Ontario
M5H 2S7

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. See Item 2.2.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

The acquiror is John S. Bailey, together with the persons and entities affiliated with him and his family members, a list of which is set out on Schedule A attached hereto (collectively, the “**Acquiror**”).

The Acquiror’s address is:
1400 W. Markham, Suite 202
Little Rock, AR 72201
Attn: John S. Bailey

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On May 17, 2022, the Acquiror acquired an aggregate of 4,200 Trust Units in the public market over the facilities of the Toronto Stock Exchange at a price of US\$16.95 (C\$21.75) per Trust

Unit, for total consideration of US\$71,190.00 (C\$91,365.25) (in each case determined using the daily average exchange rate of the Bank of Canada).

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

As a result of the Issuer's recent equity issuance of Trust Units resulting in an increase in issued and outstanding Trust Units and therefore a dilution in the Acquiror's holdings, even following the purchases, the Acquiror's beneficial ownership interest in the Issuer has decreased in amount greater than 2% of the outstanding Trust Units that was the subject of the most recent report filed by the Acquiror pursuant to National Instrument 62-103 – *The Early Warning System and Related Take Over Bids and Insider Reporting Issues*.

Prior to the purchases, the Acquiror beneficially owned or exercised control or direction over 3,395,316 Trust Units and 6,453,968 Class B Units (in each case including all securities held by certain entities over which John S. Bailey has control or direction), which together represented an approximate 17.00% interest in the REIT (determined as if all Class B Units are redeemed for Trust Units) and an approximate 9.10% and 31.29% interest in the outstanding Trust Units and Class B Units, respectively.

Following the purchases, the Acquiror beneficially owns or exercises control or direction over 3,399,516 Trust Units and 6,453,968 Class B Units (in each case including all securities held by certain entities over which John S. Bailey has control or direction), which together represents an approximate 17.01% interest in the REIT (determined as if all Class B Units are redeemed for Trust Units) and an approximate 9.11% and 31.29% interest in the outstanding Trust Units and Class B Units, respectively.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Item 2.2.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 3.1.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.1.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

J&P Unit Holding, LLC ("J&P"), over which the Acquiror has control or direction, maintains voting control over 2,000,000 Trust Units held by an employee trust (the "Employee Trust") pursuant to a voting agreement between J&P and the Employee Trust (the "Voting Agreement"), until termination of such control in accordance with its terms. The 2,000,000 Trust Units represent 5.36% of the outstanding Trust Units.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

See Item 2.2.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**

(k) an action similar to any of those enumerated above.

The Trust Units and Class B Units held by the Acquiror are being held for investment purposes and the Acquiror may, depending on market and other conditions, increase or decrease his beneficial ownership or control of Trust Units or Class B Units whether through market transactions, private agreements, treasury issuances, exercise of convertible securities or otherwise.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Voting Agreement

In connection with a reorganization on February 24, 2020, the Employee Trust and J&P entered into the Voting Agreement in respect of the 2,000,000 Trust Units held by the Employee Trust. Pursuant to the terms of the Voting Agreement, until termination in accordance with its terms, J&P shall have the exclusive right to vote such Trust Units in person or by proxy at all meetings of the REIT's unitholders, and in all proceedings wherein the vote or written consent of unitholders may be required or authorized by law.

Investor Rights Agreement

On closing of the Issuer's initial public offering pursuant to the final long-form prospectus of the Issuer dated May 18, 2018 (the "IPO"), certain members and affiliates of the Bailey family and the Hughes family (the "**Bailey/Hughes Holders**") entered into an investor rights agreement with the Issuer and BSR (the "**Investor Rights Agreement**"). Pursuant to the Investor Rights Agreement, the Bailey/Hughes Holders were granted the right to nominate up to three trustees of the REIT, subject to the Bailey/Hughes Holders maintaining, in the aggregate, certain specified ownership thresholds. Certain transactions involving the REIT and/or BSR require the consent of the Bailey/Hughes Holders, provided that the Bailey/Hughes Holders own, in the aggregate, 33% or more of the Units (determined as if all Class B Units are redeemed for Trust Units).

The Investor Rights Agreement also provides the Bailey/Hughes Holders with a piggy-back registration right to require the REIT to include Trust Units (including Trust Units issuable upon the redemption of Class B Units) held by Bailey/Hughes Holders in any future offering undertaken by the REIT by way of prospectus that it may file with applicable Canadian securities regulatory authorities. In addition, the Investor Rights Agreement provides the Bailey/Hughes Holders with the demand registration right to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities

regulatory authorities, qualifying Trust Units held (or issuable upon the redemption of Class B Units) by the Bailey/Hughes Holders for distribution, provided that such demand registration right may only be exercised by one designee on behalf the Bailey Holders and one designee on behalf of the Hughes Holders, respectively.

The Investor Rights Agreement provides that the Bailey/Hughes Holders, for so long as they continue to own, in the aggregate, at least 10% of the outstanding Trust Units (determined as if all Class B Units are redeemed for Trust Units), has pre-emptive rights to purchase Trust Units, Class B Units or such other securities as are being contemplated for issuance by the REIT, BSR or one of their subsidiaries to maintain their pro rata ownership interest in the REIT. The pre-emptive rights will not apply to certain excluded issuances.

For so long as the Bailey/Hughes Holders own, in the aggregate, directly or indirectly, 20% or less of the outstanding Trust Units (determined as if all Class B Units are redeemed for Trust Units), each of the Bailey/Hughes Holders is obligated to, upon the written request of the REIT, exercise their respective redemption right in respect of the Class B Units then held by the Bailey/Hughes Holders if the REIT enters into certain transactions involving the (i) the transfer, directly or indirectly, of all or substantially all of its assets to a third party; and (ii) the winding up, dissolution or termination of the REIT, or exchange of Trust Units for securities of a third party issuer or successor issuer.

For so long as the Bailey/Hughes Holders own, in the aggregate, directly or indirectly, at least 10% of the outstanding Trust Units (determined as if all Class B Units are redeemed for Trust Units) the Bailey/Hughes Holders will have tag-along rights that will apply in respect of any sale by the REIT of its interest in BSR.

Bailey/Hughes Unitholders Agreement

On closing of the IPO, the Bailey/Hughes Holders entered into a unitholders agreement (the “**Bailey/Hughes Unitholders Agreement**”) which sets out how the Bailey/Hughes Holders may collectively assert their rights under the Investor Rights Agreement. For purposes of the Bailey/Hughes Unitholders Agreement, each Bailey/Hughes Holder is entitled to one vote for each Class B Unit or Trust Unit owned by such Bailey/Hughes Holder.

A summary description of the material terms of the Investor Rights Agreement and the Bailey/Hughes Unitholders Agreement is included in the Issuer’s most recent annual information form. A copy of the Investor Rights Agreement and the Bailey/Hughes Unitholders Agreement are also available under the Issuer’s profile on SEDAR at www.sedar.com.

Item 7– Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

In acquiring the 4,200 Trust Units, the Acquiror relied on the normal course purchase exemption from the take-over bid rules contained in Section 4.1 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* (“**NI 62-104**”). The Acquiror relied on the normal course purchase exemption on the basis that:

- (a) The Trust Units purchased are not more than 5% of the outstanding Trust Units of the Issuer;
- (b) The aggregate number of Trust Units acquired by the Acquiror in reliance on this exemption within the preceding 12 months, when aggregated with acquisitions otherwise made by the Acquiror within the same 12-month period, does not exceed 5% of the Trust Units of the Issuer outstanding at the beginning of the 12-month period; and
- (c) The Trust Units are listed on the Toronto Stock Exchange and the purchase price for the Trust Units acquired was not in excess of the “market price” (as defined in NI 62-104) of the Trust Units at the date of the acquisition.

The Acquiror may acquire up to 5% of the Issuer’s issued and outstanding Trust Units over the next 12-months in reliance on the normal course purchase exemption in NI 62-104.

Item 9 – Certification

I, as the Acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

May 18, 2022

Date

“John S. Bailey”

John S. Bailey, on behalf of the Acquiror

SCHEDULE A

J&P Unit Holding, LLC
Bailey GST Exempt Children's Trust
H.A. Ted Bailey M.D. Irrevocable Trust (2003)
The Ted Bailey Family Annual Gift Trust
Unity Holdings, LLC
Barbara Jan Bailey Trust
BSR Unit Holdings, LLC
COHOPE Trust