John S. Bailey and Patricia S. Bailey Announce Reorganization of Holdings of BSR Real Estate Investment Trust

LITTLE ROCK, AR, Feb. 24, 2020 /CNW/ - John S. Bailey and Patricia S. Bailey announced today that they have reorganized the ownership of certain trust units ("**Trust Units**") of BSR Real Estate Investment Trust (the "**REIT**") and class B units ("**Class B Units**") of BSR Trust, LLC previously held by J&P Unit Holding, LLC ("**J&P**"). Each Class B Unit is redeemable by the holder thereof for cash or one Trust Unit (subject to customary anti-dilution adjustments), as determined by BSR Trust, LLC in its sole discretion.

In connection with the reorganization:

- J&P sold 2,000,000 Trust Units to a new trust (the "**Employee Trust**") established for the benefit of certain executive officers and employees of the REIT, with J&P maintaining voting control over such Trust Units until October 2023 pursuant to a voting agreement entered into in connection with the transfer. The Employee Trust acquired the Trust Units at a price of US$12.77 per Trust Unit for total consideration of US$25,543,000, with financing provided by an affiliate of John S. Bailey;

- J&P distributed 4,700,000 Class B Units to Patricia S. Bailey;

- J&P distributed 200,000 Trust Units to Patricia S. Bailey; and

- Patricia S. Bailey ceased being an indirect shareholder of J&P, leaving John S. Bailey as the sole indirect shareholder of J&P.

Prior to the reorganization: (a) John S. Bailey beneficially owned or exercised control or direction over 3,397,897 Trust Units and 11,589,246 Class B Units (in each case including all securities held by J&P and certain other entities over which John S. Bailey has control or direction), which together represented an approximate 33.5% interest in the REIT (determined as if all Class B Units are redeemed for Trust Units) and an approximate 15.1% and 52.1% interest in the outstanding Trust Units and Class B Units, respectively; and (b) Patricia S. Bailey beneficially owned or exercised control or direction over 3,050,000 Trust Units and 9,342,339 Class B Units (in each case including all securities held by J&P and certain other entities over which John S. Bailey and Patricia S. Bailey have control or direction), which together represented an approximate 27.7% interest in the REIT (determined as if all Class B Units are redeemed for Trust Units) and an approximate 13.6% and 42.0% interest in the outstanding Trust Units and Class B Units, respectively.

Following the reorganization: (a) John S. Bailey beneficially owns or exercises control or direction over 3,197,897 Trust Units and 6,889,246 Class B Units (in each case including all securities held by J&P, the Employee Trust and certain other entities over which John S. Bailey has control or direction), which together represents an approximate 22.5% interest in the REIT (determined as if all Class B Units are redeemed for Trust Units), and an approximate 14.2% and 31.0% interest in the outstanding Trust Units and Class B Units, respectively; and (b) Patricia S. Bailey beneficially owns or exercises control or direction over 200,000 Trust Units and 4,859,291 Class B Units (in the latter case including all securities held by one entity over which both Patricia S. Bailey and John S. Bailey have control or direction), which together represents an approximate 11.3% interest in the REIT (determined as if all Class B Units are redeemed for Trust Units), and an approximate 0.9% and 21.8% interest in the outstanding Trust Units and Class B Units, respectively.

The Trust Units and Class B Units held by John S. Bailey and Patricia S. Bailey are being held for investment purposes and each may, depending on market and other conditions, increase or decrease their 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.

This press release is being issued pursuant to the requirements of National Instrument 62-103 - *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* ("**NI 62-103**") of the Canadian Securities Administrators. A copy of the reports to be filed by John S. Bailey and Patricia S. Bailey in connection with the transactions described herein will be available on the REIT's SEDAR profile at www.sedar.com.

The head office of the REIT is located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7. John S. Bailey's address is 1400 W. Markham, Suite 202, Little Rock, AR, 72201. Patricia S. Bailey's address is 1400 W. Markham, Suite 202, Little Rock, AR, 72201.

SOURCE BSR Real Estate Investment Trust

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