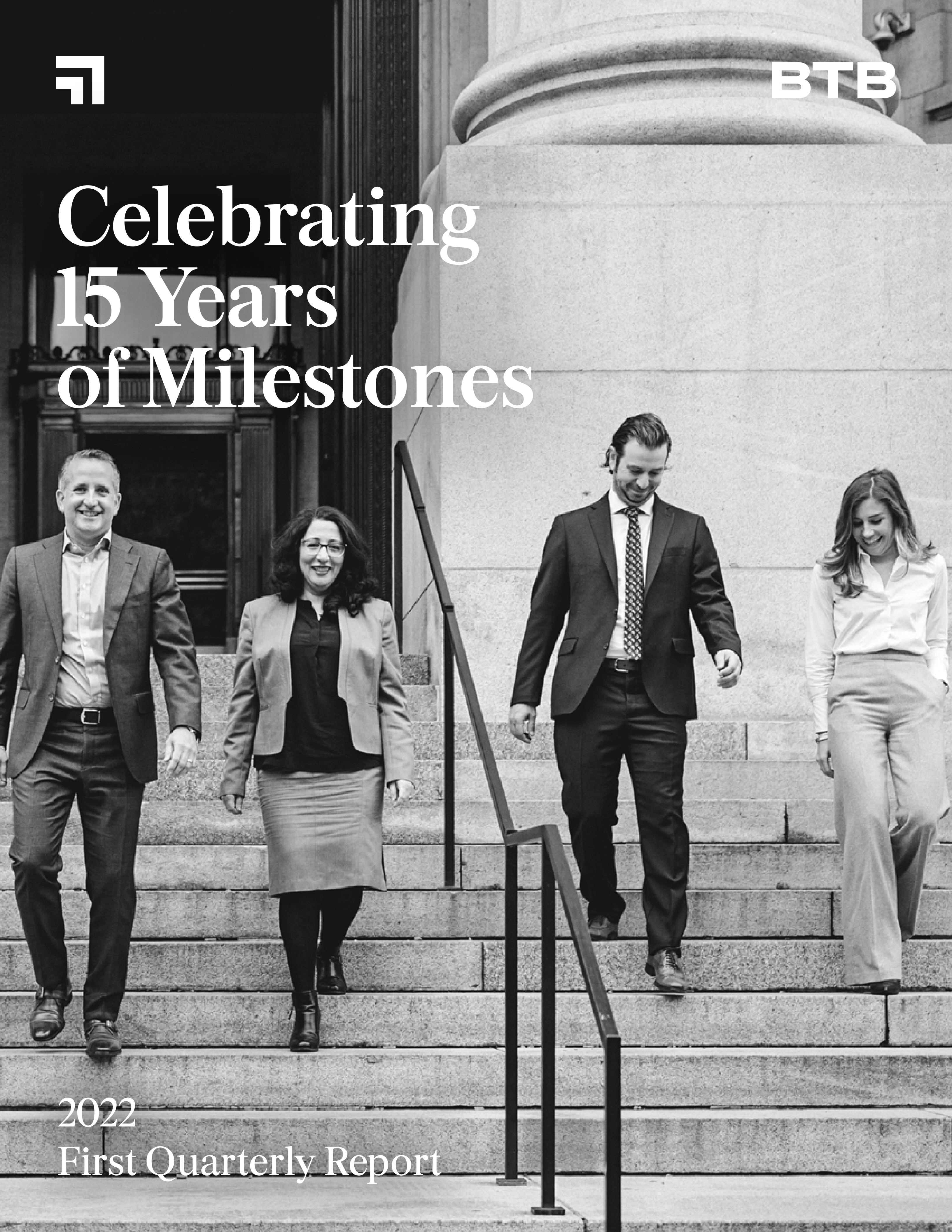

Celebrating 15 Years of Milestones

2022

First Quarterly Report

To provide **environments** that meet our **clients' needs** and contribute to realizing **their potential.**

Our purpose is simple: we contribute to our client's success by offering an environment where they can flourish. We understand that our success in real estate results from the service we offer them. People, and their continued belief in us, is what truly makes our company run. We're the means by which our clients build their businesses, hire people, contribute to the economy, and shape society.

People and their stories are at the heart of our success.

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50 Saint-Charles Street West, Longueuil

Table of Contents

Celebrating 15 Years of Milestones

Highlights

Our Quarter in Numbers

We embarked in the first quarter of 2022 with our operational goals in mind; reaching $2B in assets, broadening our portfolio and solidifying our asset classes.

Our important financial metrics each improved throughout the quarter, demonstrating our operational strength, resulting in a 93.1% occupancy rate, a 2.1% improvement since last quarter.

Our team remains dedicated and committed to delivering strong results for the quarters to come as we inch closer and closer to our objectives. Our first quarter 2022 results are a springboard for our organizational growth and expansion.

We are proud to conclude the quarter with the following highlights.

Highlights

$1.2B
of total assets

73
properties

$29.1M
of rental income

5.7M
square feet of space

$8.3M(1)
of recurring funds from operations (FFO)

10.7¢(1)
of recurring funds from operations (FFO) per unit

93.1%
occupancy rate

76.8%(1)
recurring adjusted funds from operations (AFFO) payout ratio

(1) This is a non-IFRS financial measure, refer to page 37.

Geographic and Asset Breakdown

A Glimpse at our Portfolio

During the first quarter of 2022, we continued our expansion as we concluded the acquisition of 2 office properties located in Ottawa, Ontario, elevating our office exposure to 50.4%.

We closed the quarter with a total of 73 properties and 5.7 million square feet of total leasable area in Eastern and Western Canada in the regions of Montréal, Quebec City, Ottawa, Edmonton and Saskatoon. On these pages, you will be able to read about our asset breakdown by total leasable area of our asset portfolio, by geographic location and by asset type.

Breakdown by asset type:

Industrial: 25.20%
Off-downtown core office: 50.40%
Necessity-based retail: 24.41%

3.47%*

Edmonton

6 properties ($53.4M)
198,111 sq.ft.
100% occupancy rate

3.92%*

Saskatoon

4 properties ($41.1M)
223,472 sq.ft.
100% occupancy rate

Geographic and Asset Breakdown

24.20%*
Quebec City

11 properties ($245.2M)
1,380,145 sq.ft.
88.4% occupancy rate

13.30%*
Ottawa

10 properties ($164.1M)
758,723 sq.ft.
93.8% occupancy rate

55.11%*
Montréal

42 properties ($623.6M)
3,143,282 sq.ft.
94.1% occupancy rate

*Percentages based off total leasable area.

Key Metric Evolution*

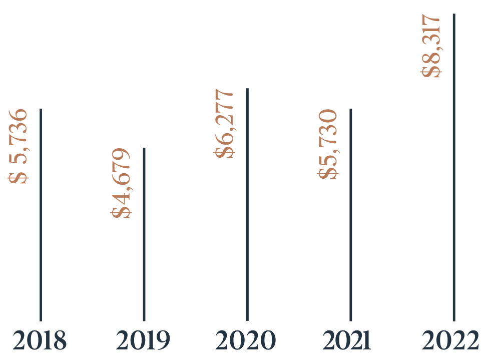
Rental revenue

2018	$21,440
2019	$21,634
2020	$23,868
2021	$23,532
2022	$29,068

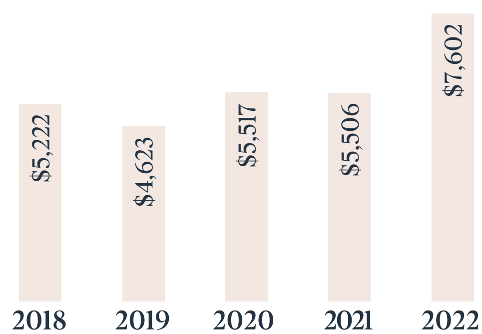
NOI

2018	$11,458
2019	$11,051
2020	$12,766
2021	$12,414
2022	$16,234

Recurring FFO (1)

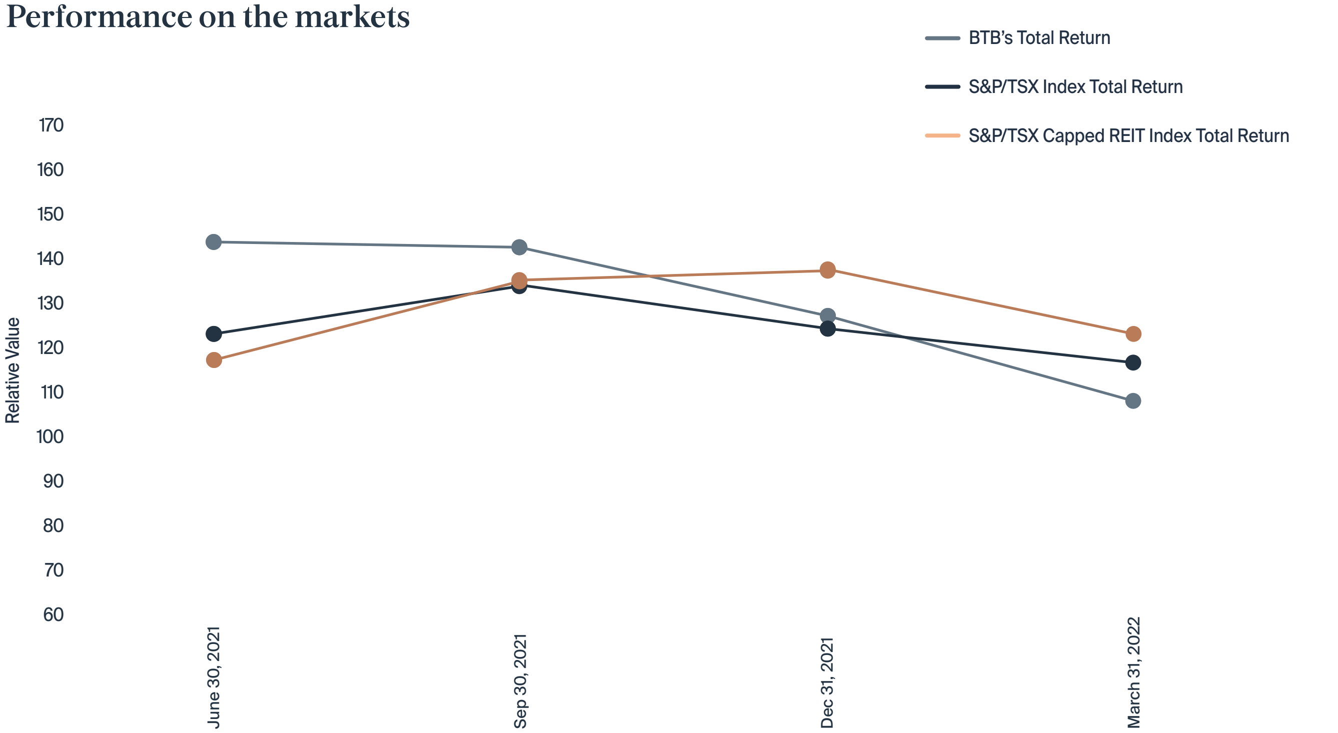


Recurring AFFO (1)



*For the quarters ending on March 31, in thousands of dollars. (1) This is a non-IFRS financial measure, refer to page 37.

Performance on the markets



Approachable

"At BTB, everyone works together to achieve a common goal. Everyone's door is always open."

- Deborah Blakeley, Accounts Payable Clerk

Our History

15 Years of Milestones

2005

September 8, Michel Léonard, accompanied by Jocelyn Proteau, founds a capital pool corporation called Capital ABTB.

2006

January 26, Capital ABTB transforms into a REIT and is officially listed on the Toronto Venture Exchange under BTB.P.

August 9, Capital ABTB's name is modified to BTB to avoid the confusion with the region of Abitibi, but the acronym BTB remains for "Bought That Building".

October 3, BTB acquires its first property at 2900 Jacques-Bureau Street in Laval, Québec.

2007

Marks the first wave of acquisitions in Ontario and a first acquisition in Quebec City.

2006–2008

40 properties are acquired by the small team of 5 people within the first two years of inception. The properties are located in Montréal and secondary markets of the province of Québec.

2008

Recession hits, requiring a 2-year expansion hiatus, but BTB resists and stands strong.

2010

The acquisition of the public company CAGIM Immobilier based in Quebec City marks BTB's significant expansion to the city. A total of 6 properties representing 1.5 million square feet are acquired.

Our History

2017–2019

BTB repositions its portfolio by selling its assets located in secondary and tertiary markets.

2018

BTB acquires its first building in downtown Montréal for $35M. The building becomes BTB's Head Office, with spaces planned for company growth.

2012

BTB is listed on the Toronto Stock Exchange and acquires assets in Ottawa.

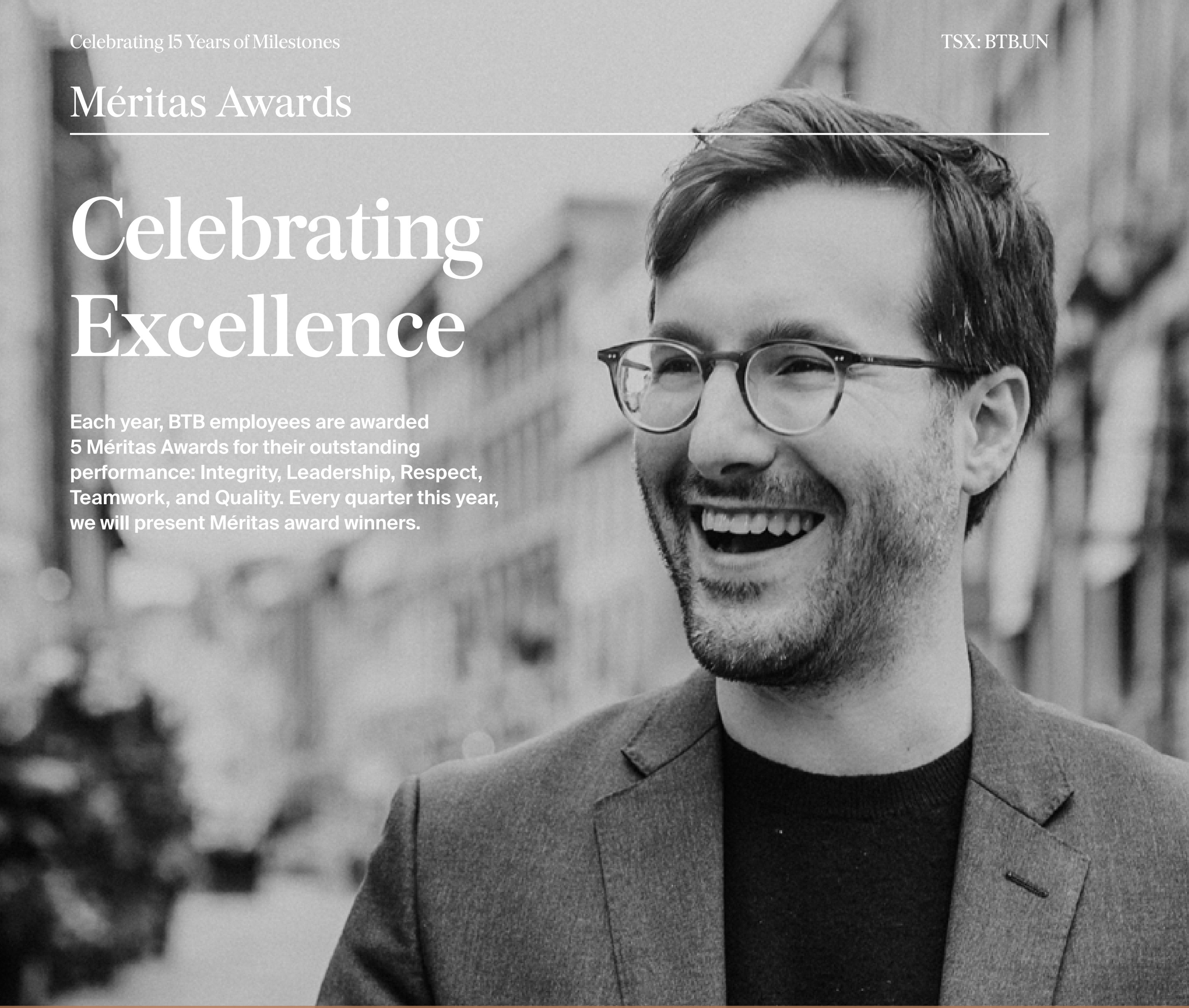
2021

BTB acquires 10 assets located in Western Canada for $94M marking the expansion into two new provinces. This acquisition also enables BTB to surpass the $1B asset mark.

2019

BTB makes its first $50M+ acquisition on the South Shore of Montréal.

Méritas Awards



Celebrating Excellence

Each year, BTB employees are awarded 5 Méritas Awards for their outstanding performance: Integrity, Leadership, Respect, Teamwork, and Quality. Every quarter this year, we will present Méritas award winners.

Teamwork Award

Charles Dorais Bédard

Director of Financial Information

How would you describe the team atmosphere at BTB?

It's amazing. It's great! There are no boundaries. Obviously, there are professional boundaries, but regardless of if it's a technician or the CEO, everyone is approachable. I really appreciate it. I often take advantage of that; I ask a lot of questions about what others do and I like to understand what my coworkers' jobs entail.

Why do you think your coworkers nominated you for the Méritas?

I think they saw that I was curious, patient and willing to learn. That I'm able to be transparent and say when I don't know something. Also, regardless of having a title or not, I don't see myself in a higher position, I see myself as just another member of the team so anyone can come in my office to have a coffee and talk with me.

How do you think you embody BTB's values?

I'm always ready for challenges and changes. I'm dynamic and open as BTB is growing, improving and focusing on the positive.

Working Towards a Sustainable Future

Throughout the years, BTB has embarked on numerous projects with the goal of becoming more environmentally and socially responsible. We know we still have work to do, and it is imperative that individuals and organizations alike do their best to keep improving their consumer habits and reduce their environmental footprint. Below, you will find a glimpse of some of our current efforts, which are increased every year.

Collaboration with Alvéole

Our partnership with Alvéole is at the heart of our environmental sustainability plan. Urban beekeeping is vital to the protection of bees as their worldwide food source has been in decline.

Recharging Stations

We are actively installing recharging stations in our indoor and outdoor parking lots for our clients who own hybrid and electric vehicles.

Collaboration with BKIND

Every year during the holiday season, we take the time to thank our collaborators, clients, and employees for their trust and loyalty. In 2021, we partnered with the Montreal based, women-owned natural product line BKIND and collaborated with their team to create a unique gift that was 100% green.

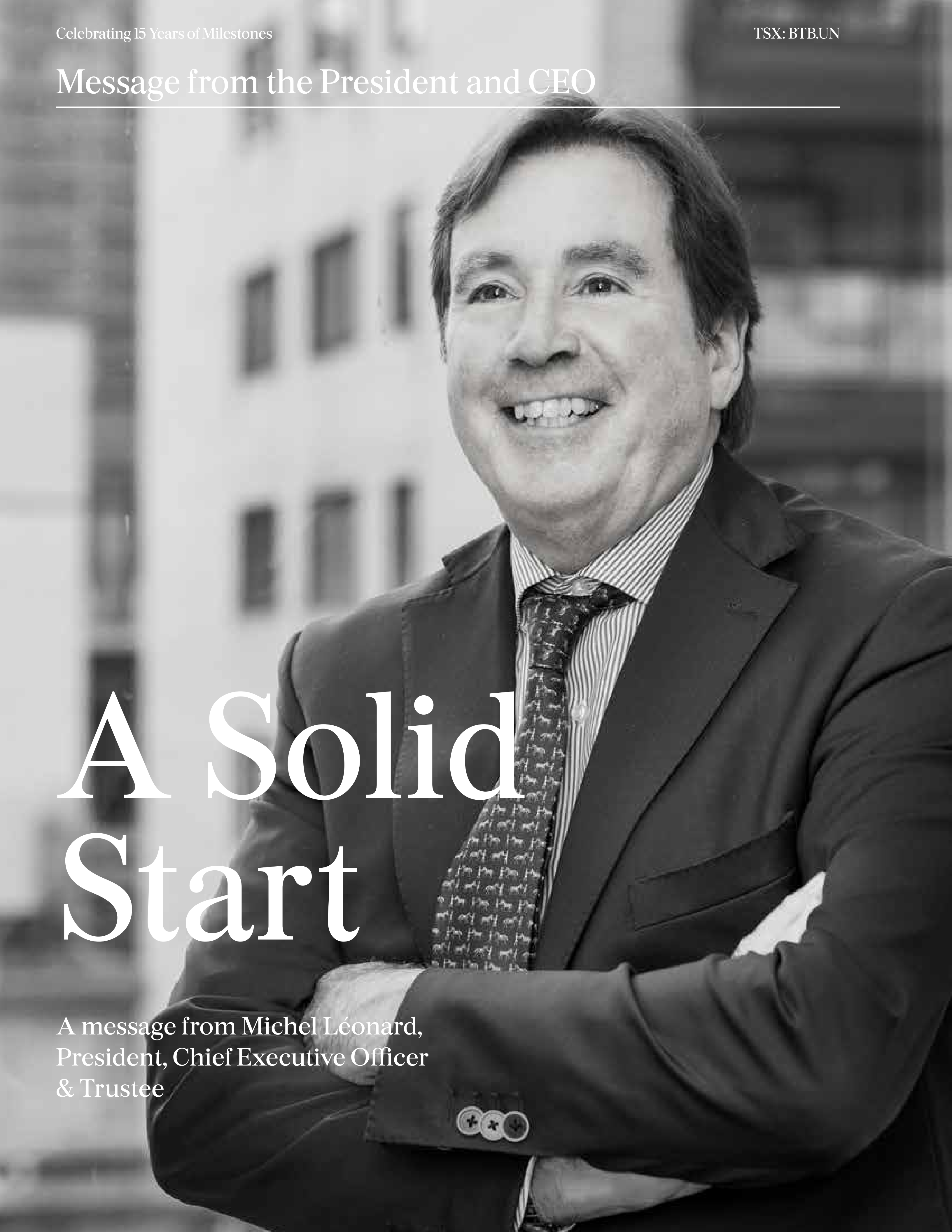
BOMA & LEED Certifications

We are proud to have 23 properties in our portfolio which are certified BOMA BEST as well as 7 properties that are LEED certified. We are constantly working on improving the certification levels of our properties.

Print Relief & FSC Recycling

We recognise that recycling paper is one of the basic actions that a company can take to safeguard our environment. We have implemented policies in our three offices in Montréal, Quebec City and Ottawa to reduce our use of paper and to strictly use paper that is Forest Stewardship Council (FSC) certified when necessary. In addition, when printing is necessary, BTB has subscribed to the Print Relief program, where trees are planted in accordance with the amount of paper used for printing.

Message from the President and CEO



A Solid Start

A message from Michel Léonard, President, Chief Executive Officer & Trustee

Message from the President and CEO

The first quarter of 2022 shows solid results. We note the strong contribution from the 2021 acquisitions which are reflected in the first quarter results. Our revenues increased by 23.5% and net operating income by 33%. **These robust results support our growth and expansion strategy.**

BTB's portfolio continues to show stability across all its asset classes and geographies. More specifically, our occupancy rate at the end of the first quarter was 93.1%, an increase of 2.1% as to the comparable quarter of 2021.

Acquisitions continue

Over the past year, BTB has acquired over $200M in assets. The intensity of the acquisitions resulted in a successful equity raising in March 2022, for a total sum of $40M.

This sum was used to repay the balance of the acquisition credit lines. The total value of BTB's assets exceeded one billion one hundred million dollars during the quarter, solidifying our goal of reaching two billion in assets within five years.

Last January, we acquired two office properties located at 979 and 1031 Bank Street in Ottawa, Ontario, representing a total leasable area of 116,226 sq. ft. for a total amount of $38.1M, excluding transaction costs and adjustments. The revenue from these acquisitions contributed to our results for the first quarter of the year and increased our outlying office ratio. These acquisitions have also made it possible to solidify our presence in our Nation's Capital. We disposed of our portfolio of properties located in Cornwall, Ontario, thereby generating a significant profit.

In addition, during the beginning of the second quarter, we acquired an industrial building located in Ottawa, Ontario, with a leasable area of 46,400 sq. ft., demonstrating BTB's determination to continue its investments in the industrial sector. Over the next five years, BTB will notably reduce its percentage of ownership of necessity-based retail buildings and will slightly reduce the percentage of off-downtown core office properties in favor of industrial buildings, these being coveted assets in the market.

Message from the President and CEO

An overview of our first quarter results

The same-property net operating income (1) shows an increase of 2%. This is mostly attributed to leasing efforts for vacant space and lease renewals. In fact, leases representing more than 175,000 sq. ft. have been renewed. These represent a renewal rate of 76.4%, an increase of 15.1% compared to the same quarter of 2021. We also leased more than 17,000 sq. ft. of available space to new tenants.

In terms of renewals, 51.9% were concluded in the off-downtown core office segment and our rental rates in this sector increased by 19.6% for the quarter ended March 31st, 2022.

During this period, our FFO (1) and AFFO (1) ratios improved, amounting to 70.2% and 76.8%, reaching levels never seen before in BTB's history. These ratios reflect the acquisitions completed in 2021, as well as the efforts of the leasing team.

Holders of Series H debentures are continuing to convert them. Since its issuance, $9M of debentures have been converted, helping reduce BTB's total debt ratio (1) from 61.1% to 60.3%.

Bought Deal Offering

On March 30, 2022, BTB closed a bought deal placement and at the same time, the over-allotment option granted to the underwriters was exercised. After exercising this option, BTB sold a total of 9,584,100 units at a price of $4.20 each, for total gross proceeds of $40.3M.

We are starting the year 2022 with robust and positive results. The BTB team remains committed to achieving its objectives and we take this opportunity to thank our clients, investors, and employees for their continued confidence in BTB.

Michel Léonard
President and Chief Executive Officer

(1) Non-IFRS measure. See Appendix 2.

Authentic

“BTB is more than a job to pay the rent. It’s a great team where you are always congratulated for your achievements within the company.”

- Sarah Bonafos, Project Coordinator

Interview with Peter Picciola

Ready for the Next Step

An interview with Peter Picciola, Vice President and Chief Investment Officer

Interview with Peter Picciola

We are proud to welcome Peter Picciola as Vice President and Chief Investment Officer of BTB. Peter is a top performing real estate executive with more than 24 years of experience in development, management, and the advancement of multi-billion-dollar real estate portfolios. His team's performance led to the successful disposition of assets valued more than $700M. More recently he was notably involved in the $200M upgrade and repositioning project of Place Ville Marie as a thriving urban campus downtown Montréal. Peter holds a Bachelor of Commerce, with a specialization in finance, from Concordia University.

What are you passionate about?

I am passionate about travel! I thrive on being able to see, explore and live in different places. To be part of different communities. The most important thing in life to me is relationships and I think you can get more out of travel and life in general if you're open to making and nurturing new ones.

I'm also a big foodie which lets me explore the different cultures of the places I travel to.

What is your favourite place to travel to?

You can throw a dart pretty much anywhere on a map of Europe and I just love the feel of the Old Country. My family is Italian, and I have two siblings that were born in Italy. And although I was born in Montréal, there's a magnetic pull to that country.

I recently had the privilege of travelling around for a month. The whole experience was incredibly reinvigorating!

What is one of your proudest achievements?

My children! I'm not taking sole credit here and the job isn't over, but I have what I consider to be fundamentally two super fun, well adjusted, considerate, happy children. I learned long ago that when the time comes to get off the carousel, I won't be thinking about real estate deals, I'll be thinking about them and whether I was the best dad I could be.

Professionally, I'd say my transition from private to institutional real estate, which was a bigger step than I had even imagined looms large. As a team and as an organization, we achieved some great things at Ivanhoe Cambridge because people decided to believe in me and my approach.

If you were a quote, which one would you be?

I am frequently reminded of the impact that my oldest brother had on me. I'm the youngest of 4 and I remember seeing as a child, on his bulletin board, which is still in my parent's basement: Veni. Vidi. Vici (I came, I saw, I conquered) and it is my approach to everything I do. Be present, be committed and be the master of what you're trying to do, and you will Vici.

Why BTB?

Firstly, the quality of the people. I've known Michel for more than 20 years and I always believed in him.

In this newest phase of my career, I wanted to expand the breadth of my experience as a real estate professional, and I wanted to have more fun.

I thrive under pressure. Knowing what I know about the team at BTB beyond Michel, Mathieu, and the Board, I know this is a journey I want to be a part of. We're looking at doubling in size and although it is a big challenge, it is quite feasible. I think this is the beginning of something amazing.

What are your main challenges as CIO?

We're one of many trying to produce risk adjusted returns in an environment which is evolving at a pace that is constantly accelerating and sometimes the public markets can be fickle, so we must be disciplined in our approach to grow the business responsibly. We need to be mindful of who we want to be as a company and remembering we are not only investing in real estate, but also in people, culture, and communities.

Tenant Testimonials

Let’s Hear from the **BTB** Community

At BTB, our tenants are more than tenants: they’re our clients. We are dedicated to providing them with the right space to fit their needs, as well as excellent service at all times. We asked them what it’s like to lease from BTB. Here are a few of their testimonials.

Tenant Testimonials

"We have been tenants in the building for over 25 years and have known three managers including BTB, and in all honesty, they are the team we've had the best communication with. Their management's attention to detail is much appreciated and sets BTB apart from other great players. They are friendly, efficient, receptive, available and dedicated people who love their work and are at the service of their tenants. Bravo!"

DOC Formation, DOC Services Conseils
370 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire

"We are proud to team up with BTB for our space needs. They support us in our growth and listen to our requests for our spaces. What we appreciate the most is the excellent customer service they offer us."

EMOVI
7035 Saint-Laurent Blvd, Montréal

"The building is very well located for us, and our premises correspond to our needs. The customer service at BTB is satisfactory, particularly the technicians. They are excellent in their work and always very friendly. BTB employees are so approachable."

Services Financiers Beauchamp
83 Turgeon Street, Sainte-Thérèse

Who We Are

Driven

“To me, BTB is about building a business together. It means growth, strength and unity.”

- Lori Bergman, Property Administrator

Expanding our Reach

979 & 1031 Bank Street
Ottawa, ON

On January 10, 2021, we finalized the acquisition of two Class A office properties located in the Glebe neighbourhood, one of Ottawa's trendy neighbourhoods just south of the downtown core.

Both properties were built in 2015 and showcase breathtaking architectural designs with glass curtain walls, attractive and modern elevators, and a lobby with contemporary finishes.

- Purchase price: $38.1M*
- Property types: Office
- Total leasable area: 116,226 sq.ft.
- Major tenants: The Royal College of Physicians and Surgeons of Canada, BMO Nesbitt Burns, CIRA, Field Effect Software, CPCS solutions

*Purchase price excluding transaction costs.

A Strategic Portfolio

2250 Alfred-Nobel Blvd, St-Laurent

Our Properties

During the first quarter, we acquired 2 new properties and disposed of 4, bringing our portfolio to a total of 73 across 5 canadian regions.

Montréal

1327-1333 Ste-Catherine Street West and 1405-1411 Crescent Street, Montréal

5810 Sherbrooke Street East, Montréal(1)

5878-5882 Sherbrooke Street East, Montréal

7001-7035 St-Laurent Blvd and 25 Mozart Avenue, Montréal(1)

2101 Sainte-Catherine Street West, Montréal

3761-3781 des Sources Blvd, Dollard-des-Ormeaux

11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux(1)

1325 Hymus Blvd, Dorval

4105 Sartelon Street, St-Laurent

208-244 Migneron Street and 3400-3410 Griffith Street, St-Laurent

7777 Transcanada Highway, St-Laurent

2250 Alfred-Nobel Blvd, St-Laurent

2600 Alfred-Nobel Blvd, St-Laurent(2)

2344 Alfred-Nobel Blvd, St-Laurent(2)

7150 Alexander-Fleming Street, St-Laurent

6000 Kieran Street, St-Laurent

2425 Pitfield Blvd, St-Laurent

2665-2673 and 2681, Côte Saint-Charles, Saint-Lazare

North Shore of Montréal

2900 Jacques-Bureau Street, Laval

4535 Louis B. Mayer Street, Laval

3695 Des Laurentides (Highway-15), Laval

3111 Saint-Martin Blvd West, Laval(2)

3131 Saint-Martin Blvd West, Laval

81-83 Turgeon Street, Ste-Thérèse

5791 Laurier Blvd, Terrebonne

2175 Des Entreprises Blvd, Terrebonne

2205-2225 Des Entreprises Blvd, Terrebonne

2005 Le Chatelier Street, Laval(2)

South Shore of Montréal

4890-4898 Taschereau Blvd, Brossard(1)

204 De Montarville Blvd, Boucherville(1)

32 Saint-Charles Street West, Longueuil(1)

50 Saint-Charles Street West, Longueuil

85 Saint-Charles Street West, Longueuil(1)

2111 Fernand-Lafontaine Blvd, Longueuil

2350 Chemin du Lac, Longueuil

1939-1979 F.-X. Sabourin Street, St-Hubert

145 Saint-Joseph Blvd, St-Jean-sur-Richelieu(1)

315-325 MacDonald Street, St-Jean-sur-Richelieu(1)

1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu(1)

340-360, 370-380, 375 and 377-383 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire

1465-1495 and 1011-1191 Saint-Bruno Blvd and 800 de l'Étang Street, Saint-Bruno-de-Montarville

Quebec City Area

6655 Pierre-Bertrand Blvd, Quebec City(1)

6700 Pierre-Bertrand Blvd, Quebec City(1)

909-915 Pierre-Bertrand Blvd, Quebec City

825 Lebourgneuf Blvd, Quebec City(1)

815 Lebourgneuf Blvd, Quebec City(1)

1170 Lebourgneuf Blvd, Quebec City(1)

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

191 D'Amsterdam Street, St-Augustin-de-Desmaures

175 De Rotterdam Street, St-Augustin-de-Desmaures

505 Des Forges Street and 1500 Royale Street, Trois-Rivières(1)

2059 René-Patenaude Street, Magog

Ottawa Area

80 Aberdeen Street, Ottawa(1)

245 Menten Place, Ottawa(1)

1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd, Ottawa(1)

400 Hunt Club Rd, Ottawa

2200 Walkley Street, Ottawa(1)

2204 Walkley Street, Ottawa(1)

2611 Queensview Drive, Ottawa(2)

979 & 1031 Bank Street, Ottawa(2)

7 and 9 Montclair Blvd, Gatineau(1)

Edmonton

6909 - 42 Street, Leduc

1921 - 91 Street, Edmonton

18410 - 118A Avenue NW, Edmonton

18028 - 114 Avenue NW, Edmonton

28765 Acheson Road, Acheson

25616 - 117 Avenue NW, Acheson

Saskatoon

3542 Millar Avenue, Saskatoon

318 - 68th Street, Saskatoon

3911 Millar Avenue, Saskatoon

3927 and 3931 Wanuskewin Road, Saskatoon

(1) BOMA BEST certified property (2) LEED certified property

Who We Are

Open-minded

"Here, you will find a calm workplace where you can work easily. There is little stress, and you can enjoy the pleasure of a job well done."

- Maryam Majidi, Accounts Payable Clerk

Board of Trustees & Executive Team

Interview

The Nature of Real Estate

An interview with Sylvie Lachance, Trustee




Interview

"Throughout life, we all have goals that continually evolve. For me, the achievement of these goals is the way I can measure my success."

What is your greatest achievement?

My greatest professional achievement is related to my time at First Capital. It started with an almost non-existent business. It was a private company with four shopping centers. My role was Chief Operating Officer, a position focused on negotiating acquisitions and strategically developing and shaping our assets.

During my ten years at First Capital, in addition to going public, the company transformed itself and became a major player in the real estate industry in Canada. During these years, alongside our development activities, we purchased several properties which we redeveloped. When I left, First Capital owned 185 properties and was worth over $5 billion.

Throughout life, we all have goals that continually evolve. For me, the achievement of these goals, be they professional, family related, or about my personal development, is the way I can measure my success.

What inspires you?

My biggest professional inspiration is to approach real estate transactions like puzzles. Solving problems and figuring out solutions is what I enjoy the most.

On a personal level, contact with nature is essential for me. It's where I find my serenity and where I think best. Simply put, the forest, trees, lakes, that's where I thrive. Several years ago, I had the opportunity to discover the spectacular beauty of the Icelandic landscapes. Landscapes marked by volcanoes, the silver colour of the North Atlantic, the chirping of migrating birds. These solitary Nordic landscapes are paradise for me.

What are your passions?

I love nature, real estate transactions and art, especially painting. I am by no means a painter, but I like to admire art. We can have immense pleasure in admiring paintings that transport us, but it's another thing to be able to execute them.

If you were a quote, which one would you be?

My mother would often tell me, "Put your work one hundred times on the anvil" and this saying encouraging perseverance has always stayed with me.

Another quote I really like is: "Culture eats strategy for breakfast". Even a perfectly organized business strategy has no chance of success in a company with an unhealthy culture.

Where do you see BTB in the future?

BTB has come a long way since its inception. The company has put all the necessary foundations in place for its growth. The steps taken in terms of organizational structure, added to the execution of our business plan and management's vision, as well as an excellent corporate culture, will undoubtedly enable us to achieve our performance objectives.

Interview

Portrait of an Open Mind

An interview with Fernand Perreault, President of the Investment Committee & Trustee

Interview

"I was always welcoming of different approaches, even if they differed from my way of doing things."

What is your greatest achievement?

The one I am most proud of is my success at the CDPQ. I came into the real estate division in the early 80s and the division was smaller than half of BTB today. When I left, 20 years later, we were conducting international business and we had $40 billion in assets. In terms of business, this is by far what I am most proud of. This is, so far, the achievement of my life.

What inspires you?

I would say getting results. I have always been driven, patient and very tolerant about how to get there. As long as it met my ethical standards, I was always welcoming of different approaches, even if they differed from my way of doing things.

What are your passions?

Although I stopped some time ago, photography has always been a passion. I found my refuge there when I felt stress and it always gave me peace and serenity. Otherwise, I love road biking, running, walking and reading. I have a chalet in the Baskatong area, and I love going there to get out of the city, work on my land and get away from it all, in nature.

You've been on BTB's Board for more than 10 years now. Can you tell us about your journey?

Initially, I was contacted by Mr. Claude Garcia, who was a Board member at the time and whom I had known at the CDPQ because he was on the Board and Chairman of Standard Life. He simply asked me if I was interested in joining BTB's Board. I then met Mr. Jocelyn Proteau and I have been a member ever since.

When I arrived, BTB was much smaller and in a rather delicate financial situation. What I am most proud of since I began my tenure is BTB's ability to go from a small business to a medium-sized one, by cleaning up its portfolio without any significant financial backlash and seeing everything done properly.

We were buying, selling, repurchasing, it could have taken three years, but we did what other companies couldn't, which was to divest ourselves of our origins and convert them into different products to become a company that changes with time, and everything has been done as it should be.

Michel was patient, sold when it was appropriate, explored new opportunities, all of which allowed us to solidify our foundations.

What is your role on the Board?

As Chairman of the Investments Committee, I have two responsibilities: approve investment proposals and question the investment; ensure that the turnover of the portfolio is in line with our evolution. Each year we review our portfolio, and we must continually question ourselves to ensure the assets are consistent with our evolution. In fact, this exercise triggered our strategic review three years ago.

On the Board, I was the only one who knew real estate. Today, since we've recruited Sylvie Lachance, Lucie Ducharme and Daniel Fournier, all three having a great knowledge of the industry, the situation has greatly improved.

Where do you see BTB in the future?

In a year, I see two things for BTB: first, a minimum of $200 million more in assets and second, I see us as an organization that will have been able to ensure the growth we want to have by the way we carry our systematic monitoring of Quebec and Canadian markets as part of our growth objectives.

In five years, I see us as THE Quebec REIT with one of the best placed portfolios.

Who We Are

Dynamic

"We are always working on new projects that bring us out of our comfort zone and allow us to learn."

- Sébastien Beaulieu, CPA,
Director of Financial Analysis and Planning

Management Discussion and Analysis

Quarter ended March 31, 2022

Introduction

The purpose of this Management Discussion and Analysis ("MD&A") is to allow the reader to evaluate the operating results of BTB Real Estate Investment Trust ("BTB" or the "Trust") for the period ended March 31, 2022 as well as its financial position on that date. The report also presents a summary of the Trust's business strategies, and the business risks it faces. This MD&A dated May 6, 2022 should be read together with the consolidated financial statements and accompanying notes for the period ended March 31, 2022. It discusses significant information available up to the date of this MD&A. The Trust's consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators ("CSA") website at www.sedar.com and on our website at www.btbreit.com.

The Audit Committee reviewed the contents of this Management Discussion and Analysis and the consolidated financial statements and the Trust's Board of Trustees has approved them.

Forward-Looking Statements – Caveat

From time to time, written or oral forward-looking statements are made within the meaning of applicable Canadian securities legislation. Forward-looking statements in this MD&A are made, in other filings with Canadian regulators, in reports to unitholders and in other communications. These forward-looking statements may include statements regarding the Trust's future objectives, strategies to achieve the Trust's objectives, as well as statements with respect to the Trust's beliefs, outlooks, plans, objectives, expectations, forecasts, estimates and intentions. The words "may," "could," "should," "outlook," "believe," "plan," "forecast," "estimate," "expect," "propose," and the use of the conditional and similar words and expressions are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections, and other forward-looking statements will not be achieved. Readers must we warned not to place undue reliance on these statements as several important factors could cause the Trust's actual results to differ materially from the expectations expressed in such forwardlooking statements. These factors include general economic conditions in Canada and elsewhere, the effects of competition in the markets where we operate, the impact of changes in laws and regulations, including tax laws, successful execution of the Trust's strategy, the ability to complete and integrate strategic acquisitions successfully, potential dilution, the ability to attract and retain key employees and executives, the financial position of lessees, the ability to refinance our debts upon maturity, the ability to renew leases coming to maturity, and to lease vacant space, the ability to complete developments on plan and on schedule and to raise capital to finance the Trust's growth, as well as changes in interest rates. The foregoing list of important factors likely to affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Trust, investors and others should carefully consider these factors and other facts and uncertainties. Additional information about these factors can be found in the "Risks and Uncertainties" section.

The Trust cannot assure investors that actual results will be consistent with any forward-looking statements and the Trust assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances, except as required under applicable securities regulations.

Non-IFRS Financial Measures

Certain terms and measures used in this MD&A are listed and defined in the table thereafter, including any per unit information if applicable, are non-IFRS performance measures and do not have standardized meanings prescribed by IFRS. Explanations on how these non-IFRS financial measures provide useful information to investors and the additional purposes, if any, for which the Trust uses these non-IFRS financial measures, are also included in the table thereafter. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

Securities regulations require that non-IFRS financial measures be clearly defined and that they not be assigned greater weight than IFRS measures. The referred non-IFRS financial measures, which are reconciled to the most similar IFRS measure in the table thereafter if applicable, do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

Non-IFRS measure	Definition	Reconciliation
Adjusted net income	Adjusted net income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of: (i) fair value adjustment on investment properties; (ii) fair value adjustment on derivative financial instruments; (iii) fair value adjustment on Class B LP units; and (iv) transaction costs on acquisition and dispositions of investment properties and early repayment fees. The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the market and transaction costs are non-recurring in nature.	Operating results – Adjusted net income
Same-property NOI	Same-property NOI is a non-IFRS financial measure defined as net operating income ("NOI") for the properties that the Trust owned and operated for the entire duration of both the current year and the previous year. The most directly comparable IFRS measure to same-property NOI is Operating Income. The Trust believes this is a useful measure as NOI growth can be assessed on its portfolio excluding the impact of property acquisitions and dispositions. The Trust uses same-property NOI to indicate the profitability of its existing portfolio operations and the Trust's ability to increase its revenues, reduce its operating costs and generate organic growth.	Operating results – Same-property portfolio
Funds from Operations ("FFO") and Recurring FFO	FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its February 2019 White Paper ("White Paper"). FFO is defined as net income and comprehensive income less certain adjustments, on a proportionate basis, including: (i) fair value adjustments on investment properties, class B LP units and derivative financial instruments; (ii) amortization of lease incentives; (iii) incremental leasing costs; and (iv) distribution on class B LP units. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. FFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. Recurring FFO is also a non-IFRS financial measure that starts with FFO and remove the impact of non-recurring items such as transaction cost on acquisitions and dispositions of investment properties and early repayment fees. The Trust believes FFO and recurring FFO are key measures of operating performance and allow the investors to compare its historical performance.	Funds from Operations (FFO); Cash Flows; and Appendix 2;
Adjusted Funds from Operations ("AFFO") and Recurring AFFO	AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its February 2019 White Paper ("White Paper"). AFFO is defined as FFO less: (i) straight-line rental revenue adjustment; (ii) accretion of effective interest; (iii) amortization of other property and equipment; (iv) unit-based compensation expenses; (v) provision for non-recoverable capital expenditures; and (vi) provision for unrecovered rental fees (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. AFFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. Recurring AFFO is also a non-IFRS financial measure that starts with AFFO and removes the impact of non-recurring items such as transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust considers AFFO and recurring AFFO to be useful measures of recurring economic earnings and relevant in understanding its ability to service its debt, fund capital expenditures and provide distributions to unitholders.	Adjusted Funds from Operations (AFFO); Cash Flows; and Appendix 2;

Non-IFRS measure	Definition	Reconciliation
FFO and AFFO payout ratios and Recurring FFO and recurring AFFO payout-ratios	FFO and AFFO payout ratios and recurring FFO and recurring AFFO payout ratios are non-IFRS financial measures. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and recurring FFO and recurring AFFO per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO); and Appendix 2;
Total debt ratio	Total debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total long-term debt less cash divided by total gross value of the assets of the Trust less cash. The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.	Capital Ressources – Debt ratio
Interest Coverage Ratio	Interest coverage ratio is a non-IFRS financial measure which is calculated by taking the NOI divided by interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.	Capital Ressources – Interest coverage ratio

The Trust

The Trust is an unincorporated open-ended real estate trust formed under and governed by the laws of the province of Québec pursuant to a trust agreement (as further amended). The Trust began its real estate operations on October 3, 2006, and as of March 31, 2022, owned 73 industrial, off-downtown core office and necessity-based retail properties located in primary markets of the provinces of Québec, Ontario, Alberta, and Saskatchewan. Since its inception, the Trust has become an important property owner in the province of Québec, in Eastern Ontario and since December 2021, in Western Canada. The units and Series G and H convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN”, “BTB.DB. G” and “BTB.DB.H”, respectively.

The Trust’s management is entirely internalized, and no service agreements or asset management agreements are in force between the Trust and its officers. The Trust therefore ensures that the interests of management and of its employees are aligned with those of the unitholders. Only two properties are managed by third party managers dealing at arm’s length with the Trust. Management’s objective is, when favourable circumstances will prevail, to directly manage the Trust’s remaining properties to possibly achieve savings in management and operating fees through centralized and improved property management operations.

The following table provides a summary of the real estate portfolio:

	Number of properties	Leasable area (sq. ft.)	Fair value (thousands of $)
As at March 31, 2022	**73**	**5,703,736**	**1,127,373**

These figures include a 50% interest in a 17,114 square-foot building in a Montréal suburb and a 50% interest in one building totalling 74,940 sq. ft. in Gatineau, Québec.

Objectives and Business Strategies

The Trust’s primary objective is to maximize total return to unitholders. Returns include cash distributions and long-term appreciation of the value of its units. More specifically, the objectives are as follows:

(i) Generate stable monthly cash distributions that are reliable and fiscally beneficial to unitholders.

(ii) Grow the Trust’s assets through internal growth and accretive acquisitions to fund distributions.

(iii) Optimize the value of its assets through dynamic management of its properties to maximize the long-term value of its properties.

Strategically, the Trust seeks to acquire properties with high occupancy rates, good tenant quality, superior locations or low potential lease turnover and properties that are well maintained and require less capital expenditures.

The Trust’s management regularly performs strategic portfolio reviews to determine whether it is financially advisable to dispose of certain investments. The Trust may dispose of certain assets if their size, location and/or profitability no longer meet the Trust’s investment criteria.

In such cases, the Trust expects to use the proceeds from the sale of assets to reduce debt thereon and/or redeploy capital in property acquisitions.

Highlights of the First Quarter Ended March 31, 2022

Collection rate: was 96.1% of invoiced rent during the first quarter of 2022, which shows the strong fundamentals of the industrial, off-downtown core office and the necessity-based retail operating segments. The Trust's portfolio continued to show positive results through all asset classes and geographies.

Leasing activity for the quarter: 175,484 sq. ft. of leases renewed of which, 119,138 sq. ft. were renewed before the end of their term and 56,346 sq. ft. were renewed in anticipation of the end of their term for the years 2023 and after. The Trust leased 17,560 sq. ft. to new tenants. Due to strong leasing activity, the occupancy rate was at 93.1% at the end of the quarter.

Acquisitions: On January 7, 2022, the Trust acquired two class A office properties located at 979 and 1031 Bank Street in Ottawa (116,226 sq. ft.) and the revenue from this acquisition contributed to the first quarter financial results. The acquisition of these high-quality assets added additional exposure to the Trust's off-downtown core office segment.

Dispositions: On January 27, 2022, the Trust disposed of four industrial properties located on Boundary Road and Marleau Avenue in Cornwall, Ontario for total proceeds of $26 million, excluding transaction costs and adjustments.

Rental revenue: Stood at $29.1 million and net operating income (NOI) was $16.2 million for the current quarter, which represent a respective increase of 23.5% and 30.8% compared to the same quarter of 2021.

Same-property NOI [(1)]: Increased by 2.0% for the first quarter of 2022 compared to the same period in 2021 mainly due to a combination of important leasing efforts made during the previous quarters resulting in an increase in occupancy rate compared to the same quarter last year and an increase in the average lease renewal rates.

Net income and comprehensive income: Totalled $6.4 million for the quarter compared to $2.5 million for the same period in 2021, representing an increase of $3.9 million that can be attributed to acquisitions made in 2021 producing additional revenue and increasing the NOI.

Bought deal public offering: Closed on March 30, 2022 and the concurrent closing of the exercise of the over-allotment option granted to the underwriters. Including the exercise of the over-allotment option, the Trust sold an aggregate of 9,584,100 units at a price of $4.20 per unit for aggregate gross proceeds of $40.3 million.

Recurring FFO [(1)]: Was 10.7¢ per unit for the quarter compared to 8.9¢ per unit for the same period in 2021. The FFO was positively impacted by improvement of occupancy rates across all business segments, increase in average renewal rates and reduced provision for credit losses.

Recurring AFFO [(1)]: Was 9.7¢ per unit for the quarter compared to 8.6¢ per unit for the same period in 2021. The increase for the quarter is mainly due to acquisitions made during 2021.

Recurring FFO payout ratio [(1)]: Was 70.2% for the quarter compared to 84.0% for the same period in 2021.

Recurring AFFO payout ratio [(1)]: Was 76.8% for the quarter compared to 87.4% for the same period in 2021.

Liquidity position: Was at $40.7 million of cash at the end of the quarter and $47.7 million of total availability between the two credit facilities [(2)].

Debt metrics: The Trust concluded the quarter with a total debt ratio [(1)] of 60.3%, recording an improvement of 0.2% compared to the previous quarter. Following the bought deal completed on March 30, 2022, the Trust has repaid the revolving credit facility on April 5, 2022 for an amount of $30.9 million, which brought the total debt ratio [(1)] to 58.6%.

(1) This is a non-IFRS financial measure, refer to page 37.
(2) Credit facilities is a term used that reconciles with the bank loans as presented and defined in the Trust's consolidated financial statements.

Subsequent events

On April 5, 2022, the Trust concluded the acquisition of an industrial property located at 1100 Algoma Road in Ottawa, Ontario. Acquired for the purchase price of $12.5 million, excluding transaction costs and adjustments. This acquisition was funded from the existing undrawn capacity on the Trust's credit facilities and available liquidity. This property increased the total leasable area by 46,400 sq. ft and it is 100% occupied.

Summary of significant items as at March 31, 2022

- Total number of properties: 73
- Total leasable area: approximately 5.7 million sq. ft.
- Total asset value: $1,183 million
- Market capitalization: $360 million

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended March 31, 2022 and 2021.

Quarters ended March 31, (in thousands of dollars, except for ratios and per unit data)		Quarter	
		2022	2021
	Reference (page)	$	$
Financial information			
Rental revenue	49	**29,068**	23,532
Net operating income	49	**16,234**	12,414
Net income and comprehensive income	49	**6,449**	2,510
Adjusted net income (1)	52	**7,258**	4,604
Net property income from the same-property portfolio (1)	53	**12,281**	12,036
Distributions	53	**5,851**	4,828
Recurring funds from operations (FFO) (1)	54	**8,317**	5,730
Recurring adjusted funds from operations (AFFO) (1)	55	**7,602**	5,506
Cash flow from operating activities	56	**11,404**	13,149
Total assets	58	**1,182,836**	923,854
Investment properties	58	**1,127,373**	905,043
Mortgage loans	61	**617,420**	480,556
Convertible debentures	62	**41,981**	45,690
Mortgage debt ratio	62	**56.8%**	52.5%
Total debt ratio	62	**60.3%**	58.9%
Weighted average interest rate on mortgage debt	60	**3.74%**	3.56%
Market capitalization		**360,140**	272,807
Financial information per unit			
Units outstanding (000)	64	**84,342**	64,659
Class B LP units outstanding (000)	63	**347**	347
Weighted average number of units outstanding (000)	64	**77,665**	63,755
Weighted average number of units and Class B LP units outstanding (000)	64	**78,012**	64,148
Net income and comprehensive income	49	**8.3¢**	3.9¢
Adjusted net income (1)	52	**9.3¢**	7.2¢
Distributions	53	**7.5¢**	7.5¢
Recurring FFO (1)	54	**10.7¢**	8.9¢
Payout ratio on recurring FFO (1)	54	**70.2%**	84.0%
Recurring AFFO (1)	55	**9.7¢**	8.6¢
Payout ratio on recurring AFFO (1)	55	**76.8%**	87.4%
Market price		**4.27**	4.22
Tax on distributions			
Tax deferral	66	**100.0%**	100.0%
Operational information			
Number of properties	45	**73**	64
Leasable area (thousands of sq. ft.)	45	**5,704**	5,324
Occupancy rate	45	**93.1%**	91.0%
Increase in average lease renewal rate	46	**13.5%**	5.9%

(1) This is a non-IFRS financial measure, refer to page 37.
(2) This is a non-IFRS financial measure. Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash.

Selected Quarterly Information

The following table summarizes the Trust's selected financial information for the last eight quarters:

(in thousands of dollars except for per unit data)	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3	2020 Q-2
	$	$	$	$	$	$	$	$
Rental revenue	**29,068**	26,789	23,988	26,034	23,532	22,455	23,583	23,063
Net operating income	**16,234**	14,776	13,572	15,574	12,414	12,767	13,308	12,419
Net income and comprehensive income	**6,449**	23,219	8,678	7,161	2,510	3,850	5,757	(1,101)
Net income and comprehensive income per unit	**8.3¢**	31.2¢	11.7¢	9.8¢	3.9¢	6.1¢	9.1¢	(1.7)¢
Cash from operating activities	**11,404**	25,137	10,090	8,162	13,149	15,954	8,983	10,534
Recurring funds from operations (FFO) (1)	**8,317**	8,194	7,018	9,202	5,730	6,322	6,920	4,710
Recurring FFO per unit (1) (2)	**10.7¢**	11.0¢	9.5¢	12.5¢	8.9¢	9.9¢	10.9¢	7.5¢
Recurring adjusted funds from operations (AFFO) (1)	**7,602**	6,962	6,453	8,647	5,506	6,253	6,139	4,237
Recurring AFFO per unit (1) (3)	**9.7¢**	9.4¢	8.7¢	11.8¢	8.6¢	9.8¢	9.7¢	6.7¢
Distributions (4)	**5,851**	5,578	5,551	5,508	4,828	4,778	4,752	5,375
Distributions per unit (4)	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	8.5¢

(1) This is a non-IFRS financial measure, refer to page 37.
(2) The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(3) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

Operating Performance Indicators

The performance indicators, used to measure the Trust's operating performance, are described hereafter.

Committed occupancy rate: which provides an indication of the optimization of rental space and the potential revenue gain from the Trust's property portfolio. This rate considers occupied leasable area and the leasable area of leases that have been signed as of the end of the quarter but not yet started.

In-place occupancy rate: which shows the percentage of total income-producing leasable area held at period end.

Retention rate: which is used to assess the Trust's ability to renew leases and retain tenants.

Average rate of renewed leases: which measures organic growth and the Trust's ability to increase or decrease its rental revenue.

Real Estate Portfolio

At the end of the first quarter of 2022, BTB owned 73 properties, totalling a fair value of $1,127 million. The properties generated approximately $29.1 million in rental revenue this quarter and represented a total leasable area of approximately 5.7 million sq. ft. A description of the properties owned by the Trust as at March 31, 2022 can be found in the Trust's Annual Information Form available at (see www.sedar.com).

Summary of investment properties held as at March 31, 2022

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Industrial	24	1,437,160	99.0	99.0
Off-downtown core office	38	2,874,402	89.3	88.0
Necessity-based retail	11	1,392,175	95.0	94.4
Total	**73**	**5,703,736**	**93.1**	**92.3**

Disposition of investment properties

On January 27, 2022, the Trust disposed of four industrial properties located at 705 Boundary Road, 725 Boundary Road, 805 Boundary Road and 2901 Marleau Avenue in Cornwall, Ontario for total proceeds of $26.0 million, excluding transaction costs and adjustments.

Acquisition of investment properties

On January 7, 2022, the Trust acquired of two class A office properties located at 979 Bank Street and 1031 Bank Street in the off-downtown Glebe borough of Ottawa, Ontario, for a total consideration of $38.1 million dollars, excluding transaction costs and adjustments. The two properties increase the Trust's total leasable area of respectively 104,716 sq. ft. and of 11,510 sq. ft.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in sq. ft.)	Quarter	
	2022	2021
Occupied area at the beginning of the period [1]	**5,639,778**	4,910,877
Purchased (sold) assets	**(299,662)**	-
Signed new leases	**17,560**	9,751
Tenant departures	**(43,912)**	(73,681)
Other [2]	**(1,843)**	33
Occupied leasable area at the end of the period [1]	**5,311,921**	4,846,980
Vacant leasable area at the end of the period	**391,815**	476,695
Total leasable area at the end of the period	**5,703,736**	5,323,675

(1) The occupied area includes in place and committed agreements.
(2) Other adjustments on the occupied area represent mainly area remeasurements.

Renewal activities

The following table summarizes the renewal rate for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in sq. ft.)	Quarter	
	2022	2021
Leases expired at term	**155,878**	66,379
Renewed leases at term	**119,138**	40,694
Renewal rate	**76.4%**	61.3%

The Trust renewed 76.4% or 119,138 sq. ft. out of the 155,878 sq. ft. expiring this quarter. Additionally, the Trust was able to lease 37.4% of the remaining 36,740 sq. ft. expired before the end of the quarter.

In addition to the renewed leases at term during the quarter, the Trust renewed 56,346 sq. ft. leased with existing tenants with lease terms ending in 2023 and later. This activity has no impact on the occupied leasable area or renewal rate but demonstrates the Trust's strategy to proactively manage its lease renewals before term. These renewals allowed the Trust to secure long-term leases with industrial tenants such as NCGS Crane & Heavy Haul Trans Tech Inc. (36,334 sq. ft.).

Considering renewed leases at term and renewed leases with terms ending in 2022 and after, the Trust renewed a total of 175,484 sq. ft. during this quarter. Out of the total leasable area of renewed leases, 91,092 sq. ft. or 51.9% were concluded with decentralized office tenants, confirming the strategy of tenants to occupy decentralized office locations closer to their employee's living area.

Average lease renewal rate

The following table shows the breakdown of the average increase of rental rates per operating segment:

	Quarter	
Operating segment	**Renewals (Sq. ft.)**	**Increase (%)**
Industrial	42,158	7.8%
Off-downtown core office	91,092	19.6%
Necessity-based retail	42,234	3.9%
Total	**175,484**	**13.5%**

During the quarter, the Trust achieved an average increase of 13.5% in renewal rate across all business segments. The off-downtown core office operating segment showed an increase of 19.6%, which is essentially attributable to positive market conditions for this segment.

Signed new leases

During the quarter, the Trust leased 17,560 sq. ft. to new tenants, leaving 391,815 sq. ft. of leasable area available at the end of the quarter. Out of the 17,560 sq. ft., 15,717 sq. ft. are committed agreements and 1,843 sq. ft. are in occupancy. As the Trust's total industrial leasable area is almost fully occupied at 99.0%, 6,007 sq. ft. or 34.2% of the new leases were concluded with necessity-based retail tenants and 11,553 sq. ft. or 65.8% were concluded with off-downtown core office tenants.

Occupancy rates

The following tables detail the Trust's committed occupancy rates by operational segment and geographic sector, including committed lease agreements:

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	%	%	%	%	%
Operating segment					
Industrial	**99.0**	97.0	96.5	96.5	95.6
Off-downtown core office	**89.3**	90.3	89.3	89.5	89.3
Necessity-based retail	**95.0**	95.1	92.6	92.9	90.0
Total portfolio	**93.1**	93.4	92.0	92.2	91.0

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	%	%	%	%	%
Geographic sector					
Montréal	**94.1**	94.4	92.8	93.1	91.3
City of Québec	**88.4**	88.9	88.9	88.8	89.0
Ottawa	**93.8**	93.7	93.8	94.2	93.0
Edmonton	**100.0**	100.0	-	-	-
Saskatoon	**100.0**	100.0	-	-	-
	93.1	93.4	92.0	92.2	91.0

(1) Excluding the Trois-Rivières property, the occupancy rate of the City of Quebec portfolio is 91.8%.

The occupancy rate at the end of the first quarter of 2022 stood at 93.1%, a 0.3% decrease compared to the prior quarter, or a 2.1% increase compared to the same period for 2021. Furthermore, the in place occupancy rate at the end of the first quarter of 2022 stood at 92.3%, a 0.8% increase compared to the prior quarter, and a 1.5% increase compared to the same period for 2021.

Lease maturities

The following table summarizes the Trust's lease maturity profile for the next five years:

	2022	2023	2024	2025	2026
Industrial					
Leasable area (sq. ft.)	69,724	86,765	40,968	130,414	206,464
Average lease rate/square foot ($) (1)	$12.40	$11.11	$13.36	$11.15	$12.20
% of industrial portfolio	4.85%	6.04%	2.85%	9.07%	14.37%
Off-downtown core office					
Leasable area (sq. ft.)	281,185	297,068	300,937	267,572	385,201
Average lease rate/square foot ($) (1)	$13.96	$16.26	$14.31	$15.19	$14.59
% of office portfolio	9.78%	10.33%	10.47%	9.31%	13.40%
Necessity-based retail					
Leasable area (sq. ft.)	68,750	167,346	81,392	123,398	109,515
Average lease rate/square foot ($) (1)	$13.03	$8.99	$15.78	$19.98	$16.58
% of retail portfolio	4.94%	12.02%	5.85%	8.86%	7.87%
Total portfolio					
Leasable area (sq. ft.)	**419,659**	**551,179**	**423,297**	**521,384**	**701,180**
Average lease rate/square foot ($) (1)	**$13.55**	**$13.24**	**$14.50**	**$15.32**	**$14.20**
% of total portfolio	**7.36%**	**9.66%**	**7.42%**	**9.14%**	**12.29%**

(1) This is a non-IFRS financial measure. The average lease rate / square foot ($) ratio is calculated by dividing the annual rental revenues related to leases maturing within a specific year divided by the total leasable area (sq. ft.) of the leases maturing within a specific year.

Weighted average lease term

For the quarter ended March 31, 2022, the Trust maintained a weighted average lease term of 6.2 years, compared to 5.1 years for the same period in 2021. In addition to securing future revenues for the Trust and solidifying its tenant base, the Trust's leasing renewal strategy is also focused on ensuring longevity in the lease term when appropriate.

Top 10 tenants

The Trust's three largest tenants are the Government of Québec, the Government of Canada, and Walmart Canada inc., representing respectively 5.2%, 4.9%, and 2.4% of rental revenue. These revenues are generated by multiple leases with these tenants whose maturities are spread over time. 32.2% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and public companies, thus generating stable and high-quality cash flow for the Trust's operating activities.

The following table shows the contribution of the Trust's top 10 tenants as a percentage of revenue as at March 31, 2022. Their contribution accounts for 23.3% of annual rental revenue and 22.4% of leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Government of Québec	5.2	4.7	266,518
Government of Canada	4.9	4.0	232,572
Walmart Canada inc.	2.4	4.6	264,550
WSP Canada Inc.	1.4	0.9	48,478
Mouvement Desjardins	1.4	1.1	61,576
Intrado Life & Safety Canada, Inc.	1.4	0.9	53,767
Groupe BBA Inc.	1.4	1.2	69,270
Strongco	2.0	2.1	118,585
Germain Larivière Laval Inc.	1.9	1.1	61,034
Satcom Direct Avionics	1.3	1.8	101,357
	23.3	**22.4**	**1,277,707**

Operating Results

The following table summarizes the financial results for the periods ended March 31, 2022 and 2021. The table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

Quarters ended March 31 (in thousands of dollars)		Quarter	
		2022	2021
	Reference (page)	$	$
Rental revenue	49	29,068	23,532
Operating expenses	49	12,834	11,118
Net operating income	49	16,234	12,414
Net financial expenses and financial income	50	8,501	8,236
Administration expenses	50	1,822	1,668
Transaction costs		469	-
Fair value adjustment on investment properties	51	(1,007)	-
Net income and comprehensive income	49	6,449	2,510

Rental revenue

For the quarter, rental revenue increased by $5.5 million or 23.5% compared to the same period last year. The increase consisted of the following: (i) $0.5 million of other additional revenues; (ii) $0.6 million decrease in revenues related to the dispositions made in Q4 2021 and Q1 2022; (iii) $5.6 million of additional revenue related to the following acquisitions:

- $0.4 million, 6000 Kieran (Montréal) in June 2021
- $2.0 million, 2344 & 2600 Alfred Nobel (Montréal) in November 2021
- $2.1 million, Western Portfolio (Edmonton & Saskatoon) in December 2021
- $1.1 million, Lansdowne buildings (Ottawa) in January 2022

Operating expenses

The following table summarizes the operating expenses for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Operating expenses		
Maintenance, repairs and other operating costs	4,457	3,807
Energy	1,810	1,712
Property taxes and insurance	6,567	5,599
Total operating expenses	12,834	11,118
% of rental revenue	44.2%	47.2%

Operating expenses increased on a quarterly basis mainly due to the new acquisitions and the increase of the cost of living. In addition, property taxes increased on a quarterly basis due to the new acquisitions and higher taxable value.

Financial expenses and income

The following table summarizes the financial expenses for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Financial income	(145)	(134)
Interest on mortgage loans	5,802	4,546
Interest on convertible debentures	732	957
Interest on credit facilities	307	220
Other interest expense	63	68
Interest expense net of financial income	6,759	5,657
Distributions on Class B LP units	26	30
Early repayment fees	284	-
Net financial expenses before non-monetary items	7,069	5,687
Accretion of effective interest on mortgage loans and convertible debentures	288	359
Accretion of non-derivative liability component of convertible debentures	81	96
Net financial expenses before the following items:	7,438	6,142
Net adjustment to fair value of derivative financial instruments	997	1,814
Fair value adjustment on Class B LP units	66	280
Net financial expenses net of financial income	8,501	8,236

Financial income mainly consists of interest income generated from a balance of sale granted by the Trust for a principal amount of $3.0 million pursuant to the sale in 2019 of a retail property located in Delson, Québec and the cash on hand during the quarter.

Interest expense net of financial income increased by $1.1 million during the current quarter compared to the same period last year, mainly due to the net increase in mortgage loans as a result of acquisitions and dispositions of investment properties and the increase in the prime rate impacting floating interest rates of mortgages in recent quarters.

On March 31, 2022, the average weighted contractual rate of interest on mortgage loans outstanding was 3.54%, 2 basis points lower than the average rate as at March 31, 2021 (3.56%). Interest rates on first-ranking mortgage loans ranged from 2.30% to 6.80% as at March 31, 2022, same for the previous year. The weighted average term of mortgage loans in place as at March 31, 2022 was 4.5 years (4.4 years as at March 31, 2021).

Net financial expenses net of financial income described above include non-monetary items. These non-monetary items are the accretion of effective interest on mortgage loans and on convertible debentures, the accretion of non-derivative liability component of convertible debentures and the fair value adjustments on derivative financial instruments and on Class B LP units.

Administration expenses

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Corporate expenses	1,653	1,193
Expected credit losses	19	(170)
Unit-based compensation	150	645
Trust administration expenses	1,822	1,668

Corporate expenses increased by $0.5 million or 39% for the quarter compared to the same period last year. The Trust incurred approximately $0.1 million additional costs related to its growth strategy (key employee additions, investments in technology, security, and marketing) and an additional $0.4 million in performance compensation compared to the same period last year.

Expected credit losses increased by $0.2 million for the quarter compared to the same period last year. Overall, for the same quarter in 2021, a portion of the provision recorded to address the uncertainty related to the COVID-19 pandemic was reversed last year.

Unit-based compensation decreased by $0.5 million for the quarter compared to the same period last year, which is mainly explained by: (i) the cash settled share-based retirement compensation plan of $0.4 million recognized in the same period last year; (ii) reduction in unit issues under the compensation plans which reduced expenses by $0.1 million.

Fair value adjustment of investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the period in which it arises. Furthermore, upon a disposition the trust will revaluate the investment property at it's fair value, the sold price.

On an annual basis, the Trust retains the services of independent external appraisers to evaluate the fair value of a significant portion of its portfolio. Pursuant to its policy, the Trust annually appraises approximately two thirds of its portfolio by independent external appraisers, including the 15 most valuable properties as of Q3 2021 ($672.1 million for the year 2021 compared to $584.7 million for the year 2020). In addition, as part of acquisitions, financing or refinancing transactions, or at the request of lenders, other properties are also independently appraised during the year.

For the properties not subject to independent appraisals, the Trust received quarterly capitalization rates and discount rates market data reflecting real estate market conditions from independent external appraisers and independent experts. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization and discount rates within ranges provided by external appraisers. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

The following tables summarize the net changes in fair value of investment properties by segment:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Industrial	1,007	-
Off-downtown core office	-	-
Necessity-based retail	-	-
Total change in fair value	1,007	-

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals:

As at March 31, 2022	Industrial	Off-downtown core office	Necessity-based retail
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.75% - 7.50%	5.50% - 8.25%	6.50% - 7.50%
As at March 31, 2021			
Capitalization rate	5.00% - 8.50%	5.00% - 8.50%	5.25% - 8.00%
Terminal capitalization rate	5.50% - 7.00%	6.00% - 7.50%	5.50% - 8.00%
Discount rate	6.25% - 7.75%	6.75% - 8.25%	6.25% - 8.75%

The weighted average capitalization rate for the entire portfolio as at March 31, 2022 was 6.28% (6.51% as at March 31, 2021), 23 basis point lower than at March 31, 2021.

As at March 31, 2022, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate was applied to the overall portfolio, this variation would affect the fair value of the investment properties respectively by, a reduction of $42.9 million or an increase of $46.5 million. The change of the capitalization rate is an appropriate proxy for the changes for the discount and terminal capitalization rates.

Adjusted net income

Net income and comprehensive income fluctuate from one quarter to the next based on non-recurring items and certain volatile non-monetary items. The fair value of derivative financial instruments and the fair value of investment properties fluctuate based on the stock market volatility of the Trust's units, the forward interest rate curve and the discount and capitalization rates of its real estate portfolio.

The following table summarizes the adjusted net income (1) before these non-recurring and volatile non-monetary items:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2022	2021
	$	$
Net income and comprehensive income	6,449	2,510
Non-recurring items:		
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	753	-
Volatile non-monetary items		
Fair value adjustment on investment properties	(1,007)	-
Fair value adjustment on derivative financial instruments	997	1,814
Fair value adjustment on Class B LP units	66	280
Adjusted net income (1)	7,258	4,604
Per unit	9.3¢	7.2¢

(1) This is a non-IFRS financial measure, refer to page 37.

(1) This is a non-IFRS financial measure, refer to page 37.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by BTB on January 1, 2021 and that are still owned by BTB on March 31, 2022 but it does not include acquisitions completed during 2021 and 2022, nor the disposition of properties during the same periods.

The following table summarizes the results of the same-property portfolio:

Quarters ended March 31 (in thousands of dollars)	Quarter		
	2022	2021	Δ
	$	$	%
Rental revenue	**23,342**	22,753	2.6
Operating expenses	**11,061**	10,717	3.2
Net operating income (NOI) [1]	**12,281**	12,036	2.0

(1) This is a non-IFRS financial measure, refer to page 37.

For the quarter, same-property rental revenue increased by $0.6 million or 2.6% compared to the same period last year, and net operating income (NOI) increased by $0.2 million or 2.0%. The important leasing efforts made during the previous quarters resulted in an increase in occupancy rate compared to the same quarter last year and therefore generated additional revenues. Overall, NOI showed an increase of 2.0% for the quarter compared to the same quarter last year.

Distributions

Distributions and per unit

Quarters ended March 31 (in thousands of dollars, except for per unit data)	Quarter	
	2022	2021
	$	$
Distributions		
Cash distributions	**5,050**	4,095
Cash distributions – Class B LP units	**26**	30
Distributions reinvested under the distribution reinvestment plan	**775**	703
Total distributions to unitholders	**5,851**	4,828
Percentage of reinvested distributions [1][2]	**13.2%**	14.6%
Per unit [2]		
Distributions	**7.5¢**	7.5¢

(1) This is a non-IFRS financial measure. The percentage of reinvested distributions ratio is calculated by dividing the distributions reinvested under the distribution reinvestment plan by the total distributions to unitholders.
(2) Including Class B LP units.

For the quarter, monthly distributions to unitholders totalled 2.5¢ per unit for a quarterly total of 7.5¢ per unit, unchanged from the same quarter of 2021.

Funds from Operations (FFO) [1]

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO [1] for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2022	2021
	$	$
Net income and comprehensive income (IFRS)	6,449	2,510
Fair value adjustment on investment properties	(1,007)	-
Fair value adjustment on Class B LP units	66	280
Amortization of lease incentives	735	877
Fair value adjustment on derivative financial instruments	997	1,814
Leasing payroll expenses	221	219
Distributions - Class B LP units	26	30
Unit-based compensation (Unit price remeasurement) [5]	77	-
FFO [1]	7,564	5,730
Non-recurring item		
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	753	-
Recurring FFO [1]	8,317	5,730
FFO per unit [1] [2] [3]	9.7¢	8.9¢
Recurring FFO per unit [1] [2] [4]	10.7¢	8.9¢
FFO payout ratio [1]	77.2%	84.0%
Recurring FFO payout ratio [1]	70.2%	84.0%

(1) This is a non-IFRS financial measure, refer to page 37.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.

For the quarter, recurring FFO [1] was 10.7¢ per unit, compared to 8.9¢ per unit for the same quarter last year. The recurring FFO payout ratio [1] for the quarter stood at 70.2% compared to 84.0% for the same quarter in 2020. The improvement in the ratios compared to prior year is mainly explained by: (i) improvement of occupancy rates across all business segments; (ii) increase in average lease renewal rates by 13.5%; and (iii) the accretive effect of acquisitions made since the first quarter of last year.

(1) This is a non-IFRS financial measure, refer to page 37.

Adjusted Funds from Operations (AFFO) (1)

The following table provides a reconciliation of FFO and AFFO for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	Quarter	
	2022	2021
	$	$
FFO (1)	7,564	5,730
Straight-line rental revenue adjustment	(150)	(397)
Accretion of effective interest	288	359
Amortization of other property and equipment	30	15
Unit-based compensation expenses	73	644
Provision for non-recoverable capital expenditures (1)	(581)	(471)
Provision for unrecovered rental fees (1)	(375)	(374)
AFFO (1)	6,849	5,506
Non-recurring item		
Transaction costs on purchase and disposition of investment properties and early repayment fees	753	-
Recurring AFFO (1)	7,602	5,506
AFFO per unit (1) (2) (3)	8.8¢	8.6¢
Recurring AFFO per unit (1) (2) (4)	9.7¢	8.6¢
AFFO payout ratio (1)	85.3%	87.4%
Recurring AFFO payout ratio (1)	76.8%	87.4%

(1) This is a non-IFRS financial measure, refer to page 37.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

For the quarter, recurring AFFO (1) was 9.7¢ per unit, compared to 8.6¢ per unit for the same quarter last year. The recurring AFFO payout ratio (1) for the quarter stood at 76.8% compared to 87.4% for the same quarter last year.

In calculating AFFO (1), the Trust deducts a provision for non-recoverable capital expenditures (2) to consider capital expenditures invested to maintain the condition of its properties and to preserve rental revenue. The provision for non-recoverable capital expenditures is calculated based on 2% of rental revenues. This provision is based on management's assessment of industry practices and its investment forecasts for the coming years.

The Trust also deducts a provision for unrecovered rental fees (2) in the amount of approximately 25¢ per sq. ft. on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly presents, in the long term, the average disbursements not recovered directly in establishing the rent that the Trust will undertake. These disbursements consist of inducements paid or granted when leases are signed that are generally amortized over the term of the lease and are subject to an equivalent increase in rent per square foot, and of brokerage commissions and leasing payroll expenses.

(1) This is a non-IFRS financial measure, refer to page 37.
(2) This is a non-IFRS financial measure as defined in this page.

The following table compares the amount of the provision for non-recoverable capital investments to the amount of investment made during the current comparative quarter and in the last few years:

Periods ended March 31 and 12-month periods ended December 31 (in thousands of dollars)	**March 31, 2022 (3 months)**	March 31, 2021 (3 months)	December 31, 2021 (12 months)	December 31, 2020 (12 months)
	$	$	$	$
Provision for non-recoverable capital expenditures [(1)]	**375**	471	1,500	1,859
Non-recoverable capital expenditures [(1)]	**581**	94	2,007	2,055

(1) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

The Trust intends to achieve a balance between actual investment and the estimated provisions over the long term. Management may change the calculation of the provision, as required.

Cash Flows

The following table shows the Trust net distributions to unitholders compared to net cash flows from operating activities less interest paid:

Periods ended March 31 and 12-month periods ended December 31 (in thousands of dollars)	**2022 (3 months)**	2021 (3 months)	2021 (12 months)	2020 (12 months)
	$	$	$	$
Net cash flows from operating activities	**11,404**	13,149	56,538	46,145
Interest paid	**(6,851)**	(5,667)	(22,006)	(21,787)
Net cash flows from operating activities less interest paid	**4,553**	7,482	34,532	24,358
Net distributions to unitholders	**4,800**	4,071	18,171	19,014
Surplus (deficit) of net cash flows from operating activities less interest paid compared to net distributions to unitholders	**(247)**	3,411	16,361	5,344

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO [(1)], and FFO [(1)]:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Cash flows from operating activities	11,404	13,149
Leasing payroll expenses	221	219
Transaction costs on purchase and disposition of investment properties and early repayment fees	(753)	-
Adjustments for changes in other working capital items	3,774	(1,263)
Financial income	145	134
Interest expenses	(6,904)	(5,791)
Provision for non-recoverable capital expenditures	(581)	(471)
Provision for non-recovered rental fees	(375)	(375)
Accretion of non-derivative liability component of convertible debentures	(82)	(96)
AFFO [(1)]	6,849	5,506
Provision for non-recoverable capital expenditures [(2)]	581	471
Provision for non-recovered rental fees [(2)]	375	375
Straight-line rental revenue adjustment	150	397
Unit-based compensation expenses	(73)	(644)
Accretion of effective interest	(288)	(359)
Amortization of property and equipment	(30)	(15)
FFO [(1)]	7,564	5,731

(1) This is a non-IFRS financial measure, refer to page 37.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

Segmented Information

The Trust's operations are generated from three segments of properties located in the provinces of Québec, Ontario, Alberta and Saskatchewan. The following table summarizes each segment's contribution to revenues and to net operating income (NOI) for the quarters ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars)	Industrial		Off-downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended March 31, 2022							
Investment properties	259,258	23.0	614,473	54.5	253,642	22.5	1,127,373
Rental revenue from properties	5,373	18.5	16,976	58.4	6,719	23.1	29,068
Net operating income (NOI)	4,008	24.7	8,660	53.3	3,566	22.0	16,234
Quarter ended March 31, 2021							
Investment properties	163,903	18.1	494,760	54.7	246,380	27.2	904,140
Rental revenue from properties	3,084	13.1	14,022	59.6	6,426	27.3	23,539
Net operating income (NOI)	2,006	16.2	7,085	57.1	3,323	26.8	12,393

Industrial performance

The industrial segment continues to show good performance. The asset value proportion of industrial properties increased from 18.1% to 23.0% compared to the same period last year, mainly due to the acquisitions of industrial properties acquired throughout 2021. The acquired properties were all 100% occupied having an impact on the occupancy rate which at the end of the first quarter of 2022 stood at 99.0%, a 3.4% increase compared to the same period last year.

Off-downtown core office performance

The Trust owns off-downtown core office properties and does not own downtown high-rise towers that were the most impacted by the pandemic. Overall, the performance of the segment has been stable across all geographic sectors and it has been supported by the quality of its tenants (the Trust's top two tenants are the Federal and Québec government agencies). The Trust concluded lease renewals for a total of 91,092 sq. ft. with an increase in the average renewal rate of 19.6%. The percentage of net operating income (NOI) generated by the off-downtown core office segment was affected by the recent acquisitions of the two Alfred Nobel properties in Montréal and the two Lansdowne properties in Ottawa. These acquisitions were accretive from a NOI standpoint, resulting in an increase compared to the same period last year from 50.7% to 53.3%.

Necessity-based retail performance

The Trust does not own enclosed malls and most of the properties are anchored with necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the first quarter of 2022 stood at 95.0%, a 5.0% increase compared to the same period last year. During the quarter, the Trust was able to renew retail leases for 42,234 sq. ft. at an average increase in the renewal lease rate of 8.5%. The proportion of the net operating income (NOI) generated by the necessity-based retail segment decreased from 35.1% to 22.0% compared to the same period last year, mainly due to the Trust not concluding any acquisition within the necessity-based retail segment while acquiring properties in the industrial and off-downtown core office segments which increased the proportion of net operating income (NOI) of their respective segments.

Assets

Investment properties

The Trust has grown through the acquisitions of high-quality properties based on its selection criteria, while maintaining an appropriate allocation among three investment segments: industrial properties, off-downtown core office, and necessity-based retail.

The real estate portfolio consists of direct interests in wholly owned investment properties and the Trust's share of the assets, liabilities, revenues, and expenses of two jointly controlled investment properties.

The fair value of its investment properties stood at $1,127 million as at March 31, 2022 compared to $1,111 million as at December 31, 2021. The increase is explained by the previously mentioned acquisitions and dispositions, the net impact of which increased the portfolio of investment properties by $13 million or 1.2%. The remaining increase can be explained by the net impact of additions related to capital expenditures of $0.8 million, net impact of capitalized lease incentives of $1 million, straight line lease adjustment of $0.2 million, capitalized leasing fees of $0.5 million and net changes in fair value of investment properties of $1 million.

Improvements in investment properties

The Trust invests capital to improve its properties to preserve the quality of their infrastructure and services provided to tenants. These investments include value-added maintenance corresponding to expenditures required to upkeep properties, as well as property improvement and redevelopment projects intended to increase leasable area, occupancy rates or quality of space available for rent. In some cases, capital expenditures are amortized and may be recovered from tenants.

The following table summarizes capital expenditures, incentives, and leasing fees, for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Recoverable capital expenditures	284	371
Non-recoverable capital expenditures	475	94
Total capital expenditures	759	465
Leasing fees and leasehold improvements	2,251	1,188
Total	3,010	1,653

The following table summarizes the changes in the fair value of investment properties for the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2022	2021
	$	$
Balance, beginning of period	1,110,971	903,870
Additions:		
Acquisitions	38,961	-
Dispositions	(25,991)	-
Capital expenditures	759	465
Leasing fees and capitalized lease incentives	2,251	1,188
Fair value adjustment on investment properties	1,007	-
Other non-monetary changes	(585)	(480)
Balance, end of period	1,127,373	905,043

Receivables

(in thousands of dollars)	March 31, 2022	December 31, 2021
	$	$
Rent receivable	5,635	4,497
Allowance for expected credit losses	(886)	(944)
Net rent receivable	4,749	3,553
Unbilled recoveries	821	587
Other receivables	742	1,388
Receivables	6,312	5,528

Receivables increased from $5.5 million as at December 31, 2021 to $6.3 million as at March 31, 2022. For the quarter, the increase in receivables is in line with the Trust rental revenues increase and the positive impact of the reduction of the allowance for credit losses.

Prepaid expenses, Deposits and Property and equipment

(in thousands of dollars)	March 31, 2022	December 31, 2021
	$	$
Property and equipment	1,460	1,438
Accumulated depreciation	(1,022)	(992)
Net property and equipment	438	446
Prepaid expenses	3,060	1,811
Deposits	1,968	936
Other assets	5,466	3,193

Prepaid expenses, deposits and property and equipment increased from $3.2 million as at December 31, 2021 to $5.5 million as at March 31, 2022, which is explained by the increase in deposits on future acquisitions.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on March 31, 2022, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at March 31, 2022 (in thousands of dollars)	Balance of convertible debentures (1)	Balance of mortgages payable (1)	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2022	-	71,839	3.99
2023	-	35,107	3.59
2024	24,000	100,473	4.43
2025	20,982	60,401	4.30
2026	-	124,290	3.22
2027 and thereafter	-	227,445	3.38
Total	44,982	619,555	3.74

(1) Gross amounts.

The Trust has $71.8 million of mortgages coming to maturity during the next nine months. As of April 30th, 2022, approximately $23.5 million has been refinanced. The remaining balance is currently in the process of refinancing. Historically, the Trust has always been able to refinance its existing mortgages and there is no indication that this would change.

Weighted average contractual interest rate

As at March 31, 2022, the weighted average contractual interest rate of the Trust's long-term debt stood at 3.74% (3.54% for mortgage loans and 6.47% for convertible debentures) a decrease of 10 basis points compared to the same period last year.

Mortgage loans

As at March 31, 2022, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $619.6 million compared to $607 million as at December 31, 2021. The increase relates to previously mentioned acquisitions where the Trust contracted or assumed mortgages of $24,801 million.

The following table summarizes the changes in mortgage loans payable during the periods ended March 31, 2022 and 2021:

Periods ended March 31 (in thousands of dollars)	2022	2021
	$	$
Balance at beginning [(1)]	607,038	486,242
Mortgage loans contracted or assumed [(2)]	24,801	-
Balance repaid at maturity or upon disposition [(3)]	(7,324)	-
Monthly principal repayments [(4)]	(4,960)	(4,159)
Balance as at March 31, 2022 [(1)]	619,555	482,083

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS measure. Mortgage loans contracted or assumed are included in the Consolidates Statements of Cash Flows in the Consolidated Financial Statements within the Mortgage loans, net of financing expenses.
(3) This is a non-IFRS measure. Balance repaid at maturity or upon disposition are included in the Consolidates Statements of Cash Flows in the Consolidated Financial Statements within the following: Repayment of mortgage loans and Net proceeds from disposition of investment properties.
(4) This is a non-IFRS measure. Principal monthly repayments are included in the Consolidates Statements of Cash Flows in the Consolidated Financial Statements within Repayment of mortgage loans.

As at March 31, 2022, the weighted average mortgage interest rate was 3.54% compared to 3.56% for the same period last year, a decrease of 2 basis points. Except for three loans with a total balance of $36.9 million, all mortgages payable bear interest at fixed rates (balance of $529.4 million) or are subject to floating-to-fixed interest rate swap (balance of $53.3 million).

The weighted average term of existing mortgage loans was 4.5 years as at March 31, 2022 compared to 4.4 years as at March 31, 2021. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with renewals.

The following table summarizes the future mortgage loan repayments for the next few years:

As at March 31, 2022 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2022 (9 months)	14,479	70,362	84,841	13.7
2023	17,097	33,841	50,938	8.2
2024	14,996	91,674	106,670	17.2
2025	12,621	52,853	65,474	10.6
2026	10,200	107,599	117,799	19.0
2027 and thereafter	29,938	163,895	193,833	31.3
Total	99,331	520,224	619,555	100.0
Unamortized fair value assumption adjustments			673	
Unamortized financing expenses			(2,808)	
Balance as at March 31, 2022			617,420	

As at March 31, 2022, the Trust was in compliance with all the covenants to which it was subject.

Convertible debentures

(in thousands of dollars)	Series G [1] [3]	Series H [2] [3]	Total
Par value	24,000	20,982 [4]	44,982
Contractual interest rate	6.00%	7.00%	
Effective interest rate	7.30%	8.28%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	5	4	
Date of interest payment	April 30 and October 31	April 30 and October 31	
Maturity date	October 2024	October 2025	
Balance as at March 31, 2022	**23,256**	**18,725**	**41,981**

(1) Redeemable by the Trust, under certain conditions, as of October 31, 2022, but before October 31, 2023, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series G conversion price and, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(2) Redeemable by the Trust, under certain conditions, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series H conversion price and, as of October 31, 2024, but before October 31, 2025, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(3) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G and H debentures by issuing freely tradable units to Series G and H debenture holders.
(4) Conversion of $9,018 of the Series H debenture since issuance. Conversion of $1,161 during Q1 2022.

Debt ratio [1]

Under the terms of its trust agreement, the Trust cannot contract a mortgage loan if, after having contracted the said loan, the total mortgage debt would exceed 75% of the value of the total assets of the Trust. When establishing this calculation, the convertible debentures are not considered in the calculation of total indebtedness. Moreover, also under its trust agreement, in case of failure to abide by this condition, the Trust has a 12-month delay from the date of knowledge to remedy the situation.

The following table summarizes the Trust's debt ratios as at March 31, 2022 and 2021 and December 31, 2021:

	March 31, 2022	December 31, 2021	March 31, 2021
(in thousands of dollars)	$	$	$
Cash and cash equivalents	**(40,666)**	(7,191)	(6,255)
Mortgage loans outstanding [1] [2]	**619,555**	607,038	482,083
Convertible debentures [1] [2]	**43,569**	44,564	50,124
Credit facilities	**35,318**	35,468	15,000
Total long-term debt less cash and cash equivalents [1] [3]	**657,776**	679,879	540,952
Total gross value of the assets of the Trust less cash and cash equivalents [1] [4]	**1,091,245**	1,124,690	918,519
Mortgage debt ratio (excluding convertible debentures and credit facilities) [1] [5]	**56.8%**	54.0%	52.5%
Debt ratio – convertible debentures [1] [6]	**4.0%**	4.0%	5.5%
Debt ratio – credit facilities [1] [7]	**3.2%**	3.2%	1.6%
Total debt ratio [1]	**60.3%**	60.5%	58.9%

(1) This is a non-IFRS financial measure, refer to page 37.
(2) Before unamortized financing expenses and fair value assumption adjustments.
(3) Long-term debt less cash and cash equivalent is a non-IFRS financial measure, calculated as total of: (i) fixed rate mortgage loans payable; (ii) floating rate mortgage loans payable; (iii) Series G debenture capital amount; (iv) Series F debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (v) credit facilities, less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt.
(4) Gross value of the assets of the Trust less cash and cash equivalent is a non-IFRS financial measure defined as the Trust total assets adding the cumulated amortization property and equipment and removing the cash and cash equivalent. The most directly comparable IFRS measure to GVALC is total assets.
(5) Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash and cash equivalent.
(6) Debt ratio – convertible debentures is calculated by dividing the convertible debentures by the total gross value of the assets of the Trust less cash and cash equivalent.
(7) Debt ratio – credit facilities is calculated by dividing the credit facilities by the total gross value of the assets of the Trust less cash and cash equivalent.

(1) This is a non-IFRS financial measure, refer to page 37.

As at March 31, 2022, the mortgage debt ratio (1) excluding the convertible debentures and credit facilities totalled 56.8%, an increase of 2.8% since December 31, 2021. Including the convertible debentures, credit facilities, and net of cash and cash equivalent, the total debt ratio (2) decreased to 60.3%, a decrease of 0.2% since December 31, 2021. The decrease is driven by the March 2022 bought deal public offering which, increased cash and cash equivalent and will be used to reduce the revolver credit facility.

The Trust seeks to finance its acquisitions with a maximum mortgage debt ratio of 65% since the cost of financing is lower than the capital cost of the Trust's equity. Liquidity refers to the Trust having credit availability under committed credit facilities and/or generating enough cash and cash equivalents to fund the ongoing operational commitments including maintenance capital and development capital expenditures, distributions to unitholders and planned growth in the business. The Trust maintains credit facilities to provide financial liquidity which can be drawn or repaid on short notice, reducing the need to hold liquid resources in cash and deposits. Management continues to believe the Trust is well positioned based on the improved balance sheet over the years, short-term debt maturities that are under way to be refinanced, a pool of assets that can be used to structure new lines of credit, and the liquidity of the portfolio in the event of an opportunistic asset sale.

Interest coverage ratio

For the quarter ended March 31, 2022, the interest coverage ratio stood at 2.40, an increase of 16 basis points from the first quarter of 2021:

Quarters ended March 31 (in thousands of dollars, except for the ratios)	Quarter	
	2022	2021
	$	$
Net operating income (NOI)	**16,234**	12,414
Interest expenses net of financial income (1)	**6,759**	5,657
Interest coverage ratio (2)	**2.40**	2.19

(1) This is a non-IFRS financial measure. Interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units.
(2) This is a non-IFRS financial measure. Interest coverage ratio is calculated by dividing the NOI by Interest expenses net of financial income (as previously defined).

Class B LP units

Period ended March 31, 2022 (in number of units)	Quarter	
	Units	$
Class B LP units outstanding, beginning of quarter	**347,265**	1,417
Fair value adjustment	**-**	66
Class B LP units outstanding, end of quarter	**347,265**	1,483

The Class B LP units are exchangeable at any time, at the option of the holder, for an equal number of units of the Trust trading on the TSX. They are entitled to receive the same distributions as declared on the Trust units. In accordance with IFRS, distributions paid on Class B LP units are recorded as financial expenses when declared. Distributions declared are adjusted in calculating FFO and AFFO.

The Class B LP units were issued on May 30, 2018 in payment for the acquisition of a residual portion of "Complexe Lebourgneuf – Phase II" in the city of Québec (less the portion related to the mortgage loan assumption by the Trust).

(1) This is a non-IFRS financial measure as defined in this page.
(2) This is a non-IFRS financial measure, refer to page 37.

Units outstanding

The following table summarizes the total number of units outstanding during the reporting quarters and cumulative periods and the weighted number of units outstanding for the same quarters and cumulative periods.

Quarters ended March 31 (in number of units)	Quarter	
	2022	2021
Units outstanding, beginning of the period	74,126,971	63,439,435
Units issued pursuant to a public issue	9,584,100	-
Distribution reinvestment plan	195,987	187,138
Issued - employee unit purchase plan	11,605	14,351
Issued - restricted unit compensation plan	104,649	71,722
Class B LP units exchanged into Trust units	-	50,000
Issued – conversion of convertible debentures	318,952	895,871
Units outstanding, end of the period	84,342,264	64,658,517
Weighted average number of units outstanding	77,664,646	63,754,505
Weighted average number of Class B LP units and units outstanding	78,011,911	64,148,437

Deferred unit compensation plan

The Trust has implemented a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, beneficiaries may elect to receive their compensation in cash, deferred units or a combination of both.

The following table summarizes deferred units outstanding during the periods ended March 31, 2022 and 2021.

Quarters ended March 31 (in number of units)	Quarter	
	2022	2021
Deferred units outstanding, beginning of the period	103,116	87,920
Trustees' compensation	2,048	2,038
Distributions paid in units	2,177	1,722
Deferred units outstanding, end of the period	107,341	91,680

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a period of up to three years. The purpose of the plan is to encourage senior officers and selected employees to support the Trust's growth objectives and align their interests with the interests of unitholders. The purpose of the plan is also to serve as an executive retention tool.

The following table summarizes restricted units outstanding during the periods ended March 31, 2022 and 2021:

Quarters ended March 31 (in number of units)	Quarter	
	2022	2021
Restricted units outstanding, beginning of the period	161,536	139,724
Granted	92,304	95,058
Cancelled	-	(1,524)
Settled	(90,671)	(71,722)
Restricted units outstanding, end of the period	163,169	161,536

Employee unit purchase plan

The Trust offers its employees an optional unit purchase plan. Under this plan, the employees may contribute, each year, from 3% to a maximum of 7% of their base salary depending on their years of tenure with the Trust. Subject to the plan's conditions, for each two units purchased by an employee, the Trust shall issue to the employee one unit from treasury.

Off-balance sheet arrangements and contractual commitments

The Trust does not have any other off-balance sheet arrangement or commitment that have or are likely to have an impact on its operating results or financial position, specifically its cash position and sources of financing.

Income Taxes

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. The Trust intends to distribute or allocate all of the taxable income to its unitholders and to deduct these distributions for income tax purposes.

A special tax regime applies to trusts that are considered specified investment flow-through (SIFT) entities as well as those individuals who invest in SIFT entities. Under this regime, SIFT entities must generally pay taxes on their income at rates that are close to those of companies. In short, a SIFT entity is an entity (including a trust) that resides in Canada, whose investments are listed on a stock exchange or other public market and that holds one or more non-portfolio properties.

However, for a given taxation year, BTB is not considered a SIFT entity and is therefore not subject to SIFT rules if, during that year, it constitutes a real estate investment trust (REIT).

Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions all year long: (i) the total fair market value of all the ”non-portfolio properties“ that are “qualified REIT properties” held by the trust is at least 90% of the total fair market value at that time of all the “nonportfolio assets” held by the trust (ii) not less than 90% of its “gross REIT revenue” for the taxation year is from one or more of the following sources: rent from “real or immovable properties,” interest, dispositions of “real or immovable properties” that are capital properties, dividends, royalties and dispositions of “eligible resale properties” (iii) not less than 75% of its “gross REIT revenue” for the taxation year comes from one or more of the following sources: rent from “real or immovable properties,” interest from mortgages on “real or immovable properties,” and dispositions of “real or immovable properties” that are capital properties (iv) at each time in the taxation year, an amount that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust, each of which is “real or immovable property” which is a capital property, an “eligible resale property,” the indebtedness of a Canadian corporation represented by a banker's acceptance, cash or, generally, an amount receivable from the Government of Canada or from certain other public agencies; and (v) the investments that are made therein are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

As at March 31, 2022, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not apply to BTB. BTB's management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

Nonetheless, there is no guarantee that BTB will continue to meet all the required conditions to be eligible for the REIT exception for 2022 or any other subsequent year.

Taxation of Unitholders

For Canadian unitholders, to the best of the Trust management's knowledge, distributions are qualified as follows for taxation purposes:

Quarters ended March 31	2022	2021
	%	%
Taxable as other income	-	-
Tax deferred	100	100
Total	100	100

Accounting Policies and Estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. The result of the continual review of these estimates is the basis for exercising judgment on the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from these estimates. Critical judgments made by BTB in applying significant accounting policies, the most significant of which is the fair value of investment properties, are described in Note Investment Properties to the annual consolidated financial statements as at and for the years ended December 31, 2021 and 2020.

The Trust used the income approach to determine fair value. Fair value is estimated by capitalizing the cash flow that a property can reasonably be expected to produce over its remaining economic life. The income approach is based on two methods: the overall capitalization rate method, whereby net operating income is capitalized at the requisite overall capitalization rate, or the discounted cash flow method, whereby cash flows are projected over the expected term of the investment plus a terminal value discounted using an appropriate discount rate.

COVID-19

The COVID-19 pandemic has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures have caused an economic slowdown and material disruption to businesses in Canada and globally since 2020. The nature and extent of these measures may change depending on the efficacy of the vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains with respect to the Trust's revised internal forecast, the most significant being the fact that it cannot predict how consumers will respond as the restriction measures continue or change in Canada (return to the office policy, online vs. physical consumer habits, etc.). Given the continuously evolving circumstances surrounding COVID-19, it is difficult to predict with certainty, the nature, extent and duration of COVID-19, and the duration and intensity of resulting business disruptions and related financial, social, and public health impacts. Such effects could be adverse and material, including their potential effects on the Trust's business, operations, and financial performance both in the short-term and long-term. Estimates and assumptions that are most subject to increased uncertainty caused by the COVID-19 relate to the valuation of investment properties and the determination of expected credit losses on receivables. The amounts recorded in the consolidated financial statements are based on the latest reliable information available to management at the time the consolidated financial statements were prepared where that information reflects conditions at the date of the consolidated financial statements. However, given the heightened level of uncertainty caused by COVID-19, these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The Trust continues to monitor its business operations and is aware of the impacts that the COVID-19 pandemic has on the global economy as its duration remains uncertain. The Trust may take further action in response to the directives of government and public health authorities or actions that are in the best interests of employees, tenants, suppliers, or other stakeholders, as necessary.

Risks and Uncertainties

Numerous risks and uncertainties could cause BTB's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Risk Factors" section of BTB's 2021 Annual Information Form for the year ended December 31, 2021, which is hereby incorporated by reference. Such risks and uncertainties include:

- Access to Capital and to Debt Financing
- Interest Rate Increases
- Ownership of Immovable Property
- Competition and Rising Property Prices
- Availability of Immovable Property for Acquisition
- Development Programs
- Recruitment and Retention of Employees and Executives
- Government Regulation
- Limit on Activities Under the Trust Agreement
- Tax Regulations
- Fluctuations in Cash Distributions
- Reliance on Single or Anchor Tenants
- Potential Unitholder Liability
- Conflicts of Interest
- Market Price of Units
- Legal Rights Relating to Units
- Dilution
- Environmental Matters
- Legal Risks
- General Uninsured Losses
- Retail Industry
- A possible economic recession
- Long-term effect of a global pandemic

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The President and Chief Executive Officer and the Vice-President and Chief Financial Officer of BTB are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Canadian Securities Administrators Multilateral Instrument 52-109.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer concluded that the DC&P were effective as at December 31, 2021, and that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the quarter in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of BTB concluded that ICFR was effective as at March 31, 2022, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

During the first quarter of 2022, management made no changes to internal control over financial reporting that materially affected, or are likely to materially affect, internal control over financial reporting.

APPENDIX 1 – Definitions

Class B LP Units

Class B LP units means the Class B LP limited partnership units of BTB LP, which are exchangeable for units, on a one for one basis.

Rental revenue

Rental revenue includes all amounts earned from tenants related to lease agreements, including basic rent and additional rent from operating expense recoveries. It also includes other service charges for parking and storage, lease termination revenues and straight-line rent adjustments.

Some of the Trust's leases include clauses providing for the recovery of rental revenue based on amounts that increase every few years. These increases are negotiated when the leases are signed. Under IFRS, these increases must be recognized on a straight-line basis over the terms of the leases.

Operating expenses

Operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for in the contractual terms of the leases. Operating expenses include property taxes and public utilities, costs related to indoor and outdoor maintenance, heating, ventilation and air conditioning, elevators, insurance, janitorial services and management and operating fees. The amount of operating expenses that the Trust can recover from its tenants depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of expenses. Most of the Trust's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses. The Trust pays particular attention to compliance with existing leases and the recovery of these operating expenses.

Net operating income (NOI)

NOI is used in the real estate industry to measure operational performance. The Trust defines it as rental revenue from properties, less the combined operating expenses of investment properties. This definition may differ from that of other issuers and accordingly, the Trust's NOI may not be comparable to the NOI of other issuers.

Financial expenses

Financial expenses arise from the following loans and financing:

- Mortgage loans payable contracted or assumed totalling approximately $619.6 million as at March 31, 2022, compared to $486.2 million as at March 31, 2021.
- Series G and H convertible debentures for a total par value of $45 million.
- Credit facilities used as needed.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

Administration expenses

Administration expenses include corporate costs such as payroll expenses and professional fees associated with executive and administrative staff of the Trust, the compensation plan for trustees, legal and auditing services, expenses related to listed fund status, insurance costs, office expenses and expected credit losses and related legal fees. Administration expenses include amortization of the head office building and property and equipment, as well as unit-based compensation, a non-monetary item that affects the volatility of administrative expenses from quarter to quarter.

Fair value adjustment on investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the quarters in which it arises.

The fair value of investment properties is determined using the discounted cash flow method, the capitalized net operating income (NOI) method or the comparable method, which are generally accepted valuation methods.

Management receives quarterly capitalization rate and discount rate data from external chartered valuators and independent experts. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization and discount rates within ranges provided by external valuators. To the extent that the externally provided capitalization rate ranges change from one reporting quarter to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust as at January 1, 2021 and still owned as at March 31, 2022, but does not include the financial impacts from dispositions, acquisitions and developments completed in 2021 and 2022, as well as the results of subsequently sold properties.

Net property income from the same-property portfolio

Net property income from the same-property portfolio provides an indication of the profitability of existing portfolio operations and the Trust's ability to increase its revenues and reduce its costs. It is defined as rental revenue from properties from the same-property portfolio, less operating expenses, and interest on mortgage financing of the same portfolio.

APPENDIX 2 – Non-IFRS Financial measures – Quarterly Reconciliation

Funds from Operations (FFO) (1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO (1) for the last eight quarters:

	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3	2020 Q-2
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
Net income and comprehensive income	6,449	23,219	8,678	7,161	2,510	3,850	5,757	(1,101)
Fair value adjustment on investment properties	(1,007)	(19,571)	-	-	-	(2,130)	-	3,607
Fair value adjustment on Class B LP units	66	21	(18)	(52)	280	242	(59)	39
Amortization of lease incentives	735	858	780	777	877	794	751	771
Fair value adjustment on derivative financial instruments	997	3,297	(2,598)	733	1,814	2,950	265	330
Leasing payroll expenses	221	208	173	184	219	146	176	137
Distributions – Class B LP units	26	30	22	26	30	30	30	45
Unit-based compensation (Unit price remeasurement) (5)	77	23	(19)	185	-	-	-	-
FFO (1)	7,564	8,085	7,018	9,014	5,730	5,882	6,920	3,828
Non-recurring item								
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	753	109	-	188	-	440	-	882
Recurring FFO (1)	8,317	8,194	7,018	9,202	5,730	6,322	6,920	4,710
FFO per unit (1) (2) (3)	9.7¢	10.9¢	9.5¢	12.3¢	8.9¢	9.2¢	10.9¢	6.1¢
Recurring FFO per unit (1) (2) (4)	10.7¢	11.0¢	9.5¢	12.5¢	8.9¢	9.9¢	10.9¢	7.5¢
FFO payout ratio (1)	77.2%	68.9%	79.0%	61.1%	84.0%	81.1%	68.6%	140.1%
Recurring FFO payout ratio (1)	70.2%	68.0%	79.0%	59.9%	84.0%	75.5%	68.6%	113.9%

(1) This is a non-IFRS financial measure, refer to page 37.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring FFO per unit ratio is calculated by dividing the recurring FFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.

(1) This is a non-IFRS financial measure, refer to page 37.

Adjusted Funds from Operations (AFFO) (1)

The following table provides a reconciliation of FFO (11) and AFFO (1) for the last eight quarters:

	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3	2020 Q-2
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
FFO (1)	7,564	8,085	7,018	9,014	5,730	5,882	6,920	3,828
Straight-line rental revenue adjustment	(150)	(758)	(88)	(91)	(397)	108	(214)	1
Accretion of effective interest	288	275	239	428	359	343	229	287
Amortization of other property and equipment	30	22	23	27	15	23	29	24
Unit-based compensation expenses	73	143	114	(24)	644	281	22	51
Provision for non-recoverable capital expenditures (1)	(581)	(539)	(478)	(519)	(471)	(449)	(472)	(461)
Provision for unrecovered rental fees (1)	(375)	(375)	(375)	(376)	(374)	(375)	(375)	(375)
AFFO (1)	6,849	6,853	6,453	8,459	5,506	5,813	6,139	3,355
Non-recurring item								
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	753	109	-	188	-	440	-	882
Recurring AFFO (1)	7,602	6,962	6,453	8,647	5,506	6,253	6,139	4,237
AFFO per unit (1) (2) (3)	8.8¢	9.2¢	8.7¢	11.5¢	8.6¢	9.1¢	9.7¢	5.3¢
Recurring AFFO per unit (1) (2) (4)	9.7¢	9.4¢	8.7¢	11.8¢	8.6¢	9.8¢	9.7¢	6.7¢
AFFO payout ratio (1)	85.3%	81.3%	85.9%	65.1%	87.4%	82.1%	77.4%	159.9%
Recurring AFFO payout ratio (1)	76.8%	80.0%	85.9%	63.7%	87.4%	76.3%	77.4%	126.6%

(1) This is a non-IFRS financial measure, refer to page 37.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO (1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 37.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Condensed Consolidated Interim Financial Statements

Quarter ended March 31, 2022

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

	Notes	As at March 31, 2022	As at December 31, 2021
		$	$
Assets			
Investment properties	3	1,127,373	1,110,971
Property and equipment		438	446
Prepaid expenses and deposits		5,028	2,747
Balance of sale		3,019	3,018
Receivables	4	6,312	5,528
Cash and cash equivalents		40,666	7,191
Total assets		**1,182,836**	**1,129,901**
Liabilities and unitholders' equity			
Mortgage loans payable	5	617,420	605,210
Convertible debentures	6	41,981	42,819
Bank loans	7	35,318	35,468
Lease liabilities		4,215	4,219
Class B LP Units	8	1,483	1,417
Unit-based compensation	10	1,251	1,513
Derivative financial instruments	9	11,831	11,246
Trade and other payables		21,178	21,731
Distribution payable to unitholders		2,109	1,853
Total liabilities		**736,786**	**725,476**
Unitholders' equity		**446,050**	**404,425**
		1,182,836	**1,129,901**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on May 6, 2022.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended March 31, 2022	2021
		$	$
Operating revenues			
Rental revenue	12	29,068	23,532
Operating expenses			
Public utilities and other operating expenses		6,267	5,519
Property taxes and insurance		6,567	5,599
		12,834	11,118
Net operating income		**16,234**	**12,414**
Financial income		145	134
Expenses			
Financial expenses		7,557	6,246
Distribution - Class B LP Units	8	26	30
Fair value adjustment – Class B LP Units	8	66	280
Net adjustment to fair value of derivative financial instruments		997	1,814
Net financial expenses	13	8,646	8,370
Administration expenses		1,822	1,668
Net change in fair value of investment properties and disposition expenses	3	(538)	-
Net income and comprehensive income for the period		**6,449**	**2,510**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2022		**351,540**	**(177,308)**	**230,193**	**404,425**
Issuance of units, net of issuance expenses	11	41,001	-	-	41,001
Distribution to unitholders	11	-	(5,825)	-	(5,825)
		392,541	(183,133)	230,193	439,601
Comprehensive income		-	-	6,449	6,449
Balance as at March 31, 2022		**392,541**	**(183,133)**	**236,642**	**446,050**
Balance as at January 1, 2021		**309,394**	**(155,952)**	**188,625**	**342,067**
Issuance of units, net of issuance expenses	11	4,923	-	-	4,923
Distribution to unitholders	11	-	(4,798)	-	(4,798)
		314,317	(160,750)	188,625	342,192
Comprehensive income		-	-	2,510	2,510
Balance as at March 31, 2021		**314,317**	**(160,750)**	**191,135**	**344,702**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended March 31, 2022	2021
		$	$
Operating activities			
Net income for the period		6,449	2,510
Net change in fair value of investment properties and disposition expenses	3	(538)	-
Depreciation of property and equipment		30	15
Unit-based compensation	10	151	645
Straight-line lease adjustment	12	(150)	(397)
Lease incentive amortization	12	735	877
Financial income		(145)	(134)
Net financial expenses	13	8,646	8,370
		15,178	11,886
Adjustment for changes in other working capital items		(3,774)	1,263
Net cash from operating activities		**11,404**	**13,149**
Investing activities			
Additions to investment properties net of mortgage loans	3	(17,212)	(1,673)
Net proceeds from disposition of investment properties	3	19,973	-
Acquisition of property and equipment		(22)	(45)
Net cash from investing activities		**2,739**	**(1,718)**
Financing activities			
Mortgage loans, net of financing expenses		(432)	(3)
Repayment of mortgage loans		(6,735)	(4,159)
Repayment of bank loans		(150)	(300)
Lease liability payments		(4)	(3)
Net proceeds from unit issue		38,330	10
Net distribution to unitholders		(4,800)	(4,071)
Net distribution – Class B LP units	8	(26)	(30)
Interest paid		(6,851)	(5,682)
Net cash (used in) from financing activities		**19,332**	**(14,238)**
Net change in cash and cash equivalents		**33,475**	**(2,807)**
Cash and cash equivalents, beginning of period		**7,191**	**9,062**
Cash and cash equivalents, end of period		**40,666**	**6,255**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2022 and 2021
(Unaudited - in thousands of CAD dollars, except unit and per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB's registered office is 1411 Crescent Street, Suite 300, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month period ended March 31, 2022 and 2021 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2021.

The accounting policies applied by the Trust in these unaudited condensed interim financial statements are the same as those applied by the Trust in its consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements were approved by the Board of Trustees on May 6, 2022.

b) Risks and uncertainties related to the coronavirus pandemic (COVID-19)

The COVID-19 pandemic has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures have caused an economic slowdown and material disruption to businesses in Canada and globally since 2020. The nature and extent of these measures may change depending on the efficacy of the vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains with respect to BTB's revised internal forecast, the most significant being the fact that it cannot predict how consumers will respond as the restriction measures continue or change in Canada (return to the office policy, online vs physical consumer habits, etc.). Given the continuously evolving circumstances surrounding COVID-19, it is difficult to predict with certainty the nature, extent and duration of COVID-19, and the duration and intensity of resulting business disruptions and related financial, social, and public health impacts. Such effects could be adverse and material, including their potential effects on the Trust's business, operations, and financial performance both in the short-term and long-term. Estimates and assumptions that are most subject to increased uncertainty caused by the COVID-19 relate to the valuation of investment properties and the determination of expected credit losses on receivables. The amounts recorded in the consolidated financial statements are based on the latest reliable information available to management at the time the consolidated financial statements were prepared where that information reflects conditions at the date of the consolidated financial statements. However, given the heightened level of uncertainty caused by COVID-19, these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. BTB continues to monitor its business operations and is aware of the impacts that the COVID-19 pandemic has on the global economy as its duration remains uncertain. BTB may take further action in response to the directives of government and public health authorities or actions that are in the best interests of employees, tenants, suppliers, or other stakeholders, as necessary.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is BTB's functional currency. All financial information has been rounded to the nearest thousand, except per unit amounts.

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates, and the differences may be material.

3. Investment Properties

	Three-month period ended March 31,	Year ended December 31,
	2022	**2021**
	$	$
Balance beginning of period	1,110,971	903,870
Acquisitions of investment properties (note 3(a))	38,961	185,864
Dispositions of investment properties (note 3(b))	(25,991)	(4,450)
Capital expenditures	759	3,672
Capitalized leasing fees	543	936
Capitalized lease incentives	1,708	3,466
Lease incentives amortization	(735)	(3,292)
Straight-line lease adjustment	150	1,334
Net changes in fair value of investment properties	1,007	19,571
Balance end of period	**1,127,373**	**1,110,971**

The fair value of a subset of the Trust's investment properties comprised of a selection of the most significant investment properties and approximately 1/3 of the remaining investment properties is determined annually on the basis of valuations made by independent external appraisers having appropriate professional qualifications, using recognized valuation techniques, comprising the Discounted Cash Flow, the Direct Capitalization and Comparable methods. The selection of investment properties subject to independent external valuation is determined by management based on its assessment of circumstances that in its view, may impact the value of a particular individual investment property. The fair value of the remaining investment properties is determined by management using internally generated valuations based on the Direct Capitalization method.

In determining the fair value of investment properties, the Trust has considered the effects of COVID-19 on assumptions such as rent growth, vacancy loss assumptions, credit loss assumptions, as well as valuation metrics. The Trust has adjusted cash flow assumptions for its estimate of near-term disruptions to cash flows to reflect collections, vacancy and assumptions on new leasing. The Trust undertook a process to assess the appropriateness of the rates considering changes to property level cash flows and any risk premium inherent in such cash flow changes. These considerations are reflected in the fair value adjustments of investment properties.

At March 31, 2022 no external appraisals were obtained for investment properties (December 31, 2021 - $672,109).

The fair value of investment properties is based on Level 3 inputs. There have been no transfers during the period between levels. The significant inputs used to determine the fair value of the Trust's investment properties are as follows:

	Industrial	Off-downtown core office	Necessity-based retail
As at March 31, 2022			
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.75% - 7.50%	5.50% - 8.25%	6.50% - 7.50%
As at December 31, 2021			
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.75% - 7.50%	5.50% - 8.25%	6.50% - 7.50%

The following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at March 31, 2022, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at March 31, 2022.

Capitalization rate sensitivity		
Increase (decrease)	**Fair Value**	**Change in fair value**
	$	$
(0.50 %)	1,224,399	97,026
(0.25 %)	1,173,859	46,486
Base rate	1,127,373	-
0.25 %	1,084,466	(42,907)
0.50 %	1,044,736	(82,637)

a) Acquisitions

The fair value of the assets and liabilities recognized in the consolidated statement of financial position on the date of the acquisition during the three-month periods ended March 31, 2022, were as follows:

i) Acquisitions in 2022

Fair value recognized on acquisition							
Acquisition date	**Property type**	**Location**	**Interest acquired**	**Investment properties, including transaction costs**	**Mortgage loan**	**Receivable / (Trade and other payables), including transaction costs**	**Net consideration**
			%	$	$	$	$
January 2021	Office	Ottawa,ON	100	34,908	(24,800)	-	10,108
January 2021	Office	Ottawa,ON	100	3,192	-	-	3,192
Transaction costs				861	-	-	861
Total				**38,961**	**(24,800)**	**-**	**14,161**

ii) Acquisitions in 2021

Fair value recognized on acquisition							
Acquisition date	Property type	Location	Interest acquired	Investment properties, including transaction costs	Mortgage loan	Receivable / (Trade and other payables), including transaction costs	Net consideration
			%	$	$	$	$
June 2021	Industrial	Montreal, QC	100	15,250	(9,913)	(84)	5,253
November 2021	Office	Montreal, QC	100	35,818	(23,400)	(522)	11,896
November 2021	Office	Montreal, QC	100	37,807	(24,700)	(548)	12,559
December 2021	Industrial	Leduc, AB	100	6,500	(4,225)	(52)	2,223
December 2021	Office	Edmonton, AB	100	4,500	(2,925)	(43)	1,532
December 2021	Industrial	Edmonton, AB	100	6,500	(4,225)	(48)	2,227
December 2021	Industrial	Edmonton, AB	100	8,900	(5,785)	(13)	3,102
December 2021	Industrial	Edmonton, AB	100	14,100	(9,150)	(10)	4,940
December 2021	Industrial	Edmonton, AB	100	12,400	(8,066)	(7)	4,327
December 2021	Industrial	Saskatoon, SK	100	4,600	(3,182)	(17)	1,401
December 2021	Industrial	Saskatoon, SK	100	20,700	(13,441)	39	7,298
December 2021	Industrial	Saskatoon, SK	100	5,000	(3,246)	10	1,764
December 2021	Industrial	Saskatoon, SK	100	10,500	(6,818)	6	3,688
Transaction costs				3,289	-	(3,289)	-
Total				**185,864**	**(119,076)**	**(4,578)**	**62,210**

b) Dispositions

i) Dispositions in 2022

Disposal date	Property type	Location	Gross proceeds	Purchaser's Mortgage assumption	Receivable / (Trade and other payables), including transaction costs	Net proceeds
			$	$	$	$
January 2022	Industrial	Cornwall, ON	8,056	-	-	8,056
January 2022	Industrial	Cornwall, ON	8,275	-	-	8,275
January 2022	Industrial	Cornwall, ON	7,885	-	-	7,885
January 2022	Industrial	Cornwall, ON	1,775	-	-	1,775
			-	(5,549)	-	(5,549)
Transaction costs			(469)	-	-	(469)
Total			**25,522**	**(5,549)**	**-**	**19,973**

ii) Dispositions in 2021

Disposal date	Property type	Location	Gross proceeds	Purchaser's Mortgage assumption	Receivable / (Trade and other payables), including transaction costs	Net proceeds
			$	$	$	$
December 2021	Retail	Montreal, QC	4,450	(2,632)	-	1,818
Transaction costs			-	-	(109)	(109)
Total			**4,450**	**(2,632)**	**(109)**	**1,709**

c) Net changes in fair value of investment properties and disposition expenses

Three-month period ended March 31,	2022	2021
	$	$
Net changes in fair value of investment properties (note 3)	1,007	-
Disposition expenses (note 3 (b))	(469)	-
	538	-

Net changes in fair value of investment properties includes the net changes in fair value of right-of-use assets related to the investment properties to which a lease is attached.

The disposition expenses include mainly commissions and debt prepayment penalties on mortgage loans related to disposed properties.

4. Receivables

	As at March 31, 2022	As at December 31, 2021
	$	$
Rents receivable	5,635	4,497
Allowance for expected credit losses	(886)	(944)
Net rents receivable	4,749	3,553
Unbilled recoveries	821	587
Other receivables	742	1,388
Total	**6,312**	**5,528**

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates this risk by varying its tenant mix and staggering lease terms; avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues and conducting credit assessments for all major new tenants. The Trust analyzes its trade receivable on a regular basis and establishes an allowance for expected credit losses that represents its estimate of lifetime expected credit losses to be incurred in respect of its trade receivables. In assessing the adequacy of the allowance for expected credit losses on tenant receivables, management has considered the likelihood of collection of current receivables given the impact on tenant operations of COVID-19 restrictions imposed by various levels of government.

The Trust's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. As a result, the value of the expected credit loss is subject to a degree of uncertainty and is made on the basis of assumptions.

5. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $1,102,879 as at March 31, 2022 (December 31, 2021 – $1,079,554).

	As at March 31, **2022**	As at December 31, **2021**
	$	$
Fixed rate mortgage loans payable	529,243	507,401
Floating rate mortgage loans payable	90,312	99,637
Unamortized fair value assumption adjustments	673	755
Unamortized financing expenses	(2,808)	(2,583)
Mortgage loans payable	**617,420**	**605,210**
Short-term portion	84,841	91,185
Weighted average interest rate	3.54%	3.49%
Weighted average term to maturity (years)	4.54	4.66
Range of annual rates	2.30% - 6.80%	2.30% - 6.80%

As at March 31, 2022, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	**Principal maturity**	**Total**
	$	$	$
2022 (1)	14,479	70,362	84,841
2023	17,097	33,841	50,938
2024	14,996	91,674	106,670
2025	12,621	52,853	65,474
2026	10,200	107,599	117,799
Thereafter	29,938	163,895	193,833
	99,331	**520,224**	**619,555**
Unamortized fair value assumption adjustments			673
Unamortized financing expenses			(2,808)
			617,420

1) For the nine-month period remaining

The Trust may enter into floating-for-fixed interest rate swap agreements on floating interest rate mortgages to hedge the variability in cash flows attributed to fluctuating interest rates. The Trust does not apply hedge accounting to such cash flow hedging relationships (see Note 9). The following table presents relevant information on interest rate swap agreements:

Transaction date	Original principal amount	Effective fixed interest rate	Settlement basis	Maturity date	Outstanding amount	
					As at March 31, **2022**	As at December 31, **2021**
	$	%			$	$
March 2013 [1]	7,150	4.12	Monthly	April 2023	4,700	4,850
June 2016	13,000	3.45	Quarterly	June 2026	10,943	11,074
November 2017	23,200	3.88	Monthly	November 2027	21,848	22,015
November 2017	23,075	3.90	Monthly	December 2027	20,555	20,718
Total	**66,425**				**58,046**	**58,657**

1) The mortgage associated to this swap agreement has been repaid with the revolving credit facility (note 7).

6. Convertible Debentures

As at March 31, 2022, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates: Coupon	Interest rates: Effective	Unit conversion price	Interest payments	Maturity
		%	%	$		
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024
Series H	20,982	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at March 31, 2022			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	469	469
	24,000	27,778	51,778
Conversion options exercised by holders	-	(8,209)	(8,209)
	24,000	19,569	43,569
Unamortized financing expenses	(744)	(844)	(1,588)
Non-derivative liability component	**23,256**	**18,725**	**41,981**
Conversion and redemption options liability (asset) component at fair value	**2,798**	**10,990**	**13,788**
	Series G	**Series H**	**Total**

	$	$	$
As at December 31, 2021			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	407	407
	24,000	27,716	51,716
Conversion options exercised by holders	-	(7,152)	(7,152)
	24,000	20,564	44,564
Unamortized financing expenses	(807)	(938)	(1,745)
Non-derivative liability component	**23,193**	**19,626**	**42,819**
Conversion and redemption options liability component at fair value	**44**	**10,649**	**10,693**

Series G

As of March 31, 2022, no conversion options have been exercised by holders on debentures.

Series H

As of March 31, 2022, conversion options have been exercised by holders on debentures representing a nominal amount of $9,018 (March 31, 2021 – $3,876).

7. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of $10,900, with a possible capacity of up to $23,000. This line of credit bears interest at a rate of 1% above the prime rate. As at March 31, 2022, no amount was due under the acquisition line of credit (December 31, 2021 – $0). The line of credit is secured by an immoveable first rank hypothec on two properties having a fair value of $6,220 and by an immoveable second rank hypothec on five properties having a fair value of $91,556.

The second is a revolving credit facility in the amount of $40,000 with an accordion option of up to an additional $20,000. This revolving credit facility bears interest at a rate of 1% above prime rate or 2.25% above the Bankers' Acceptance rate. As at March 31, 2022, $35,318 was due under the revolving credit facility (December 31,2021- $35,468).

The revolving credit facility is secured by an immoveable first rank hypothec on one property having a fair value of $18,275 and by negative pledge of a selection of borrowing base properties having a fair value of $142,584.

8. Class B LP Units

	Three-month period ended March 31, 2022		Year ended December 31, 2021	
	Units	$	Units	$
Units outstanding, beginning of period	347,265	1,417	397,265	1,402
Exchange into Trust units	-	-	(50,000)	(216)
Fair value adjustment	-	66	-	231
Units outstanding, end of period	**347,265**	**1,483**	**347,265**	**1,417**

The Class B LP Units are exchangeable into Trust units on a one-for-one basis at any time at the option of the holder.

The Class B LP Units are entitled to distribution equal to distribution declared on Trust units, on a one-to-one basis. Distributions on Class B LP Units are recognized in the statement of comprehensive income when declared.

Three-month periods ended March 31,	2022	2021
	$	$
Distribution to Class B LP unitholders	26	30
Distribution per Class B LP unit	0.075	0.075

9. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalent, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at March 31, 2022 and December 31, 2021 because of their short-term maturity or because they bear interest at current market rates.

As at March 31, 2022	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	13,788	-	-	13,788
Interest rate swap asset	(1,957)	-	(1,957)	-
Class B LP Units (note 8)	1,483	1,483	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	619,555	-	599,494	-
Convertible debentures, including their conversion and redemption features (note 6)	55,769	47,730	-	-
Bank loans (note 7)	35,318	-	35,318	-

As at December 31, 2021	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 7)	10,693	-	-	10,693
Interest rate swap liability	553	-	553	-
Class B LP Units (note 8)	1,417	1,417	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	607,038	-	614,158	-
Convertible debentures, including their conversion and redemption features (note 6)	53,512	48,376	-	-
Bank loans (note 7)	35,468	-	35,468	-

The fair value of mortgage loans payable was calculated by discounting cash flows from future payments of principal and interest using the period end market rate for various loans with similar risk and credit profiles. The period end market rates have been estimated by reference to published mortgage rates by major financial institutions for similar maturities.

The fair value of convertible debentures, including their conversion and redemption features, was determined with reference to the last quoted trading price preceding the period end.

The fair value of the Class B LP Units is determined with reference to the market price of the Trust units as at period end.

The fair values of derivative financial instruments, which comprise the conversion and redemption options of convertible debentures and an interest rate swap, are based respectively on the partial differential equation method and the discounted future cash flows method. The assumptions used in the partial differential equation method are estimated by reference to the market price of the Trust units and its volatility, and take into account the credit risk of the financial instrument. The assumptions used in the discounted future cash flows method are estimated by reference to the Canadian Dollar Offered Rate ("CDOR") forward rates.

Such fair value estimates are not necessarily indicative of the amounts the Trust might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

The following tables provide a reconciliation of Level 3 fair value measurements on the consolidated statements of financial position:

	Conversion and redemption options of convertible debentures
	$
Three-months period ended March 31, 2022	
Balance beginning of period	10,693
Conversion options exercised by holders	(413)
Changes for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	3,508
Balance end of period	**13,788**

	Conversion and redemption options of convertible debentures
	$
Year ended December 31, 2021	
Balance beginning of year	6,486
Conversion options exercised by holders	(2,018)
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	6,225
Balance end of year	**10,693**

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at March 31, 2022:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	10,636	34.35
March 31, 2022	13,788	34.85
0.50%	10,746	35.35

As shown in the sensitivity analysis above, the fair value of the conversion and redemption options of convertible debentures is impacted by a change in the volatility used in the valuation model. Generally, an increase in the volatility, other things being equal, will result in an increase in fair value of the conversion and redemption options of convertible debentures and vice-versa.

10. Unit-based Compensation

a) Deferred unit compensation plan for trustees and certain executive officers

The Trust offers a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, the trustees and certain executive officers may elect to receive as compensation either cash, deferred units, or a combination of both.

The following table presents relevant information on changes in the number of deferred units:

For the three-month period ended March 31,	2022	2021
	Deferred units	Deferred units
Outstanding, beginning of period	103,116	87,920
Trustees' compensation	2,048	2,038
Distributions paid in units	2,177	1,722
Outstanding, end of period	**107,341**	**91,680**

As at March 31, 2022, the liability related to the plan was $459 (March 31, 2021 - $410). The related expense recorded in profit or loss amounted to $49, for the three-month periods ended March 31, 2022 ($88 for the three-month periods ended March 31, 2021)

b) Employee unit purchase plan

The Trust offers an optional employee unit purchase plan to all its employees. Under this plan, the employees may contribute, each year, pursuant to a maximum of 3% to 7% of their base salary depending of their years of service with the Trust. For each two units purchased by an employee, the Trust issues one unit from treasury. As at March 31, 2022, the liability related to the plan was $0 (December 31, 2021 -$61). The related expense recorded in profit and loss amounted to $14 for the three-month periods ended March 31, 2022 ($0 for the three-month periods ended March 31, 2021). The 11,605 units related to 2021 purchases were issued in February 2022 (14,351 units related to 2020 purchases).

c) Restricted unit compensation plan

The Trust offers a restricted unit compensation plan for all executive officers and key employees. Under this plan, the executive officers and key employees are eligible to receive restricted units.

The following table presents relevant information on changes in the restricted units:

Three-month period ended March 31,	2022	2021
	Restricted units	Restricted units
Outstanding, beginning of period	161,536	139,724
Granted	92,304	95,058
Cancelled	-	(1,524)
Settled	(90,671)	(71,722)
Outstanding, end of period	**163,169**	**161,536**

As at March 31, 2022, the liability related to the plan was $245 (March 31, 2021 - $552). The related amount recorded in profit and loss amounted to an expense of $58 for the three-month periods ended March 31, 2022 (for the three-month periods ended March 31, 2021 – expense of $186)

d) Cash settled share-based retirement compensation plan

On February 9, 2021, the Board of Trustees retroactively approved a cash settled phantom share-based retirement allowance plan (RA Plan) for the President and Chief Executive Officer with a start date of July 1, 2020, to form part of a long-term incentive compensation plan until retirement. Under this plan, phantom units are granted at set dates to July 1, 2026, based on a predetermined cash value. The number of phantom units granted at each vest date is based on the average closing trading price of the last 5 days prior to granting. The granted RA Plan units are to be paid out on retirement based on the average closing trading price of the last 20 days. As at March 31, 2022, the long-term obligation related to the plan was $547. The related expense recorded in profit and loss amounted to $57 for the three-month period ended March 31, 2022.

11. Trust Units Issued and Outstanding

BTB is authorized to issue an unlimited number of trust units. Each trust unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions. The unitholders have the right to require BTB to redeem their trust units on demand. Upon receipt of the redemption notice, all rights to and under the trust units tendered for redemption are surrendered and the holder thereof is entitled to receive a price per trust unit ("Redemption Price"), as determined by a market formula. The Redemption Price is to be paid in accordance with the conditions provided for in the Declaration of Trust. BTB trust units are considered liability instruments under IFRS because the trust units are redeemable at the option of the holder, however they are presented as equity in accordance with IAS 32.

Trust units issued and outstanding are as follows:

	Three-month period ended March 31,		Year ended December 31,	
		2022		2021
	Units	$	Units	$
Trust units outstanding, beginning of period	74,126,971	351,540	63,439,435	309,394
Issue pursuant to a public issue	9,584,100	38,545	7,809,650	30,266
Trust unit issuance costs	-	(256)	-	(263)
	83,711,071	389,829	71,249,085	339,397
Issue pursuant to the distribution reinvestment plan (a)	195,987	755	752,280	2,943
Issue pursuant to the employee unit purchase plan (note 10 (b))	11,605	47	14,351	52
Issue pursuant to the restricted unit compensation plan (note 10 (c))	104,649	421	71,722	256
Class B LP units exchange into Trust units	-	-	50,000	227
Issue pursuant to conversion of convertible debentures (note 6)	318,952	1,489	1,989,533	8,665
Trust units outstanding, end of period	**84,342,264**	**392,541**	**74,126,971**	**351,540**

a) Distribution reinvestment plan

BTB offers a distribution reinvestment plan for its trust unitholders. Participation in the plan is optional and under the terms of the plan, cash distributions on trust units are used to purchase additional trust units. The trust units are issued from BTB's treasury at a price based on the volume-weighted average of the trading prices on the Toronto Stock Exchange for the last five trading days before the distribution date, less a 3% discount.

b) Distributions

Three-month periods ended March 31,	2022	2021
	$	$
Distributions to unitholders	5,825	4,798
Distributions per Trust unit	0.075	0.075

12. Rental Revenues

Three-month periods ended March 31,	2022	2021
	$	$
Base rent and other lease generated revenues	17,957	14,178
Lease cancellation fees	-	30
Property tax and insurance recoveries	5,576	4,257
	23,533	18,465
Operating expenses recoveries and other revenues	6,120	5,547
Lease incentive amortization	(735)	(877)
Straight-line lease adjustment	150	397
	29,068	**23,532**

13. Net Financial Expenses

Three-month periods ended March 31,	2022	2021
	$	$
Interest on mortgage loans payable	5,802	4,546
Interest on convertible debentures	732	957
Interest on bank loans	307	220
Interest on lease liabilities	53	53
Other interest expense	10	15
Accretion of non-derivative liability component of convertible debentures	81	96
Accretion of effective interest on mortgage loans payable and convertible debentures	288	359
Distribution - Class B LP Units	26	30
Fair value adjustment – Class B LP Units	66	280
Early repayment fees of a mortgage loan	284	-
Net adjustment to fair value of derivative financial instruments	997	1,814
	8,646	**8,370**

14. Expenses by Nature

Three-month periods ended March 31,	2022	2021
	$	$
Depreciation	30	15
Employee compensation and benefits expense	2,531	2,329

15. Earnings per Unit

BTB's trust units being puttable financial instruments presented as equity in accordance with IAS 32, the Trust is not required to report a profit or loss per trust unit figure on its consolidated statements of comprehensive income. However, for disclosure purposes only, the Trust has determined basic earnings per unit using the same basis that would apply in accordance with IAS 33, *Earnings per Share*.

Net earnings per unit are calculated based on the weighted average number of trust units outstanding as follows:

Three-month periods ended March 31,	2022	2021
	$	$
Net income	6,449	2,510
Weighted average number of trust units outstanding – basic	78,012,000	63,754,505
Earnings per unit – basic	0.08	0.04

16. Liquidity Risk Management

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they come due. Liquidity risk is managed by:

- maximizing cash flows from operations;
- adopting an investment property acquisition and improvement program that takes into account available liquidity;
- using credit facilities;
- staggering mortgage loan maturities;
- maximizing the value of investment properties, thus increasing mortgage financing on renewal of loans; and
- issuing debt securities or BTB's units on the financial markets.

Management believes that the Trust will be able to obtain the financing required to make the payments coming due in the next year. However, there is a risk that changes affecting market conditions and access to financing may invalidate this assumption.

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at March 31, 2022, the Trust was in compliance with all the covenants to which it was subject.

17. Operating Segments

For investment properties, discrete financial information is provided to the CEO on an aggregated investment property basis. The information provided is net rentals (including gross rent and property expenses), the change in fair value of investment properties and fair value of investment properties. The individual investment properties are aggregated into segments with similar economic characteristics. The CEO considers that this is best achieved by aggregating into retail, office and industrial.

Consequently, the Trust is considered to have three operating segments, as follows:

- Industrial
- Off-downtown core office
- Necessity-based retail

	Industrial	Off-downtown core office	Necessity-based retail	Total
	$	$	$	$
Three-month period ended March 31, 2022				
Investment properties	259,258	614,473	253,642	**1,127,373**
Rental revenue from properties	5,373	16,976	6,719	**29,068**
Net operating income	4,008	8,660	3,566	**16,234**
Three-month period ended March 31, 2021				
Investment properties	163,903	494,760	246,380	**905,043**
Rental revenue from properties	3,084	14,022	6,426	**23,532**
Net operating income	2,006	7,085	3,323	**12,414**

18. Commitments and Contingencies

Litigation

The Trust is involved in litigation and claims which arise from time to time in the normal course of business. These litigation and claims are generally covered by insurance. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust's consolidated financial statements.

19. Subsequent Events

On April 5, 2022, the Trust completed the purchase of one industrial property in Ottawa (Ontario) for $12,500 funded with the revolver credit facility.


BTB
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ViewSonic

Unitholders Information

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Listing
The units and debentures of
BTB Real Estate Investment Trust
are listed on the Toronto Stock
Exchange under the trading symbols:
BTB.UN
BTB.DB.G
BTB.DB.H

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Taxability of distributions
In 2021, for all Canadian unitholders, the distributions were fiscally treated as follow:

- Other revenues: 0%
- Fiscal Deferral: 100%

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Legal counsel
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Montréal, Québec, H3B 1X9

Annual Meeting of Unitholders
June 14th, 2022
11:00 a.m. (EDT)
Mount Royal Club

Unitholders distribution reinvestment plan
BTB Real Estate Investment Trust offers a distribution reinvestment plan to unitholders whereby the participants may elect to have their monthly cash distribution reinvested in additional units of BTB at a price based on the weighted average price for BTB's Units on the Toronto Stock Exchange for the five trading days immediately preceding the distribution date, discounted by 3%.

For further information about the Distribution Reinvestment Plan, please refer to the Investor relations section of our website at www.btbreit.com or contact the Plan agent: Computershare Investor Services.


People and their stories are at the heart of our success.