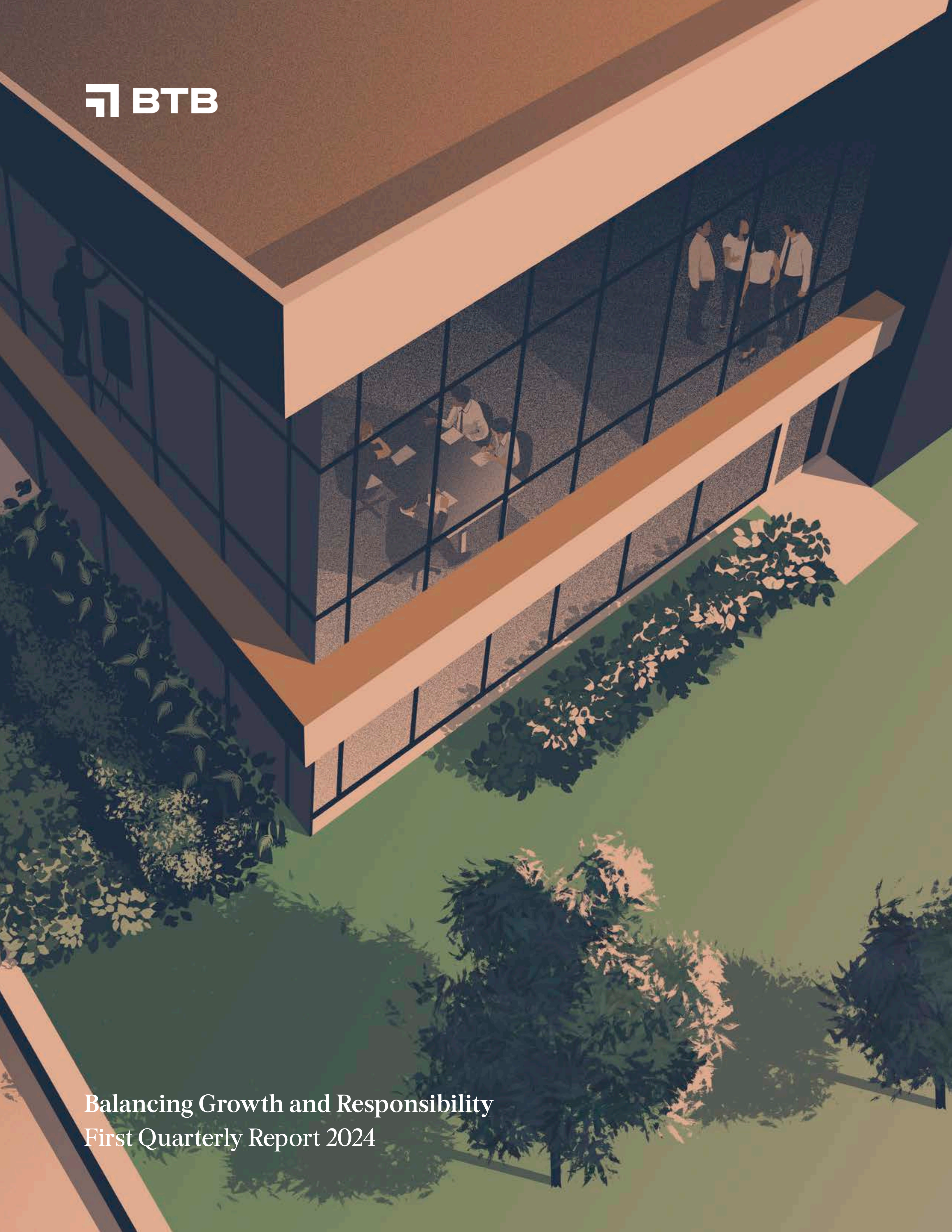

BTB

Balancing Growth and Responsibility

First Quarterly Report 2024

Non-IFRS Financial Measures – Definitions

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 of investment properties; (ii) fair value adjustment of derivative financial instruments; (iii) fair value adjustment of Class B LP units; and (iv) transaction costs incurred for acquisitions 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 real estate market.	Operating results – Adjusted net income
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")	Adjusted EBITDA income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of certain adjustments, on a proportionate basis, including: (i) interest expense; (ii) taxes; (iii) depreciation of property and equipment; (iv) amortization of intangible assets; (v) fair value adjustments (including adjustments of investment properties, of financial instruments, of Class B LP units and of unit price adjustments related to unit-based compensation); (vi) transaction costs for acquisitions and dispositions of investment properties and early repayment fees; and (vii) straight-line rental revenue adjustments. The most directly comparable IFRS measure to Adjusted EBITDA is net income and comprehensive income. The Trust believes Adjusted EBITDA is a useful metric to determine its ability to service debt, to finance capital expenditures and to provide distributions to its Unitholders.	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"); Capital Resources – Interest coverage ratio; and Capital Resources – Debt service coverage ratio
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 by excluding the impact of property acquisitions and dispositions of both the current year and previous year. The Trust uses the 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 FFO Adjusted**	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 January 2022 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. FFO Adjusted is also a non-IFRS financial measure that starts with FFO and removes the impact of transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust believes FFO and FFO Adjusted are key measures of operating performance and allow the investors to compare its historical performance.	Funds from Operations (FFO); Cash Flows; and Appendix 2

Non-IFRS Measure	Definition	Reconciliation
Adjusted Funds from Operations ("AFFO") **and** **AFFO Adjusted**	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 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. AFFO Adjusted is also a non-IFRS financial measure that starts with AFFO and removes the impact of transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust considers AFFO and AFFO Adjusted to be useful measures of 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
FFO and AFFO per unit **and** **FFO adjusted and AFFO adjusted per unit**	FFO and AFFO per unit and FFO adjusted and AFFO adjusted per unit are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These ratios are calculated by dividing the FFO, AFFO, FFO adjusted and AFFO adjusted by the Weighted average number of units and Class B LP units outstanding. The Trust believes these metrics to be key measures of operating performances allowing the investors to compare its historical performance in relation to an individual per unit investment in the Trust.	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO)
FFO and AFFO payout ratios **and** **FFO Adjusted and AFFO Adjusted payout ratios**	FFO and AFFO payout ratios and FFO Adjusted and AFFO Adjusted payout ratios are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and FFO Adjusted and AFFO Adjusted 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 Resources – Debt ratio
Interest Coverage Ratio	Interest coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA 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 Resources – Interest coverage ratio
Debt Service Coverage Ratio	Debt service coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by the Debt Service Requirements, which consists of principal repayments and 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 Resources – Debt service coverage ratio

Our Values

Approachable

Dynamic

Authentic

Driven

Open-minded

Our Mission

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

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Our Year in Review

A Word from our President and CEO, Michel Léonard

As we reflect on the first quarter of 2024, it is evident that our REIT maintains a stable position amidst market dynamics. Our unwavering commitment to strategic leasing initiatives, portfolio diversification, and prudent financial management continues to drive value for our stakeholders.

Leasing Momentum: Driving Occupancy and Revenue Growth

Our persistent focus on leasing activities has been pivotal in bolstering both occupancy rates and rental revenues. During the quarter, our leasing team successfully concluded agreements for a total of 65,064 square feet of leasable area with notable traction in the suburban office segment, hence contributing to our portfolio's impressive overall occupancy rate of 94.5%. During the quarter we disposed of two suburban office properties located in Longueuil, a Montréal suburb. Significant lease renewals with the City of Saint-Jean sur-Richelieu and Canada Post Corporation in Quebec City were concluded. Our renewal activity has contributed to an increase in the average rent renewal rate for the quarter of 8.4%, thereby contributing our rental revenue growth. Additionally, consistent leasing activities have led to a 2.3% increase in net operating income generated by the necessity-based retail segment compared to the same period last year, demonstrating sustained growth amidst evolving market dynamics.

Industrial Expansion: Building on Success

Our industrial segment has undergone substantial expansion, marking a significant increase in the proportional fair value of industrial properties from 31.5% to 36.6% compared to the same period last year. Our leasing efforts achieved an industrial occupancy rate of 100.0%.

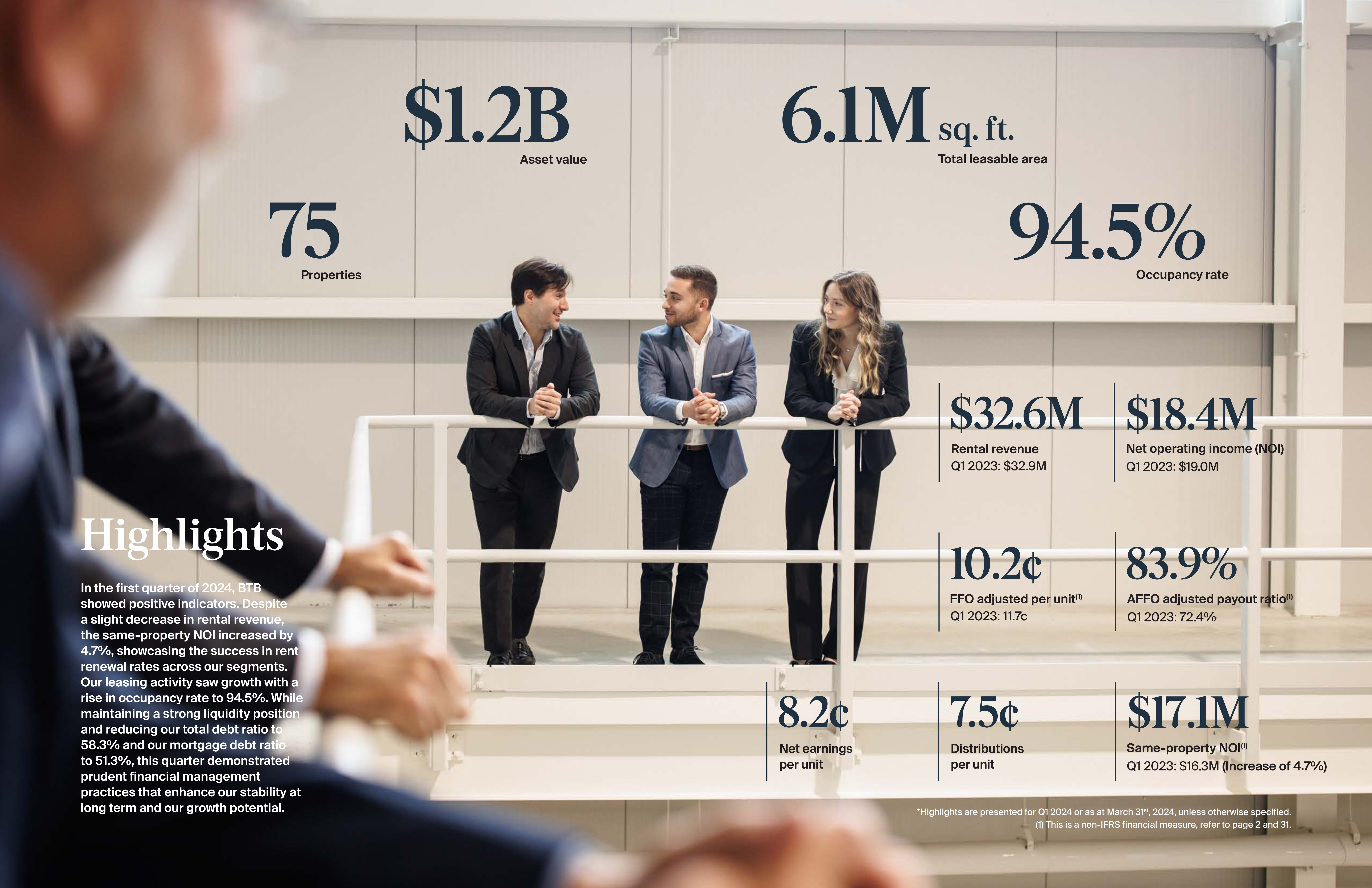
Financial Fortitude: Strengthening Our Position

Turning to our financial position, we are pleased to report favorable metrics that underscore our financial performance. Our total debt ratio decreased to 58.3%, reflecting prudent debt management strategies. Likewise, our mortgage debt ratio decreased to 51.3%. Despite a decrease in FFO adjusted to 10.2¢ per unit for the quarter, primarily attributed to increased NOI fluctuations, our performance remains healthy when excluding one-time adjustments. Our liquidity position remains strong, with $1.8 million of cash on hand and $13.2 million available under credit facilities, providing us with flexibility to pursue strategic initiatives and navigate market uncertainties. Looking ahead, we are well-prepared to address upcoming debt maturities. We are confident in our ability to refinance existing mortgage obligations.

Charting the Course Ahead

In conclusion, the first quarter of 2024 reaffirms our commitment to operational excellence, strategic growth, and financial prudence. As we continue to execute our strategic vision, I extend my gratitude to our unitholders, clients, and dedicated team for their ongoing support and contributions to our success.

Michel Léonard, President & CEO



$1.2B
Asset value

6.1M sq. ft.
Total leasable area

75
Properties

94.5%
Occupancy rate

Highlights

In the first quarter of 2024, BTB showed positive indicators. Despite a slight decrease in rental revenue, the same-property NOI increased by 4.7%, showcasing the success in rent renewal rates across our segments. Our leasing activity saw growth with a rise in occupancy rate to 94.5%. While maintaining a strong liquidity position and reducing our total debt ratio to 58.3% and our mortgage debt ratio to 51.3%, this quarter demonstrated prudent financial management practices that enhance our stability at long term and our growth potential.

$32.6M
Rental revenue
Q1 2023: $32.9M

$18.4M
Net operating income (NOI)
Q1 2023: $19.0M

10.2¢
FFO adjusted per unit(1)
Q1 2023: 11.7¢

83.9%
AFFO adjusted payout ratio(1)
Q1 2023: 72.4%

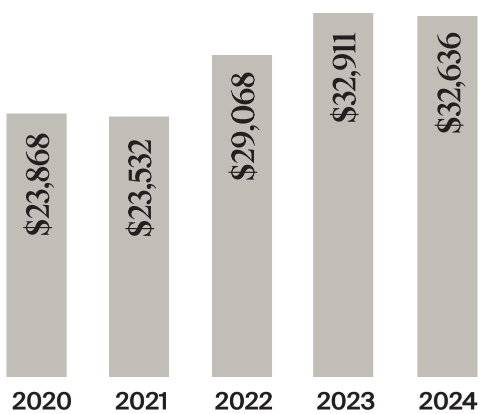
8.2¢
Net earnings per unit

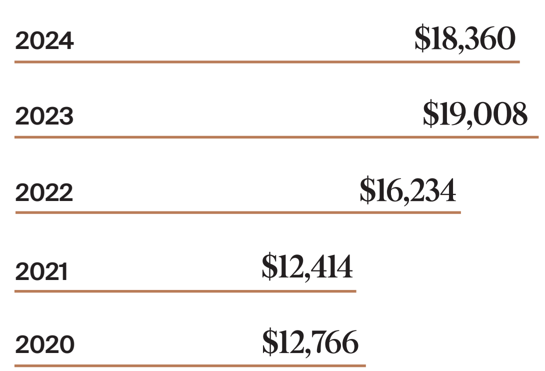
7.5¢
Distributions per unit

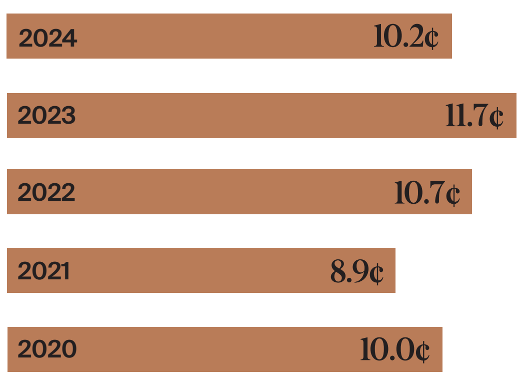
$17.1M
Same-property NOI(1)
Q1 2023: $16.3M (Increase of 4.7%)

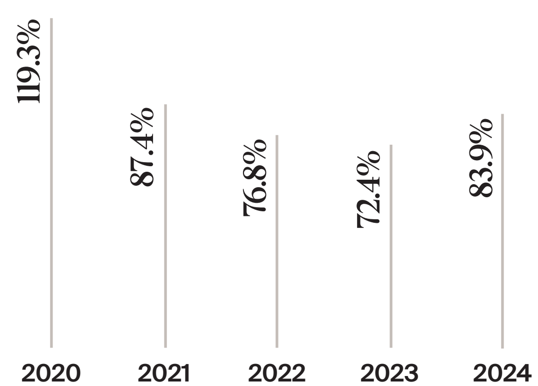
*Highlights are presented for Q1 2024 or as at March 31st, 2024, unless otherwise specified.
(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Key Metric Evolution*

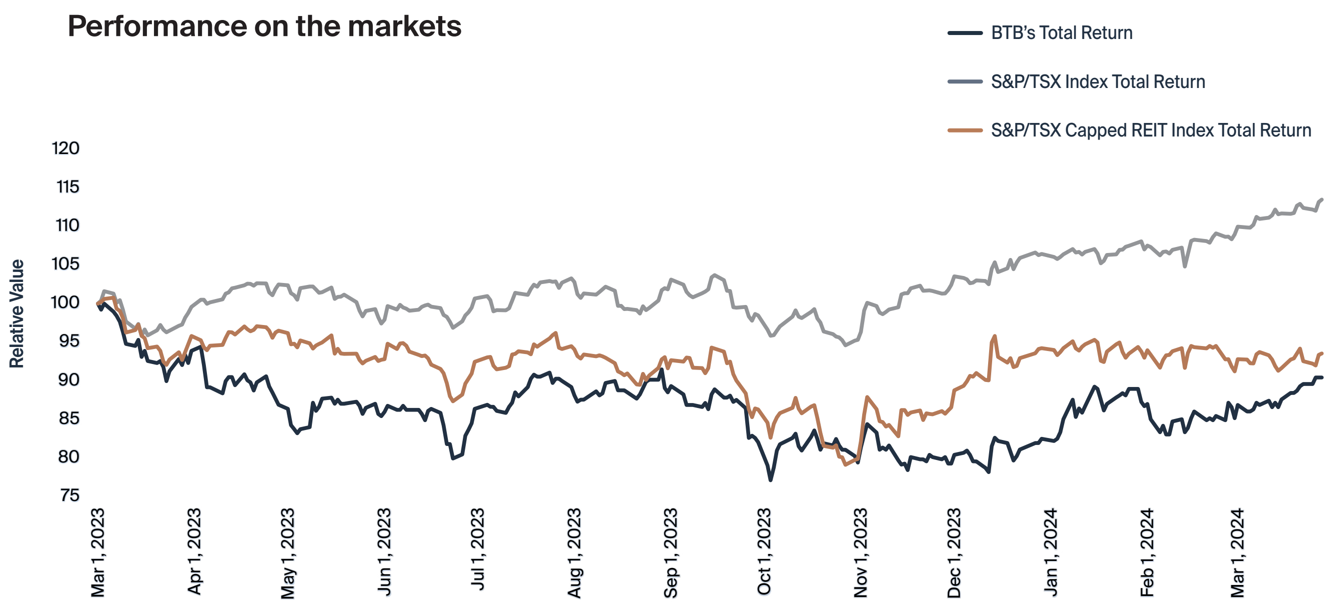








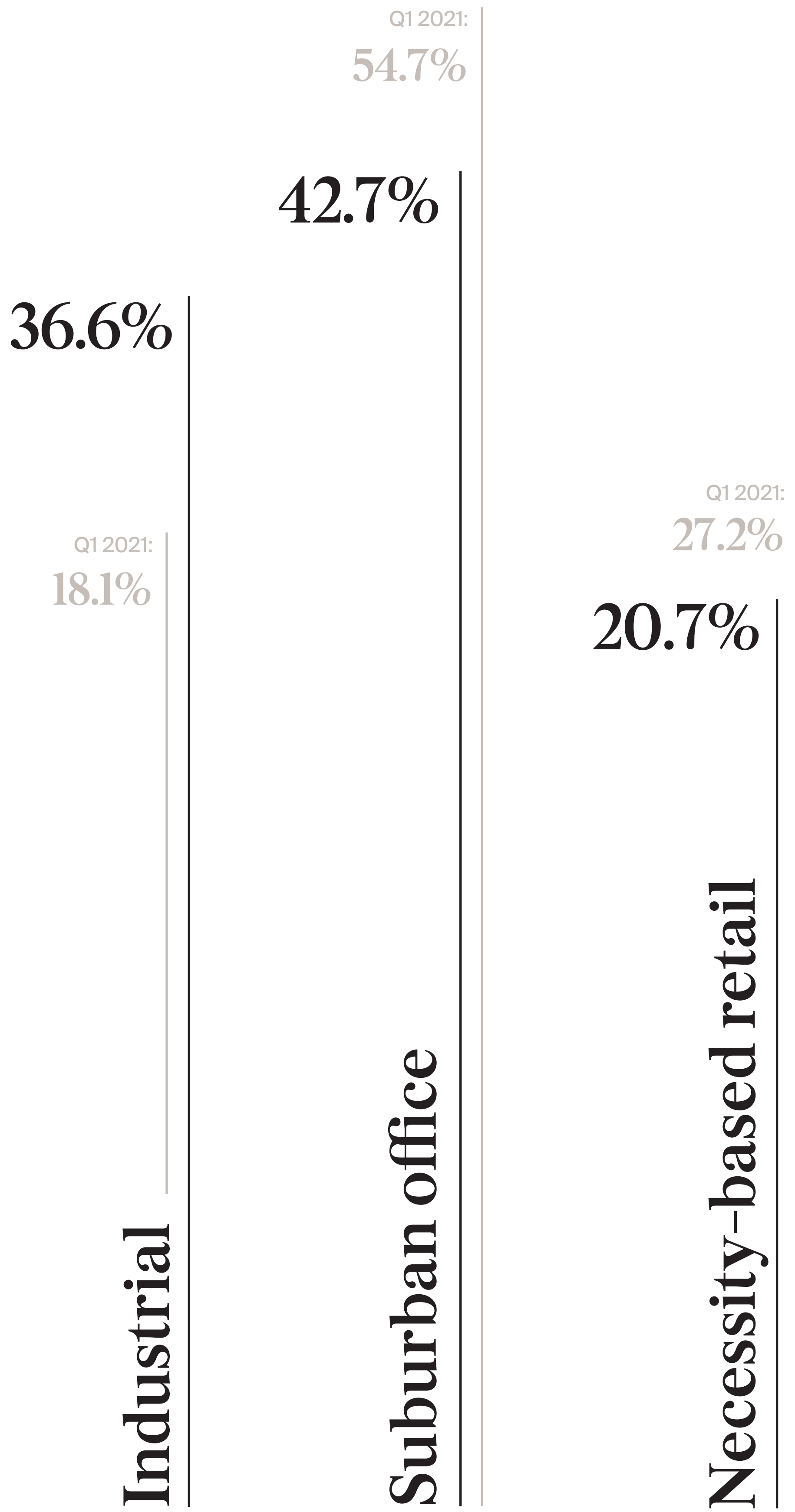
*For the quarters ending on March 31, in thousands of dollars. (1) This is a non-IFRS financial measure, refer to page 2 and 31.



3111 Saint-Martin Boulevard West, Laval, Québec

Asset Types

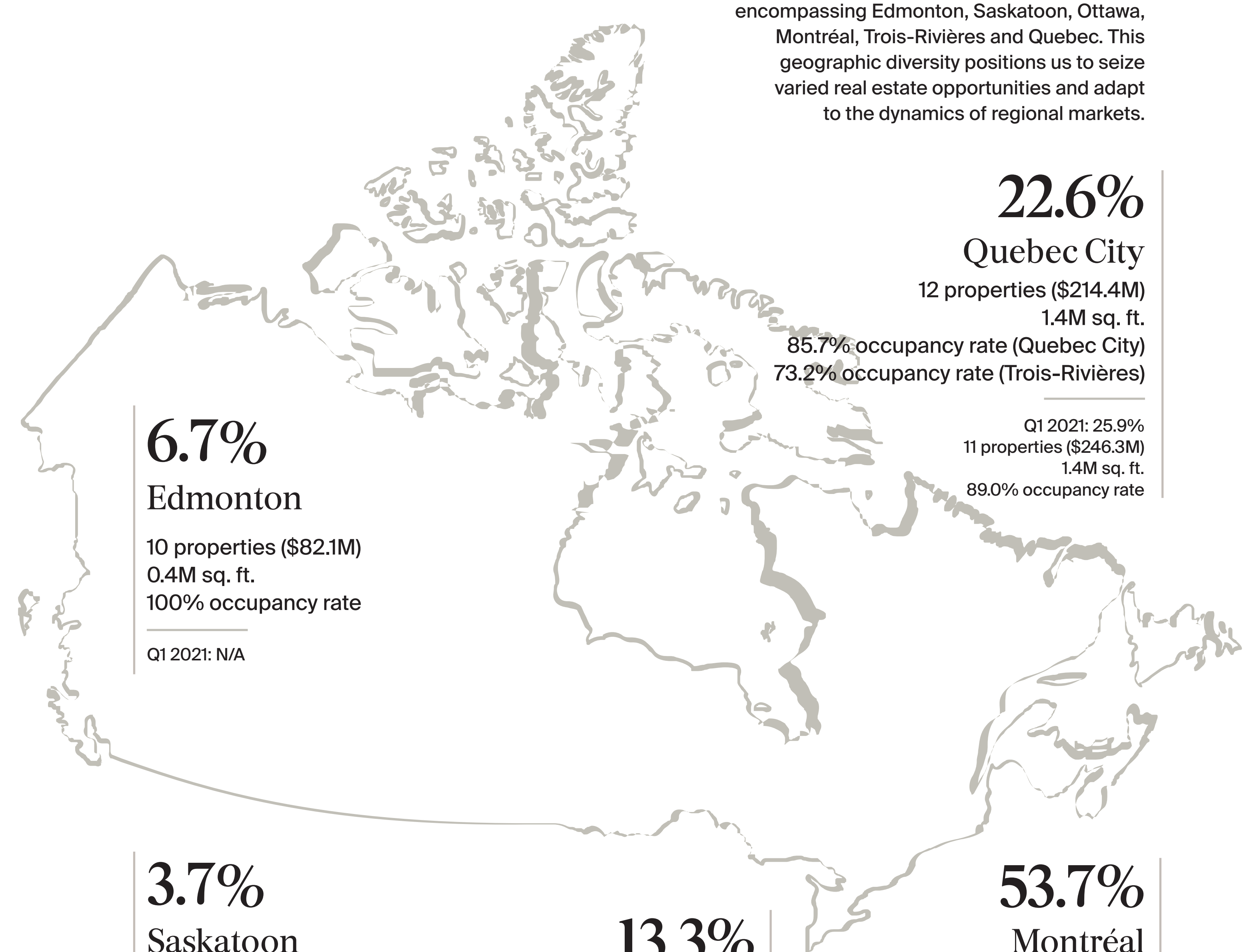
BTB continues to strategically move towards the industrial sector while maintaining a diversified portfolio with three types of key assets: 20.7% in necessity-based retail (vs. 27.2% in Q1 2021), 42.7% in suburban office (vs. 54.7% in Q1 2021) and 36.6% in industrial (vs. 18.1% in Q1 2021). This deliberate allocation underscores our commitment to maximizing returns through a well-calibrated asset mix.



Percentages on this page are presented based on property value.

Geographic Locations

BTB kept on strategically distribute its portfolio across major geographic locations, encompassing Edmonton, Saskatoon, Ottawa, Montréal, Trois-Rivières and Quebec. This geographic diversity positions us to seize varied real estate opportunities and adapt to the dynamics of regional markets.



22.6%
Quebec City
12 properties ($214.4M)
1.4M sq. ft.
85.7% occupancy rate (Quebec City)
73.2% occupancy rate (Trois-Rivières)

Q1 2021: 25.9%
11 properties ($246.3M)
1.4M sq. ft.
89.0% occupancy rate

6.7%
Edmonton
10 properties ($82.1M)
0.4M sq. ft.
100% occupancy rate

Q1 2021: N/A

3.7%
Saskatoon
4 properties ($44.6M)
0.2M sq. ft.
100% occupancy rate

Q1 2021: N/A

13.3%
Ottawa
11 properties ($164.5M)
0.8M sq. ft.
99.1% occupancy rate

Q1 2021: 20.6%
13 properties ($141.4M)
1.1M sq. ft.
93.0% occupancy rate

53.7%
Montréal
38 properties ($697.4M)
3.2M sq. ft.
96.6% occupancy rate

Q1 2021: 53.5%
40 properties ($517.3M)
2.9M sq. ft.
91.2% occupancy rate

Percentages on this page are presented based on total leasable area.

Our Portfolio

Our Properties

We closed the quarter with a total of 75 properties and 6.1 million square feet of leasable area across Canada in the regions of Montréal, Quebec City, Trois-Rivières, Ottawa, Edmonton and Saskatoon.

Industrial

1325 Hymus Blvd, Dorval

4105 Sartelon Street, St-Laurent

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

7777 Transcanada Highway, St-Laurent

6000 Kieran Street, St-Laurent

2005 Le Chatelier Street, Laval

4535 Louis B. Mayer Street, Laval

3695 des Laurentides (Highway-15), Laval

2175 des Entreprises Blvd, Terrebonne

2205-2225 des Entreprises Blvd, Terrebonne

3190 F.-X. Tessier Street, Vaudreuil-Dorion

9900 Irénée-Vachon Street, Mirabel

2350 Chemin du Lac, Longueuil

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

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

1-9 & 10 Brewer Hunt Way & 1260-1280 Teron Rd, Ottawa

400 Hunt Club Rd, Ottawa

1100 Algoma Road, Ottawa

6909 - 42 Street, Leduc

18410 - 118A Avenue NW, Edmonton

18028 - 114 Avenue NW, Edmonton

28765 Acheson Road, Acheson

25616 - 117 Avenue NW, Acheson

3905 Allard Avenue, Edmonton

8743 50 Avenue NW, Edmonton

8810 (8818-8846) 48 Avenue NW, Edmonton

8810 (8856) 48 Avenue NW, Edmonton

3542 Millar Avenue, Saskatoon

318 - 68th Street, Saskatoon

3911 Millar Avenue, Saskatoon

3927 and 3931 Wanuskewin Road, Saskatoon

Suburban office

5810 Sherbrooke Street East, Montréal[1]

2101 Sainte-Catherine Street West, Montréal

2250 Alfred-Nobel Blvd, St-Laurent

2600 Alfred-Nobel Blvd, St-Laurent[1][2]

2344 Alfred-Nobel Blvd, St-Laurent[1]

7150 Alexander-Fleming Street, St-Laurent

2425 Pitfield Blvd, St-Laurent

3111 Saint-Martin Blvd West, Laval[1][2]

3131 Saint-Martin Blvd West, Laval[1]

204 De Montarville Blvd, Boucherville[1]

85 Saint-Charles Street West, Longueuil

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

4890-4898 Taschereau Blvd, Brossard

145 Saint-Joseph Blvd, St-Jean-sur-Richelieu

315-325 MacDonald Street, St-Jean-sur-Richelieu[1]

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

80 Aberdeen Street, Ottawa

245 Menten Place, Ottawa

2200 Walkley Street, Ottawa[1]

2204 Walkley Street, Ottawa[1]

2611 Queensview Drive, Ottawa[2]

979[2] & 1031 Bank Street, Ottawa

7 and 9 Montclair Blvd, Gatineau[1]

6655 Pierre-Bertrand Blvd, Quebec City[1]

6700 Pierre-Bertrand Blvd, Quebec City[1]

825 Lebourgneuf Blvd, Quebec City

815 Lebourgneuf Blvd, Quebec City[1]

1170 Lebourgneuf Blvd, Quebec City[1]

505 Des Forges Street, Trois-Rivières[1]

1500 Royale Street, Trois-Rivières[1]

1921 - 91 Street, Edmonton

Necessity-based retail

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

11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux

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

2900 Jacques-Bureau Street, Laval

5791 Laurier Blvd, Terrebonne

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

2111 Fernand-Lafontaine Blvd, Longueuil

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

1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu

909-915 Pierre-Bertrand Blvd, Quebec City

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

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

Our Clients

Client Portrait: *Orthogone*

Orthogone is a multi-disciplinary engineering firm that develops innovative solutions for complex technological challenges. We provide R&D, electronics design, and digital transformation consulting services to various industries, including healthcare, automotive, telecommunications, data centers, aerospace and defense, and security.

We facilitate the development of innovative products requiring in-depth knowledge of software development, embedded systems, FPGAs and SoCs for our many Quebec and global clients. We understand the importance of collaboration and partnership to achieve our client's goals.

By establishing a partnership, we can combine our advanced engineering expertise with our deep understanding of leading-edge technologies and market trends, creating a powerful synergy that drives innovation and delivers exceptional value to the customer.

Founded in 2007 in Montréal, Canada, Orthogone is a privately held company with over 105 employees.

Orthogone offices, 2250 Alfred-Nobel Boulevard, Saint-Laurent, QC

Can you summarize the history of your busines?

Since its creation in 2007, Orthogone had a clear vision: to create a solutions development services company including both the development of electronic products, but also the development of high value-added software (connectivity, performance, security, vision, redundancy, etc.)

Orthogone then saw the opportunity to create a product and solutions development group composed of resources specialized in complex challenges and to use this engineering group to help the Montréal ecosystem. Building a team with knowledge and experience takes years and requires investing in ongoing training. Developing innovative products requires creative thinking in an environment that fosters collaboration and encourages continuous learning. Each member of the Orthogone team benefits from the company's investment in research and development over the past 16 years.

What are you most proud of accomplishing as a business?

Orthogone has been working in partnership with American multinationals for several years by being involved alongside them in their advanced engineering groups. This know-how combined with the intellectual properties thus developed also allows us to actively participate, behind the scenes, in the economic growth of several Quebec and global technological companies by responding both to a critical problem of staff shortage, but above all by increasing the level of innovation and functionality of their products.

As products and technologies become more complex, the expertise needed to update and develop new versions increases. It is difficult, if not impossible, for a company to have staff in-house with all the necessary technical skills. Long before certain technologies reach the general public, Orthogone works behind the scenes to develop the seemingly impossible for several companies.

Over the past 7 years, Orthogone has steadily increased its R&D investments to develop its portfolio of FPGA solutions optimized for ultra-low latency networking applications that enable brokers to access financial markets much faster, more efficiently and by consuming less energy. Our goal is to lead the way for financial industry players, such as investment banks and hedge fund firms, who are adopting more advanced technologies in their quest for comprehensive, efficient and more profitable infrastructure.

Does your business have environmental and/or social implications?

We are proud to have collaborated, among others, with FLO, a pioneer of sustainable electric vehicle solutions in Quebec. Our expertise has helped push the boundaries of innovation to optimize electric vehicle charging solutions, thereby reducing their environmental footprint.

Green is more than a color to us; it's a philosophy. It's our commitment to a cleaner, more sustainable future.

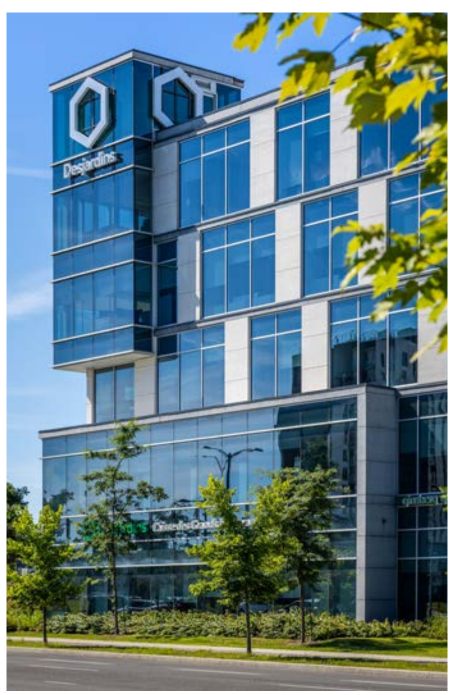
Learn more about Orthogone: orthogone.com | in

Orthogone offices

Top 10 Clients

Our top 10 clients make up 23.7% of our total revenue and 23.1% of our total leased area, equaling 1,405,705 square feet.

Government of Québec
5810 Sherbrooke Street East, Montréal, QC



Mouvement Desjardins
3111 Saint-Martin Blvd West, Laval, QC

The Lion Electric Company
9900 Irénée Vachon Street, Mirabel, QC

Intrado Life & Safety Canada Inc.
7150 Alexander-Fleming Street, Saint-Laurent, QC

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

Bristol-Meyers Squibb Canada Co
2344 Alfred-Nobel Blvd, St-Laurent, QC

Haivision
2600 Alfred-Nobel Blvd, St-Laurent, QC

Government of Canada
2204 Walkley Road, Ottawa, ON

Groupe BBA Inc.
375 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire, QC

Walmart Canada Inc.
Méga Centre Rive-Sud, Lévis, Québec

Management Discussion and Analysis

Three-month period ended March 31, 2024

Introduction

The purpose of this Management Discussion and Analysis ("MD&A") is to communicate the operating results of BTB Real Estate Investment Trust ("BTB" or the "Trust") for the period ended March 31, 2024, as well as its financial position on that date. The report presents a summary of some of the Trust's business strategies, and the business risks it faces. This MD&A, dated May 3, 2024, should be read together with the unaudited condensed financial statements and accompanying notes for the period ended March 31, 2024. It discusses significant information available up to the said 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.sedarplus.ca and on our website at www.btbreit.com.

The Audit Committee reviewed the contents of this Management Discussion and Analysis and the interim condensed 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 be 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 non-IFRS financial measures table on page 2 of this report, 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 on page 2. 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 on page 2 if applicable, do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

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 amended). The Trust began its real estate operations on October 3, 2006, and as of March 31, 2024, it owned 75 properties, being industrial, suburban 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, 2024	75	6,087,065	1,203,027

These figures include a 50% interest in a 17,114 square-foot property in a Montréal suburb and a 50% interest in one property totalling 74,940 square feet in Gatineau, Québec and total leasable area includes a 55,849 square-foot property in Edmonton reclassified as a finance lease and not included in fair value.

Objectives and Business Strategies

The Trust's primary objective is to maximize total return to unitholders. Total return includes distributions and long-term appreciation of the trading 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.

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

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 may require less capital expenditures.

The Trust's management regularly performs strategic portfolio reviews to determine whether it is financially advisable to dispose of certain investment properties. 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, 2024

Rental revenue: Stood at $32.6 million for the current quarter, which represents a decrease of 0.8% compared to the same quarter of 2023. During Q1 2023, the Trust recorded a one-time $1.4 million increase of rental revenue pursuant to unrecorded revenue for previous quarters associated to a specific lease (the "One-Time Adjustment"). If one doesn't consider the One-Time Adjustment, the rental revenue for Q1 2024 vs Q1 2023 would have shown an increase of 3.7%.

Net operating income (NOI): Totalled $18.4 million for the current quarter, which represents a decrease of 3.4% compared to the same quarter of 2023. If one doesn't consider the One-Time adjustment, the NOI for Q1 2024 vs Q1 2023 would have recorded an increase of 4.4%.

Net income and comprehensive income: Totalled $7.2 million for the quarter compared to $8.8 million for the same quarter in 2023, representing a decrease of $1.6 million. The decrease for the quarter is primarily due to an increase in net financial expenses of $0.7 million, and a decrease in NOI of $0.6 million. If one doesn't consider the One-Time Adjustment, the decrease from Q1 2024 vs Q1 2023 would have been $0.2 million.

Same-property NOI[1]: For the quarter, the same-property NOI increased by 4.7% compared to the same quarter in 2023. The increase is primarily due to the increase in rent renewal rates achieved in 2023 of 9.2% across all 3 operating segments, and inter alia, an increase in rent renewal rates of 8.4% for the suburban office segment and necessity-based retail segment.

FFO adjusted per unit[1]: Was 10.2¢ per unit for the quarter compared to 11.7¢ per unit for the same period in 2023, representing a decrease of 1.5¢ per unit. The said decrease of adjusted FFO for the quarter is explained by an increase in net financial expenses of $0.7 million and an NOI decrease of $0.6 million. Excluding the One-Time Adjustment, the FFO adjusted would have increased by 0.2¢ per unit. In addition, FFO adjusted per unit was negatively impacted by the increase in weighted average number of units outstanding of 4 million units, due to the unitholder's participation in the distributions reinvested under the distribution reinvestment plan.

FFO adjusted payout ratio[1]: Was 73.5% for the quarter compared to 64.1% for the same period in 2023. Excluding the One-Time Adjustment FFO adjusted payout ratio for Q1 2024 vs Q1 2023 would have decreased by 130 basis points.

AFFO adjusted per unit[1]: Was 8.9¢ per unit for the quarter compared to 10.3¢ per unit for the same period in 2023, representing a decrease of 1.4¢ per unit. Excluding the One-Time Adjustment, the adjusted AFFO for Q1 2024 vs Q1 2023 would have increased by 0.2¢ per unit. In addition, AFFO adjusted per unit was negatively impacted by the increase in weighted average number of units outstanding of 4 million units, due to the unitholder's participation in the distributions reinvested under the distribution reinvestment plan.

AFFO adjusted payout ratio[1]: Was 83.9% for the quarter compared to 72.4% for the same period in 2023. Excluding the One-Time Adjustment AFFO adjusted payout ratio for Q1 2024 vs Q1 2023 would have decreased by 25 basis points.

Leasing activity: During the quarter, the Trust completed a total of 95,538 square feet of lease renewals and 58,062 square feet of new leases for the quarter. Due to strong leasing efforts, the occupancy rate increased to 94.5%, representing a 41 basis points increase compared to the prior quarter and a 130 basis points increase compared to the same period in 2023. The increase in the average rent renewal rate for the quarter was 8.4%.

Dispositions: On February 29, 2024, the Trust disposed of 2 office properties located at 32 and 50, Saint-Charles Street West, in Longueuil, Québec, for total proceeds of $6.2 million, excluding transaction costs and adjustments.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Liquidity position: The Trust held $1.8 million of cash at the end of the quarter and $13.2 million is available under its credit facilities. The Trust has the option to increase its capacity under credit facilities by $10.0 million.

Debt metrics: The Trust ended the quarter with a total debt ratio(1) of 58.3%, recording a decrease of 22 basis points compared to December 31, 2023. The Trust ended the quarter with a mortgage debt ratio(1) of 51.3%, a decrease of 84 basis points compared to December 31, 2023.

Summary of significant items as at March 31, 2024

- Total number of properties: 75
- Total leasable area: 6.1 million square feet
- Total asset value: $1,229 million
- Market capitalization: $275 million (unit price of $3.16 as at March 31, 2024)

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31, (in thousands of dollars, except for ratios and per unit data)		Quarter	
		2024	2023
	Reference (page)	$	$
Financial information			
Rental revenue	36	**32,636**	32,911
Net operating income (NOI)	36	**18,360**	19,008
Net income and comprehensive income	36	**7,153**	8,802
Adjusted net income(1)	46	**7,183**	8,986
Adjusted EBITDA(1)	47	**17,036**	17,154
NOI from the same-property portfolio(1)	48	**17,072**	16,302
Distributions	49	**6,581**	6,443
FFO Adjusted(1)	50	**8,925**	10,033
AFFO Adjusted(1)	51	**7,819**	8,882
Cash flow from operating activities	53	**12,143**	15,657
Total assets	54	**1,229,194**	1,213,237
Investment properties	38	**1,203,027**	1,198,351
Mortgage loans	57	**628,227**	648,045
Convertible debentures	59	**42,683**	41,817
Mortgage debt ratio(2)	60	**51.3%**	53.6%
Total debt ratio(1)	60	**58.3%**	59.1%
Weighted average interest rate on mortgage debt	44	**4.40%**	4.20%
Market capitalization		**275,102**	307,002
Financial information per unit			
Units outstanding (000)	62	**87,058**	85,755
Class B LP units outstanding (000)	61	**697**	197
Weighted average number of units outstanding (000)	62	**86,824**	85,615
Weighted average number of units and Class B LP units outstanding (000)	62	**87,522**	85,912
Net income and comprehensive income	36	**8.2¢**	10.2¢
Adjusted net income(1)	46	**8.2¢**	10.5¢
Distributions	49	**7.5¢**	7.5¢
FFO Adjusted(1)	50	**10.2¢**	11.7¢
Payout ratio on FFO Adjusted(1)	50	**73.5%**	64.1%
AFFO Adjusted(1)	51	**8.9¢**	10.3¢
Payout ratio on AFFO Adjusted(1)	51	**83.9%**	72.4%
Market price of units		**3.16**	3.58
Tax on distributions			
Tax deferral	65	**100.0%**	100.0%
Operational information			
Number of properties	38	**75**	74
Leasable area (thousands of sq. ft.)	38	**6,087**	6,033
Occupancy rate	40	**94.5%**	93.2%
Increase in average lease renewal rate	40	**8.4%**	13.9%

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(2) This is a non-IFRS financial measure. The 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 equivalents.

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)	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2
	$	$	$	$	$	$	$	$
Rental revenue	**32,636**	31,922	31,285	31,708	32,911	31,486	29,962	28,979
Net operating income	**18,360**	19,255	18,075	19,041	19,008	18,624	17,974	17,598
Net income and comprehensive income	**7,153**	1,734	15,216	10,846	8,802	1,769	11,693	18,243
Net income and comprehensive income per unit	**8.2¢**	2.0¢	17.5¢	12.5¢	10.2¢	2.1¢	13.7¢	21.5¢
Cash from operating activities	**12,143**	21,560	16,317	17,320	15,657	18,961	20,359	15,516
FFO Adjusted(1)	**8,925**	9,688	9,030	10,195	10,033	10,059	9,785	9,718
FFO Adjusted per unit(1)(2)	**10.2¢**	11.1¢	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢	11.4¢
AFFO Adjusted(1)	**7,819**	8,966	7,675	9,433	8,882	8,550	8,674	9,311
AFFO Adjusted per unit(1)(3)	**8.9¢**	10.3¢	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢	11.0¢
Distributions(4)	**6,581**	6,547	6,524	6,489	6,443	6,413	6,394	6,374
Distributions per unit(4)	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(2) The FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(3) The AFFO Adjusted per unit ratio is calculated by dividing the AFFO Adjusted(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

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 tables summarize each operating segment's contribution to revenues and to net operating income (NOI) for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Industrial		Suburban office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended March 31, 2024							
Investment properties	440,428	36.6	513,086	42.7	249,513	20.7	1,203,027
Rental revenue from properties	8,604	26.4	16,438	50.4	7,594	23.2	32,636
Net operating income (NOI)	6,223	33.9	7,820	42.6	4,317	23.5	18,360
Quarter ended March 31, 2023							
Investment properties	377,331	31.5	571,341	47.7	249,679	20.8	1,198,351
Rental revenue from properties	7,020	21.3	18,839	57.3	7,052	21.4	32,911
Net operating income (NOI)	5,341	28.1	9,646	50.7	4,021	21.2	19,008

Industrial performance

In line with the Trust's strategy to increase it's industrial footprint, the proportional fair value of industrial properties increased from 31.5% to 36.6% compared to the same quarter last year, due to the acquisitions of industrial properties totalling $7.4 million concluded since the said quarter, a net increase of $32.5 million from fair value adjustments, and the reclassification of 2 office properties (both flex industrial properties with higher industrial footprint) in the industrial segment representing a total of $23.2 million. The acquired properties are all fully occupied and have a positive impact on the occupancy rate, which stood at 100.0% at the end of the quarter. The proportional rental revenue from industrial properties increased by 5.1% compared to the same quarter last year, which is explained by a combination of the higher occupancy rate and previously mentioned acquisitions, increasing the proportional share of revenue from the industrial segment. For the quarter, the proportional net operating income for the industrial segment increased by 5.8% compared to the same quarter last year.

Suburban office performance

The proportional fair value of the suburban office properties decreased from 47.7% to 42.7% compared to the same period last year as the proportional fair value of industrial properties increased in line with the Fund's strategic plan. The variance is due to the dispositions of 2 properties totalling $6.2 million, the reclassification of 2 properties of $23.2 million, and negative fair value adjustments in 2023 of $27.5 million. The rental revenue for the quarter generated by the suburban office segment decreased by $2.4 million compared to the same period last year which is explained by the previously mentioned reclassifications. Despite the decrease in rental revenue, the properties in this segment are supported by quality tenants (the Trust's top two tenants are Federal and Québec government agencies) and strong leasing activities (the Trust concluded for the first quarter lease renewals for a total of 58,879 square feet in the suburban office segment with an average rent increase of 8.6%).

Necessity-based retail performance

The necessity-based retail segment continues to show good performance as most of the properties are anchored by necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the first quarter 2024 stood at 97.3%. For the quarter, the Trust concluded lease renewals for a total of 36,659 square feet in the necessity-based retail segment with an average rent increase of 7.0%. The proportional share of the net operating income (NOI) generated by the necessity-based retail segment increased by 2.3% compared to the same period last year mainly due to strong leasing activities as the trust concluded the 2023 year with renewal rates of 21.4% for this segment.

Operating Performance Indicators

The following performance indicators are used to measure the Trust's operating performance:

Committed occupancy rate: 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 where the term of the lease has not yet begun.

In-place occupancy rate: shows the percentage of occupied leasable area at the end of the period.

Renewal rate: is used to record the Trust's tenant retention with lease renewals.

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

Real Estate Portfolio

At the end of the first quarter of 2024, BTB owned 75 properties, representing a total fair value of $1,203 million and a total leasable area of approximately 6.1 million square feet. A description of all the properties owned by the Trust can be found in the Trust's Annual Information Form available at www.sedar.com.

Summaries of investment properties held as at March 31, 2024

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Industrial	32	2,085,319	100.0	99.3	34.3
Suburban office	32	2,609,571	88.6	86.9	42.8
Necessity-based retail	11	1,392,175	97.3	97.3	22.9
Total portfolio	**75**	**6,087,065**	**94.5**	**93.6**	**100.0**

Geographic sector	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Montréal	38	3,269,093	96.6	96.2	53.7
Quebec City	10	1,231,069	85.7	85.3	20.2
Trois-Rivières	2	149,077	73.2	55.8	2.4
Ottawa	11	809,115	99.1	97.4	13.3
Edmonton	10	405,239	100.0	100.0	6.7
Saskatoon	4	223,472	100.0	100.0	3.7
Total portfolio	**75**	**6,087,065**	**94.5**	**93.6**	**100.0**

Dispositions of investment properties

On February 29, 2024, the Trust disposed of two office properties located at 32 and 50, Saint-Charles Street West, in Longueuil, Québec, for total proceeds of $6.2 million, excluding transaction costs and adjustments.

Acquisitions of investment properties

Since the beginning of the year, the Trust did not acquire any properties.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in sq. ft.)	Quarter 2024	2023
Occupied area at the beginning of the period[1]	**5,762,653**	5,455,798
Purchased (sold) assets	**(24,963)**	176,819
Signed new leases	**58,062**	67,200
Tenant departures	**(43,821)**	(75,268)
Other[2]	**-**	-
Occupied leasable area at the end of the period[1]	**5,751,931**	5,624,549
Vacant leasable area at the end of the period	**335,134**	408,887
Total leasable area at the end of the period	**6,087,065**	6,033,436

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

Compared to the same period last year, the Trust increased its occupancy rate 129 basis points from 93.2% to 94.5%.

Leasing activities

The following table summarizes the percentage rate of lease renewals for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in sq. ft.)	Quarter 2024	2023
Leases expired at term	**135,612**	110,662
Renewed leases at term	**91,791**	41,764
Renewal rate	**67.7%**	37.7%

The Trust renewed 67.7% or 91,791 square feet out of the 135,612 square feet expiring during this quarter. The trust is still actively negotiating on 8,900 square feet or 6.56% of potential lease renewals expiring during the quarter.

The most significant lease renewals concluded during the quarter were a lease representing 23,000 square feet with the city of Saint-Jean sur-Richelieu in the suburban office segment and a lease representing 22,442 square feet with Canada Post Corporation in the suburban office segment in Quebec City, showing rent increases of 7.9% and 14.3% respectively.

The Trust also renewed leases prior to their expirations for 3,747 square feet for a total lease renewal activity of 95,538 square feet for this quarter.

Average lease renewal rate

The following table summarizes the average increase of rental rates for lease renewals for operating segment for the period ended March 31, 2024:

	Quarter	
Operating segment	Renewals (sq. ft.)	Increase (%)
Industrial	-	0.0%
Suburban office	58,879	8.6%
Necessity-based retail	36,659	7.0%
Total	**95,538**	**8.4%**

Since the beginning of the year, the Trust achieved a cumulative average rent increase of 8.4% across the suburban office and necessity-based retail business segments. The increases in both segments are essentially attributable to rents that were below market rent.

New leases

During the quarter, the Trust leased a total of 58,062 square feet to new tenants, mainly attributed to Otsuka Canada Pharmaceutical Inc. (“committed” 26,671 square feet) in the suburban office segment in Montréal, Bird Construction Inc. (“committed” 11,034 - square feet) in the suburban office segment in Montréal and a labor union of government employees (“in place” 10,102 square feet) in the suburban office segment in Quebec City. The remaining 10,255 square feet represent a combination of new “in place” tenants and “committed” tenants, thereby leaving 335,134 square feet of leasable area available for lease at the end of the quarter.

During the quarter, new leases representing 52,454 square feet or 90.4% of total leasing activity, were concluded in the suburban office segment with new tenants, 2,000 square feet or 3.4% of the new leases were concluded in the industrial segment and 3,608 square feet or 6.2% in the necessity-based retail segment.

Occupancy rates

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

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Operating segment	%	%	%	%	%
Industrial	**100.0**	99.9	99.7	99.7	100.0
Suburban office	**88.6**	87.7	86.6	87.4	87.5
Necessity-based retail	**97.3**	97.8	97.8	98.3	95.9
Total portfolio	**94.5**	94.2	93.7	94.1	93.2

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Geographic sector	%	%	%	%	%
Montréal	**96.6**	96.2	96.3	96.3	95.1
Quebec City	**85.7**	85.2	84.6	85.8	86.0
Trois-Rivières	**73.2**	74.6	58.6	62.5	62.2
Ottawa	**99.1**	98.8	98.4	99.0	97.5
Edmonton	**100.0**	100.0	100.0	100.0	100.0
Saskatoon	**100.0**	100.0	100.0	100.0	100.0
Total portfolio	**94.5**	94.2	93.7	94.1	93.2

The occupancy rate at the end of the first quarter of 2024 stood at 94.5%, representing a 34 basis points increase compared to the prior quarter, and a 129 basis points increase compared to the same period in 2023. Furthermore, the in-place occupancy rate at the end of the quarter stood at 93.6%, representing an increase of 77 basis points compared to the prior quarter, and an increase of 97 basis points compared to the same period in 2023.

Lease maturities

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

	2024	2025	2026	2027	2028
Industrial					
Leasable area (sq. ft.)	78,427	170,586	287,168	86,304	201,763
Average lease rate/square foot ($)(1)	$11.38	$10.44	$13.10	$10.14	$17.35
% of industrial portfolio	3.76%	8.18%	13.77%	4.14%	9.68%
Suburban office					
Leasable area (sq. ft.)	253,673	309,613	452,709	325,961	152,182
Average lease rate/square foot ($)(1)	$14.16	$16.80	$14.91	$17.42	$16.17
% of office portfolio	9.72%	11.86%	17.35%	12.49%	5.83%
Necessity-based retail					
Leasable area (sq. ft.)	146,914	148,238	100,535	134,750	37,644
Average lease rate/square foot ($)(1)	$12.41	$17.14	$16.61	$16.09	$20.16
% of retail portfolio	10.55%	10.65%	7.22%	9.68%	2.70%
Total portfolio					
Leasable area (sq. ft.)	**479,014**	**628,437**	**840,412**	**547,015**	**391,589**
Average lease rate/square foot ($)(1)	**$13.17**	**$15.15**	**$14.49**	**$15.94**	**$17.16**
% of total portfolio	**7.87%**	**10.32%**	**13.81%**	**8.99%**	**6.43%**

(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 (square feet) of the leases maturing within a specific year.

Weighted average lease term

For the quarter ended March 31, 2024, the weighted average lease term is 5.7 years, a small decrease compared to 6.2 years for the same period in 2023. In addition to secure future revenues of the Trust and solidifying its tenant base, the Trust’s lease renewal strategy is also focused on ensuring longevity in the lease terms when appropriate.

Top 10 tenants

The Trust's three largest tenants remain the Gouvernement du Québec (suburban office segment), the Gouvernement du Canada (suburban office segment), and Wal-Mart Canada Inc. (necessity-based retail segment), representing respectively 5.8%, 4.9%, and 2.1% of rental revenue. The Trust's rental revenues are generated by multiple leases with these tenants whose maturities are spread over time.

44.83% 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, 2024. Their contribution accounts for 23.7% of rental revenue for the quarter and 23.1% of leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Gouvernement du Québec	5.8	4.9	299,578
Gouvernement du Canada	4.9	4.1	251,850
Wal-Mart Canada Inc.	2.1	4.3	264,550
Strongco	1.9	1.9	118,585
Bristol-Myers Squibb Canada Co	1.8	1.0	61,034
The Lion Electric Company	1.7	2.9	176,819
Groupe BBA Inc.	1.6	1.1	69,270
Mouvement Desjardins	1.3	1.0	61,576
Intrado Life & Safety Canada, Inc.	1.3	0.9	53,767
ICU Medical Canada Inc.	1.2	0.8	48,676
	23.7	**23.1**	**1,405,705**

Operating Results

The following table summarizes the financial results for the periods ended March 31, 2024, and March 31, 2023. This 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	
	2024	2023
	$	$
Rental revenue	**32,636**	32,911
Operating expenses	**14,276**	13,903
Net operating income (NOI)	**18,360**	19,008
Net financial expenses and financial income	**8,537**	8,091
Administration expenses	**2,474**	2,115
Transaction costs	**202**	-
Fair value adjustment on investment properties	**(6)**	-
Net income and comprehensive income	**7,153**	8,802

Rental revenue

For the quarter, rental revenue decreased by $0.3 million or 0.8% compared to the same period last year. During Q1 2023, the Trust recorded a one-time non-cash adjustment regarding a gross lease, thereby increasing the rental revenue by $1.4 million. If one doesn't consider this adjustment, rental revenue would have increased by $1.2 million due to $0.3 million from acquisitions made in 2023 and $0.7 million related to operating improvements mainly consisting of higher lease renewal rates, increase in occupancy and higher average lease rates.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Operating expenses		
Maintenance, repairs and other operating costs	**4,834**	4,894
Energy	**1,995**	1,903
Property taxes and insurance	**7,448**	7,106
Total operating expenses	**14,277**	13,903
% of rental revenue	**43.7%**	42.2%

Operating expenses increased mainly due to an increase in municipal tax rates as well as an increase in property values. The operating expenses, as a percentage of revenues, increased by 1.5% for the quarter compared to the same quarter last year. If one doesn't consider the $1.4 million one-time non-cash adjustment recorded in Q1 2023, the operating expenses, as a percentage of revenues, would have decreased by 1.7% due to the Trust increasing its investment in industrial properties, which are mostly triple net leases.

Financial expenses and income

The following table summarizes financial expenses for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Financial income	**(573)**	(306)
Interest on mortgage loans	**7,072**	6,724
Interest on convertible debentures	**709**	709
Interest on credit facilities	**934**	344
Other interest expense	**108**	96
Interest expense net of financial income	**8,250**	7,567
Distributions on Class B LP units	**52**	22
Net financial expenses before non-monetary items	**8,302**	7,589
Accretion of effective interest on mortgage loans and convertible debentures	**308**	236
Accretion of non-derivative liability component of convertible debentures	**92**	82
Net financial expenses before the following items:	**8,702**	7,907
Fair value adjustment on derivative financial instruments	**(325)**	184
Fair value adjustment on Class B LP units	**160**	-
Net financial expenses net of financial income	**8,537**	8,091

Financial income consists of interest income generated from interest rate swap agreements on mortgages and earned finance income from a lease previously classified as a finance lease triggered by the exercised of a purchase option of the property located at 18028, 114th Avenue NW, in Edmonton, Alberta.

Interest expense, net of financial income increased by $0.7 million for the quarter. This is mainly due to the increase in the weighted average mortgage interest rate, the increase in the prime lending rate impacting floating interest rates of mortgages contracted in the year, and the interest paid on the revolving credit facility impacted by the increase in the prime lending rate.

On March 31, 2024, the weighted average mortgage interest rate was 4.40%, 20 basis points higher than the average rate as at March 31, 2023 (4.20%). This increase is mainly due to the variable interest on mortgage loans for which the weighted average contractual rate increased by 5 basis points to 6.88% (6.83% as at March 31, 2023). The cumulative balance of the Trust's loans subject to a variable interest rate was $74.8 million. The weighted average interest rate for fixed mortgage loans increased by 29 basis points to 4.07% (3.78% as at March 31, 2023). Interest rates on first-ranking mortgage loans ranged from 2.37% to 8.95% as at March 31, 2024, (2.30% to 8.45% as at March 31, 2023).

The weighted average term of mortgage loans in place as at March 31, 2024, was 3.2 years (3.8 years as at March 31, 2023).

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 adjustment on derivative financial instruments and on Class B LP units.

Administration expenses

The following table summarizes the Trust's administration expenses for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Corporate expenses	2,007	1,718
Expected credit losses	67	200
Unit-based compensation	400	197
Trust administration expenses	2,474	2,115

Corporate expenses increased by $0.3 million or 17% for the quarter compared to the same period last year.

Expected credit losses decreased by $0.1 million for the quarter compared to the same period last year.

Unit-based compensation increased by $0.2 million for the quarter. The increase for the quarter is due to the vesting of units under the restricted unit compensation plan.

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 the disposition consideration.

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 a minimum of 60% of its portfolio, which includes the 15 most valuable properties, and the remaining ones are externally appraised on three-year rotation basis. 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. During the last quarter, the Trust had not externally appraised any of its properties.

For the properties not independently appraised during a given year, the Trust receives quarterly market data regarding capitalization rates and discount rates reflecting real estate market conditions from independent external appraisers or independent experts. The capitalization rate reports provide a range of rates for various geographic regions where the Trust operates and for various types and qualities of properties within each said region. The Trust utilizes capitalization and discount rates within ranges provided by these external experts. 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 changes in fair value of investment properties by segment for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Industrial	-	-
Suburban office	6	-
Necessity-based retail	-	-
Total change in fair value	6	-

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals for the periods ended March 31, 2024 and December 31, 2023:

As at March 31, 2024	Industrial	Suburban office	Necessity-based retail
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%
As at December 31, 2023			
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%

The weighted average capitalization rate for the entire portfolio as at March 31, 2024, was stable at 6.68% compared to December 31, 2023.

As at March 31, 2024, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate were applied to the overall portfolio, this variation would affect the fair value of its investment properties respectively by a reduction of $43.9 million or an increase of $47.4 million. The change in the capitalization rates is an appropriate proxy of 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 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 volatile non-monetary items and transaction costs for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2024	2023
	$	$
Net income and comprehensive income	7,153	8,802
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	201	-
Fair value adjustment on investment properties	(6)	-
Fair value adjustment on derivative financial instruments	(325)	184
Fair value adjustment on Class B LP units	160	-
Adjusted net income(1)	7,183	8,986
Per unit	8.2¢	10.5¢

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Adjusted net income decreased by $1.8 million for the quarter compared to the same quarter last year mainly due to a $1.6 million negative variance driven by the fair value adjustment on derivative financial instruments (loss of $0.3 million for the current quarter compared to a gain in the same quarter last year) offset by an increase of $0.2 million in transaction cost.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and Adjusted EBITDA(1) for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2024	2023
	$	$
Net income being total comprehensive income for the period	7,153	8,802
Interest expense	8,823	7,873
Accretion of effective interest on mortgage loans and convertible debentures	308	236
Amortization of property and equipment	17	23
Lease incentive amortization	690	728
Fair value adjustment on investment properties	(6)	-
Fair value adjustment on derivative financial instruments	(325)	184
Fair value adjustment on Class B LP units	160	-
Unit-based compensation (Unit price remeasurement)	409	(59)
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	201	-
Straight-line lease adjustment	(394)	(633)
Adjusted EBITDA(1)	17,036	17,154

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

For the quarter, the Adjusted EBITDA(1) decreased by 0.7% to $17.0 million from $17.2 million for the same quarter last year.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on March 31, 2023, and that are still owned by the Trust on March 31, 2024. Therefore, it excludes all the acquired[2][3] and disposed[2][3] properties during the years 2023 and 2024 and straight-line rent.

The following table summarizes the results of the same-property NOI[1] for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter		
	2024	2023	Δ %
	$	$	
Net operating income (NOI) as reported in the financial statements	18,360	19,008	-3.4%
Straight line rent	394	634	
NOI less straight line rent	17,966	18,374	-2.2%
NOI sourced from:			
Acquisitions	(1,048)	(773)	
Dispositions	(55)	(239)	
Corporation	209	370	
Non-cash adjustment related to a change in accounting estimate	-	(1,430)	
Same Property NOI[1]	17,072	16,302	4.7%
Same Property NOI[1] sourced from:			
Industrial	4,915	4,750	3.5%
Suburban office	7,843	7,630	2.8%
Necessity-based retail	4,314	3,922	10.0%
Same Property NOI[1]	17,072	16,302	4.7%

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Compared to the same quarter last year, the same-property net operating income (NOI)[1] increased by 4.7%.

For the quarter, the NOI for the industrial segment increased by 3.5% compared to the same quarter last year, due to an increase in rental spreads for in-place leases throughout the latter half of 2023.

For the quarter, the NOI for the suburban office segment saw an increase of 2.8% compared to the same quarter last year. It has been positively affected by the increase in the average lease renewal rate of 8.6% for the current quarter and by the total increase of 5.3% in 2023 of the average lease renewal rates. The increase in NOI is also caused by the strong leasing results recorded in the suburban office segment as the occupancy rate increased to 88.9% compared to 87.5% in the same quarter last year.

Finally, for the quarter, NOI for the necessity-based retail segment increased by 10.0% compared to the same quarter last year is due to strong leasing results recorded in this segment.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(2) Refer to the Trust's condensed consolidated interim financial statements dated May 3, 2024, note 3, section a) for the acquired properties details.
(3) Refer to the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, for the acquisitions and dispositions of the year 2023.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	Quarter	
	2024	2023
	$	$
Distributions		
Cash distributions	5,641	5,575
Cash distributions – Class B LP units	49	22
Distributions reinvested under the distribution reinvestment plan	888	846
Total distributions to unitholders	6,581	6,443
Percentage of reinvested distributions[1][2]	13.5%	13.1%
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, the monthly distributions paid to unitholders totalled 2.5¢ per unit and for the quarter, totalled 7.5¢ per unit, unchanged from the same quarter of 2023.

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, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2024	2023
	$	$
Net income and comprehensive income (IFRS)	7,153	8,802
Fair value adjustment on investment properties	(6)	-
Fair value adjustment on Class B LP units	160	-
Amortization of lease incentives	690	728
Fair value adjustment on derivative financial instruments	(325)	184
Leasing payroll expenses	591	356
Distributions - Class B LP units	52	22
Unit-based compensation (Unit price remeasurement)[5]	409	(59)
FFO[1]	8,724	10,033
Transaction costs on disposition of investment properties and mortgage early repayment fees	201	-
FFO Adjusted[1]	8,925	10,033
FFO per unit[1][2][3]	10.0¢	11.7¢
FFO Adjusted per unit[1][2][4]	10.2¢	11.7¢
FFO payout ratio[1]	75.2%	64.1%
FFO Adjusted payout ratio[1]	73.5%	64.1%

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(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 FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted[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 FFO Adjusted and AFFO Adjusted starting Q2 2021.

For the quarter, FFO Adjusted[1] was 10.2¢ per unit, compared to 11.7¢ per unit for the same quarter last year representing a decrease of 12.7%. FFO Adjusted decreased by $1.1 million which was caused by an increase in net financial expenses of $0.7 million and an NOI decrease of $0.6 million. Excluding the Q1 2023 $1.4 million one-time non-cash adjustment, the adjusted FFO would have increased by 0.2¢ per unit.

The FFO Adjusted payout ratio[1] for the quarter stood at 73.5%, compared to 64.1% for the same quarter in 2023.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Adjusted Funds from Operations (AFFO)[1]

The following table provides a reconciliation of FFO[1] and AFFO[1] for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	Quarter	
	2024	2023
	$	$
FFO[1]	8,724	10,033
Straight-line rental revenue adjustment	(394)	(633)
Accretion of effective interest	308	236
Amortization of other property and equipment	17	23
Unit-based compensation expenses	(9)	256
Provision for non-recoverable capital expenditures[1]	(653)	(658)
Provision for unrecovered rental fees[1]	(375)	(375)
AFFO[1]	7,618	8,882
Transaction costs on disposition of investment properties and mortgage early repayment fees	201	-
AFFO Adjusted[1]	7,819	8,882
AFFO per unit[1][2][3]	8.7¢	10.3¢
AFFO Adjusted per unit[1][2][4]	8.9¢	10.3¢
AFFO payout ratio[1]	86.2%	72.4%
AFFO Adjusted payout ratio[1]	83.9%	72.4%

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(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 AFFO Adjusted per unit ratio is calculated by dividing the AFFO Adjusted[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, AFFO Adjusted[1] was 8.9¢ per unit, compared to 10.3¢ per unit for the same quarter last year, a decrease of 13.6%.

The AFFO Adjusted payout ratio[1] for the quarter stood at 83.9% compared to 72.4% 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 square feet 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 to its tenants 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, of brokerage commissions and its leasing team payroll expenses.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(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, 2024 (3 months)	March 31, 2023 (3 months)	December 31, 2023 (12 months)	December 31, 2022 (12 months)
	$	$	$	$
Provision for non-recoverable capital expenditures(1)	653	658	2,557	2,390
Non-recoverable capital expenditures	748	476	3,858	1,735

(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's net distributions to unitholders compared to net cash flows from operating activities less interest paid for the years 2023, 2022 and 2021:

Periods ended March 31 and 12-month periods ended December 31 (in thousands of dollars)	2024 (3 months)	2023 (3 months)	2023 (12 months)	2022 (12 months)
	$	$	$	$
Net cash flows from operating activities	12,143	15,657	70,852	66,240
Interest paid	(8,206)	(7,388)	(31,324)	(27,925)
Net cash flows from operating activities less interest paid	3,937	8,269	39,528	38,315
Net distributions to unitholders	5,629	5,533	22,292	21,573
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	(1,692)	2,736	17,236	16,742

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO(1) and FFO(1) for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Cash flows from operating activities	12,143	15,657
Leasing payroll expenses	591	356
Adjustments for changes in other working capital items	4,254	1,551
Financial income	573	306
Interest expenses	(8,823)	(7,873)
Provision for non-recoverable capital expenditures(2)	(653)	(658)
Provision for non-recovered rental fees(2)	(375)	(375)
Accretion of non-derivative liability component of convertible debentures	(92)	(82)
AFFO(1)	7,618	8,882
Provision for non-recoverable capital expenditures(2)	653	658
Provision for non-recovered rental fees(2)	375	375
Straight-line rental revenue adjustment	394	633
Unit-based compensation expenses	9	(256)
Accretion of effective interest	(308)	(236)
Amortization of property and equipment	(17)	(23)
FFO(1)	8,724	10,033

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

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 operating segments: industrial, suburban office, and necessity-based retail.

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

The following table summarizes the changes in the fair value of investment properties for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Balance, beginning of period	1,207,522	1,164,881
Additions:		
Initial recognition of right-of-use assets	-	3,133
Acquisitions	(0)	28,920
Dispositions	(6,206)	-
Capital expenditures	787	721
Leasing fees and capitalized lease incentives	1,224	785
Fair value adjustment on investment properties	6	-
Other non-monetary changes[1]	(306)	(89)
Balance, end of period	1,203,027	1,198,351

(1) The other non-monetary changes are composed of the lease incentives amortization and straight-line lease adjustments.

The total fair value of investment properties stood at $1,203 million as at March 31, 2024, compared to $1,208 as at December 31, 2023. The decrease of $4.5 million is mainly explained by two dispositions during the quarter for which the impact decreased the fair value of investment properties by $6.2 million. The total decrease was partially offset by an increase of $0.8 million of capital expenditures and $1.2 million of leasing fees and capitalized lease incentives.

Improvements in investment properties

The Trust invests its capital to improve its properties to preserve the quality of their infrastructure and services provided to tenants. These investments include value-added expenditures required to upkeep properties, as well as property improvements and redevelopment projects intended to increase leasable area, occupancy rates, quality of space available for rent or fair value. Some 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, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Recoverable capital expenditures	-	245
Non-recoverable capital expenditures	787	476
Total capital expenditures	787	721
Leasing fees and leasehold improvements	1,224	785
Total	2,011	1,506

Receivables

The following table summarizes receivables for the periods ended March 31, 2024 and December 31, 2023:

(in thousands of dollars)	March 31, 2024	December 31, 2023
	$	$
Rent receivable	4,462	2,201
Allowance for expected credit losses	(727)	(731)
Net rent receivable	3,735	1,470
Unbilled recoveries	1,216	1,572
Other receivables	350	230
Receivables	5,301	3,272

Receivables increased from $3.3 million as at December 31, 2023, to $5.3 million as at March 31, 2024.

Prepaid expenses, Deposits and Property and equipment

The following table summarizes the prepaid expenses, deposits and property and equipment for the periods ended March 31, 2024 and December 31, 2023:

(in thousands of dollars)	March 31, 2024	December 31, 2023
	$	$
Property and equipment	1,471	1,484
Accumulated depreciation	(1,230)	(1,213)
Net property and equipment	241	271
Prepaid expenses	3,683	1,185
Deposits	1,600	1,337
Other assets	5,524	2,793

Prepaid expenses, deposits and property and equipment increased from $2.8 million as at December 31, 2023, to $5.5 million as at March 31, 2024, which is explained by payments made for renewals of insurance policies and property taxes, most of those are due and payable at the beginning of any year.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on March 31, 2024, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at March 31, 2024 (in thousands of dollars)	Balance of convertible debentures[1]	Balance of mortgages payable[1]	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2024	24,000	113,381	5.57
2025	19,917	61,124	4.43
2026	-	117,999	3.41
2027	-	113,421	5.23
2028	-	97,838	4.83
2029 and thereafter	-	126,749	3.69
Total	43,917	630,513	4.54

(1) Gross amounts.

The Trust has $113.4 million of mortgages are maturing in the next nine months. The Trust as of the date of this report has commitment letters from financial institutions for the refinancing of $63.9 million and is in the process of negotiating the remaining 2024 mortgages maturing this year. Furthermore, a debenture maturing in October 2024. Historically, the Trust has always been able to refinance its existing mortgages and debentures. There is no indication that this would change.

Weighted average contractual interest rate

As at March 31, 2024, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.54% (4.40% for mortgage loans and 6.45% for convertible debentures), representing an increase of 20 basis points compared to the same period last year. As at March 31, 2023, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.34% (4.20% for mortgage loans and 6.45% for convertible debentures).

Mortgage loans

As at March 31, 2024, the Trust's total balance of mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $630.5 million compared to $640.4 million as at December 31, 2023. The net decrease of $9.9 million includes $14.8 million repaid at maturity or upon disposition and $4.8 million of monthly principal repayments, netted by $9.7 million of refinancing mortgage loans contracted.

The following table summarizes the changes in mortgage loans payable for the period ended March 31, 2024, and March 31, 2023:

Periods ended March 31, (in thousands of dollars)	2024	2023
	$	$
Balance at beginning[1]	640,426	638,441
Mortgage loans contracted or assumed[2]	9,702	16,800
Balance repaid at maturity or upon disposition[3]	(14,792)	-
Monthly principal repayments[4]	(4,823)	(4,787)
Balance as at March 31, 2024[1]	630,513	650,454

(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 Condensed Consolidated Interim Statements of Cash Flows 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 Condensed Consolidated Interim Statements of Cash Flows 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 Condensed Consolidated Interim Statements of Cash Flows within Repayment of mortgage loans.

As at March 31, 2024, the weighted average mortgage interest rate was 4.40% compared to 4.20% for the same period last year, an increase of 20 basis points. The increase is mainly due to the increase in the average weighted contractual rate of variable interest on mortgages, which rate increased by 162 basis points to 8.45% (6.83% as at March 31, 2023). In comparison, the weighted average for fixed interest rate increased by 29 basis point to 4.07% (3.78% as at March 31, 2023).

As at March 31, 2024, the majority of the Trust's mortgages payable bear interest at fixed rates (the cumulative principal amount of $555.7 million) or are subject to floating-to-fixed interest rate swaps (cumulative principal amount of $49.8 million). However, the Trust has four loans with floating interest rates (cumulative principal balance of $25.0 million).

The weighted average term of existing mortgage loans was 3.2 years as at March 31, 2024, compared to 3.8 years for the same period last year. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with mortgage renewals.

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

As at March 31, 2024 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2024 (9 months)	12,759	112,194	124,953	19.8
2025	14,915	57,838	72,753	11.5
2026	12,748	108,601	121,349	19.3
2027	8,867	100,508	109,375	17.4
2028	4,927	88,118	93,045	14.8
2029 and thereafter	10,630	98,408	109,038	17.3
Total	64,846	565,667	630,513	100.0
Unamortized fair value assumption adjustments			90	
Unamortized financing expenses			(2,376)	
Balance as at March 31, 2024			628,227	

As at March 31, 2024, the Trust was in compliance with all the contractual mortgage covenants to which it is subject.

Convertible debentures

The following table summarizes the convertible debentures for the period ended March 31, 2024:

(in thousands of dollars)	Series G[1][3]	Series H[2][3]	Total
Par value	24,000	19,917[4]	43,917
Contractual interest rate	6%	7%	
Effective interest rate	7%	8%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	5.42	3.64	
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, 2024	23,808	18,875	42,683

(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 tradable units freely to Series G and H debenture holders.
(4) Conversion of $10,083 of the Series H debenture since issuance. Conversion of $0 during the quarter.

Debt ratio

In accordance with its trust agreement, the Trust can't contract a mortgage loan if, after having contracted the said loan, the total mortgage debt would exceed 75% of the fair value of the Trust's total assets. When establishing this calculation, the convertible debentures shouldn't be considered in the calculation of total indebtedness. Moreover, under its trust indenture, in case of failure to abide by this condition, the Trust benefits from a 12-month additional period from the date of its knowledge to remedy the situation.

The following table summarizes the Trust's debt ratios as at March 31, 2024, and 2023 and December 31 2023:

(in thousands of dollars)	March 31, 2024	December 31, 2023	March 31, 2023
	$	$	$
Cash and cash equivalents	(1,781)	(912)	(1,669)
Mortgage loans outstanding[1]	630,513	640,425	650,454
Convertible debentures[1]	43,277	43,185	42,912
Credit facilities	44,797	36,359	25,050
Total long-term debt less cash and cash equivalents[2][3]	716,806	719,057	716,747
Total gross value of the assets of the Trust less cash and cash equivalents[2][4]	1,228,643	1,227,949	1,212,704
Mortgage debt ratio (excluding convertible debentures and credit facilities)[2][5]	51.3%	52.2%	53.6%
Debt ratio – convertible debentures[2][6]	3.5%	3.5%	3.5%
Debt ratio – credit facilities[2][7]	3.6%	3.0%	2.1%
Total debt ratio[2]	58.3%	58.6%	59.1%

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS financial measure, refer to page 2 and 31.
(3) Long-term debt less free cash flow 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 ("GVALC") 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 GVALC.
(6) Debt ratio – convertible debentures is calculated by dividing the convertible debentures by GVALC.
(7) Debt ratio – credit facilities is calculated by dividing the credit facilities by the GVALC.

As of March 31, 2024, the mortgage debt ratio[1] excluding the convertible debentures and credit facilities totalled 51.3%, a decrease of 84 basis points since December 31, 2023. As of March 31, 2024, the total debt ratio[2], including the convertible debentures and credit facilities, net of cash and cash equivalents, increased to 58.3%, a decrease of 22 basis points since December 31, 2023, driven by two dispositions made throughout the quarter and monthly repayment of mortgages.

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 currently under refinancing negotiations, a pool of assets that may be used to structure new lines of credit, and the liquidity of the portfolio in the event of an opportunistic asset sale.

(1) This is a non-IFRS financial measure as defined in this page.
(2) This is a non-IFRS financial measure, refer to page 2 and 31.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for the ratios)	Quarter	
	2024	2023
	$	$
Adjusted EBITDA[1]	17,036	17,154
Interest expenses net of financial income[2]	8,250	7,567
Interest coverage ratio[3]	2.06	2.27

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(2) 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.
(3) This is a non-IFRS financial measure. Interest coverage ratio is calculated by dividing the Adjusted EBITDA[1] by Interest expenses net of financial income (as previously defined).

For the quarter ended March 31, 2024, the interest coverage ratio stood at 2.06, a decrease of 21 basis points from the same period last year.

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars, except for the ratios)	Quarter	
	2024	2023
	$	$
Adjusted EBITDA[1]	17,036	17,154
Interest expenses net of financial income[2]	8,250	7,567
Principal repayments	4,823	4,787
Debt service requirements	13,073	12,354
Debt service coverage ratio[3]	1.30	1.39

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(2) 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.
(3) This is a non-IFRS financial measure. Debt service coverage ratio is calculated by dividing the Adjusted EBITDA[1] by Debt service requirements.

For the quarter ended March 31, 2024, the debt service coverage ratio stood at 1.30, a decrease of 9 basis points from the same period last year.

Class B LP units

The following table summarizes the Class B LP units for the period ended March 31, 2024:

Period ended March 31, 2024 (in number of units)	Quarter	
	Units	$
Class B LP units outstanding, beginning of period	697,265	2,043
Fair value adjustment	-	160
Class B LP units outstanding, end of period	697,265	2,203

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're 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.

On May 30, 2018, Class B LP units were issued in payment for the acquisition of a 25% equity portion in the property located at 815 Boulevard Lebourgneuf in Quebec City.

On February 14, 2023, the holders of the class B LP units converted 150,000 units into units of the Trust and on August 18, 2023 the holders of the class B LP units converted 50,000 units into units of the Trust.

On May 1, 2023, 550,000 Class B LP units were issued as part of the payment for the acquisition of the property located at 8810, 48th Avenue NW in Edmonton.

Units outstanding

The following table summarizes the total number of units outstanding and the weighted number of units outstanding for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in number of units)	Quarter	
	2024	2023
Units outstanding, beginning of the period	86,705,901	85,238,279
Distribution reinvestment plan	301,404	233,199
Issued - employee unit purchase plan	27,685	6,995
Issued - restricted unit compensation plan	154,990	26,599
Issued – deferred unit compensation plan	-	-
Class B LP units exchanged into Trust units	-	150,000
Issued – conversion of convertible debentures	-	99,725
Units outstanding, end of the period	87,189,980	85,754,797
Weighted average number of units outstanding	87,057,670	85,614,589
Weighted average number of Class B LP units and units outstanding	87,754,935	85,911,854

On February 29, 2024, the Toronto Stock Exchange (TSX) approved the renewal of the normal course issuer bid ("NCIB"), permitting BTB to repurchase for cancellation up to 5,969,926 units from February 29, 2024 to February 28, 2025, representing approximately 7% of the Trust's issued and outstanding units at the time of the renewal. As of March 31, 2023, no units have been repurchased for cancellation.

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 for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in number of units)	Quarter	
	2024	2023
Deferred units outstanding, beginning of the period	151,412	121,727
Trustees' compensation	7,079	2,470
Distributions paid in units	3,738	2,458
Deferred units outstanding, end of the period	162,229	126,655

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a maximum period of 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 for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in number of units)	Quarter	
	2024	2023
Restricted units outstanding, beginning of the period	220,306	138,583
Granted	265,180	217,072
Cancelled	(28,212)	-
Settled	(156,025)	(26,601)
Restricted units outstanding, end of the period	301,249	329,054

Employee unit purchase plan

The Trust offers its employees an optional unit purchase plan. Under this plan, the employees may contribute, each year, pursuant to a maximum of 7% to 10% of their base salary depending on their position occupied within the Trust. Subject to the plan's conditions, for each two units purchased by an employee, the Trust shall issue one unit from treasury to the employee.

Off-balance sheet arrangements and contractual commitments

The Trust doesn't 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 isn't 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, 2024, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules don't 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 2023 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:

Periods ended March 31	2024	2023
	%	%
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 the annual consolidated financial statements as at and for the years ended December 31, 2023, and 2022.

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.

Inflation and Interest Rates

The increase of the Bank of Canada policy interest rate has created a heightened level of uncertainty on the economy. The rise of the policy rate has not had a significant impact on the Trust's operations and ability to negotiate new or renew mortgages. Given the situation, there could be certain repercussions on the mortgage refinancing activities, the fair value of the investment properties, certain investment decisions and the level of transactions in the market. The Trust will continue to monitor the effects of the rise of the policy rate on its investment activities and valuation of the investment properties.

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 2024 Annual Information Form for the year ended December 31, 2023, 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 Executive Vice-President and Chief Operating & 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 Executive Vice-President and Chief Operating & Financial Officer concluded that the DC&P were effective as at December 31, 2024, 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 Executive Vice-President and Chief Operating & Financial Officer of BTB concluded that ICFR was effective as at March 31, 2024, 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 2024, 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 $630.5 million as at March 31, 2024, compared to $630.8 million as at March 31, 2023.
- Series G and H convertible debentures for a total par value of $43.9 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, 2023 and still owned as at March 31, 2024, but doesn't include the financial impacts from dispositions, acquisitions and developments completed in 2023 and 2024, 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:

	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
Net income and comprehensive income (IFRS)	7,153	1,734	15,216	10,846	8,802	1,769	11,693	18,243
Fair value adjustment on investment properties	(6)	4,480	(6,481)	-	-	7,781	1,230	197
Fair value adjustment on Class B LP units	160	(42)	(159)	(775)	-	160	(142)	(233)
Amortization of lease incentives	690	641	664	750	728	787	773	818
Fair value adjustment on derivative financial instruments	(325)	2,396	(584)	(763)	184	(1,971)	(3,898)	(9,344)
Leasing payroll expenses[6]	591	401	359	327	356	682	182	158
Distributions – Class B LP units	52	52	56	42	22	26	26	26
Unit-based compensation (Unit price remeasurement)[5]	409	(11)	(87)	(232)	(59)	198	(172)	(285)
FFO[1]	8,724	9,651	8,984	10,195	10,033	9,432	9,692	9,580
Transaction costs on disposition of investment properties and mortgage early repayment fees	201	37	46	-	-	627	93	138
FFO Adjusted[1]	8,925	9,688	9,030	10,195	10,033	10,059	9,785	9,718
FFO per unit[1][2][3]	10.0¢	11.1¢	10.3¢	11.8¢	11.7¢	11.0¢	11.4¢	11.3¢
FFO Adjusted per unit[1][2][4]	10.2¢	11.1¢	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢	11.4¢
FFO payout ratio[1]	75.2%	67.5%	72.9%	63.8%	64.1%	67.9%	65.9%	66.4%
FFO Adjusted payout ratio[1]	73.5%	67.2%	72.5%	63.8%	64.1%	63.6%	65.2%	65.5%

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(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 FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted[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 FFO Adjusted and AFFO Adjusted starting Q2 2021.
(6) The impact of the CIO compensation, hired in Q2 2022, was added to the Leasing payroll expenses during Q4 2022 as his duties were mainly leasing activities throughout the year.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Adjusted Funds from Operations (AFFO)[1]

The following table provides a reconciliation of FFO[1] and AFFO[1] for the last eight quarters:

	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
FFO[1]	8,724	9,651	8,984	10,195	10,033	9,432	9,692	9,580
Straight-line rental revenue adjustment	(394)	(197)	(842)	(291)	(633)	(1,077)	(521)	(74)
Accretion of effective interest	308	310	271	278	236	336	219	284
Amortization of other property and equipment	17	20	33	23	23	31	35	26
Unit-based compensation expenses	(9)	159	184	237	256	206	130	312
Provision for non-recoverable capital expenditures[1]	(653)	(639)	(626)	(634)	(658)	(630)	(599)	(580)
Provision for unrecovered rental fees[1]	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO[1]	7,618	8,929	7,629	9,433	8,882	7,923	8,581	9,173
Transaction costs on disposition of investment properties and mortgage early repayment fees	201	37	46	-	-	627	93	138
AFFO Adjusted[1]	7,819	8,966	7,675	9,433	8,882	8,550	8,674	9,311
AFFO per unit[1][2][3]	8.7¢	10.2¢	8.8¢	10.9¢	10.3¢	9.3¢	10.1¢	10.8¢
AFFO Adjusted per unit[1][2][4]	8.9¢	10.3¢	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢	11.0¢
AFFO payout ratio[1]	86.2%	72.9%	85.8%	69.0%	72.4%	80.8%	74.4%	69.4%
AFFO Adjusted payout ratio[1]	83.9%	72.6%	85.3%	69.0%	72.4%	74.9%	73.6%	68.3%

(1) This is a non-IFRS financial measure, refer to page 2 and 31.
(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 AFFO Adjusted per unit ratio is calculated by dividing the AFFO Adjusted[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 2 and 31.

Condensed Consolidated Interim Financial Statements

Three-month period ended March 31, 2024

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

		As at March 31,	As at December 31,
	Notes	**2024**	**2023**
		$	$
Assets			
Investment properties	3	1,203,027	1,207,522
Property and equipment		241	271
Derivative financial instruments	9	3,115	2,693
Prepaid expenses and deposits		5,283	2,522
Finance lease receivable		10,446	10,456
Receivables	4	5,301	3,272
Cash and cash equivalents		1,781	912
Total assets		**1,229,194**	**1,227,648**
Liabilities and unitholders' equity			
Mortgage loans payable	5	628,227	638,080
Convertible debentures	6	42,683	42,460
Bank loans	7	44,797	36,359
Lease liabilities		7,330	7,332
Class B LP Units	8	2,203	2,043
Unit-based compensation	10	1,555	1,715
Derivative financial instruments	9	387	288
Trade and other payables		20,108	19,549
Distribution payable to unitholders		2,180	2,168
Total liabilities		**749,470**	**749,994**
Unitholders' equity		**479,724**	**477,654**
		1,229,194	**1,227,648**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on May 3, 2024.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

		For the three-month periods ended March 31,	
	Notes	**2024**	**2023**
		$	$
Operating revenues			
Rental revenue	12	32,636	32,911
Operating expenses			
Public utilities and other operating expenses		6,829	6,797
Property taxes and insurance		7,447	7,106
		14,276	13,903
Net operating income		**18,360**	**19,008**
Financial income		573	306
Expenses			
Financial expenses		9,223	8,191
Distributions - Class B LP Units	8	52	22
Fair value adjustment – Class B LP Units	8	160	-
Net adjustment to fair value of derivative financial instruments		(325)	184
Net financial expenses	13	9,110	8,397
Administration expenses		2,474	2,115
Net change in fair value of investment properties and disposition expenses	3	196	-
Net income and comprehensive income for the period		**7,153**	**8,802**

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, 2024		**400,774**	**(228,065)**	**304,945**	**477,654**
Issuance of units, net of issuance expenses	11	1,446	-	-	1,446
Distribution to unitholders	11	-	(6,529)	-	(6,529)
		402,220	(234,594)	304,945	472,571
Comprehensive income		-	-	7,153	7,153
Balance as at March 31, 2024		**402,220**	**(234,594)**	**312,098**	**479,724**
Balance as at January 1, 2023		**395,960**	**(202,235)**	**268,347**	**462,072**
Issuance of units, net of issuance expenses	11	1,904	-	-	1,904
Distribution to unitholders	11	-	(6,421)	-	(6,421)
		397,864	(208,656)	268,347	457,555
Comprehensive income		-	-	8,802	8,802
Balance as at March 31, 2023		**397,864**	**(208,656)**	**277,149**	**466,357**

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, 2024	2023
		$	$
Operating activities			
Net income for the period		7,153	8,802
Adjusted for:			
Net change in fair value of investment properties	3	(6)	-
Depreciation of property and equipment		17	23
Unit-based compensation	10	400	197
Straight-line lease adjustment	12	(394)	(633)
Lease incentive amortization	12	690	728
Financial income		(573)	(306)
Net financial expenses	13	9,110	8,397
		16,397	17,208
Adjustment for changes in other working capital items		(4,254)	(1,551)
Net cash from operating activities		**12,143**	**15,657**
Investing activities			
Acquisitions of investment properties net of mortgage loans assumed	3	-	(28,920)
Additions to investment properties	3	(2,011)	(1,512)
Net proceeds from dispositions of investment properties	3	3,240	-
Acquisition of property and equipment		13	-
Net cash (used in) from investing activities		**1,242**	**(30,432)**
Financing activities			
Mortgage loans, net of financing expenses		9,623	16,619
Repayment of mortgage loans		(16,649)	(4,787)
Bank loans		8,401	15,153
Lease liability payments		(2)	(2)
Net distribution to unitholders		(5,629)	(5,533)
Net distribution – Class B LP units	8	(52)	(22)
Interest paid		(8,208)	(7,388)
Net cash (used in) from financing activities		**(12,516)**	**14,040**
Net change in cash and cash equivalents		**869**	**(735)**
Cash and cash equivalents, beginning of period		**912**	**2,404**
Cash and cash equivalents, end of period		**1,781**	**1,669**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three-months ended March 31, 2024 and 2023
(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, Montréal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month period ended March 31, 2024 and 2023 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, 2023.

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, 2023.

These condensed consolidated interim financial statements were approved by the Board of Trustees on May 3, 2024.

(b) Risks and uncertainties related to the increase of the Bank of Canada policy interest rate

The increase of the Bank of Canada policy interest rate has created a heightened level of uncertainty on the economy. The rise of the policy rate has had trivial effects to Trust's operations and ability to negotiate new and renewals of mortgages. Given the situation, there could be certain repercussions on the mortgage refinancing activities, the fair value of the investment properties, certain investment decisions and the level of transactions of the market. The Trust will continue to monitor the effects of the Bank of Canada policy interest rise on its investment activities and valuation of the investment properties.

(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,
	2024	**2023**
	$	$
Balance beginning of period	1,207,522	1,164,881
Initial recognition of right-of-use assets	-	3,133
Acquisitions of investment properties (note 3(a))	-	36,306
Dispositions of investment properties (note 3(b))	(6,216)	-
Capital expenditures	787	7,510
Capitalized leasing fees	325	2,247
Capitalized lease incentives	899	2,663
Lease incentives amortization	(690)	(2,783)
Straight-line lease adjustment	394	1,963
Net transfer to finance lease	-	(10,399)
Net changes in fair value of investment properties	6	2,001
Balance end of period	**1,203,027**	**1,207,522**

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 and Discounted Cash Flow methods.

In determining the fair value of investment properties, 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, 2024, no independent external appraisals were obtained for investment properties (December 31, 2023 - appraisals obtained for investment properties having a total fair value of $904,893).

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

	Industrial	Suburban office	Necessity-based retail
As at March 31, 2024			
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%
As at December 31, 2023			
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%

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, 2024, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at March 31, 2024.

Capitalization rate sensitivity **Increase (decrease)**	Fair Value	Change in fair value
	$	$
(0.50)%	1,301,777	98,750
(0.25)%	1,250,429	47,402
Base rate	1,203,027	-
0.25%	1,159,129	(43,898)
0.50%	1,118,355	(84,672)

(a) Acquisitions

There were no acquisitions during the three-month period ended March 31, 2024.

(b) Dispositions

The fair value of the assets and liabilities derecognized in the consolidated statement of financial position on the date of the disposition during the three-month period ended March 31, 2024, were as follows:

Disposal date	Property type	Location	Gross proceeds	Mortgage reimbursement	Disposition expenses	Net proceeds
			$	$	$	$
March 2024	Suburban office	Montréal, QC	3,190	(1,563)	(101)	1,526
March 2024	Suburban office	Montréal, QC	3,218	(1,403)	(101)	1,714
Total			**6,408**	**(2,966)**	**(202)**	**3,240**

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

Three-month periods ended March 31,	2024	2023
	$	$
Net changes in fair value of investment properties	6	-
Disposition expenses	(202)	-
	(196)	**-**

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.

The following table summarizes the changes in fair value of investment properties by segment for the periods ended March 31, 2024, and March 31, 2023:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2024	2023
	$	$
Industrial	-	-
Suburban office	6	-
Necessity-based retail	-	-
Total change in fair value	**6**	**-**

4. Receivables

	As at March 31, 2024	As at December 31, 2023
	$	$
Rents receivable	4,462	2,201
Allowance for expected credit losses	(727)	(731)
Net rents receivable	3,735	1,470
Unbilled recoveries	1,216	1,572
Other receivables	350	230
Total	**5,301**	**3,272**

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 receivables 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.

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 $1,163,482 as at March 31, 2024 (December 31, 2023 – $1,168,069).

	As at March 31,	As at December 31,
	2024	**2023**
	$	$
Fixed rate mortgage loans payable	555,741	565,519
Floating rate mortgage loans payable	74,772	74,906
Unamortized fair value assumption adjustments	90	160
Unamortized financing expenses	(2,376)	(2,505)
Mortgage loans payable	**628,227**	**638,080**
Short-term portion	124,953	160,278
Weighted average interest rate	4.40%	4.37%
Weighted average term to maturity (years)	3.16	3.24
Range of annual rates	2.37% - 8.95%	2.37% - 8.95%

As at March 31, 2024, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2024 [1]	12,759	112,194	124,953
2025	14,915	57,838	72,753
2026	12,748	108,601	121,349
2027	8,867	100,508	109,375
2028	4,927	88,118	93,045
Thereafter	10,630	98,408	109,038
	64,846	**565,667**	**630,513**
Unamortized fair value assumption adjustments			90
Unamortized financing expenses			(2,376)
			628,227

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 notional amount	
					As at March 31, 2024	As at December 31, 2023
	$	%			$	$
June 2016	13,000	3.27	Quarterly	June 2026	10,159	10,257
November 2017	23,200	3.89	Monthly	November 2027	20,439	20,619
November 2017	23,075	3.90	Monthly	December 2027	19,219	19,392
Total	**59,275**				**49,817**	**50,268**

6. Convertible Debentures

As at March 31, 2024, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

		Interest rates				
	Capital	Coupon	Effective	Unit conversion price	Interest payments	Maturity
		%	%	$		
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024
Series H	19,917	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at March 31, 2024			
Non-derivative liability component upon issuance	24,000	18,130	42,130
Accretion of non-derivative liability component	-	1,147	1,147
	24,000	19,277	43,277
Conversion options exercised by holders	-	-	-
	24,000	19,277	43,277
Unamortized financing expenses	(192)	(402)	(594)
Non-derivative liability component	**23,808**	**18,875**	**42,683**
Conversion and redemption options liability (asset) component at fair value	**-**	**387**	**387**

	Series G	Series H	Total
	$	$	$
As at December 31, 2023			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	1,055	1,055
	24,000	28,364	52,364
Conversion options exercised by holders	-	(9,179)	(9,179)
	24,000	19,185	43,185
Unamortized financing expenses	(269)	(456)	(725)
Non-derivative liability component	**23,731**	**18,729**	**42,460**
Conversion and redemption options liability component at fair value	**-**	**288**	**288**

Series G

As of March 31, 2024, no conversion options have been exercised by holders on debentures.

Series H

As of March 31, 2024, conversion options have been exercised by holders on debentures representing a nominal amount of $10,083 (December 31, 2023 – $10,083).

7. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of $8,000. This line of credit bears interest at a rate of 1% above the prime rate. As at March 31, 2024, $ 3,500 was due under the acquisition line of credit (December 31, 2023 – $950). The line of credit is secured by an immoveable second rank hypothec on five properties having a fair value of $95,943.

The second is a revolving credit facility in the amount of $50,000 with an accordion option of up to an additional $10,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Bankers' Acceptance rate. As at March 31, 2024, $41,297 was due under the revolving credit facility (December 31, 2023 - $35,409).

The revolving credit facility is secured by an immoveable first rank hypothec on two properties having a fair value of $39,545 and by negative pledge of a selection of borrowing base properties having a fair value of $364,691.

8. Class B LP Units

	Three-month period ended March 31, 2024		Year ended December 31, 2023	
	Units	$	Units	$
Units outstanding, beginning of period	697,265	2,043	347,265	1,268
Issuance of Class B LP units - Acquisition	-	-	550,000	2,475
Exchange into Trust units	-	-	(200,000)	(724)
Fair value adjustment	-	160	-	(976)
Units outstanding, end of period	**697,265**	**2,203**	**697,265**	**2,043**

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,	2024	2023
	$	$
Distribution to Class B LP unitholders	52	22
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 equivalents, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at March 31, 2024 because of their short-term maturity or because they bear interest at current market rates.

As at March 31, 2024	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	387	-	-	387
Interest rate swap asset	(3,115)	-	(3,115)	-
Class B LP Units (note 8)	2,203	2,203	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	630,513	-	599,897	-
Convertible debentures, including their conversion and redemption features (note 6)	43,070	43,459	-	-
Bank loans (note 7)	44,797	-	44,797	-

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 rates 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, 2024	
Balance beginning of period	288
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	99
Balance end of period	**387**

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, 2024:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	364	18.35
March 31, 2024	387	18.85
0.50%	410	19.35

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,	2024	2023
	Deferred units	Deferred units
Outstanding, beginning of period	151,412	121,727
Trustees' compensation	7,079	2,470
Distributions paid in units	3,738	2,458
Outstanding, end of period	**162,229**	**126,655**

As at March 31, 2024, the liability related to the plan was $511 (December 31, 2023 - $446). The related figures recorded in profit and loss amounted to an expense of $72 for the three-month period ended March 31, 2024 (for the three-month period ended March 31, 2023 – expense of $3).

(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 7% to 10% of their base salary depending on their position occupied within the Trust. For each two units purchased by an employee, the Trust issues one unit from treasury.

As at March 31, 2024, the liability related to the plan was $2 (December 31, 2023 - $87). The related revenue recorded in profit and loss amounted to $10 for the three-month period ended March 31, 2024 (for the three-month period ended March 31, 2023 - revenue of $1). The 25,932 units related to 2023 purchases were issued in March 2024 (11,605 units related to 2022 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,	2024	2023
	Restricted units	Restricted units
Outstanding, beginning of period	220,306	138,583
Granted	265,180	217,072
Cancelled	(28,212)	-
Settled	(156,025)	(26,601)
Outstanding, end of period	**301,249**	**329,054**

As at March 31, 2024, the liability related to the plan was $420 (December 31, 2023 - $597). The related expense recorded in profit and loss amounted to $307 for the three-month period ended March 31, 2024 (for the three-month period ended March 31, 2023 – expense of $181).

(d) Cash settled share-based retirement compensation plan

As at March 31, 2024, the long-term obligation related to the plan was $622 (December 31, 2023 - $593). The related expense recorded in profit and loss amounted to $31 for the three-month period ended March 31, 2024 (for the three-month period ended March 31, 2023 – expense of $14).

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,	
		2024
	Units	$
Trust units outstanding, beginning of period	86,705,901	400,774
Issue pursuant to the distribution reinvestment plan (a)	301,404	887
Issue pursuant to the employee unit purchase plan (note 10 (b))	27,685	75
Issue pursuant to the restricted unit compensation plan (note 10 (c))	154,990	484
Trust units outstanding, end of period	**87,189,980**	**402,220**

(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,	2024	2023
	$	$
Distribution to unitholders	6,529	6,387
Distribution per Trust unit	0.075	0.075

(c) Normal course issuer bid ("NCIB")

As of March 31, 2024, no units have been repurchased for cancellation.

12. Rental Revenues

Three-month periods ended March 31,	2024	2023
	$	$
Base rent and other lease generated revenues	19,711	21,054
Lease cancellation fees	45	-
Property tax and insurance recoveries	6,509	6,173
	26,265	27,227
Operating expenses recoveries and other revenues	6,667	5,779
Lease incentive amortization	(690)	(728)
Straight-line lease adjustment	394	633
	32,636	**32,911**

13. Net Financial Expense

Three-month periods ended March 31,	2024	2023
	$	$
Interest on mortgage loans payable	7,072	6,724
Interest on convertible debentures	709	709
Interest on bank loans	934	344
Interest on lease liabilities	92	79
Other interest expense	16	17
Accretion of non-derivative liability component of convertible debentures	92	82
Accretion of effective interest on mortgage loans payable and convertible debentures	308	236
Distributions - Class B LP Units	52	22
Fair value adjustment – Class B LP Units	160	-
Net adjustment to fair value of derivative financial instruments	(325)	184
	9,110	**8,397**

14. Expenses by Nature

Three-month periods ended March 31,	2024	2023
	$	$
Depreciation	17	23
Employee compensation and benefits expense	3,256	2,773

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,	2024	2023
	$	$
Net income	7,153	8,802
Weighted average number of trust units outstanding – basic	87,521,586	85,911,854
Earnings per unit – basic	**0.08**	**0.10**

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, 2024, 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
- Suburban office
- Necessity-based retail

	Industrial	Suburban office	Necessity-based retail	Total
	$	$	$	$
Three-month period ended March 31, 2024				
Investment properties	440,428	513,086	249,513	**1,203,027**
Rental revenue from properties	8,604	16,438	7,594	**32,636**
Net operating income	6,223	7,820	4,317	**18,360**
Three-month period ended March 31, 2023				
Investment properties	377,331	571,342	249,678	**1,198,351**
Rental revenue from properties	7,020	18,839	7,052	**32,911**
Net operating income	5,341	9,646	4,021	**19,008**

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.

Board of Trustees

Michel Léonard
President, CEO & Trustee

Jocelyn Proteau
Chair of the Board & Trustee[2]

Jean-Pierre Janson
Vice-Chair of the Board & Trustee[2]

Lucie Ducharme
President, Human Resources and Governance Committees & Trustee[1][2]

Luc Martin
President, Audit Committee & Trustee[1]

Fernand Perreault
President, Investment Committee & Trustee[3]

Armand Des Rosiers
Trustee[3]

Sylvie Lachance
Trustee[1][3]

Christine Marchildon
Trustee[2]

(1) Member of the Audit Committee
(2) Member of the Human Resources and Governance Committee
(3) Member of the Investments Committee

Unitholders Information

Head office
BTB Real Estate Investment Trust
1411 Crescent Street, Suite 300
Montréal, Québec, H3G 2B3
T 514 286-0188
www.btbreit.com

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

Transfer agent
Computershare Investor Services
1500 Robert-Bourassa Blvd
7th floor, Montréal, Québec, H3A 3S8 Canada
T 514 982-7555
T Toll free: 1 800-564-6253
F 514 982-7850
service@computershare.com

Taxability of distributions
In 2023, for all Canadian unitholders, the distributions were fiscally treated as follow:
Other revenues: 0%
Fiscal Deferral: 100%

Auditors
KPMG LLP.
600 De Maisonneuve Blvd West
Suite 1500
Montréal, Québec, H3A 0A3

Legal counsel
Legal Advisors - Stikeman Elliott S.E.N.C.R.L., s.r.l.
41-1155 Boulevard René-Lévesque West, Montréal, QC H3B 3V2

Annual General Meeting
June 20th, 2024
10:00 a.m. (EDT)
Mount Royal Club
Livestream available:
https://bit.ly/3xZFYzm

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%.

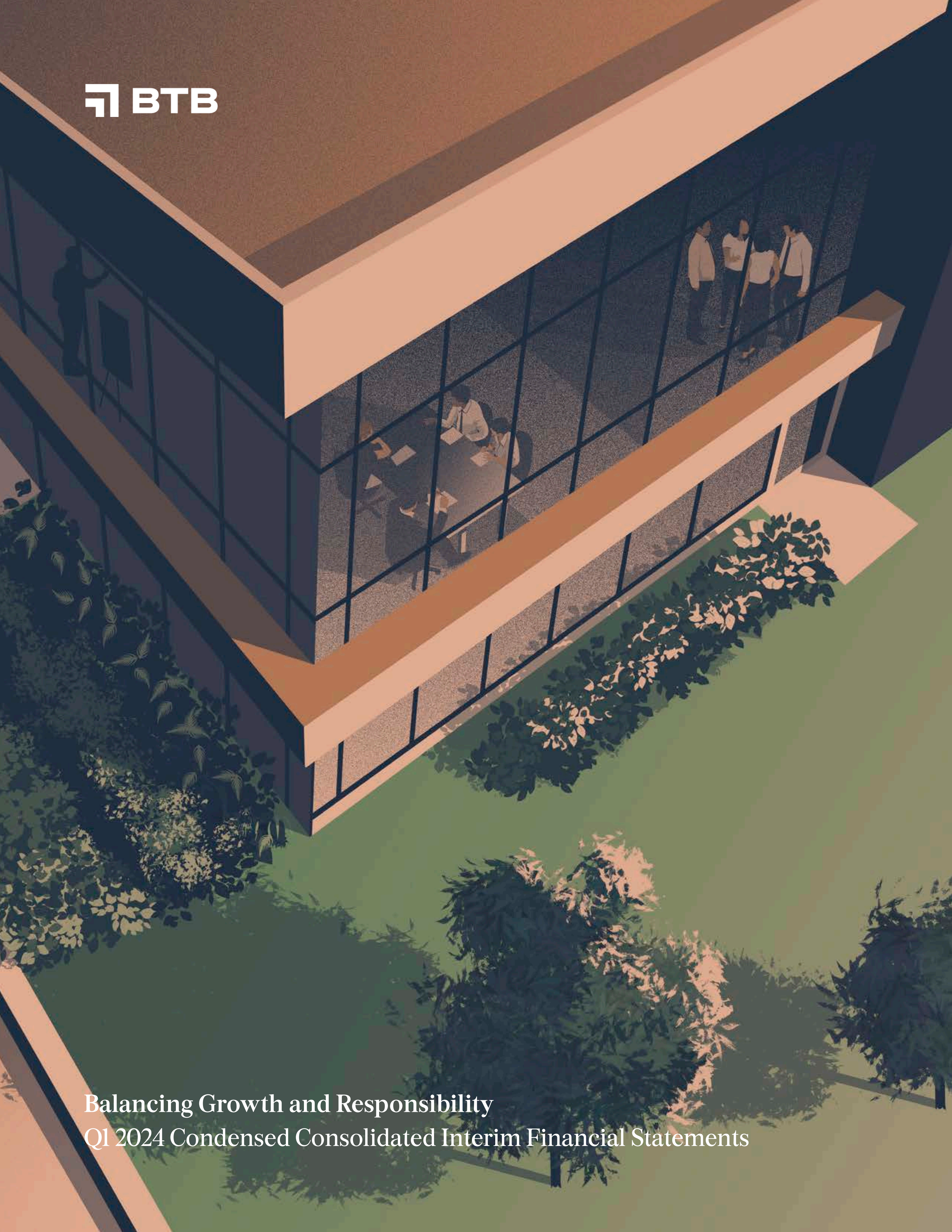
For further information about the Distribution Reinvestment Plan, please refer to the Investor relations section of our website at www.btbreit.com or contact the Plan agent: Computershare Investor Services.

Cover illustration by Romain Lasser
3190 F.-X.-Tessier Street, Vaudreuil-Dorion, QC

BTB

Balancing Growth and Responsibility

Q1 2024 Management Discussion and Analysis



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Balancing Growth and Responsibility

Q1 2024 Condensed Consolidated Interim Financial Statements