



Opportunities in a *Changing Economy*: First Quarterly Report 2025

Management Discussion & Analysis



BTB

Non-IFRS Financial Measures – Definitions

Non-IFRS Measure	Definition	Reconciliation
Adjusted net income	<p>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.</p> <p>The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the real estate market.</p>	Operating results – Adjusted net income
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)	<p>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.</p> <p>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.</p>	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	<p>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.</p> <p>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.</p>	Operating results – Same-Property Portfolio
Funds from Operations (“FFO”) and FFO Adjusted	<p>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.</p> <p>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.</p> <p>The Trust believes FFO and FFO Adjusted are key measures of operating performance and allow the investors to compare its historical performance.</p>	Funds from Operations (FFO); Cash Flows; and Appendix 2

Non-IFRS Measure	Definition	Reconciliation
Adjusted Funds from Operations ("AFFO") and AFFO Adjusted	<p>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.</p> <p>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.</p> <p>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.</p>	Adjusted Funds from Operations (AFFO); Cash Flows; and Appendix 2
FFO and AFFO per unit and FFO adjusted and AFFO adjusted per unit	<p>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.</p> <p>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.</p>	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO)
FFO and AFFO payout ratios and FFO Adjusted and AFFO Adjusted payout ratios	<p>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, FFO Adjusted and AFFO Adjusted per unit in each period.</p> <p>The Trust considers these metrics a useful way to evaluate its distribution paying capacity.</p>	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO); and Appendix 2
Total Debt Ratio	<p>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.</p> <p>The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.</p>	Capital Resources – Debt ratio
Total Mortgage Debt Ratio	<p>Mortgage debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total mortgage 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 mortgage debt obligations and its capacity for future additional acquisitions.</p>	Capital Resources – Mortgage ratio
Interest Coverage Ratio	<p>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).</p> <p>The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.</p>	Capital Resources – Interest coverage ratio
Debt Service Coverage Ratio	<p>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).</p> <p>The Trust considers this metric useful as it indicates its ability to meet its debt service obligations for a given period.</p>	Capital Resources – Debt service coverage ratio

Management Discussion & *Analysis*

Three-month period ended March 31, 2025



7150 Alexander-Fleming Street, St-Laurent, QC



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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 t 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, 2025, 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 2, 2025, should be read together with the consolidated financial statements and accompanying notes for the period ended March 31, 2025. 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 MD&A and the consolidated financial statements and the Trust’s Board of Trustees has approved them.

Forward-Looking Statements – Caveat

From time to time, written or oral forward-looking statements are made within the meaning of applicable Canadian securities legislation. Forward-looking statements are made in this MD&A, 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 forward looking 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, 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 appendix 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, 2025, 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 I convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN” and “BTB.DB.I”, 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, 2025	75	6,125,735	1,235,460

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 properties if they no longer meet the Trust's investment criteria.

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

Highlights Of The First Quarter Ended March 31, 2025

Rental revenue: Stood at \$34.4 million for the quarter, which represents an increase of 5.4% compared to the same quarter of 2024.

Net operating income (NOI): Totalled \$19.8 million for the quarter, which represents an increase of 8.0% compared to the same quarter of 2024. The increase is driven by : (1) a partial lease cancellation payment of \$1.0 million from a tenant in the suburban office segment which space has already been leased by the Trust; (2) operating improvements, higher rent renewal rates, and increases in rental spreads for in-place leases (\$0.3 million); and (3) the new Winners/HomeSense lease which begun in February 25, 2025 (\$0.1 million).

Net income and comprehensive income: Totalled \$7.6 million for the quarter, which represents an increase of 6.4% or \$0.5 million. The result for the quarter is affected by: (1) an increase in NOI of \$1.5 million; and (2) a \$0.5 million decrease in administrative expenses which are partly offset by (3) a \$0.6 million increase in net financial expenses before fair value adjustments; and (4) a \$1.1 million non-cash loss in the net adjustment of the fair value of derivative financial instruments.

Same-property NOI⁽¹⁾: For the quarter, the same-property NOI increased by 7.3% compared to the same period in 2024.

FFO adjusted per unit⁽¹⁾: Was 11.1¢ per unit for the quarter compared to 10.2¢ per unit for the same period in 2024, representing an increase of 0.9¢ per unit or 8.8%. The increase is explained by the previously outlined increase in NOI, decrease in administrative expenses and increase in net financial expenses before fair value adjustments. FFO adjusted per unit is negatively impacted by an increase in weighted average number of units outstanding of 1.3 million units compared to the same period in 2024. To nullify this dilution, the Trust suspended the distribution reinvestment plan ("DRIP") on February 24, 2025.

FFO adjusted payout ratio⁽¹⁾: Was 67.4% for the quarter compared to 73.5% for the same period in 2024, a decrease of 6.1%.

AFFO adjusted per unit⁽¹⁾: Was 10.3¢ per unit for the quarter compared to 8.9¢ per unit for the same period in 2024, representing an increase of 1.4¢ per unit or 15.7%, in line with the increase of FFO adjusted.

AFFO adjusted payout ratio⁽¹⁾: Was 72.7% for the current quarter compared to 83.9% for the same period in 2024, a decrease of 11.2%.

Leasing activity: During the quarter, the Trust completed lease renewals totaling 81,876 square feet and new leases totaling 56,629 square feet. The increase in the average rent renewal rate for the current quarter was 5.1%. The occupancy rate stood at 92.5%, a 20 basis points decrease compared to the prior quarter and a 200 basis points decrease compared to the same period in 2024. The decrease in the occupancy rate is primarily due to the bankruptcy of a previously reported tenant.

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

Liquidity position: The Trust held \$5.5 million of cash at the end of the quarter and \$25.2 million is available under its credit facilities.⁽²⁾

Debt metrics: BTB ended the quarter with a total debt ratio⁽¹⁾ of 57.7%, recording a decrease of 20 basis points compared to December 31, 2024. The Trust ended the quarter with a mortgage debt ratio⁽¹⁾ of 52.1%, a decrease of 70 basis points compared to December 31, 2024.

Debentures: On January 23, 2025, the Trust issued Series I convertible, unsecured, subordinated debentures bearing 7.25% interest payable semi-annually and maturing on February 28, 2030, in the amount of \$40.25 million. The Serie I debentures are convertible at the holder's option at any time before February 28, 2030, at a conversion price of \$4.10 per unit.

On February 24, 2025, the Trust fully redeemed and paid at maturity the Series H convertible debentures at their nominal value of \$19.9 million.

Distribution reinvestment plan ("DRIP"): On February 24, 2025, the Trust suspended the distribution reinvestment plan ("DRIP"). Until further notice, unitholders who were enrolled in the DRIP will automatically receive distribution payments in the form of cash. Computershare Trust Company of Canada, as administrator of the DRIP, has already or will forward a notice and related documentation to all current DRIP participants.

Summary of significant items as at March 31, 2025

- Total number of properties: 75
- Total leasable area: 6.1 million square feet
- Total asset value: \$1.3 billion
- Market capitalization: \$300 million (unit trading price of \$3.40 as at March 31, 2025)

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(2) Credit facilities is a term used that reconciles with the bank loans as presented and defined in the Trust's consolidated financial statements and accompanying notes.

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31, (in thousands of dollars, except for ratios and per unit data)		Quarter	
		2024	2023
	Reference (page)	\$	\$
Financial information			
Rental revenue	45	34,411	32,636
Net operating income (NOI)	44	19,821	18,360
Net income and comprehensive income	44	7,608	7,153
Adjusted net income ⁽¹⁾	48	8,504	7,183
Adjusted EBITDA ⁽¹⁾	49	18,235	17,036
NOI from the same-property portfolio ⁽¹⁾	50	19,450	18,121
Distributions	51	6,666	6,581
FFO Adjusted ⁽¹⁾	52	9,880	8,925
AFFO Adjusted ⁽¹⁾	53	9,167	7,819
Cash flow from operating activities	55	15,364	12,344
Total assets	56	1,264,459	1,229,194
Investment properties	56	1,235,460	1,203,027
Mortgage loans	58	659,359	628,227
Convertible debentures	59	34,648	42,683
Credit facilities		34,276	44,797
Mortgage debt ratio ⁽¹⁾	60	52.1%	51.3%
Total debt ratio ⁽¹⁾	60	57.7%	58.3%
Weighted average interest rate on mortgage debt	46	4.35%	4.40%
Market capitalization		299,979	275,102
Financial information per unit			
Units outstanding (000)	62	88,229	87,190
Class B LP units outstanding (000)	61	697	697
Weighted average number of units outstanding (000)	62	88,127	86,824
Weighted average number of units and Class B LP units outstanding (000)	62	88,824	87,522
Net income and comprehensive income	44	8.6¢	8.2¢
Adjusted net income ⁽¹⁾	48	9.6¢	8.2¢
Distributions	51	7.5¢	7.5¢
FFO Adjusted ⁽¹⁾	52	11.1¢	10.2¢
Payout ratio on FFO Adjusted ⁽¹⁾	52	67.4%	73.5%
AFFO Adjusted ⁽¹⁾	53	10.3¢	8.9¢
Payout ratio on AFFO Adjusted ⁽¹⁾	53	72.7%	83.9%
Market price of units		3.40	3.16
Tax on distributions			
Tax deferral	64	100.0%	100.0%
Operational information			
Number of properties	40	75	75
Leasable area (thousands of sq. ft.)	40	6,126	6,087
Committed occupancy rate	40	92.5%	94.5%
Increase in average lease renewal rate	42	5.1%	8.4%

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

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)	2025 Q-1	2024 Q-4	2024 Q-3	2024 Q-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2
	\$	\$	\$	\$	\$	\$	\$	\$
Rental revenue	34,411	32,671	32,505	32,218	32,636	31,922	31,285	31,708
Net operating income (NOI)	19,821	19,082	18,753	18,856	18,360	19,255	18,075	19,041
Net income and comprehensive income	7,608	18,847	5,470	7,272	7,153	1,734	15,216	10,846
Net income and comprehensive income per unit	8.6¢	21.3¢	6.2¢	8.3¢	8.2¢	2.0¢	17.5¢	12.5¢
Cash flow from operating activities	15,364	18,482	16,418	18,759	12,345	21,560	16,317	17,320
FFO Adjusted ⁽¹⁾	9,880	9,656	9,426	9,149	8,925	9,688	9,030	10,195
FFO Adjusted per unit ⁽¹⁾	11.1¢	10.9¢	10.7¢	10.4¢	10.2¢	11.1¢	10.4¢	11.8¢
AFFO Adjusted ⁽¹⁾	9,167	8,923	8,581	8,230	7,819	8,966	7,675	9,433
AFFO Adjusted per unit ⁽¹⁾	10.3¢	10.1¢	9.7¢	9.4¢	8.9¢	10.3¢	8.8¢	10.9¢
Distributions ⁽²⁾	6,666	6,648	6,627	6,605	6,581	6,547	6,524	6,489
Distributions per unit ⁽²⁾	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 33.

(2) 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 investment properties, to revenues and to net operating income (NOI) for the three-month periods ended March 31, 2025, and March 31:

Quarters ended March 31 (in thousands of dollars)	Industrial		Suburban office		Necessity-based retail		Total
	\$	%	\$	%	\$	%	\$
Quarter ended March 31, 2025							
Investment properties	453,174	37	513,871	41	268,415	22	1,235,460
Rental revenue	8,392	25	18,011	52	8,008	23	34,411
Net operating income (NOI)	5,870	30	9,350	47	4,601	23	19,821
Quarter ended March 31, 2024							
Investment properties	440,428	36	513,086	43	249,513	21	1,203,027
Rental revenue	8,604	27	16,438	50	7,594	23	32,636
Net operating income (NOI)	6,223	34	7,820	43	4,317	23	18,360

Industrial performance

The proportional fair value of industrial properties remained stable at 37% compared to the same period last year. The proportional percentage of rental revenue and net operating income decreased by 2% and 4% respectively compared to the same period last year due to the previously reported tenant bankruptcy. The bankruptcy also impacted the occupancy rate for the segment which decreased by 650 basis points to 93.5%, compared to the same period in 2024.

Suburban office performance

The proportional fair value of the suburban office properties decreased from 43% to 41% compared to the same period last year. The variance is due to the negative fair value adjustment of \$5.4 million, offset by a \$6.0 million increase due to capital expenditures, leasing fees and capitalized lease incentives. The proportional share of rental revenue for the quarter generated by the suburban office segment increased from 50% to 52% compared to the same quarter in 2024. 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 49,065 square feet in the suburban office segment with an average rent increase of 5.2%). The occupancy rate for this segment slightly decreased by 10 basis points to 88.5%, compared to the same period in 2024.

Necessity-based retail performance

The necessity-based retail segment continues to show good performance as most of the properties in this segment are anchored by necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the first quarter of 2025 stood at 98.5%. For the quarter, the Trust concluded lease renewals for a total of 25,389 square feet in the necessity-based retail segment with an average rent increase of 5.4%. For the quarter, the proportional share of rental revenue and of net operating income (NOI) remained stable at 23% for both, compared to the same period last year.

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.

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

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

Real Estate Portfolio

At the end of the first quarter of 2025, BTB owned 75 properties, representing a total fair value of approximately \$1.2 billion 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.sedarplus.com.

Summary of investment properties held as at March 31, 2025

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Industrial	32	2,085,319	93.5	93.5	34.0
Suburban office	32	2,609,571	88.5	86.9	42.6
Necessity-based retail	11	1,430,845	98.5	97.7	23.4
Total portfolio	75	6,125,735	92.5	91.7	100.0

Geographic sector	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Montréal	38	3,261,893	92.0	91.5	53.2
Quebec City	10	1,276,939	87.6	84.8	20.8
Trois-Rivières	2	149,077	75.9	75.9	2.5
Ottawa	11	809,115	99.6	99.6	13.2
Edmonton	10	405,239	100.0	100.0	6.6
Saskatoon	4	223,472	100.0	100.0	3.7
Total portfolio	75	6,125,735	92.5	91.7	100.0

Dispositions of investment properties

The Trust did not dispose of any property during the first quarter of 2025.

Acquisitions of investment properties

The Trust did not acquire any property during the first quarter of 2025.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in sq. ft.)	Quarter	
	2025	2024
Occupied area at the beginning of the period⁽¹⁾	5,676,015	5,762,653
Purchased (sold) assets	-	(24,963)
Signed new leases	56,629	58,062
Tenant departures	(64,643)	(43,821)
Other ⁽²⁾	-	-
Occupied leasable area at the end of the period⁽¹⁾	5,668,001	5,751,931
Vacant leasable area at the end of the period⁽³⁾	457,734	335,134
Total leasable area at the end of the period	6,125,735	6,087,065

(1) The occupied area includes in place and committed agreements.

(2) Other adjustments on the occupied area represent mainly area remeasurements and new leases related to a development project.

(3) The vacant leasable area and total leasable area were adjusted by 7,200 square feet affecting an existing property in the necessity-based retail segment in Dollard-Des-Ormeaux, Québec.

Compared to the same period last year, the Trust saw a decrease in its committed occupancy rate by 200 basis points from 94.5% to 92.5%, primarily due to the previously mentioned bankruptcy of a tenant that occupied 132,665 square feet in an industrial property located in Laval, Québec.

Leasing activities

The following table summarizes the lease renewal activity for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in sq. ft.)	Quarter	
	2025	2024
Leases expired at term	141,910	135,612
Renewed leases at term	77,504	91,791
Lease renewal rate	54.6%	67.7%

The most significant lease renewals concluded during the quarter were attributed to Dollarama (in the necessity-based retail segment), located in the Dollard-Des-Ormeaux borough in Montréal, Québec, representing 9,850 square feet, the Government of Canada (in the suburban office segment), located in Quebec City representing 8,610 square feet and to Soplex Insurance Solutions (in the suburban office segment), a local insurance broker located in Quebec City representing 7,704 square feet.

In addition, the Trust also renewed leases with existing tenants, where their leases came to maturity in 2025 or thereafter, representing a total of 4,372 square feet for the quarter.

In all, the Trust's total lease renewal activity amounted to 81,876 square feet for the quarter.

Average lease renewal rate

Operating segment	Quarter	
	Renewals (sq. ft.)	Increase (%)
Industrial	7,422	-11.8%
Suburban office	49,065	5.2%
Necessity-based retail	25,389	5.4%
Total	81,876	5.1%

The recorded decrease in the average lease renewal rate for the industrial segment is mainly due to the long-term lease renewal concluded with Claigan Environmental located in Ottawa representing 7,422 square feet.

New leases

During the quarter, the Trust leased a total of 56,629 square feet to new tenants. The most significant new lease concluded during the quarter was a long-term lease representing 30,352 square feet (recorded as “in place” in the necessity-based retail segment) with Value Village, in the city of Saint-Bruno-de-Montarville of Montréal, Québec and a long-term lease representing 13,728 square feet (recorded as “committed” in the suburban office segment) with the Government of Canada, located in Quebec City. The remaining 12,549 square feet represent a combination of new “in place” tenants and “committed” tenants, thereby leaving 457,734 square feet of leasable area available for lease at the end of the quarter.

During the quarter, a total of 26,277 square feet or 46.4% of new leases were concluded in the suburban office segment and a total of 30,352 square feet or 53.6% of new leases were concluded in the necessity-based retail segment.

Occupancy rates

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

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Operating segment	%	%	%	%	%
Industrial	93.5	93.5	93.5	100.0	100.0
Suburban office	88.5	88.5	88.3	88.8	88.6
Necessity-based retail	98.5	99.0	97.9	97.4	97.3
Total portfolio	92.5	92.7	92.3	94.6	94.5

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Geographic sector	%	%	%	%	%
Montréal	92.0	92.2	92.6	96.7	96.6
Quebec City	87.6	87.9	85.2	85.6	85.7
Trois-Rivières	75.9	75.2	75.4	75.5	73.2
Ottawa	99.6	99.7	99.4	98.8	99.1
Edmonton	100.0	100.0	100.0	100.0	100.0
Saskatoon	100.0	100.0	100.0	100.0	100.0
Total portfolio	92.5	92.7	92.3	94.6	94.5

Lease maturities

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

	2025	2026	2027	2028	2029
Industrial					
Leasable area (sq. ft.)	163,164	298,878	94,051	221,941	86,014
Average lease rate/square foot (\$) ⁽¹⁾	\$10.09	\$13.03	\$12.21	\$16.78	\$16.31
% of industrial portfolio	7.82%	14.33%	4.51%	10.64%	4.12%
Suburban office					
Leasable area (sq. ft.)	195,313	417,232	356,547	223,618	298,530
Average lease rate/square foot (\$) ⁽¹⁾	\$17.92	\$14.91	\$17.10	\$15.83	\$15.57
% of office portfolio	7.48%	15.99%	13.66%	8.57%	11.44%
Necessity-based retail					
Leasable area (sq. ft.)	119,699	114,034	126,220	49,905	255,182
Average lease rate/square foot (\$) ⁽¹⁾	\$18.25	\$13.94	\$15.50	\$19.67	\$13.23
% of retail portfolio	8.37%	7.97%	8.82%	3.49%	17.83%
Total portfolio					
Leasable area (sq. ft.)	478,176	830,144	576,818	495,464	639,726
Average lease rate/square foot (\$) ⁽¹⁾	\$15.33	\$14.10	\$15.95	\$16.64	\$14.74
% of total portfolio	7.81%	13.55%	9.42%	8.09%	10.44%

(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, 2025, the weighted average lease term stood at 5.6 years compared to 5.9 years for the same period in 2024. In addition, to secure future revenue for the Trust and to solidify its tenant base, the Trust's lease renewal strategy is also focused on renewing leases prior to their maturities to increase the average outstanding lease terms.

Top 10 tenants

The Trust's three largest tenants are the Government of Québec, and the Government of Canada (both in the suburban office segment), and Wal-Mart Canada Inc. (in the industrial segment), representing respectively 5.3%, 5.2%, and 2.0% of rental revenue.

43.0% of the Trust's total revenue is generated by leases signed with federal, provincial and municipal governments and publicly traded entities.

The following table shows the Top 10 tenants' contribution to total revenue as a percentage of revenue as at March 31, 2025. Their contribution accounts for 23.3% of rental revenue and represents 23.3% of the Trust's total leasable area:

Client	% of rental revenue	% of leasable area	Leasable area (sq. ft.)
Government of Québec	5.3	4.7	281,797
Government of Canada	5.2	4.4	265,578
Wal-Mart Canada Inc.	2.0	4.4	264,550
Nors (previously known as Strongco)	1.9	2.0	118,585
Bristol-Myers Squibb Canada Co	1.8	1.0	61,034
The Lion Electric Company	1.6	2.9	176,819
Groupe BBA Inc.	1.6	1.2	69,270
Mouvement Desjardins	1.3	1.0	61,576
Intrado Life & Safety Canada, Inc.	1.3	0.9	53,767
WSP	1.3	0.8	48,478
	23.3	23.3	1,401,454

Operating Results

The following table summarizes the financial results for the periods ended March 31, 2025, and March 31, 2024. This table should be read in conjunction with the consolidated financial statements and the accompanying notes:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Rental revenue	34,411	32,636
Operating expenses	14,590	14,276
Net operating income (NOI)	19,821	18,360
Net financial expenses and financial income	10,195	8,537
Administration expenses	2,018	2,474
Transaction costs	-	202
Fair value adjustment on investment properties	-	(6)
Net income and comprehensive income	7,608	7,153

Rental revenue

For the quarter, rental revenue stood at \$34.4 million, which represents an increase of 5.4% compared to the same quarter in 2024.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Operating expenses		
Maintenance, repairs and other operating costs	5,129	4,834
Energy	2,339	1,995
Property taxes and insurance	7,122	7,447
Total operating expenses	14,590	14,276
% of rental revenue	42.4%	43.7%

Operating expenses increased due to an overall increase in maintenance costs and energy offset by a slight decrease in municipal taxes due to a stability in overall municipal valuations for the suburban office and necessity-based retail segments. The operating expenses, as a percentage of revenues, decreased by 1.3% for the quarter compared to the same quarter last year.

Financial expenses and income

The following table summarizes financial expenses for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Financial income	(427)	(573)
Interest on mortgage loans	7,301	7,072
Interest on convertible debentures	754	709
Interest on credit facilities	475	934
Other interest expense	126	108
Interest expense net of financial income	8,229	8,250
Distributions on Class B LP units	52	52
Net financial expenses before non-monetary items	8,281	8,302
Accretion of effective interest on mortgage loans and convertible debentures	580	308
Accretion of non-derivative liability component of convertible debentures	438	92
Net financial expenses before the following items:	9,299	8,702
Fair value adjustment on derivative financial instruments	868	(325)
Fair value adjustment on Class B LP units	28	160
Net financial expenses net of financial income	10,195	8,537

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

Interest expense, net of financial income stood at \$8.2 million for the quarter compared to the same period last year. The stability in interest expense, net of financial income is explained by (i) a decrease of \$0.4 million for the interest expense payable on the revolving credit facilities due to a lower utilization and decrease in prime lending rates; (ii) an increase of \$0.2 million for the interest expense on mortgages loans; (iii) a slight increase of \$0.1 million of the interest expense on convertible debenture and finally; (iv) a decrease of \$0.1 million of the financial income.

As at March 31, 2025, the weighted average mortgage interest rate was 4.35%, 13 basis points higher than the average rate as at March 31, 2024 which stood at 4.22%. The increase is mainly due to the refinancing of fixed-rate mortgages and mortgages subject to floating-for-fixed interest rate swap at a higher interest rate.

The weighted average interest rate for fixed mortgage loans increased by 9 basis points to 4.16% (4.07% as at March 31, 2024). Interest rates on first-ranking mortgage loans ranged from 2.37% to 6.80% as at March 31, 2025, (2.37% to 8.95% as at March 31, 2024). The cumulative balance of the Trust's loans subject to a fixed interest rate is \$535.7 million.

The weighted average contractual interest rate for mortgages subject to variable interest rates was 6.45%, a decrease of 200 basis points compared to the same period in 2024 which was 8.45%. The cumulative balance of the Trust's loans subject to a variable rate is \$23.7 million. The weighted average contractual interest rate for mortgages subject to floating-for-fixed interest rate swap was 5.47% (4.86% net of finance income), a decrease of 68 basis points compared to the same period in 2024 which was 6.15% (3.78% net of finance income).

The cumulative balance of the Trust's loans subject to a floating-for-fixed interest rate swap is \$102.5 million.

The weighted average term of mortgage loans in place as at March 31, 2025, was 2.6 years (3.2 years as at March 31, 2024).

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, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Corporate expenses	1,678	2,007
Expected credit losses	146	67
Unit-based compensation	194	400
Trust administration expenses	2,018	2,474

Corporate expenses decreased by \$0.3 million for the quarter compared to the same period last year.

Expected credit losses remained stable for the quarter compared to the same period last year.

Unit-based compensation decreased by \$0.2 million for the quarter compared to the same period last year.

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 revalue 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. 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.

The following tables summarize the changes in fair value of investment properties by segment for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
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, 2025 and December 31, 2024:

As at March 31, 2025	Industrial	Suburban office	Necessity-based retail
Capitalization rate	5.25% - 7.75%	6.00% - 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%	6.25% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.11%	7.00%	7.03%
As at December 31, 2024			
Capitalization rate	5.25% - 7.75%	6.00% - 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%	6.25% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.11%	7.00%	7.03%

The weighted average capitalization rate for the entire portfolio as at March 31, 2025, was 6.68% (6.68% as at December 31, 2024), stable compared to December 31, 2024.

As at March 31, 2025, 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 \$45.1 million or an increase of \$48.7 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, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2025	2024
	\$	\$
Net income and comprehensive income	7,608	7,153
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	868	(325)
Fair value adjustment on Class B LP units	28	160
Adjusted net income⁽¹⁾	8,504	7,183
Per unit	9.6¢	8.2¢

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

Adjusted net income increased by \$1.3 million for the quarter compared to the same period last year mainly due to (1) an NOI increase of \$1.5 million; and (2) a decrease of administration expenses of \$0.5 million which are partly offset by (3) an increase of net financial expenses before fair value adjustments of \$0.4 million.

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

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, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2025	2024
	\$	\$
Net income being total comprehensive income for the period	7,608	7,153
Interest expense	8,656	8,823
Accretion of effective interest on mortgage loans and convertible debentures	580	308
Amortization of property and equipment	18	17
Lease incentive amortization	797	690
Fair value adjustment on investment properties	-	(6)
Fair value adjustment on derivative financial instruments	868	(325)
Fair value adjustment on Class B LP units	28	160
Unit-based compensation (Unit price remeasurement)	61	409
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	-	201
Straight-line lease adjustment	(381)	(394)
Adjusted EBITDA⁽¹⁾	18,235	17,036

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

For the quarter, the Adjusted EBITDA⁽¹⁾ increased by \$1.2 million compared to the same period last year mainly due to an increase in NOI of \$1.5 million and a decrease in administration expenses of \$0.5 million offset by an increase in interest expense net of financial income and other minor items totalling \$0.6 million.

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on March 31, 2024, and that are still owned by the Trust on March 31, 2025. Therefore, it excludes all the acquired⁽²⁾⁽³⁾ and disposed⁽²⁾⁽³⁾ properties during the years 2024 and 2025 and straight-line rent.

The following table summarizes the results of the same-property NOI⁽¹⁾ for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter		
	2025	2024	Δ %
	\$	\$	
Net operating income (NOI) as reported in the financial statements	19,821	18,360	8.0%
Straight line rent	381	394	
NOI less straight line rent	19,440	17,966	8.2%
NOI sourced from:			
Acquisitions	-	-	
Dispositions	-	(54)	
Corporation	10	209	
Same Property NOI⁽¹⁾	19,450	18,121	7.3%
Same Property NOI⁽¹⁾ sourced from:			
Industrial	5,695	5,963	-4.5%
Suburban office	9,159	7,844	16.8%
Necessity-based retail	4,596	4,314	6.5%
Same Property NOI⁽¹⁾	19,450	18,121	7.3%

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

Compared to the same quarter last year, the same-property net operating income (NOI)⁽¹⁾ increased by 7.3%.

For the quarter, the SPNOI for the industrial segment decreased by \$0.3 million or -4.5% compared to the same quarter last year, due to the previously reported tenant bankruptcy negatively impacting the NOI by \$0.4 million, offset by organic increases in lease rates for in-place leases.

For the quarter, the SPNOI for the suburban office segment increased by \$1.3 million or 16.8% compared to the same quarter last year. This increase was primarily driven by (1) the previously mentioned partial lease cancellation payment of \$1.0 million from a tenant and (2) leasing efforts resulting in higher average lease rates.

Finally, for the quarter, the SPNOI for necessity-based retail segment increased by \$0.3 million or 6.5% compared to the same quarter last year. The increase reflects the commencement of rental income from the new Winners/HomeSense lease which begun on February 25, 2025.

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(2) Refer to the Trust's consolidated financial statements dated May 2, 2025, 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, 2024, for the acquisitions and dispositions of the year 2024.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	Quarter	
	2025	2024
	\$	\$
Distributions		
Cash distributions	6,327	5,641
Cash distributions – Class B LP units	52	52
Distributions reinvested under the distribution reinvestment plan	287	888
Total distributions to unitholders	6,666	6,581
Percentage of reinvested distributions ⁽¹⁾⁽²⁾	4.3%	13.5%
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 2024.

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, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for per unit)	Quarter	
	2025	2024
	\$	\$
Net income and comprehensive income (IFRS)	7,608	7,153
Fair value adjustment on investment properties	-	(6)
Fair value adjustment on Class B LP units	28	160
Amortization of lease incentives	797	690
Fair value adjustment on derivative financial instruments	868	(325)
Leasing payroll expenses	466	591
Distributions - Class B LP units	52	52
Unit-based compensation (Unit price remeasurement)	61	409
FFO⁽¹⁾	9,880	8,724
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	201
FFO Adjusted⁽¹⁾	9,880	8,925
FFO per unit⁽¹⁾⁽²⁾⁽³⁾	11.1¢	10.0¢
FFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	11.1¢	10.2¢
FFO payout ratio⁽¹⁾	67.4%	75.2%
FFO Adjusted payout ratio⁽¹⁾	67.4%	73.5%

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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).

For the quarter, FFO Adjusted⁽¹⁾ was 11.1¢ per unit, compared to 10.2¢ per unit for the same quarter last year representing an increase of 0.9¢ per unit. The increase is explained by an increase in NOI of \$1.5 million, a decrease in administrative expenses of \$0.5 million offset by an increase in net financial expenses before fair value adjustments of \$0.6 million. FFO adjusted per unit is still negatively impacted by an increase in the weighted average number of units outstanding of 1.3 million units compared to the same period in 2024. To nullify this dilution, the Trust suspended the distribution reinvestment plan ("DRIP") on February 24, 2025.

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

Adjusted Funds from Operations (AFFO)⁽¹⁾

The following table provides a reconciliation of FFO⁽¹⁾ and AFFO⁽¹⁾ for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	Quarter	
	2025	2024
	\$	\$
FFO⁽¹⁾	9,880	8,724
Straight-line rental revenue adjustment	(381)	(394)
Accretion of effective interest	580	308
Amortization of other property and equipment	18	17
Unit-based compensation expenses	133	(9)
Provision for non-recoverable capital expenditures ⁽¹⁾	(688)	(653)
Provision for unrecovered rental fees ⁽¹⁾	(375)	(375)
AFFO⁽¹⁾	9,167	7,618
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	201
AFFO Adjusted⁽¹⁾	9,167	7,819
AFFO per unit⁽¹⁾⁽²⁾⁽³⁾	10.3¢	8.7¢
AFFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	10.3¢	8.9¢
AFFO payout ratio⁽¹⁾	72.7%	86.2%
AFFO Adjusted payout ratio⁽¹⁾	72.7%	83.9%

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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, the AFFO adjusted per unit was 10.3¢ per unit compared to 8.9¢ per unit for the same period in 2024, representing an increase of 1.4¢ per unit, in line with the increase of FFO adjusted. AFFO adjusted per unit was also negatively impacted by an increase in weighted average number of units outstanding of 1.3 million units compared to the same period in 2024. To nullify this dilution, the Trust suspended the distribution reinvestment plan ("DRIP") on February 24, 2025.

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 unrecoverable rental fees⁽²⁾ in the amount of approximately 25¢ per square foot of the leasable area of the Trust's properties, on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly represents, in the long term, the average disbursements not recovered directly in the rent that the Trust will receive. 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 33.

(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 last three years:

Periods ended March 31 and 12-month periods ended December 31 (in thousands of dollars)	March 31, 2025	March 31, 2024	December 31, 2024	December 31, 2023
	\$	\$	\$	\$
Provision for non-recoverable capital expenditures ⁽¹⁾	688	653	2,601	2,557
Non-recoverable capital expenditures	237	748	2,878	3,858

(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 2025, 2024 and 2023:

Periods ended March 31 and 12-month periods ended December 31 (in thousands of dollars)	2025 (3 months)	2024 (3 months)	2024 (12 months)	2023 (12 months)
	\$	\$	\$	\$
Net cash flows from operating activities	15,364	12,143	66,004	70,852
Interest paid	(8,083)	(8,208)	(32,594)	(31,324)
Net cash flows from operating activities less interest paid	7,281	3,935	33,410	39,528
Net distributions to unitholders	6,035	5,629	22,638	22,292
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	1,246	(1,694)	10,772	17,236

The following table summarizes the reconciliation of net cash flows from operating activities presented in the financial statements, AFFO⁽¹⁾ and FFO⁽¹⁾ for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Cash flows from operating activities	15,364	12,344
Leasing payroll expenses	466	591
Transaction costs on purchase and disposition of investment properties and early repayment fees	-	(201)
Adjustments for changes in other working capital items	3,067	4,254
Financial income	427	573
Interest expenses	(8,656)	(8,823)
Provision for non-recoverable capital expenditures ⁽²⁾	(688)	(653)
Provision for non-recovered rental fees ⁽²⁾	(375)	(375)
Accretion of non-derivative liability component of convertible debentures	(438)	(92)
AFFO⁽¹⁾	9,167	7,618
Provision for non-recoverable capital expenditures ⁽²⁾	688	653
Provision for non-recovered rental fees ⁽²⁾	375	375
Straight-line rental revenue adjustment	381	394
Unit-based compensation expenses	(133)	9
Accretion of effective interest	(580)	(308)
Amortization of property and equipment	(18)	(17)
FFO⁽¹⁾	9,880	8,724

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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 33.

Assets

Investment properties

The Trust has grown through the acquisitions of 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, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Balance, beginning of period	1,233,282	1,207,522
Additions:		
Initial recognition of right-of-use assets	-	-
Dispositions	-	(6,206)
Construction on investment property	101	-
Capital expenditures	1,278	787
Leasing fees and capitalized lease incentives	1,215	1,224
Fair value adjustment on investment properties	-	6
Other non-monetary changes ⁽¹⁾	(416)	(306)
Balance, end of period	1,235,460	1,203,027

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

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, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars)	Quarter	
	2025	2024
	\$	\$
Recoverable capital expenditures	1,041	-
Non-recoverable capital expenditures	237	787
Total capital expenditures	1,278	787
Leasing fees and leasehold improvements	1,215	1,224
Construction on investment property	101	-
Total	2,594	2,011

Receivables

(in thousands of dollars)	March 31, 2025	December 31, 2024	March 31, 2024
	\$	\$	\$
Rent receivable	5,137	2,554	4,462
Allowance for expected credit losses	(960)	(901)	(727)
Net rent receivable	4,177	1,653	3,735
Unbilled recoveries	1,424	2,793	1,216
Other receivables	1,209	410	350
Receivables	6,810	4,856	5,301

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, 2025	December 31, 2024	March 31, 2024
	\$	\$	\$
Property and equipment	1,494	1,493	1,471
Accumulated depreciation	(1,304)	(1,285)	(1,230)
Net property and equipment	190	208	241
Prepaid expenses	3,952	1,215	3,683
Deposits	2,192	1,878	1,600
Other assets	6,334	3,301	5,524

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on March 31, 2025, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at March 31, 2025 (in thousands of dollars)	Balance of convertible debentures ⁽¹⁾	Balance of mortgages payable ⁽¹⁾	Weighted average contractual interest rate
	\$	\$	%
Year of maturity			
2025	-	106,854	4.65
2026	-	175,442	4.28
2027	-	126,739	4.36
2028	-	93,184	4.68
2029	-	84,087	4.36
2030 and thereafter	40,250	75,568	4.90
Total	40,250	661,874	4.52

(1) Gross amounts.

The Trust has \$106.9 million of mortgages that are maturing in the next nine months. The Trust as of the date of this report has received commitment letters or letters of intent from financial institutions for the refinancing of \$39.8 million and is in the process of negotiating the remaining 2025 mortgages coming to maturity.

Weighted average contractual interest rate

As at March 31, 2025, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.52% (4.35% for mortgage loans and 7.25% for convertible debentures), representing an increase of 15 basis points compared to the same period last year which was 4.37% (4.22% for mortgage loans and 6.45% for convertible debentures).

Mortgage loans

The following table summarizes the changes in mortgage loans payable for the period ended March 31, 2025:

Period ended March 31, 2025 (in thousands of dollars)	Quarter
	\$
Balance at beginning⁽¹⁾	665,607
Mortgage loans contracted or assumed ⁽²⁾	1,141
Balance repaid at maturity or upon disposition ⁽³⁾	-
Monthly principal repayments ⁽⁴⁾	(4,874)
Balance as at March 31, 2025⁽¹⁾	661,874

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

The weighted average term of existing mortgage loans was 2.6 years as at March 31, 2025, compared to 2.7 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, 2025 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	\$	\$	\$	
Maturity				
2025 (9 months)	13,152	105,489	118,641	17.9
2026	14,251	168,211	182,462	27.6
2027	9,820	117,285	127,105	19.2
2028	5,811	85,377	91,188	13.8
2029	3,416	74,421	77,837	11.8
2030 and thereafter	7,879	56,762	64,641	9.8
Total	54,329	607,545	661,874	100.0
Unamortized fair value assumption adjustments			6	
Unamortized financing expenses			(2,521)	
Balance as at March 31, 2025			659,359	

As at March 31, 2025, 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, 2025:

(in thousands of dollars)	Series I ⁽¹⁾⁽²⁾
Par value	40,250 ⁽³⁾
Contractual interest rate	7.25%
Effective interest rate	8.54%
Date of issuance	January 2025
Per-unit conversion price	4.10
Date of interest payment	February 28 and August 31
Maturity date	February 2030
Balance as at March 31, 2025	34,648

(1) Redeemable by the Trust, under certain conditions, on or after February 28, 2028 and prior to February 28, 2029, at a redemption price equal to the principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series I conversion price and, on or after February 28, 2029, and prior to February 28, 2030, at a redemption price equal to their principal amount plus accrued and unpaid interest.

(2) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series I debentures by issuing tradable units freely to Series I debenture holders obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

(3) Conversion of \$0 since the issuance of the Series I debentures.

On February 24, 2025, the Trust fully redeemed and paid at maturity the Series H convertible debentures at their value of \$19,576. The nominal value was \$19,917.

Debt ratio

In accordance with its trust agreement, the Trust cannot contract a mortgage loan if, after having contracted the said loan, the total mortgage debt would exceed 75% of the fair value of the Trust's total assets. When establishing this calculation, the convertible debentures should not 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, 2025, December 31, 2024 and March 31, 2024:

(in thousands of dollars)	March 31, 2025	December 31, 2024	March 31, 2024
	\$	\$	\$
Cash and cash equivalents	(5,450)	(2,471)	(1,781)
Mortgage loans outstanding ⁽¹⁾	661,874	665,607	630,513
Convertible debentures ⁽¹⁾	36,671	19,576	43,277
Credit facilities	34,276	44,298	44,797
Total long-term debt less cash and cash equivalents⁽²⁾⁽³⁾	727,371	727,010	716,806
Total gross value of the assets of the Trust less cash and cash equivalents⁽²⁾⁽⁴⁾	1,260,313	1,254,818	1,228,643
Mortgage debt ratio (excluding convertible debentures and credit facilities) ⁽²⁾⁽⁵⁾	52.1%	52.8%	51.3%
Debt ratio – convertible debentures ⁽²⁾⁽⁶⁾	2.9%	1.6%	3.5%
Debt ratio – credit facilities ⁽²⁾⁽⁷⁾	2.7%	3.5%	3.6%
Total debt ratio⁽²⁾	57.7%	57.9%	58.3%

(1) Before unamortized financing expenses and fair value assumption adjustments.

(2) This is a non-IFRS financial measure, refer to page 2 and 33.

(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 I debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (iv) 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.

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.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for the ratios)	Quarter	
	2025	2024
	\$	\$
Adjusted EBITDA ⁽¹⁾	18,235	17,036
Interest expenses net of financial income ⁽²⁾	8,229	8,250
Interest coverage ratio ⁽³⁾	2.22	2.06

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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).

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended March 31, 2025, and March 31, 2024:

Quarters ended March 31 (in thousands of dollars, except for the ratios)	Quarter	
	2025	2024
	\$	\$
Adjusted EBITDA ⁽¹⁾	18,235	17,036
Interest expenses net of financial income ⁽²⁾	8,229	8,250
Principal repayments	4,874	4,823
Debt service requirements	13,103	13,073
Debt service coverage ratio ⁽³⁾	1.39	1.30

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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.

Class B LP units

The following table summarizes the Class B LP units for the period ended March 31, 2025:

Period ended March 31, 2025 (in number of units)	Quarter	
	Units	\$
Class B LP units outstanding, beginning of period	697,265	2,343
Fair value adjustment	-	28
Class B LP units outstanding, end of period	697,265	2,371

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

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, 2025, and March 31, 2024:

Quarters ended March 31 (in number of units)	Quarter	
	2025	2024
Units outstanding, beginning of the period	88,024,109	86,705,901
Distribution reinvestment plan	177,541	301,404
Issued - employee unit purchase plan	27,490	27,685
Issued - restricted unit compensation plan	-	154,990
Issued - deferred unit compensation plan	-	-
Class B LP units exchanged into Trust units	-	-
Issued - conversion of convertible debentures	-	-
Units outstanding, end of the period	88,229,140	87,189,980
Weighted average number of units outstanding	88,126,625	86,824,320
Weighted average number of Class B LP units and units outstanding	88,823,890	87,521,585

On March 4, 2025, the Toronto Stock Exchange (TSX) approved the renewal of the normal course issuer bid ("NCIB"), permitting BTB to repurchase for cancellation up to 6,063,797 units from March 6, 2025, to March 5, 2026, representing approximately 7% of the Trust's issued and outstanding units at the time of the renewal. As of March 31, 2025, 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, 2025, and March 31, 2024:

Quarters ended March 31 (in number of units)	Quarter	
	2025	2024
Deferred units outstanding, beginning of the period	213,792	151,412
Trustees' compensation	15,324	7,079
Distributions paid in units	4,835	3,738
Deferred units outstanding, end of the period	233,951	162,229

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, 2025, and March 31, 2024:

Quarters ended March 31 (in number of units)	Quarter	
	2025	2024
Restricted units outstanding, beginning of the period	301,249	220,306
Granted	-	265,180
Cancelled	(8,181)	(28,212)
Settled	-	(156,025)
Restricted units outstanding, end of the period	293,068	301,249

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

Income Taxes

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

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

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

Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions all year long: (i) the total fair market value of all the "non-portfolio properties" that are "qualified REIT properties" held by the trust is at least 90% of the total fair market value at that time of all the "non portfolio 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, 2025, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not apply to BTB. BTB's management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

Nonetheless, there is no guarantee that BTB will continue to meet all the required conditions to be eligible for the REIT exception for 2025 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	2025	2024
	%	%
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, 2024, and 2023.

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.

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 2025 Annual Information Form for the year ended December 31, 2024, and those described in the "Risk Factors" section of BTB's Prospectus Supplement filed on January 16, 2025 on www.sedarplus.ca which is hereby incorporated by reference.

BTB is vulnerable to global economic conditions and their impact on Canada, including but not limited to general global economic uncertainty. The impacts or effects of recent announcements made by the United States regarding potential tariffs imposed on Canadian exports, and any retaliatory tariffs imposed on the United States by Canada, remain unknown and could have significant effects on the economy, which in turn could impact BTB's tenants and BTB's cash flows, financial condition and results of operations.

Disclosure Controls And Procedures And Internal Control Over Financial Reporting

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

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Vice-President and Financial Officer concluded that the DC&P were effective as at December 31, 2024. Since December 31, 2023, Mathieu Bolté left his position as Executive Vice-President and Chief Operating & Financial Officer and was replaced by Marc-André Lefebvre as Vice President, Chief Financial Officer on May 27, 2024, as such he took on the responsibilities to ensure that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the quarter in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer of BTB concluded that ICFR was effective as at March 31, 2025, 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 2025, 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 \$661.9 million as at March 31, 2025, compared to \$630.5 million as at March 31, 2024.
- Series I convertible debentures for a total par value of \$40.25 million as at March 31, 2025.
- 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 valuers 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 valuers. 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, 2024 and still owned as at March 31, 2025, but does not include the financial impacts from dispositions, acquisitions and developments completed in 2024 and 2025, as well as the results of subsequently sold properties.

Net property income from the same-property portfolio

Net operating 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 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:

	2025 Q-1	2024 Q-4	2024 Q-3	2024 Q-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2
(in thousands of dollars, except for per unit)	\$	\$	\$	\$	\$	\$	\$	\$
Net income and comprehensive income (IFRS)	7,608	18,847	5,470	7,272	7,153	1,734	15,216	10,846
Fair value adjustment on investment properties	-	(9,975)	(283)	-	(6)	4,480	(6,481)	-
Fair value adjustment on Class B LP units	28	(174)	335	(21)	160	(42)	(159)	(775)
Amortization of lease incentives	797	966	807	704	690	641	664	750
Fair value adjustment on derivative financial instruments	868	(760)	2,168	379	(325)	2,396	(584)	(763)
Leasing payroll expenses	466	739	535	433	591	401	359	327
Distributions – Class B LP units	52	52	52	53	52	52	56	42
Unit-based compensation (Unit price remeasurement)	61	(39)	342	63	409	(11)	(87)	(232)
FFO⁽¹⁾	9,880	9,656	9,426	8,883	8,724	9,651	8,984	10,195
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	-	-	266	201	37	46	-
FFO Adjusted⁽¹⁾	9,880	9,656	9,426	9,149	8,925	9,688	9,030	10,195
FFO per unit⁽¹⁾⁽²⁾⁽³⁾	11.1¢	10.9¢	10.7¢	10.1¢	10.0¢	11.1¢	10.3¢	11.8¢
FFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	11.1¢	10.9¢	10.7¢	10.4¢	10.2¢	11.1¢	10.4¢	11.8¢
FFO payout ratio⁽¹⁾	67.4%	68.8%	70.0%	74.3%	75.2%	67.5%	72.9%	63.8%
FFO Adjusted payout ratio⁽¹⁾	67.4%	68.8%	70.3%	72.2%	73.5%	67.2%	72.5%	63.8%

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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).

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

Adjusted Funds from Operations (AFFO)⁽¹⁾

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

	2025 Q-1	2024 Q-4	2024 Q-3	2024 Q-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2
(in thousands of dollars, except for per unit)	\$	\$	\$	\$	\$	\$	\$	\$
FFO⁽¹⁾	9,880	9,656	9,426	8,883	8,724	9,651	8,984	10,195
Straight-line rental revenue adjustment	(381)	(374)	(247)	(183)	(394)	(197)	(842)	(291)
Accretion of effective interest	580	402	391	361	308	310	271	278
Amortization of other property and equipment	18	21	17	17	17	20	33	23
Unit-based compensation expenses	133	247	19	(95)	(9)	159	184	237
Provision for non-recoverable capital expenditures ⁽¹⁾	(688)	(654)	(650)	(644)	(653)	(639)	(626)	(634)
Provision for unrecovered rental fees ⁽¹⁾	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO⁽¹⁾	9,167	8,923	8,581	7,964	7,618	8,929	7,629	9,433
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	-	-	267	201	37	46	-
AFFO Adjusted⁽¹⁾	9,167	8,923	8,581	8,231	7,819	8,966	7,675	9,433
AFFO per unit⁽¹⁾⁽²⁾⁽³⁾	10.3¢	10.1¢	9.7¢	9.1¢	8.7¢	10.2¢	8.8¢	10.9¢
AFFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	10.3¢	10.1¢	9.7¢	9.4¢	8.9¢	10.3¢	8.8¢	10.9¢
AFFO payout ratio⁽¹⁾	72.7%	74.5%	76.8%	82.9%	86.2%	72.9%	85.8%	69.0%
AFFO Adjusted payout ratio⁽¹⁾	72.7%	74.5%	77.2%	80.2%	83.9%	72.6%	85.3%	69.0%

(1) This is a non-IFRS financial measure, refer to page 2 and 33.

(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 33.

