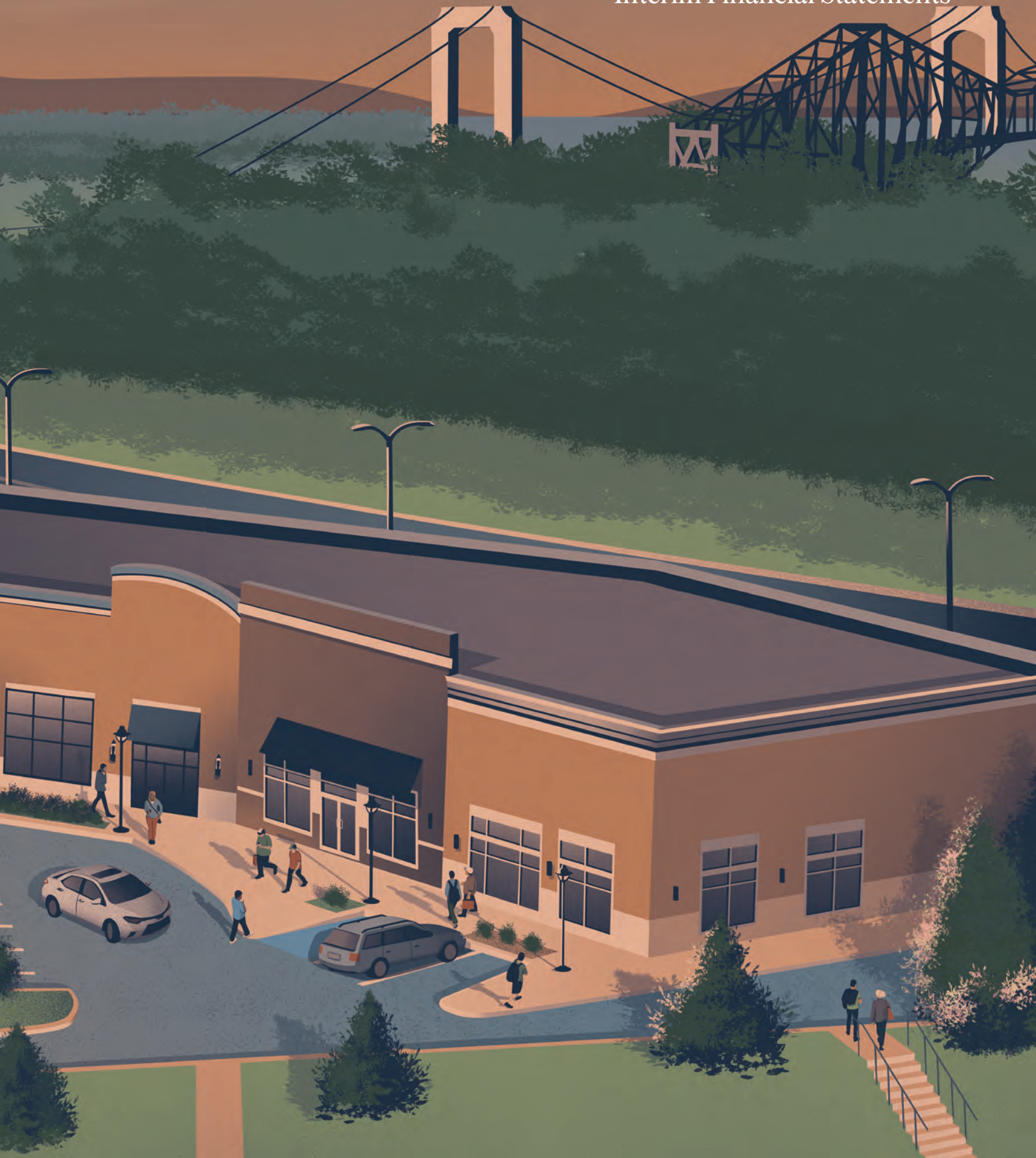




Balancing Growth and Responsibility
Q2 2024 Condensed Consolidated
Interim Financial Statements



A photograph of three business professionals standing on a rooftop balcony. From left to right: a woman in a dark green dress, a man in a grey suit, and a man in a dark puffer jacket. They are looking out over a cityscape under an overcast sky. The balcony has a metal railing and wooden decking. The image is framed by vertical grey bars on the left and right sides.

Condensed Consolidated Interim Financial Statements

Three-month and six-month periods ended June 30, 2024



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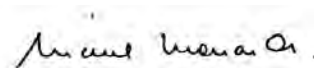
Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

		As at June 30,	As at December 31,
	Notes	2024	2023
		\$	\$
Assets			
Investment properties	3	1,208,538	1,207,522
Property and equipment		231	271
Derivative financial instruments	9	2,479	2,693
Prepaid expenses and deposits		8,830	2,522
Finance lease receivable		10,436	10,456
Receivables	4	4,564	3,272
Cash and cash equivalents		857	912
Total assets		1,235,935	1,227,648
Liabilities and unitholders' equity			
Mortgage loans payable	5	634,117	638,080
Convertible debentures	6	42,916	42,460
Bank loans	7	39,606	36,359
Lease liabilities		7,526	7,332
Class B LP Units	8	2,182	2,043
Unit-based compensation	10	1,524	1,715
Derivative financial instruments	9	130	288
Trade and other payables		24,404	19,549
Distribution payable to unitholders		2,187	2,168
Total liabilities		754,592	749,994
Unitholders' equity		481,343	477,654
		1,235,935	1,227,648

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on August 2, 2024.



Michel Léonard, Trustee



Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Operating revenues					
Rental revenue	12	32,218	31,708	64,854	64,619
Operating expenses					
Public utilities and other operating expenses		6,123	5,578	12,952	12,375
Property taxes and insurance		7,239	7,089	14,686	14,195
		13,362	12,667	27,638	26,570
Net operating income		18,856	19,041	37,216	38,049
Financial income		568	355	1,141	661
Expenses					
Financial expenses		9,140	8,487	18,363	16,678
Distributions - Class B LP Units	8	53	42	105	64
Fair value adjustment - Class B LP Units	8	(21)	(775)	139	(775)
Net adjustment to fair value of derivative financial instruments		379	(763)	54	(579)
Net financial expenses	13	9,551	6,991	18,661	15,388
Administration expenses		2,335	1,559	4,809	3,674
Net change in fair value of investment properties and disposition expenses	3	266	-	462	-
Net income and comprehensive income for the period		7,272	10,846	14,425	19,648

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2024		400,774	(228,065)	304,945	477,654
Issuance of units, net of issuance expenses	11	2,347	-	-	2,347
Distribution to unitholders	11	-	(13,083)	-	(13,083)
		403,121	(241,148)	304,945	466,918
Comprehensive income		-	-	14,425	14,425
Balance as at June 30, 2024		403,121	(241,148)	319,370	481,343
Balance as at January 1, 2023		395,960	(202,235)	268,347	462,072
Issuance of units, net of issuance expenses	11	2,824	-	-	2,824
Distribution to unitholders	11	-	(12,867)	-	(12,867)
		398,784	(215,102)	268,347	452,029
Comprehensive income		-	-	19,648	19,648
Balance as at June 30, 2023		398,784	(215,102)	287,995	471,677

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Operating activities					
Net income for the period		7,272	10,846	14,425	19,648
Adjusted for:					
Net change in fair value of investment properties and disposition expenses	3	266	-	462	-
Depreciation of property and equipment		17	23	34	46
Unit-based compensation	10	(31)	5	368	202
Straight-line lease adjustment	12	(183)	(291)	(577)	(924)
Lease incentive amortization	12	704	750	1,394	1,478
Financial income		(568)	(355)	(1,141)	(661)
Net financial expenses	13	9,551	6,991	18,661	15,388
		17,028	17,969	33,626	35,177
Adjustment for changes in other working capital items		1,730	(649)	(2,524)	(2,200)
Net cash from operating activities		18,758	17,320	31,102	32,977
Investing activities					
Acquisitions of investment properties net of mortgage loans assumed	3	-	(4,905)	-	(33,825)
Additions to investment properties	3	(6,039)	(3,762)	(8,037)	(5,275)
Net proceeds from dispositions of investment properties and transaction cost	3	(266)	-	2,772	-
Net cash (used in) from investing activities		(6,305)	(8,667)	(5,265)	(39,100)
Financing activities					
Mortgage loans, net of financing expenses		47,983	18,255	57,606	34,874
Repayment of mortgage loans		(42,281)	(20,505)	(58,930)	(25,292)
Bank loans		(5,228)	9,204	3,173	24,357
Lease liability payments		(2)	-	(4)	(2)
Net distribution to unitholders		(5,646)	(5,558)	(11,276)	(11,091)
Net distribution - Class B LP units	8	(53)	(42)	(105)	(64)
Interest paid		(8,150)	(7,932)	(16,356)	(15,320)
Net cash (used in) from financing activities		(13,377)	(6,578)	(25,892)	7,462
Net change in cash and cash equivalents		(924)	2,075	(55)	1,339
Cash and cash equivalents, beginning of period		1,781	1,669	912	2,404
Cash and cash equivalents, end of period		857	3,744	857	3,743

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six-months ended June 30, 2024 and 2023
(Unaudited - in thousands of CAD dollars, except unit and per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust (“BTB”) is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB’s registered office is 1411 Crescent Street, Suite 300, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month and six-month periods ended June 30, 2024 and 2023 comprise BTB and its wholly-owned subsidiaries (together referred to as the “Trust”) and the Trust’s interest in joint operations.

2. Basis of Preparation

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Trust’s consolidated financial statements for the year ended December 31, 2023.

The accounting policies applied by the Trust in these unaudited condensed interim financial statements are the same as those applied by the Trust in its consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements were approved by the Board of Trustees on August 2, 2024.

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

The increase of the Bank of Canada policy interest rate did create a heightened level of uncertainty in the economy over the previous quarters. However, there were two reductions in the policy interest rate, 25 basis points on June 5, 2024 and another 25 basis points on July 25, 2024, marking the beginning of an easing period. The rise in the policy rate, followed by the current rate cuts, has not had a significant impact on the Trust’s operations or its ability to negotiate new or renew mortgages. Given the situation, there could still be repercussions on mortgage refinancing activities, the fair value of investment properties, certain investment decisions, and the level of transactions in the market. The Trust will continue to monitor the effects of the decrease in the policy rate on its investment activities and the valuation of its investment properties.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

3. Investment Properties

	Six-month period ended June 30,	Year ended December 31,
	2024	2023
	\$	\$
Balance beginning of period	1,207,522	1,164,881
Initial recognition of right-of-use assets	-	3,133
Acquisitions of investment properties (note 3(a))	-	36,306
Dispositions of investment properties (note 3(b))	(6,206)	-
Capital expenditures	2,803	7,510
Capitalized leasing fees	801	2,247
Capitalized lease incentives	4,429	2,663
Lease incentives amortization	(1,394)	(2,783)
Straight-line lease adjustment	577	1,963
Net transfer to finance lease	-	(10,399)
Net changes in fair value of investment properties	6	2,001
Balance end of period	1,208,538	1,207,522

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

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

At June 30, 2024, no independent external appraisals were obtained for investment properties (December 31, 2023 - appraisals obtained for investment properties having a total fair value of \$904,893).

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

	Industrial	Suburban office	Necessity-based retail
As at June 30, 2024			
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%
As at December 31, 2023			
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%

The following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at June 30, 2024, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at June 30, 2024.

Capitalization rate sensitivity			
Increase (decrease)	Fair Value	Change in fair value	
	\$	\$	
(0.50)%	1,307,723	99,185	
(0.25)%	1,256,149	47,611	
Base rate	1,208,538	-	
0.25%	1,164,446	(44,092)	
0.50%	1,123,492	(85,046)	

(a) Acquisitions

There were no acquisitions during the six-month period ended June 30, 2024.

(b) Dispositions

The fair value of the assets and liabilities derecognized in the consolidated statement of financial position on the date of the disposition during the six-month period ended June 30, 2024, were as follows:

Disposal date	Property type	Location	Gross proceeds	Mortgage reimbursement	Disposition expenses	Net proceeds
			\$	\$	\$	\$
March 2024	Suburban office	Montréal, QC	3,089	(1,563)	(234)	1,292
March 2024	Suburban office	Montréal, QC	3,117	(1,403)	(234)	1,480
Total			6,206	(2,966)	(468)	2,772

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net changes in fair value of investment properties	-	-	6	-
Disposition expenses	(266)	-	(468)	-
	(266)	-	(462)	-

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

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

The following table summarizes the changes in fair value of investment properties by segment for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Industrial	-	-	-	-
Suburban office	-	-	6	-
Necessity-based retail	-	-	-	-
Total change in fair value	-	-	6	-

4. Receivables

	As at June 30,	As at December 31,
	2024	2023
	\$	\$
Rents receivable	3,615	2,201
Allowance for expected credit losses	(1,131)	(731)
Net rents receivable	2,484	1,470
Unbilled recoveries	1,563	1,572
Other receivables	517	230
Total	4,564	3,272

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

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

5. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately \$1,167,808 as at June 30, 2024 (December 31, 2023 – \$1,168,069).

	As at June 30, 2024	As at December 31, 2023
	\$	\$
Fixed rate mortgage loans payable	528,336	565,519
Floating rate mortgage loans payable	108,156	74,906
Unamortized fair value assumption adjustments	53	160
Unamortized financing expenses	(2,428)	(2,505)
Mortgage loans payable	634,117	638,080
Short-term portion	79,949	160,278
Weighted average interest rate	4.57%	4.37%
Weighted average term to maturity (years)	3.09	3.24
Range of annual rates	2.37% - 8.95%	2.37% - 8.95%

As at June 30, 2024, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	\$	\$	\$
2024 ⁽¹⁾	9,040	70,909	79,949
2025	15,821	60,952	76,773
2026	13,380	148,375	161,755
2027	9,328	100,506	109,834
2028	5,416	88,166	93,582
Thereafter	10,823	103,776	114,599
	63,808	572,684	636,492
Unamortized fair value assumption adjustments			53
Unamortized financing expenses			(2,428)
			634,117

(1) For the six-month period remaining

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

Transaction date	Original principal amount	Effective fixed interest rate	Settlement basis	Maturity date	Outstanding amount	
					As at June 30, 2024	As at December 31, 2023
	\$	%			\$	\$
June 2016	13,000	3.39	Quarterly	June 2026	10,060	10,257
November 2017	23,200	3.69	Monthly	November 2027	20,255	20,619
November 2017	23,075	3.94	Monthly	December 2027	19,044	19,392
May 2024	16,860	6.34	Monthly	May 2029	16,845	-
June 2024	25,400	6.04	Monthly	June 2029	25,400	-
Total	101,535				91,604	50,268

6. Convertible Debentures

As at June 30, 2024, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

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

	Series G	Series H	Total
	\$	\$	\$
As at June 30, 2024			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	1,245	1,245
	24,000	28,554	52,554
Conversion options exercised by holders	-	(9,179)	(9,179)
	24,000	19,375	43,375
Unamortized financing expenses	(114)	(345)	(459)
Non-derivative liability component	23,886	19,030	42,916
Conversion and redemption options liability (asset) component at fair value	-	130	130

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

Series G

As of June 30, 2024, no conversion options have been exercised by holders on debentures.

Series H

During the quarter, no conversion options have been exercised by holders on debentures. Since issuance, a nominal amount of \$10,083 has been exercised by holders on debentures.

7. Bank Loans

The Trust has access to two credit facilities. The first is a revolving credit facility in the amount of \$50,000 with an accordion option of up to an additional \$10,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Term CORRA Rate or Daily Compounded CORRA Rate. As at June 30, 2024, \$39,406 was due under the revolving credit facility (December 31, 2023 - \$35,409).

The revolving credit facility is secured by an immoveable first rank hypothec on two properties having a fair value of \$40,730 and by negative pledge of a selection of borrowing base properties having a fair value of \$320,500.

The second facility is also a revolving line of credit in the amount of \$7,500. This line of credit bears interest at a rate of 1% above the prime rate. As at June 30, 2024, \$200 was due under the acquisition line of credit (December 31, 2023 - \$950). The line of credit is secured by an immoveable second rank hypothec on four properties having a fair value of \$88,457.

8. Class B LP Units

	Six-month period ended June 30, 2024		Year ended December 31, 2023	
	Units	\$	Units	\$
Units outstanding, beginning of period	697,265	2,043	347,265	1,268
Issuance of Class B LP units - Acquisition	-	-	550,000	2,475
Exchange into Trust units	-	-	(200,000)	(724)
Fair value adjustment	-	139	-	(976)
Units outstanding, end of period	697,265	2,182	697,265	2,043

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

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distribution to Class B LP unitholders	53	42	105	64
Distribution per Class B LP unit	0.075	0.075	0.150	0.150

9. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, receivables, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at June 30, 2024 because of their short-term maturity or because they bear interest at current market rates.

As at June 30, 2024	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	130	-	-	130
Interest rate swap asset	(2,479)	-	(2,479)	-
Class B LP Units (note 8)	2,182	2,182	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	636,492	-	604,441	-
Convertible debentures, including their conversion and redemption features (note 6)	43,046	43,673	-	-
Bank loans (note 7)	39,606	-	39,606	-

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

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

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

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

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

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

Conversion and redemption options of convertible debentures	
	\$
Six-months period ended June 30, 2024	
Balance beginning of period	288
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	(158)
Balance end of period	130

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at June 30, 2024:

	Conversion and redemption options of convertible debentures	Volatility
	\$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	120	13.99
June 30, 2024	130	14.49
0.50%	140	14.99

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

10. Unit-based Compensation

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

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

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

For the six-month periods ended June 30,	2024	2023
	Deferred units	Deferred units
Outstanding, beginning of period	151,412	126,655
Trustees' compensation	15,021	2,470
Distributions paid in units	7,575	2,458
Outstanding, end of period	174,008	131,583

As at June 30, 2024, the liability related to the plan was \$548 (December 31, 2023 - \$446). The related figures recorded in profit and loss amounted to an expense of \$37 and \$109 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 - expense of \$36 and \$33).

(b) Employee unit purchase plan

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

As at June 30, 2024, the liability related to the plan was \$0 (December 31, 2023 - \$87). The related revenue recorded in profit and loss amounted to \$3 and \$13 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 - revenue of \$3 and \$13). The 11,635 units related to 2023 purchases were issued in March 2024 (11,915 units related to 2022 purchases).

(c) Restricted unit compensation plan

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

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

Six-month periods ended June 30,	2024	2023
	Restricted units	Restricted units
Outstanding, beginning of period	220,306	138,583
Granted	265,180	217,072
Cancelled	(28,212)	-
Settled	(156,025)	(45,278)
Outstanding, end of period	301,249	310,377

As at June 30, 2024, the liability related to the plan was \$318 (December 31, 2023 - \$597). The related expense recorded in profit and loss amounted to \$102 and \$205 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 – expense of \$57 and \$238).

(d) Cash settled share-based retirement compensation plan

As at June 30, 2024, the long-term obligation related to the plan was \$658 (December 31, 2023 - \$597). The related expense recorded in profit and loss amounted to \$36 and \$67 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 – expense of \$16 and \$2).

11. Trust Units Issued and Outstanding

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

Trust units issued and outstanding are as follows:

Six-month period ended June 30,	2024	
	Units	\$
Trust units outstanding, beginning of period	86,705,901	400,774
Issue pursuant to the distribution reinvestment plan (a)	591,510	1,788
Issue pursuant to the employee unit purchase plan (note 10 (b))	27,685	75
Issue pursuant to the restricted unit compensation plan (note 10 (c))	154,990	484
Trust units outstanding, end of period	87,480,086	403,121

(a) Distribution reinvestment plan

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

(b) Distributions

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distribution to unitholders	6,553	6,445	13,083	12,867
Distribution per Trust unit	0.075	0.075	0.150	0.150

(c) Normal course issuer bid (“NCIB”)

As of June 30, 2024, no units have been repurchased for cancellation.

12. Rental Revenues

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Base rent and other lease generated revenues	19,845	21,295	39,556	40,911
Lease cancellation fees	-	-	45	-
Property tax and insurance recoveries	6,651	6,530	13,160	12,703
	26,496	27,825	52,761	53,614
Operating expenses recoveries and other revenues	6,243	4,342	12,910	11,559
Lease incentive amortization	(704)	(750)	(1,394)	(1,478)
Straight-line lease adjustment	183	291	577	924
	32,218	31,708	64,854	64,619

13. Net Financial Expenses

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest on mortgage loans payable	7,093	6,686	14,165	13,410
Interest on convertible debentures	708	709	1,417	1,418
Interest on bank loans	770	619	1,704	963
Interest on lease liabilities	91	91	183	170
Other interest expense	19	15	35	32
Accretion of non-derivative liability component of convertible debentures	98	89	190	171
Accretion of effective interest on mortgage loans payable and convertible debentures	361	278	669	514
Distributions - Class B LP Units	53	42	105	64
Fair value adjustment - Class B LP Units	(21)	(775)	139	(775)
Net adjustment to fair value of derivative financial instruments	379	(763)	54	(579)
	9,551	6,991	18,661	15,388

14. Expenses by Nature

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Depreciation	17	23	34	46
Employee compensation and benefits expense	2,448	2,091	5,704	4,864

15. Earnings per Unit

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

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income	7,272	10,846	14,425	19,648
Weighted average number of trust units outstanding – basic	88,032,298	86,503,311	87,732,794	86,183,000
Earnings per unit – basic	0.08	0.13	0.16	0.23

16. Liquidity Risk Management

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

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

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

The REIT is required under the two credit facility agreements to maintain certain financial ratios at the end of each reporting period and a minimum unitholders' equity.

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at June 30, 2024, the Trust was in compliance with all the covenants to which it was subject.

17. Operating Segments

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

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

- Industrial
- Suburban office
- Necessity-based retail

	Industrial	Suburban office	Necessity-based retail	Total
	\$	\$	\$	\$
Three-month period ended June 30, 2024				
Investment properties	442,181	516,423	249,934	1,208,538
Rental revenue from properties	8,350	16,198	7,670	32,218
Net operating income	6,122	8,216	4,518	18,856
Three-month period ended June 30, 2023				
Investment properties	414,975	543,499	250,562	1,209,036
Rental revenue from properties	9,104	14,952	7,652	31,708
Net operating income	6,461	8,014	4,566	19,041
	Industrial	Suburban office	Necessity-based retail	Total
	\$	\$	\$	\$
Six-month period ended June 30, 2024				
Rental revenue from properties	16,954	32,636	15,264	64,854
Net operating income	12,345	16,036	8,835	37,216
Six-month period ended June 30, 2023				
Rental revenue from properties	16,124	33,791	14,704	64,619
Net operating income	11,802	17,660	8,587	38,049

18. Commitments and Contingencies

Litigation

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

