



Balancing Growth and Responsibility
2023 Audited Consolidated Financial Statements



Audited Consolidated Financial Statements

Year ended December 31, 2023





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Management's Responsibility for Financial Reporting

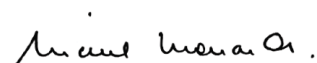
The accompanying consolidated financial statements of BTB Real Estate Investment Trust ("BTB") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must of necessity be based on estimates and judgments. These consolidated financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Financial information appearing throughout our MD&A is consistent with these consolidated financial statements. In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are authorized, assets are safeguarded, and proper records are maintained.

As at December 31, 2023, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of BTB had an evaluation carried out, under their direct supervision, of the effectiveness of the controls and procedures used for the preparation of filings, as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators. Based on that evaluation, they concluded that the disclosure controls and procedures were effective.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee, which is composed entirely of Trustees who are not members of BTB's management or personnel. This Committee reviews our consolidated financial statements and recommends them to the Board for approval. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures and advising the trustees on auditing matters and financial reporting issues.

KPMG LLP, independent auditors appointed by the unitholders of BTB upon the recommendation of the Board, have performed an independent audit of the Consolidated Financial Statements as at December 31, 2023 and 2022 and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.



Michel Léonard
President and Chief Executive Officer



Mathieu Bolté
Executive Vice President, Chief Operating Officer, and Chief Financial Officer

Montreal, February 21, 2024

**KPMG LLP**

Tour KPMG

600 de Maisonneuve Blvd West, Suite 1500

Montréal, QC H3A 0A3

Canada

Telephone 514 840 2100

Fax 514 840 2187

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of BTB Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of BTB Real Estate Investment Trust (the «Entity»), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the «financial statements»).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the «**Auditor's Responsibilities for the Audit of the Financial Statements**» section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the fair value of investment properties**Description of the matter**

We draw attention to Note 2(e)(ii) and Note 4 to the financial statements. Investment properties are stated at fair value at each reporting date. The Entity has recorded investment properties at fair value for an amount of \$1,207,522 thousand.

Fair value is determined by management using internally generated valuation models and by independent expert appraisers using recognized valuation techniques. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets.

The significant inputs used to determine the fair value of investment properties are capitalization rate, terminal capitalization rate and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investment properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of investment properties and the high degree of estimation uncertainty in determining the fair value of investment properties. In addition, significant auditor judgment and specialized skills and knowledge were required in performing, and evaluating the results of our audit procedures due to the sensitivity to the Entity's determination fair value of investment properties to minor changes to significant inputs.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the design and tested the operating effectiveness of certain controls over the Entity's process for determining the fair values of investment properties, including controls related to the development of the estimates of future cash flows from assets and significant inputs.

For a selection of investment properties, we compared the estimate of future cash flows from assets to the actual historical cash flows. We assessed the adjustments, or lack of adjustments, made in arriving at the estimate of future cash flows from assets by taking into account changes in conditions and events affecting the investment properties and the Entity.

For a selection of investment properties, we involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the capitalization rates, terminal capitalization rates and discount rates. These rates were evaluated by comparing them to published reports of real estate industry commentators and considering the features of the specific investment property.

We evaluated the competence, capabilities and objectivity of the independent expert appraisers by:

- Inspecting evidence that the appraisers are in good standing with the Appraisal Institute;
- Considering whether the appraisers have appropriate knowledge in relation to the specific type of investment properties; and
- Reading the reports of the external independent appraisers which refers to their independence.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled «Annual Report».

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled «Annual Report» is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Philippe Grubert.

The image shows a handwritten signature in black ink that reads "KPMG LLP*". The signature is written in a cursive, slightly slanted style. Below the signature, there is a horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

Montréal, Canada
February 21, 2024

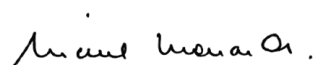
Consolidated Statements of Financial Position

As at December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	2023	2022
		\$	\$
Assets			
Investment properties	4	1,207,522	1,164,881
Property and equipment		271	322
Derivative financial instruments	11	2,693	3,754
Prepaid expenses and deposits		2,522	3,163
Finance lease receivable	7	10,456	-
Receivables	5	3,272	4,816
Cash and cash equivalents		912	2,404
Total assets		1,227,648	1,179,340
Liabilities and unitholders' equity			
Mortgage loans payable	6	638,080	636,111
Convertible debentures	8	42,460	41,942
Bank loans	9	36,359	9,897
Lease liabilities	23	7,332	4,203
Class B LP Units	10	2,043	1,268
Unit-based compensation	12	1,715	1,542
Derivative financial instruments	11	288	116
Trade and other payables		19,549	20,058
Distribution payable to unitholders		2,168	2,131
Total liabilities		749,994	717,268
Unitholders' equity		477,654	462,072
		1,227,648	1,179,340

See accompanying notes to consolidated financial statements.

Approved by the Board on February 21, 2024.



Michel Léonard, Trustee



Jocelyn Proteau, Trustee

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	2023	2022
		\$	\$
Operating revenues			
Rental revenue	14	127,826	119,495
Operating expenses			
Public utilities and other operating expenses		23,893	22,820
Property taxes and insurance		28,554	26,245
		52,447	49,065
Net operating income		75,379	70,430
Financial income		1,833	624
Expenses			
Financial expenses		34,607	30,427
Distributions - Class B LP Units	10	172	104
Fair value adjustment - Class B LP Units	10	(976)	(149)
Net adjustment to fair value of derivative financial instruments		1,233	(14,216)
Net financial expenses	15	35,036	16,166
Administration expenses		7,496	7,437
Net change in fair value of investment properties and disposition expenses	4	(1,918)	9,297
Net income and comprehensive income for the year		36,598	38,154

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2023		395,960	(202,235)	268,347	462,072
Issuance of units, net of issuance expenses	13	4,814	-	-	4,814
Distribution to unitholders	13	-	(25,830)	-	(25,830)
		400,774	(228,065)	268,347	441,056
Comprehensive income		-	-	36,598	36,598
Balance as at December 31, 2023		400,774	(228,065)	304,945	477,654
Balance as at January 1, 2022		351,540	(177,308)	230,193	404,425
Issuance of units, net of issuance expenses	13	44,420	-	-	44,420
Distribution to unitholders	13	-	(24,927)	-	(24,927)
		395,960	(202,235)	230,193	423,918
Comprehensive income		-	-	38,154	38,154
Balance as at December 31, 2022		395,960	(202,235)	268,347	462,072

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	2023	2022
		\$	\$
Operating activities			
Net income for the year		36,598	38,154
Adjusted for:			
Net change in fair value of investment properties and disposition expenses	4	(1,918)	9,297
Depreciation of property and equipment		99	122
Unit-based compensation	12	445	541
Straight-line lease adjustment	14	(1,963)	(1,822)
Lease incentive amortization	14	2,783	3,113
Financial income		(1,833)	(624)
Net financial expenses	15	35,036	16,166
		69,247	64,947
Adjustment for changes in other working capital items		1,605	1,293
Net cash from operating activities		70,852	66,240
Investing activities			
Acquisitions of investment properties net of mortgage loans assumed	4	(33,825)	(104,721)
Additions to investment properties	4	(12,424)	(16,576)
Net proceeds from dispositions of investment properties	4	(83)	30,787
Acquisition of property and equipment		(50)	2
Net cash (used in) from investing activities		(46,382)	(90,508)
Financing activities			
Mortgage loans, net of financing expenses		48,866	102,560
Repayment of mortgage loans		(47,364)	(46,229)
Bank loans		26,352	23,961
Repayment of bank loans		-	(49,629)
Lease liability payments		(4)	(16)
Net proceeds from unit issue		(25)	38,436
Net distribution to unitholders		(22,292)	(21,573)
Net distribution – Class B LP units	10	(171)	(104)
Interest paid		(31,324)	(27,925)
Net cash (used in) from financing activities		(25,962)	19,481
Net change in cash and cash equivalents		(1,492)	(4,787)
Cash and cash equivalents, beginning of year		2,404	7,191
Cash and cash equivalents, end of year		912	2,404

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
(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 consolidated financial statements of BTB for the years ended December 31, 2023 and 2022 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Trustees on February 21, 2024.

(b) Basis of presentation and measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position which are measured at fair value:

- Investment properties (including right-of-use assets);
- Derivative financial instruments;
- Unit-based compensation;
- Class B LP Units.

The Trust presents its consolidated statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity.

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

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

(d) 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.

(e) 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.

(i) Critical judgements in applying accounting policies

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Trust as lessor

The Trust enters into commercial property leases on its investment properties. The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, in particular for long-term leases in single tenant properties, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for those leases as operating leases.

The REIT has determined that all leases are operating leases except for one classified as a finance lease, where the trust had determined that it had transferred substantially all the risks and rewards of ownership to the lessee.

(ii) Significant sources of estimation uncertainty

The following are significant assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Valuation of investment properties

Investment properties are stated at fair value at each reporting date. Gains or losses arising from changes in the fair values are included in profit or loss in the period in which they arise. Fair value is determined by management using internally generated valuation models and by independent external appraisers using recognized valuation techniques. These models and techniques comprise the Discounted Cash Flow Method and the Direct Capitalization method and, in some cases, the Comparable method.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lease income and costs, future revenue streams, capital expenditures of fixtures and fittings, any environmental matters and the overall repair and condition of the property or stabilized net operating income) and discount, capitalization and terminal capitalization rates applicable to those cash flows. These estimates are based on local market conditions existing at the reporting date. The carrying value for the Trust's investment properties reflects its best estimate for the highest and best use as at December 31, 2023 (see Note 4).

The significant methods and assumptions used by management and the independent external appraisers in estimating the fair value of investment properties are set out below:

Techniques used for valuing investment properties

The Discounted Cash Flow method involves the projection of a series of periodic cash flows either to an operating investment property or a development investment property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the investment property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating income along with an estimate of the reversion/terminal/exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the estimated fair value of the investment property.

The Direct Capitalization method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires estimation of normalized annual future cash inflows and application of investor yield or return requirements in the form of capitalization rates.

The Comparable method involves the comparison of the Trust's investment properties to similar investment properties that have transacted within a recent time frame from which a fair value is estimated based on the price per square foot of these comparable sales.

Derivative financial instruments

Derivative financial instruments, including embedded derivatives, are recognized on the consolidated statement of financial position at fair value. Subsequent to initial recognition, these derivatives are measured at fair value. The fair value of derivative instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. Changes in estimated fair value at each reporting date are included in profit and loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related and if the entire contract is not measured at fair value with changes in fair value recognized in profit and loss.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Trust. Control exists when the Trust has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. Subsidiaries are consolidated from the date that control commences until the date that control ceases.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. The consolidated financial statements include the Trust's proportionate share of the joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(b) Financial instruments

(i) Recognition and initial measurement

Financial assets and liabilities are recognized when the Trust becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. If a financial asset or liability is not subsequently measured at fair value through profit or loss (FVTPL), the initial measurement includes transaction costs that are directly attributable to its acquisition or issue.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(ii) Classification and subsequent measurement

The Trust classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL; and
- those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows, and on the Trust's designation of such instruments. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL.

Financial instruments are not reclassified subsequent to their initial recognition, unless the Trust identifies changes in its business model in managing financial assets and would reassess the classification of financial instruments.

The Trust's business model objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and/or interest, and as such financial assets are generally subsequently measured at amortized cost using the effective interest method net of any impairment loss. All other financial assets, including derivatives, are subsequently measured at FVTPL.

Financial assets measured at amortized cost comprise cash and cash equivalents, restricted cash, receivables and deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with original maturities of three months or less.

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are generally subsequently measured at amortized cost using the effective interest method unless they are held for trading, they are derivatives, or they have been designated as those to be measured subsequently at FVTPL.

Financial liabilities measured at amortized cost comprise mortgage loans payable, convertible debentures, bank loans, trade and other payables and distributions payable to unitholders.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Derivative financial instruments are subsequently measured at fair value, and changes therein are recognized immediately in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Embedded derivatives in financial liabilities are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

The following table summarizes the classification under IFRS 9 *Financial Instruments* ("IFRS 9"):

Asset/Liability	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Mortgage loans payable	Amortized cost
Convertible debentures	Amortized cost
Bank loans	Amortized cost
Trade and other payables	Amortized cost
Distribution payable to unitholders	Amortized cost
Derivative financial instruments	Fair value through profit and loss
Class B LP Units	Fair value through profit and loss

(iii) Impairment

The Trust uses the expected credit loss (ECL) model for calculating impairment and recognizes expected credit losses as a loss allowance in the consolidated statement of financial position if they relate to a financial asset measured at amortized cost. For trade receivables, the Trust applies the simplified approach as permitted by IFRS 9 which requires lifetime expected credit losses be recognized from initial recognition of receivables. The carrying amount of these assets in the consolidated statement of financial position is stated net of any loss allowance.

Impairment losses are recorded in the Trust administration expenses in the consolidated statement of comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

(iv) Trust units

Trust units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 *Financial Instruments: Presentation* ("IAS 32"), in which case, the puttable instruments may be presented as equity.

BTB's trust units meet the conditions of IAS 32 and are therefore presented as equity.

(v) Convertible debentures

The convertible debentures, which are considered financial liabilities, are convertible into Trust units. Since BTB's trust units meet the definition of a financial liability, the conversion and redemption options are considered embedded derivatives. As the conversion and redemption options are not considered closely related to the debt contract host, the non-derivative and derivative components of the convertible debentures are separated upon initial recognition using the residual fair value approach. Subsequently, the non-derivative liability component is measured at amortized cost.

(vi) Class B LP Units

The Class B LP Units issued by one of the limited partnerships that the Trust controls, are classified as "financial liabilities", as they 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 measured at fair value and presented as part of the liabilities in the statement of financial position, with changes in fair value recorded in the statement of comprehensive income. The fair value of the Class B LP Units is determined with reference to the market price of the Trust units on the date of measurement. Distributions on the Class B LP Units are recognized in the statement of comprehensive income when declared.

(c) Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. The Trust capitalizes the costs incurred to increase capacity, replace certain components and make improvements after the acquisition date. The Trust also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. Investment properties includes income properties, properties under development and land held for future development if necessary.

Cost includes expenditures that are directly attributable to the acquisition of the investment properties.

The Trust makes payments to agents for services in connection with negotiating lease contracts with the Trust's lessees. These leasing fees are capitalized within the carrying amount of the related investment properties and then considered in the fair value adjustment of the investment properties at the next reporting period.

Should the use of an investment property change and be reclassified as property and equipment, its fair value at the date of reclassification would become its cost for subsequent accounting.

(d) Leases

At contract inception, the Trust assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16 *Leases* ("IFRS 16"), a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Trust allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(i) As a lessor

The Trust leases out its investment properties, including right-of-use assets. These leases are classified by the Trust as either operating or finance leases. For operating leasing, the Trust applies IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component. For finance leasing, the Trust applies IFRS 16 and recognized the net investment in the lease as a finance lease receivable on the balance sheet. The Trust subsequently recognizes financial income as earned.

(ii) As a lessee

The Trust recognizes a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets that meet the definition of investment property are presented within investment properties. These right-of-use assets are initially measured at cost, and subsequently measured at fair value, in accordance with the Trust's accounting policies.

However, the Trust has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g., equipment). The Trust recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Trust's incremental borrowing rate for similar assets. Generally, the Trust uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(e) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(f) Revenue recognition**(i) Rental revenue – lease components**

Rental revenue for lease components is recognized when the service has been rendered and the amount of expected consideration can be reliably estimated, which is over the term of the related lease.

In most cases, revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date, or when the Trust is required to make additions to the leased property in the form of tenant improvements, upon substantial completion of the additions. Certain leases provide for tenant occupancy during periods for which no rent is due ("free rent period") or where minimum rent payments change during the term of the lease. Accordingly, rental revenue is recognized in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which user's benefit derived from the leased asset is diminished. Any deferred amounts related to straight-line lease adjustments are recognized within investment properties. Lease incentives which are mostly leasehold improvements and payments of monetary allowances to tenants, are amortized over the lease term as a reduction of rental revenue and are recognized as adjustments to the carrying amount of investment properties. The lease term is the non-cancellable period of the lease together with any further extension for which the tenant has the option to continue the lease, where, at the inception of the lease, the Trust is reasonably certain that the tenant will exercise that option.

Cancellation fees or premiums received to terminate leases are recognized in profit and loss at the effective date of the lease termination and when the Trust no longer has any performance obligations under the related lease.

(ii) Rental revenue – non-lease components

Leases generally provide for the tenants' payment of maintenance expenses of common elements and other operating costs. These services are considered to be a single performance obligation rendered to tenants over time. These recoveries are accounted for as variable consideration and are recognized as operating revenues in the periods in which the services are provided.

(g) Earnings per unit

The Trust presents basic earnings per unit data for its Trust units. Basic earnings per unit are calculated by dividing the profit or loss attributable to unit holders of the Trust by the weighted average number of Trust units outstanding during the period.

(h) Financial income and financial expenses

Financial income comprises interest income on funds invested and balance of sale. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest on mortgage loans payable, convertible debentures, bank loans, lease liabilities and other payables, as well as accretion of the non-derivative liability component of convertible debentures, and accretion of effective interest on mortgage loans payable and convertible debentures.

Net financial expenses comprise financial expenses, distributions to Class B LP unitholders, fair value adjustment on Class B LP Units and changes in the fair value of derivative financial instruments.

(i) Operating segment

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Trust's other components. All operating segments' operating results are reviewed regularly by the Trust's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(j) Unit-based compensation**(i) Deferred unit compensation plan for trustees and certain executive officers**

Compensation costs related to the deferred unit compensation plan for trustees and certain executive officers are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss.

(ii) Employee unit purchase plan

Compensation costs related to the employee unit purchase plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units and are revalued at settlement date. Any changes in fair value are recognized as compensation expense in profit or loss.

(iii) Restricted unit compensation plan

Compensation costs related to the restricted unit compensation plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss. The compensation expense is amortized using the graded vesting method.

(iv) Cash settled share-based retirement compensation plan

Compensation costs related to the RA Plan are recognized as the phantom units are granted and subsequently remeasured at each reporting period date at fair value. The plan is considered cash-settled share-based payments. The phantom units are recognized as a liability and remeasured at fair value based on the trading price of the Trust units at each reporting date with the change in profit or loss.

(k) Income taxes

BTB is a mutual fund trust and a Real Estate Investment Trust ("REIT") pursuant to the Income Tax Act (Canada). Under current tax legislation, a REIT is entitled to deduct distributions of taxable income such that, it is not liable to pay income tax provided that its taxable income is fully distributed to unitholders. BTB has reviewed the proscribed conditions under the Income Tax Act (Canada) and has determined that it qualifies as a REIT for the year. BTB intends to continue to qualify as a REIT and to make distributions not less than the amount necessary to ensure that BTB will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements.

(l) Fair value measurement

The Trust measures financial instruments, such as derivatives, and non-financial assets, such as investment properties (including right-of-use assets), at fair value at each reporting date. Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. Investment Properties

For the years ended December 31,	2023	2022
	\$	\$
Balance beginning of year	1,164,881	1,110,971
Initial recognition of right-of-use assets	3,133	-
Acquisitions of investment properties (note 4(a))	36,306	96,155
Dispositions of investment properties (note 4(b))	-	(42,674)
Capital expenditures	7,510	3,370
Capitalized leasing fees	2,247	1,531
Capitalized lease incentives	2,663	5,020
Lease incentives amortization	(2,783)	(3,113)
Straight-line lease adjustment	1,963	1,822
Net transfer to finance lease	(10,399)	-
Net changes in fair value of investment properties	2,001	(8,201)
Balance end of year	1,207,522	1,164,881

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 December 31, 2023, independent external appraisals were obtained for investment properties with an aggregate fair value of \$904,893 (December 31, 2022 - appraisals obtained for investment properties having a total fair value of \$821,315).

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	Off-downtown core office	Necessity-based retail
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%
As at December 31, 2022			
Capitalization rate	4.75% - 6.75%	5.75% - 8.25%	5.50% - 8.00%
Terminal capitalization rate	4.75% - 7.50%	5.75% - 8.00%	5.50% - 8.00%
Discount rate	5.50% - 8.25%	6.25% - 8.75%	6.25% - 8.75%
Weighted average capitalization rate	5.75%	6.76%	6.84%

The following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at December 31, 2023, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at December 31, 2023.

Capitalization rate sensitivity	Fair Value	Change in fair value
Increase (decrease)		
	\$	\$
(0.50)%	1,306,588	99,066
(0.25)%	1,255,076	47,554
Base rate	1,207,522	-
0.25%	1,163,481	(44,041)
0.50%	1,122,572	(84,950)

(a) Acquisitions

The fair value of the assets and liabilities recognized in the consolidated statement of financial position on the date of the acquisition during the year ended December 31, 2023, were as follows:

Fair value recognized on acquisition						
Acquisition date	Property type	Location	Interest acquired	Investment properties, including acquisition costs	Mortgage loan assumed	Net consideration
			%	\$	\$	\$
February 2023	Industrial	Mirabel, QC	100	28,920	-	28,920
May 2023 ⁽¹⁾	Industrial	Edmonton, AB	100	7,386	-	7,386
Total				36,306	-	36,386

(1) The Trust satisfied a portion of the acquisition through the issuance of 550,000 Class B limited partnership units at a price of \$4.50 per unit.

(b) Dispositions

There were no dispositions during the year ended December 31, 2023.

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

For the years ended December 31,	2023	2022
	\$	\$
Net changes in fair value of investment properties	2,001	(8,201)
Disposition expenses	(83)	(1,096)
	1,918	(9,297)

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 years ended December 31,	Year	
	2023	2022
	\$	\$
Industrial	32,503	29,854
Off-downtown core office	(27,508)	(31,842)
Necessity-based retail	(2,994)	(6,213)
Total change in fair value	2,001	(8,201)

5. Receivables

As at December 31,	2023	2022
	\$	\$
Rents receivable	2,201	3,431
Allowance for expected credit losses	(731)	(1,011)
Net rents receivable	1,470	2,420
Unbilled recoveries	1,572	1,142
Other receivables	230	1,254
Total	3,272	4,816

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.

6. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately \$1,168,069 as at December 31, 2023 (December 31, 2022 – \$1,140,753).

As at December 31,	2023	2022
	\$	\$
Fixed rate mortgage loans payable	565,519	552,275
Floating rate mortgage loans payable	74,906	86,166
Unamortized fair value assumption adjustments	160	564
Unamortized financing expenses	(2,505)	(2,894)
Mortgage loans payable	638,080	636,111
Short-term portion	160,278	86,094
Weighted average interest rate	4.37%	4.09%
Weighted average term to maturity (years)	3.24	3.97
Range of annual rates	2.37% - 8.95%	2.30% - 8.20%

As at December 31, 2023, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	\$	\$	\$
2024	17,037	143,241	160,278
2025	14,521	52,853	67,374
2026	12,358	108,601	120,959
2027	8,455	100,506	108,961
2028	4,690	77,485	82,175
Thereafter	10,571	90,107	100,678
	67,632	572,793	640,425
Unamortized fair value assumption adjustments			160
Unamortized financing expenses			(2,505)
			638,080

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 11). 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 December 31, 2023	As at December 31, 2022
	\$	%			\$	\$
June 2016	13,000	3.45	Quarterly	June 2026	10,257	10,649
November 2017	23,200	3.88	Monthly	November 2027	20,619	21,331
November 2017	23,075	3.90	Monthly	December 2027	19,392	20,068
Total	59,275				50,268	52,048

7. Finance Lease Receivable

In August 2023, a tenant exercised a purchase option of an industrial property in Edmonton, Alberta. The purchase price is \$10,250 and the closing date is December 1, 2026. The Trust derecognized the property from investment properties to classify it as a finance lease.

The Trust determined at the lease inception date that the lease was a finance lease as the lease transferred to the lessee substantially all the risks and rewards of ownership of the underlying asset and it recognized the net investment in the lease as a finance lease receivable on the balance sheet. The Trust subsequently recognizes financial income as earned.

The following table summarizes the finance lease for the period ended December 31, 2023 and sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Finance lease receivable	Undiscounted finance lease at inception	Unearned finance income at inception	Implicit interest rate	Interest payments	Purchase option
	\$	\$	\$	%		
Beginning balances	10,399	13,379	(2,980)	8.44	Monthly	December 2026

As at December 31, 2023

Beginning balance undiscounted finance lease	13,379
Received lease payments	382
	12,997
Beginning balance unearned finance income at inception	(2,980)
Earned finance income	439
	(2,541)
Finance lease receivable	10,456

As at December 31, 2023, the undiscounted lease payments to be received are as follows:

	Lease payments
	\$
2024	916
2025	916
2026	11,165
Total	12,997
Unearned finance income	2,541
Finance lease receivable	10,456

8. Convertible Debentures

As at December 31, 2023, 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 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 (asset) component at fair value	-	288	288

	Series G	Series H	Total
	\$	\$	\$
As at December 31, 2022			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	709	709
	24,000	28,018	52,018
Conversion options exercised by holders	-	(8,848)	(8,848)
	24,000	19,170	43,170
Unamortized financing expenses	(557)	(671)	(1,228)
Non-derivative liability component	23,443	18,499	41,942
Conversion and redemption options liability component at fair value	88	28	116

Series G

As of December 31, 2023, no conversion options have been exercised by holders on debentures.

Series H

As of December 31, 2023, conversion options have been exercised by holders on debentures representing a nominal amount of \$10,083 (December 31, 2022 - \$9,720).

9. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of \$8,000. This line of credit bears interest at a rate of 1% above the prime rate. As at December 31, 2023, \$950 was due under the acquisition line of credit (December 31, 2022 - \$900). The line of credit is secured by an immoveable second rank hypothec on five properties having a fair value of \$95,706.

The second is a revolving credit facility in the amount of \$50,000 with an accordion option of up to an additional \$10,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Bankers' Acceptance rate. As at December 31, 2023, \$35,409 was due under the revolving credit facility (December 31, 2022 - \$8,997).

The revolving credit facility is secured by an immoveable first rank hypothec on two properties having a fair value of \$39,497 and by negative pledge of a selection of borrowing base properties having a fair value of \$364,116.

10. Class B LP Units

Years ended	December 31, 2023		December 31, 2022	
	Units	\$	Units	\$
Units outstanding, beginning of year	347,265	1,268	347,265	1,417
Issuance of Class B LP units - Acquisition	550,000	2,475	-	-
Exchange into Trust units	(200,000)	(724)	-	-
Fair value adjustment	-	(976)	-	(149)
Units outstanding, end of year	697,265	2,043	347,265	1,268

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.

As at December 31,	2023	2022
	\$	\$
Distribution to Class B LP unitholders	171	78
Distribution per Class B LP unit	0.300	0.300

11. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at December 31, 2023 because of their short-term maturity or because they bear interest at current market rates.

As at December 31, 2023	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 8)	288	-	-	288
Interest rate swap asset	(2,693)	-	(2,693)	-
Class B LP Units (note 10)	2,043	2,043	-	-
For which fair values are disclosed				
Mortgage loans payable (note 6)	640,425	-	612,870	-
Convertible debentures, including their conversion and redemption features (note 8)	42,748	43,351	-	-
Bank loans (note 9)	36,359	-	36,359	-

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

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

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

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

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

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

Conversion and redemption options of convertible debentures	
\$	
Year ended December 31, 2023	
Balance beginning of period	116
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	172
Balance end of year	288

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 December 31, 2023:

	Conversion and redemption options of convertible debentures	Volatility
	\$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	268	19.24
December 31, 2023	288	19.74
0.50%	308	20.24

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.

12. 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 years ended December 31,	2023	2022
	Deferred units	Deferred units
Outstanding, beginning of year	121,727	103,116
Trustees' compensation	17,684	9,558
Distributions paid in units	12,001	9,053
Outstanding, end of year	151,412	121,727

As at December 31, 2023, the liability related to the plan was \$438 (December 31, 2022 - \$446). The related figures recorded in profit and loss amounted to a revenue of \$8, for the year ended December 31, 2023 (for the year ended December 31, 2022 - revenue of \$36).

(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 December 31, 2023, the liability related to the plan was \$87 (December 31, 2022 - \$54). The related expenses recorded in profit and loss amounted to \$67, for the year ended December 31, 2023 (for the year ended December 31, 2022 - revenue of \$41). The 11,635 units related to 2022 purchases were issued in 2023 (11,605 units related to 2021 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:

For the years ended December 31,	2023	2022
	Restricted units	Restricted units
Outstanding, beginning of period	138,583	161,536
Granted	224,302	93,576
Cancelled	(2,914)	-
Settled	(73,129)	(116,529)
Outstanding, end of year	286,842	138,583

As at December 31, 2023, the liability related to the plan was \$597 (December 31, 2022 - \$446). The related expense recorded in profit and loss amounted to \$390, for the year ended December 31, 2023 (for the year ended December 31, 2022 - expense \$357).

(d) Cash settled share-based retirement compensation plan

As at December 31, 2023, the long-term obligation related to the plan was \$593 (December 31, 2022 - \$596). The related revenue recorded in profit and loss amounted to \$4, for the year ended December 31, 2023 (for year ended December 31, 2022 – expense of \$107).

13. 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:

For the years ended December 31,	2023	
	Units	\$
Trust units outstanding, beginning of year	85,238,279	395,960
Issue pursuant to the distribution reinvestment plan (a)	1,083,135	3,441
Issue pursuant to the employee unit purchase plan (note 12 (b))	11,635	33
Issue pursuant to the restricted unit compensation plan (note 12 (c))	73,127	239
Class B LP units exchanged into Trust units	200,000	760
Issue pursuant to conversion of convertible debentures (note 8)	99,725	341
Trust units outstanding, end of year	86,705,901	400,774

(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

For the years ended December 31,	2023	2022
	\$	\$
Distribution to unitholders	25,830	24,927
Distribution per Trust unit	0.300	0.300

(c) Normal course issuer bid (“NCIB”)

As of December 31, 2023, no units have been repurchased for cancellation.

14. Rental Revenues

For the years ended December 31,	2023	2022
	\$	\$
Base rent and other lease generated revenues	80,322	73,992
Property tax and insurance recoveries	25,449	24,831
	105,771	98,823
Operating expenses recoveries and other revenues	22,875	21,963
Lease incentive amortization	(2,783)	(3,113)
Straight-line lease adjustment	1,963	1,822
	127,826	119,495

The Trust as lessor enters into leases on its investment properties. Initial lease terms are generally between three and ten years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to terminate before the end of the lease term. The Trust has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Future minimum base rentals receivable under non-cancellable operating leases as at December 31, 2023 are as follows:

	2023
	\$
Within one year	126,638
Beyond one year but within two years	110,971
Beyond two years but within three years	95,464
Beyond three years but within four years	77,529
Beyond four years but within five years	65,463
Beyond five years	213,790
	689,855

15. Net Financial Expenses

For the years ended December 31,	2023	2022
	\$	\$
Interest on mortgage loans payable	27,426	23,947
Interest on convertible debentures	2,835	2,796
Interest on bank loans	2,478	1,421
Interest on lease liabilities	354	211
Other interest expense	64	75
Accretion of non-derivative liability component of convertible debentures	355	335
Accretion of effective interest on mortgage loans payable and convertible debentures	1,095	1,127
Distributions - Class B LP Units	172	104
Fair value adjustment - Class B LP Units	(976)	(149)
Early repayment fees of a mortgage loan	-	515
Net adjustment to fair value of derivative financial instruments	1,233	(14,216)
	35,036	16,166

16. Expenses by Nature

For the years ended December 31,	2023	2022
	\$	\$
Depreciation	99	122
Employee compensation and benefits expense	9,516	9,452

17. 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:

For the years ended December 31,	2023	2022
	\$	\$
Net income	36,598	38,154
Weighted average number of trust units outstanding – basic	86,289,487	83,438,658
Earnings per unit – basic	0.42	0.46

18. Capital and Financial Risk Management

This note presents information about the Trust's management of capital and the Trust's exposure to financial risk and its objectives, policies and processes for measuring and managing risk.

(a) Capital Management

The Trust's capital consists of contributions by unitholders, convertible debentures, mortgage loans and bank loans, excluding issuance costs. In managing its capital, the Trust's objectives are to ensure that it has adequate resources for its operations and development, while maximizing returns for unitholders and maintaining a balance between debt and equity.

The Trust manages its capital structure based on changes in its operations, the economic climate and the availability of capital.

The Trust's capital is as follows:

As at December 31,	2023	2022
	\$	\$
Cash and cash equivalents	(912)	(2,404)
Mortgage loans payable ⁽¹⁾	640,425	638,441
Convertible debentures ⁽¹⁾	43,185	43,170
Bank loans	36,359	9,897
Mortgage loans payables, Convertible debentures and Bank loans adjusted for Cash and cash equivalents	719,057	689,104
Total assets	1,227,648	1,179,340
Accumulated depreciation on Property and equipment	1,213	1,114
Cash and cash equivalents	(912)	(2,404)
Total assets adjusted for accumulated depreciation and cash and cash equivalents	1,227,949	1,178,050

(1) Excluding issue costs

As at December 31,	2023	2022
	%	%
Mortgage loans payable, Convertible debentures and Bank loans adjusted for Cash and cash equivalents / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	58.6	58.5
Mortgage loans payable / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	52.2	54.2

(b) Financial Risk Management

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- fair value risk (see note 11)

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates this risk by varying its tenant mix and staggering lease terms; avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues and conducting credit assessments for all major new tenants. The Trust analyzes its trade receivable on a regular basis and establishes an allowance for expected credit losses that represents its estimate of lifetime expected credit losses to be incurred in respect of its trade receivables. As at December 31, 2023, overdue rent receivable amounted to \$785 (December 31, 2022 - \$962). An allowance for expected credit losses of \$731 (December 31, 2022 - \$1,011) has been recorded. This allowance contains overdue rent receivable and other specific isolated trade receivable provisions. Management expects to recover the amounts not provisioned as all lease agreements are signed, and they are in continuous discussions for collections with the tenants.

The Trust places its cash and cash equivalents with Canadian financial institutions with high credit ratings. Credit ratings are actively monitored and these financial institutions are expected to meet their obligations.

The Trust is also exposed to credit risk with respect to derivative financial instruments that are in an unrealized gain position, for which the credit exposure is equal to the positive fair value of the outstanding contracts. The Trust only enters into derivative financial instruments with Canadian financial institutions with high credit ratings.

(ii) Interest rate risk

Interest rate risk reflects the risk of changes in the fair value or future cash flows of a financial instrument because of fluctuations in market interest rates.

Except for four mortgage loans outstanding of \$24,636 as at December 31, 2023 bearing interest at variable rates and three mortgages loans outstanding of \$52,028 as at December 31, 2023 covered by a floating-to-fixed interest rate swap agreement, all other mortgage loans payable and convertible debentures bear interest at fixed rates. Accordingly a 100-basis point increase or decrease in the average interest rates for the fiscal year, assuming that all other variables remain constant, would have an impact of approximately \$749 on the Trust's comprehensive income for the year ended December 31, 2023.

(iii) Liquidity risk

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

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

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

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at December 31, 2023, the Trust was in compliance with all the covenants to which it was subject.

The Trust's cash position is regularly monitored by management. The following are the contractual maturities of financial liabilities, including estimated interest payments:

As at December 31, 2023			Estimated payment schedule					
	Carrying amount	Total contractual cash flows	2024	2025	2026	2027	2028	2029 and thereafter
	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	19,549	20,374	19,732	63	56	-	-	-
Distributions payable to unitholders	2,168	2,168	2,168	-	-	-	-	-
Lease liabilities	7,332	17,475	372	378	384	387	404	15,550
Bank loans	36,359	36,359	36,359	-	-	-	-	-
Mortgage loans payable and convertible debentures	680,540	765,338	208,818	106,269	136,032	119,776	87,242	107,201
	745,948	841,714	267,449	106,710	136,472	120,163	87,646	122,751

As at December 31, 2022			Estimated payment schedule					
	Carrying amount	Total contractual cash flows	2023	2024	2025	2026	2027	2028 and thereafter
	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	20,058	20,581	20,279	183	63	56	-	-
Distributions payable to unitholders	2,131	2,131	2,131	-	-	-	-	-
Lease liabilities	4,203	9,882	228	231	236	242	245	8,700
Bank loans	9,897	9,897	9,897	-	-	-	-	-
Mortgage loans payable and convertible debentures	678,053	775,870	112,205	140,300	106,623	150,914	124,496	141,332
	714,342	818,361	144,740	140,714	106,922	151,212	124,741	150,032

19. Subsidiaries and Joint Arrangements

(a) Subsidiaries

The principal wholly owned subsidiaries included in the Trust's consolidated financial statements are as follows:

Entity	Type
BTB, Acquisition and operating Trust ("BTB A&OT")	Trust
BTB Real Estate Management Inc.	Corporation
Immeuble BTB Crescent Sainte-Catherine Inc	Corporation
Cagim Real Estate Corporation ("CREC")	Corporation
BTB Real Estate Limited Partnership	Limited Partnership
Lombard	Limited Partnership
Place d'affaire Lebourgneuf Phase II ("PAL II")	General Partnership
Société immobilière Cagim	Limited Partnership

(b) Joint arrangements

The Trust has investments in joint arrangements whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangements. Therefore, the joint arrangements are classified as joint operations. The joint operations included in the Trust's consolidated financial statement are as follows:

As at December 31,		2023	2022
Property	Location	%	%
Immeuble BTB/Laplaine	Terrebonne, QC	50	50
Huntington/BTB Montclair	Gatineau, QC	50	50

The consolidated financial statements include the Trust's proportionate share of the assets, liabilities, revenues and expenses of these joint arrangements. Summarised financial information is as follows:

As at and for the years ended December 31,	2023	2022
	\$	\$
Assets	22,038	19,973
Liabilities	(12,791)	(9,276)
Revenues	2,021	1,869
Expenses	2,120	870
Net change in fair value of investment properties	289	2,741

20. Operating Segments

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

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

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

	Industrial	Off-downtown core office	Necessity- based retail	Total
	\$	\$	\$	\$
Year ended December 31, 2023				
Investment properties	440,120	518,345	249,057	1,207,522
Rental revenue from properties	32,682	65,943	29,201	127,826
Net operating income	23,837	34,209	17,333	75,379
Year ended December 31, 2022				
Investment properties	344,998	570,527	249,356	1,164,881
Rental revenue from properties	22,910	68,794	27,791	119,495
Net operating income	17,565	36,863	16,002	70,430

21. Supplemental Cash Flow Information

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities:

	Convertible debentures	Mortgage loans payable
	\$	\$
Year ended December 31, 2023		
Balance beginning of year	41,942	636,111
Mortgage loans, net of financing costs	-	48,755
Capitalized interest on mortgage loans	-	-
Repayment of mortgage loans	-	(47,366)
Asset acquisitions mortgage assumption	-	-
Asset dispositions mortgage assumption	-	-
Net proceeds from issuance of convertible debentures	-	-
Initial recognition of conversion and redemption options liability component	-	-
Repayment of convertible debentures	-	-
Conversion of convertible debentures	(330)	-
Fair value assumption adjustments and financing costs amortization	502	580
Accretion of non-derivative liability component	346	-
Balance end of year	42,460	638,080

22. Compensation of Key Management Personnel and Trustees

Key management personnel and trustees compensation is as follows:

For the years ended December 31,	2023	2022
	\$	\$
Salaries and short-term benefits	2,425	2,377
Unit-based compensation	445	539
Total	2,870	2,916

Key management personnel are comprised of the Trust's executive officers.

23. Leases Commitments and Contingencies

(a) Leases

Lease liabilities

As at December 31,	2023	2022
Maturity analysis - contractual undiscounted cash flows	\$	\$
Within one year	372	228
Beyond one year but within five years	1,553	954
Beyond five years	15,550	8,700
Total undiscounted lease liabilities	17,475	9,882
Lease liabilities included in the statement of financial position	7,332	4,203
Current	6	19
Non-current	7,326	4,184

Amounts recognised in profit and loss and statement of cashflows

As at December 31,	2023	2022
Profit and loss	\$	\$
Interest on lease liabilities (note 15)	354	211
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	443	491
Statement of cash flow		
Total cash outflow for leases	801	717

(b) 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.

