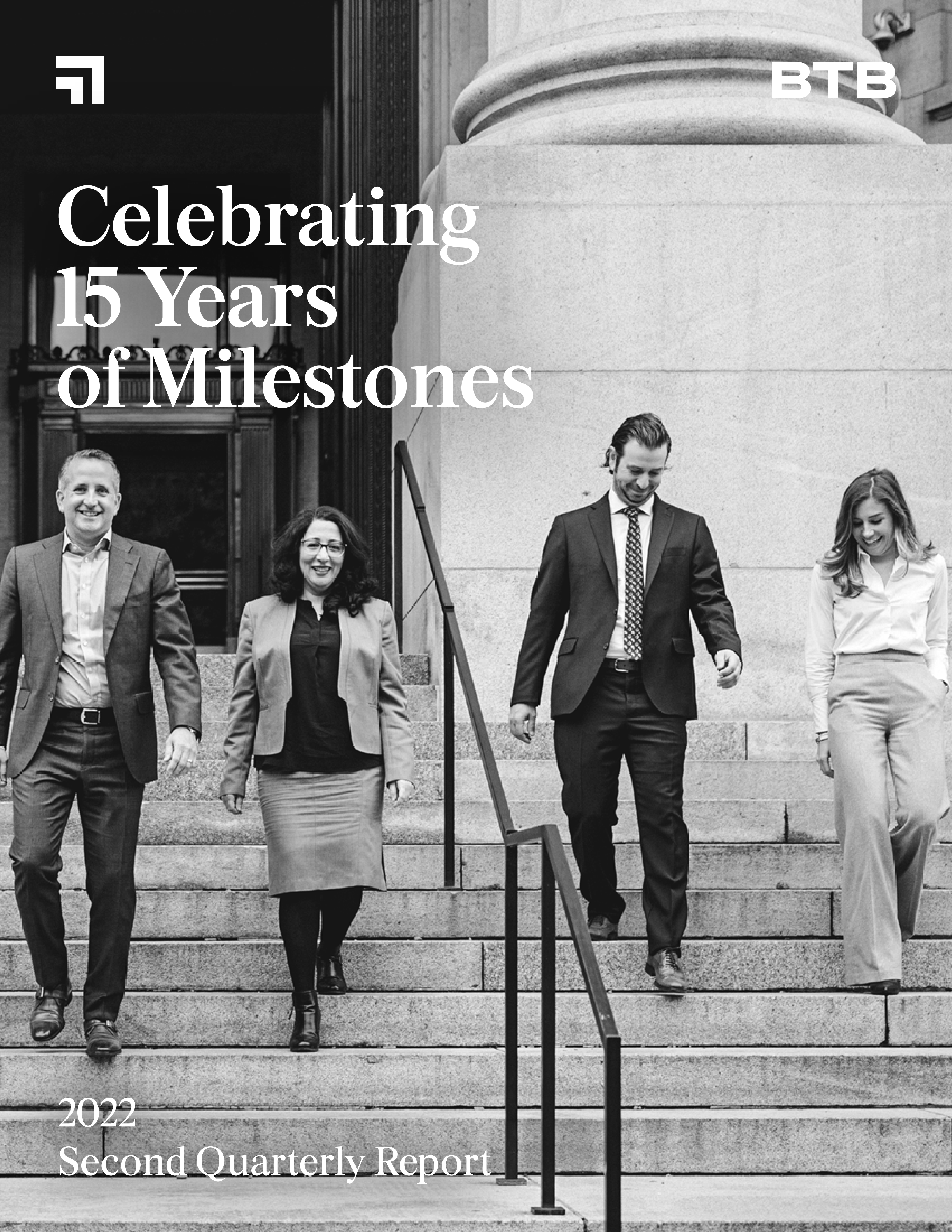
Celebrating 15 Years of Milestones



BTB

2022

Second Quarterly Report


SERVICE DE VALET UNIQUEMENT
VALET PARKING ONLY

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

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

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

Table of Contents

2344 Alfred-Nobel Blvd, St-Laurent

Table of Contents

Highlights

Our Quarter in Numbers

We are concluding this second quarter of 2022 with financial metrics reflecting the ongoing efforts of our team. Among other things, clear and precise operational objectives, strategic and informed decisions regarding the management of the asset portfolio, increased collaboration with our clients and a human-centered vision. These are all elements that have enabled BTB to achieve such results this quarter.

The figures speak for themselves: an improvement of 0.7% in the occupancy rate compared to the last quarter, an increase of $3 million in rental income compared to the second quarter of 2021 and the addition of three new industrial properties to our portfolio, leading us to a total of 75 properties and $1.2 billion in total assets. We are proud to present such a solid quarterly balance sheet.

While continuing to contribute to the reputation and success of BTB, our team remains committed to pursuing their efforts in the coming months in order to achieve the growth and performance objectives, set at $2 billion in assets within five years.

Highlights

$1.2B
of total assets

75
properties

$29.0M
of rental income

5.8M
square feet of space

$9.7M(1)
of recurring funds from operations (FFO)

11.4¢(1)
of recurring funds from operations (FFO) per unit

93.8%
occupancy rate

65.5%(1)
recurring adjusted funds from operations (AFFO) payout ratio

(1) This is a non-IFRS financial measure, refer to page 35.

Geographic and Asset Breakdown

A Glimpse at our Portfolio

As demonstrated in the first quarter of 2022, we continue to expand into primary markets. The acquisitions of three industrial buildings located in Ottawa (Ontario), Montréal (Québec) and Edmonton (Alberta) are a demonstration of our commitment to geographically diversify our asset portfolio. These acquisitions are bringing our industrial building deployment to 26.9%, a step toward our objective of 45% in five years.

We closed the quarter with a total of 75 properties and 5.8 million square feet in total leasable area from East to West in Canada. More specifically in the regions of Montréal, Quebec City, Ottawa, Edmonton and Saskatoon. In this section, you can see the breakdown of our buildings by total rental area in our portfolio, by geographical location and by type of asset.

Breakdown by asset type:

Industrial: 26.94%*
Off-downtown core office: 49.22%*
Necessity-based retail: 23.84%*

4.28%*

Edmonton

7 properties ($66.8M)
249,859 sq.ft.
100% occupancy rate

3.83%*

Saskatoon

4 properties ($41.0M)
223,472 sq.ft.
100% occupancy rate

Geographic and Asset Breakdown

23.63%*

Quebec City

11 properties ($245.0M)
1,380,145 sq.ft.
88.2% occupancy rate

13.79%*

Ottawa

11 properties ($177.0M)
805,157 sq.ft.
94.8% occupancy rate

54.47%*

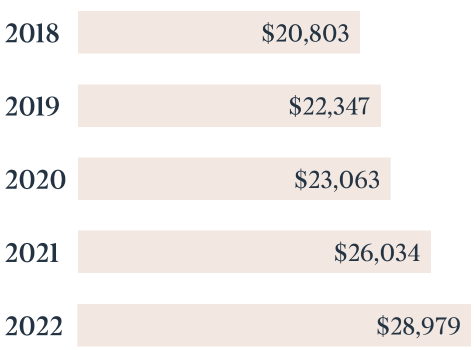
Montréal

42 properties ($637.4M)
3,181,174 sq.ft.
95.1% occupancy rate

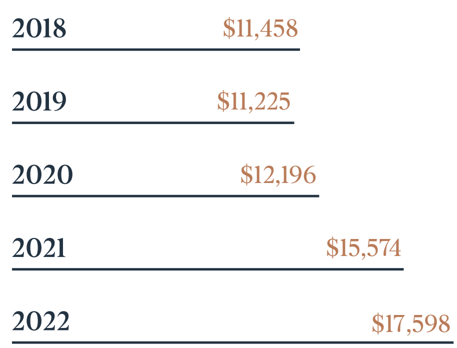
*Percentages based off total leasable area.

Key Metric Evolution*

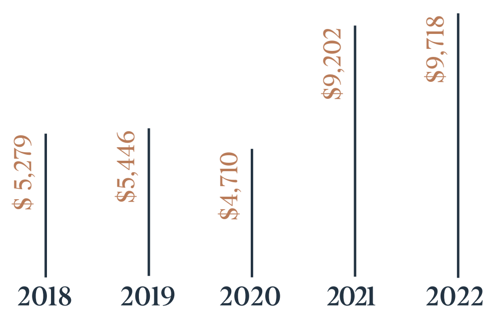
Rental revenue



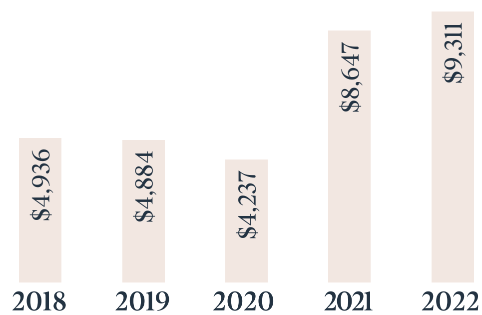
NOI



Recurring FFO (1)

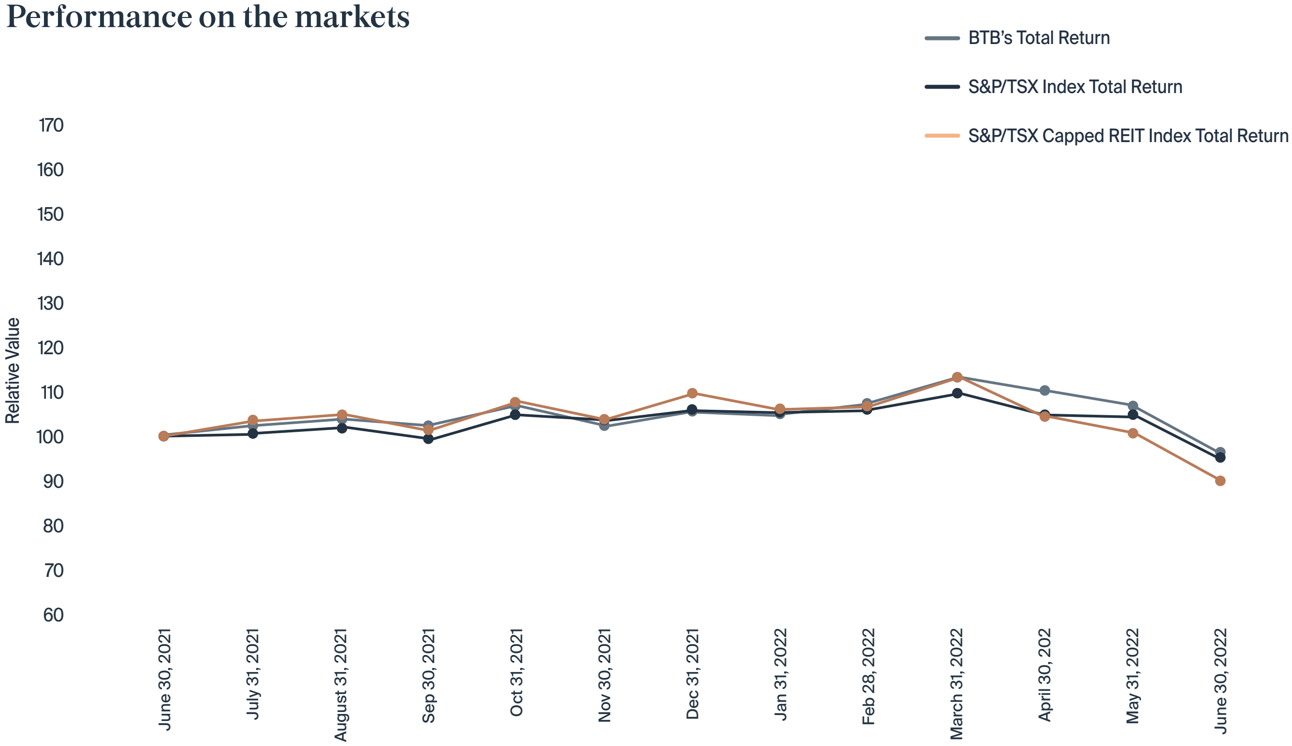


Recurring AFFO (1)



*For the quarters ending on June 30, in thousands of dollars. (1) This is a non-IFRS financial measure, refer to page 35.

Performance on the markets



Approachable

"BTB has provided me with a workplace where I feel comfortable asking any questions I have so that I can learn and grow."

- Haily Lambert, Administrative Assistant

Our History

15 Years of Milestones

2005

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

2006

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

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

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

2007

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

2006–2008

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

2008

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

2010

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

Our History

2017–2019

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

2018

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

2012

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

2021

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

2019

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

Méritas Awards

Celebrating Excellence

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

Quality Award

Serghei Novitchi

Maintenance Technician

Why do you think your colleagues nominated you for this merit?

I thank them, although I'm not really sure why. This is the second time I receive this type of award at BTB, so I imagine that my colleagues find that I provide good service, that they acknowledge my achievements and want to highlight them. I am also a very sociable, autonomous, creative person who has a sense of organization, and maybe that makes the difference in the quality of my work. I like my job to be done well, but I don't do it expecting something in return. I just work with my heart.

How would you define quality work?

It is important to me to be thorough and not try to rush into anything. Moreover, I would say that a good employee should perform his duties by imagining that the company belongs to him and that he is not a simple employee, which often provokes the desire to give the maximum of his capacities and invest fully.

Do you think the working atmosphere at BTB is an important aspect of the qualities of the company?

Yes, even if I mostly work alone, the atmosphere with my direct colleagues is ideal. I feel very comfortable with them. I also have fond memories of the social activities organized internally by BTB. These moments will forever remain etched in my memory.

After spending 10 years at BTB, how do you view the quality of the evolution of the company?

I've witnessed the growth of BTB over the years, mainly with the exponential increase in the number of assets. The company is constantly seeking to improve and it's part of why I see myself evolving here for many more years.

Working Towards a Sustainable Future

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

Collaboration with Alvéole

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

Recharging Stations

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

Environmental Best Practices Trainings

This fall, we plan to improve our environmental performance through the training of our teams of property managers and operators. Likewise, our tenants will benefit from training adapted to their buildings on good environmental practices that directly concern them: water and energy saving, waste management, eco-responsible purchases, and more.

BOMA & LEED Certifications

We are proud to have 22 properties in our portfolio which are certified BOMA BEST as well as 6 properties that are LEED certified. We are constantly working on improving the certification levels of our properties.

Print Relief & FSC Recycling

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

Message from the President and CEO

Living up to our ambitions

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

Message from the President and CEO

BTB's strategic growth in the industrial properties segment and the geographic expansion of our portfolio contributed to the presentation of strong results for the second quarter of 2022.

Rental activities at the heart of our operational performance

BTB's portfolio performance is up across all asset classes and geographies with comparable portfolio NOI increase of 8.2% compared to the second quarter of 2021.

Leasing efforts resulted in ending the quarter with a total occupancy rate of 93.8% across all our assets, an increase of 1.6% compared to the same quarter last year. The industrial sector continues to show its resilience with an occupancy rate of 100% for our portfolio, while the recent upturn in retail activities brings our occupancy rate of essential retail businesses to 96.2%. We will welcome *Bath & Body Works* for a leasable area of 4,600 square feet in Lévis (Quebec).

Our lease renewal activities were also strong for the quarter, posting a renewal rate of 76.0%. Leases representing a total leasable area of 79,126 square feet were renewed, including 55,635 square feet before their term and 23,491 square feet in anticipation of the end of their term scheduled for 2023 and beyond. Our clients' loyalty remains at the heart of our strategies.

Our leasing activities were also successful during the quarter, as 43,121 square feet were leased to new tenants in the outlying office sector. The trend is confirmed: tenants want to occupy office space on the outskirts of major cities, closer to where they live. It is therefore not insignificant to see an improvement in the rental rate of this segment of 21.2% during the second quarter of 2022. Among these new rentals, *MNP* will occupy a leasable area of approximately 10,000 square feet, in Laval (Québec)

During the quarter, BTB succeeded in maintaining a weighted average lease term of 6.0 years compared to 5.2 years for the corresponding period of 2021. In addition to securing future revenues for the Fund and stabilizing our tenant base, the leasing strategy also aims to ensure the longevity of leases and to guarantee a constant lease expiry profile for the following years.

The industrial sector at the center of our strategic deployment

The industrial sector is an asset class that seems to have the wind in its sails with investors and tenants. An ascertainment that allows us to confirm the strategic repositioning that we announced at the start of the year, namely a gradual reduction in our percentage of ownership of essential retail buildings and outlying offices in favor of most coveted industrial buildings.

During this quarter, BTB took advantage of this balance sheet to acquire three industrial properties for a total sum of $40.5 million (excluding transaction costs and adjustments), an addition of 165,342 square feet to our total leasable area. These new acquisitions raise the industrial ratio of our portfolio to 26.9% against 25.2% in the previous quarter, for a total of 26 industrial properties. These further diversify our portfolio geographically and strengthen our presence in all primary markets since the properties are respectively located in Edmonton (Alberta), Ottawa (Ontario) and Montréal (Québec). A desire on the part of BTB to display a more significant presence, particularly in Western Canadian markets.

Message from the President and CEO

Revenues from these acquisitions, as well as the disposal of a small building located in Magog, Québec, largely contributed to the results of this second quarter since the proportion of net operating income (NOI) generated by industrial buildings increased from 13.6% to 22.4%, compared to the corresponding period of the previous year.

An overview of the second quarter results

The solidity of our second quarter financial results is a direct reflection of the two points we have just discussed, namely the ongoing leasing efforts of our team and the accretive acquisitions of recent months.

Our recurring FPE payout ratio was 65.5% for the quarter, compared to 59.9% for the second quarter of 2021, while our recurring FFO payout ratio was 68.3%, compared to 63.7% for the same quarter of 2021. It is important to note that the decrease in AFFO per unit for the quarter and the cumulative six-month period is attributable to an additional one-time recovery and an indemnity recognized in the corresponding period of 2021 totaling $2.6 million. Excluding this adjustment, recurring AFFO per unit would have increased by 23.8% or 4.0¢ per unit for the cumulative six-month period compared to the corresponding period of 2021.

Continuing this trend, our total debt ratio decreased further. At the end of the second quarter of 2022, this ratio stood at 58.8%, a 2.5% improvement over the previous quarter.

A start to the year that lives up to our ambitions

The value of our total assets is approaching $1.2 billion and 2022 continues to present us with good opportunities. Whether it's potential new acquisitions, a varied client profile or a lower debt ratio, we are continuing our strategic efforts, by remaining on the lookout for the latest market trends in order to best represent the interests of our clients and our investors.

Our team remains committed to achieving our long-term objectives through meticulous analysis of our portfolio, informed decisions, and the relentless support for the development of our clients' businesses.

Michel Léonard
President and Chief Executive Officer

Authentic

“At BTB, you can feel the heart that people put into their work.”

- Vanessa Burns, Graphic Designer

Client Testimonials

Let's Hear from the BTB Community

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

Client Testimonials

"BTB always offers us high-quality professional services that meet our expectations. We're very satisfied with the excellent management of their company. We are grateful for their availability to help us in any circumstances. It's always fun and enjoyable to work with them. It's a company with great human qualities!"

Sushi Kumi
825 Lebourgneuf Blvd,
Quebec City

"When I first met with the President about two years ago, I left the table with a pleasant feeling. I felt Mr. Léonard's respect, his availability, and his great listening. I would also like to emphasize the professionalism offered by Ms. Christine Breton. Her arrival was truly a breath of fresh air for us."

Éditions MR
825 Lebourgneuf Blvd,
Quebec City

"Our first experience with BTB was around the time we started renovating our offices. We needed to renovate the space and throughout the process, BTB was extremely accommodating and attentive to our needs. Everything was done on time and on budget, which you don't see very often! It was an incredible experience!"

SHOEBOX Inc.
80 Aberdeen St, Ottawa

"Leasing from BTB has been a hassle-free experience. BTB is an extremely professional organization with top notch staff assisting with all needs that arise. **We lease space across the globe, and I must say BTB is our top landlord.**"

Kore Outdoor
6000 Kieran St, Montréal

"For the Caisse Desjardins des Grands boulevards de Laval, the business relationship with the BTB team is much more than simple and easy communication: it is a dynamic relationship, a collaboration for the benefit of a pleasant and comfortable environment at all times!

Desjardins, Caisse des Grands boulevards de Laval
3111 St-Martin W. Blvd,
Laval

"We have outstanding service due mainly to our on-site building supervisor Sylvain. He gives us excellent service and is always eager to support and help us no matter what the need. He always goes above and beyond to ensure we are happy with our space."

GPL Assurance Inc.
3131 St-Martin W. Blvd,
Laval

"BTB is a true partner in meeting Giatec's space needs. The team provides flexibility and expert advice to ensure that our space meets our needs and functions smoothly. Requests for support are always addressed promptly by the team. BTB also takes an interest in our future growth and provides advice to allow us to develop a space plan to meet our needs as we grow in a cost-effective manner."

Giatec Scientific Inc.
245 Menten Place,
Ottawa

Our Recent Acquisitions

Expanding our Reach

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

On June 17, 2022 we finalized the acquisition of this Class A industrial property, which is fully leased to Amylior, a leader in the design, development and manufacturing of high-end motorized wheelchairs, seating and positioning systems and accessories.

Purchase price: $15M*
Property type: industrial
Total leasable area: 67,162 sq.ft.

Our Recent Acquisitions

1100 Algoma Road Ottawa, ON

On April 5, 2022 we finalized the acquisition of this industrial property, which is fully leased to Ontario Medical Supply, a subsidiary of Medical Pharmacies Group. They operate 25 pharmacies located in medical buildings in Ontario and are the Ontarian leaders in long-term care, including nursing services and retirement communities.

Purchase price: $12.5M*
Property type: industrial
Total leasable area: 46,400 sq.ft.

3905 Allard Avenue Edmonton, AB

On June 29, 2022 we finalized the acquisition of this industrial property, which is fully leased to H.E. Parts International. Their mission is to provide customers with the highest quality spare parts, components and services that improve performance, extend life cycles, and reduce costs.

Purchase price: $12.95M*
Property type: industrial
Total leasable area: 51,747 sq.ft.

*Purchase price excluding transaction costs.

A Strategic Portfolio

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

Our Properties

During the second quarter, we acquired 3 new properties and disposed of one, bringing our portfolio to a total of 75 across 5 canadian regions.

Montréal

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

5810 Sherbrooke Street East, Montréal[1]

5878-5882 Sherbrooke Street East, Montréal

7001-7035 St-Laurent Blvd and 25 Mozart Avenue, Montréal[1]

2101 Sainte-Catherine Street West, Montréal

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

11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux[1]

1325 Hymus Blvd, Dorval

4105 Sartelon Street, St-Laurent

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

7777 Transcanada Highway, St-Laurent

2250 Alfred-Nobel Blvd, St-Laurent

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

2344 Alfred-Nobel Blvd, St-Laurent[2]

7150 Alexander-Fleming Street, St-Laurent

6000 Kieran Street, St-Laurent

2425 Pitfield Blvd, St-Laurent

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

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

North Shore of Montréal

2900 Jacques-Bureau Street, Laval

4535 Louis B. Mayer Street, Laval

3695 Des Laurentides (Highway-15), Laval

3111 Saint-Martin Blvd West, Laval[2]

3131 Saint-Martin Blvd West, Laval

81-83 Turgeon Street, Ste-Thérèse

5791 Laurier Blvd, Terrebonne

2175 Des Entreprises Blvd, Terrebonne

2205-2225 Des Entreprises Blvd, Terrebonne

2005 Le Chatelier Street, Laval[2]

South Shore of Montréal

4890-4898 Taschereau Blvd, Brossard[1]

204 De Montarville Blvd, Boucherville[1]

32 Saint-Charles Street West, Longueuil[1]

50 Saint-Charles Street West, Longueuil

85 Saint-Charles Street West, Longueuil[1]

2111 Fernand-Lafontaine Blvd, Longueuil

2350 Chemin du Lac, Longueuil

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

145 Saint-Joseph Blvd, St-Jean-sur-Richelieu[1]

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

1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu[1]

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

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

Quebec City Area

6655 Pierre-Bertrand Blvd, Quebec City[1]

6700 Pierre-Bertrand Blvd, Quebec City[1]

909-915 Pierre-Bertrand Blvd, Quebec City

825 Lebourgneuf Blvd, Quebec City[1]

815 Lebourgneuf Blvd, Quebec City[1]

1170 Lebourgneuf Blvd, Quebec City[1]

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

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

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

505 Des Forges Street and 1500 Royale Street, Trois-Rivières[1]

Ottawa Area

80 Aberdeen Street, Ottawa[1]

245 Menten Place, Ottawa[1]

1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd, Ottawa[1]

400 Hunt Club Rd, Ottawa

2200 Walkley Street, Ottawa[1]

2204 Walkley Street, Ottawa[1]

2611 Queensview Drive, Ottawa[2]

979 & 1031 Bank Street, Ottawa[2]

7 and 9 Montclair Blvd, Gatineau[1]

1100 Algoma Road, Ottawa

Edmonton

6909 - 42 Street, Leduc

1921 - 91 Street, Edmonton

18410 - 118A Avenue NW, Edmonton

18028 - 114 Avenue NW, Edmonton

28765 Acheson Road, Acheson

25616 - 117 Avenue NW, Acheson

3905 Allard Avenue Edmonton

Saskatoon

3542 Millar Avenue, Saskatoon

318 - 68th Street, Saskatoon

3911 Millar Avenue, Saskatoon

3927 and 3931 Wanuskewin Road, Saskatoon

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

Who We Are

Open-minded

"I am truly grateful to work for an organization that values their employees and embraces all ideas and diverse opinions."

- Alicia Grilli, Executive Project Coordinator

Board of Trustees & Executive Team

Luc Martin
President, Audit Committee
& Trustee[(1)]

Jocelyn Proteau
Chair of the Board
& Trustee[(2)]

Christine Marchildon
Trustee[(2)]

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

Michel Léonard
President, Chief Executive Officer
& Trustee

Daniel Fournier
Trustee[(3)]

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

Sylvie Lachance
Trustee[(3)]

Fernand Perreault
President, Investment
Committee & Trustee[(3)]

Michel Léonard
President, Chief Executive Officer
& Trustee

Mathieu Bolté
Vice President &
Chief Financial Officer

Peter Picciola
Vice President &
Chief Investment Officer

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

Interview

When Work Becomes a Passion

An interview with Jean-Pierre Janson, Vice-Chair of the Board & Trustee

Interview

“I am lucky because I never considered my job as a job, but rather as a passion. I love what I do, it’s as simple as that. Being able to find this passion in others is very inspiring.”

What is your greatest achievement?

It’s difficult for me to answer this question given the extent of my career.

I am proud to have been able to participate in the creation and development of companies in various fields of activity: forestry, finance, mining and real estate. Besides, I think my family life is my greatest achievement in a way.

Although there is always room for improvement, I am overall very satisfied with my life.

What inspires you?

I get a lot of inspiration from people who are positive and love what they do. I am lucky because I never considered my job as a job, but rather as a passion. I love what I do, it’s as simple as that. Being able to find this passion in others is very inspiring.

Also, the possibility of contributing to the success of the aforementioned companies is very stimulating for me.

What are your passions?

My work is a passion...

Otherwise, I love to travel. I can’t wait to fly again, because there are still many places I would like to visit. One of the trips that marked me the most was undoubtedly Croatia. Besides, if I had to choose a country that I would never get tired of, it would be Italy. I love Italy and all it has to offer. It is easy to get there, rent a car and go on adventures.

On another note, I’m not one to go to a golf course, but my relatives and I really enjoy hiking in the forest with our dog and enjoying nature. Even Mount Royal can become an adventure in itself.

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

Very good question. I’m not sure I can embody a quote, but I often say: “Organize yourself to have a passion, not a job”. In my opinion, it is essential to love what you do.

You have been on BTB’s Board since its inception 15 years ago. Can you tell us the moment you are most proud of?

Fortunately, there is not only one, and this, for various reasons. Being able to get through the 2008 crisis and the COVID-19 crisis are examples of what I am proud of. One of the pivotal moments that I was able to experience alongside Michel was the 2008 crisis. Although the economic situation was not in our favor, BTB managed to overcome this challenge and persist. The robustness of the Board of Directors in place at the time is one of the key elements that enabled us to get through this crisis without too much hassle, coming out even stronger.

Today, I am proud of BTB’s strategic vision for the years to come. The recent addition of key members to the management team demonstrates BTB’s commitment to solidifying its foundations and growing exponentially.

Where do you see BTB in the future?

Having reached the threshold of one billion in assets, the logical next steps would be for us to reach 2 billion in assets within 5 years. This is a development that I’ve been thinking about for a long time.

On the other hand, it would be important to develop the institutional side that BTB does not yet have. Entering this niche would likely help us accelerate this growth.

I see the next 5-10 years very positively. We’ve been able to establish a solid base of competent and committed people, allowing us to support the achievement of our future objectives.

Interview

Uprightness, Honesty and Rigor

An interview with Jocelyn Proteau,
Chair of the Board & Trustee

Interview

"I consider us to be the best REIT in Québec."

What is your greatest achievement?

Life has gifted me by offering me two careers. The first 37 years at Desjardins where I rose through the ranks to become Chairman of the Board and Chief Executive Officer of the most important component of this great organization. I am proud of this rise, because the passion that inhabited me, my dedication to work and my ambition allowed me this journey.

The second phase was just as rewarding. I have served and held various positions on numerous boards of directors, including Chairman of the Board of the Canada Mortgage and Housing Corporation, Quincaillerie Richelieu Ltée for 15 years — in addition to serving as Chairman of the Board for the last 8. I also sat for 7 years on the board of one of the largest insurance companies in Europe whose head office is in Edinburgh (Scotland), while assuming the chairmanship of the Board of its Canadian subsidiary. Finally, a 17-year term on the board of Familiprix and of course, BTB today. As you see, I touched on many sectors which allowed me to fully realize myself.

From a more personal point of view, my greatest achievement are my two sons and my grandchildren whom I adore. They are my greatest wealth.

What inspires you?

I will not answer directly, but rather share values that have guided me throughout this journey: uprightness, honesty and rigor. If these three words seem synonymous at first glance, for me they cover everything that has animated me.

I would add that I am not very open and tolerant of mediocrity and shoddy work. I have always imposed this way of acting on myself and asked that of the people around me.

What are your passions?

The world, people, my children, my family... and golf! Friendship is also very precious to me. I have many friends and some very good friends. Over time we evolve, but I still like to devote time and energy to them. I maintain my relationships.

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

One of those that always inspires me is: "To always be turned towards the past, we enter the future backwards". I never look back; I look forward and I will keep looking forward. It describes how I feel about life.

You have been on BTB's Board since its inception 15 years ago. Can you tell us how your involvement with BTB began?

I met Michel Léonard through a mutual friend, president of a real estate group. He mentioned that he knew someone who wanted to launch a real estate project and that we should meet because, according to him, I was "the ideal candidate to chair their board of directors thanks to my reputation, credibility and background". I pointed out to him that I do not come from the real estate sector. After a few days of reflection, I accepted a breakfast meeting with this famous Michel.

During our conversation, I understood that the project was to create a REIT and that my role would be to recruit the members of the board and to chair it. I took the time to think about it again, and made phone calls here and there. I finally said yes. Michel's personality and enthusiasm caught my eye.

We began by looking to form a real board of directors. Some people had already been identified to sit on it, but no one had yet formally agreed to be part of it. One of my first contacts was Jean-Pierre Janson and we immediately got along very well. The second was the president of Quincaillerie Richelieu, whom I already knew since we had been friends for 15 years and fellow coworkers on one of the boards we both sat on.

Back in October 2006, when we created the capital pool company which we transformed into a REIT, we had raised $43 million in public funds. It was quite phenomenal, because we didn't have a single building, just paperwork. I was not very optimistic, but the investment bankers we were working with at the time were relying heavily on the credibility of the management team and the quality of the board put in place. It indeed worked and this is how it all started!

Where do you see BTB in the future?

I've never been more optimistic for BTB than today. I am convinced that within 5 years, we can easily double the size and revenues of the company. We have top quality management, a competent and dedicated staff and a board certainly as good as any other public companies' in Québec. I consider us to be the best REIT in Québec and that we will eventually become one of the best in Canada.

The greatest successes are not built on fear or hesitation, but on trust and respect for people.

Who We Are

Dynamic

"BTB is a company that encourages vitality, enthusiasm, and positive energy in its teams. The goal is to join forces for maximum efficiency."

- André Barr & Chanel Lev
Lease Manager & Legal Counsel

Management Discussion & Analysis

Quarter ended June 30, 2022

Introduction

The purpose of this Management Discussion and Analysis ("MD&A") is to allow the reader to evaluate the operating results of BTB Real Estate Investment Trust ("BTB" or the "Trust") for the period ended June 30, 2022 as well as its financial position on that date. The report also presents a summary of the Trust's business strategies, and the business risks it faces. This MD&A dated August 5, 2022 should be read together with the interim condensed consolidated financial statements and accompanying notes for the period ended June 30, 2022. It discusses significant information available up to the date of this MD&A. The Trust's consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators ("CSA") website at www.sedar.com and on our website at www.btbreit.com.

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

Forward-Looking Statements – Caveat

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

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

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

Non-IFRS Financial Measures

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

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

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

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

The Trust

The Trust is an unincorporated open-ended real estate trust formed under and governed by the laws of the province of Québec pursuant to a trust agreement (as further amended). The Trust began its real estate operations on October 3, 2006, and as of June 30, 2022, owned 75 industrial, off-downtown core office and necessity-based retail properties located in primary markets of the provinces of Québec, Ontario, Alberta, and Saskatchewan. Since its inception, the Trust has become an important property owner in the province of Québec, in Eastern Ontario and since December 2021, in Western Canada. The units and Series G and H convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN”, “BTB.DB. G” and “BTB.DB.H”, respectively.

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

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

	Number of properties	Leasable area (sq. ft.)	Fair value (thousands of $)
As at June 30, 2022	**75**	**5,839,807**	**1,167,247**

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

Objectives and Business Strategies

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

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

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

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

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

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

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

Highlights of the Second Quarter Ended June 30, 2022

Leasing activity for the quarter: 79,126 square feet of leases renewed of which, 55,635 square feet were renewed before the end of their term and 23,491 square feet were renewed in anticipation of the end of their term for the years 2023 and after. The Trust leased 43,121 square feet to new tenants. Due to strong leasing activity, the occupancy rate was at 93.8% at the end of the quarter.

Acquisitions: On April 5, 2022, the Trust acquired an industrial property located at 1100 Algoma Road in Ottawa, Ontario, for a total consideration of $12.5 million, excluding transaction costs and adjustments. On June 15, 2022, the Trust acquired an industrial property located at 3190 F.-X. Tessier Street in Vaudreuil-Dorion, Québec, for a total consideration of $15.0 million, excluding transaction costs and adjustments. On June 27, 2022, the Trust acquired an industrial property located at 3905 Allard Avenue in Edmonton, Alberta, for a total consideration of $13.0 million, excluding transaction costs and adjustments. The acquisition of these high-quality assets added additional exposure to the Trust's industrial segment.

Disposition: On June 16, 2022, the Trust disposed of a small industrial property located at 2059 René-Patenaude Street in Magog (Eastern Townships), Québec, for total proceeds of $1.8 million, excluding transaction costs and adjustments.

Rental revenue: Stood at $29.0 million for the current quarter, which represents an increase of 11.3% compared to the same quarter of 2021. For the cumulative six-month period, the rental revenue totalled $58.0 million, which represents an increase of 17.1% compared to the same period in 2021.

Net operating income (NOI): Stood at $17.6 million for the current quarter, which represents an increase of 13.0% compared to the same quarter of 2021. For the cumulative six-month period, the total NOI was $33.8 million, which represents an increase of 20.9% compared to the same period in 2021.

Same-property NOI[(1)]: Increased by 8.2% for the second quarter of 2022 compared to the same period in 2021 mainly due to a combination of important leasing efforts made during the previous quarters resulting in an increase in occupancy rate compared to the same quarter last year and an increase in the average lease renewal rates.

Net income and comprehensive income: Totalled $18.2 million for the quarter compared to $7.2 million for the same period in 2021, representing an increased of $11.0 million that is attributed to a net adjustment to the fair value of derivative financial instruments.

Recurring FFO[(1)]: Was 11.4¢ per unit for the quarter (22.1¢ per unit for the 2022 cumulative six-month period) compared to 12.5¢ per unit for the same period in 2021 (21.7¢ per unit for the 2021 cumulative six-month period). The decrease for the quarter is explained by a retrospective $2.6 million additional recovery and an indemnity recognized during the same period in 2021. Excluding this adjustment, the recurring FFO per unit would have increased by 23.6% for the cumulative six-month period compared to the same period in 2021.

Recurring AFFO[(1)]: Was 11.0¢ per unit for the quarter (20.8¢ per unit for the 2022 cumulative six-month period) compared to 11.8¢ per unit for the same period in 2021 (20.5¢ per unit for the 2021 cumulative six-month period). The decrease for the quarter is explained by a retrospective $2.6 million additional recovery and an indemnity recognized during the same period in 2021. Excluding this adjustment, the recurring AFFO per unit would have increased by 23.8% for the cumulative six-month period compared to the same period in 2021.

Recurring FFO payout ratio[(1)]: Was 65.5% for the quarter (67.8% for the 2022 cumulative six-month period) compared to 59.9% for the same period in 2021 (69.2% for the 2021 cumulative six-month period).

Recurring AFFO payout ratio[(1)]: Was 68.3% for the quarter (72.3% for the 2022 cumulative six-month period) compared to 63.7% for the same period in 2021 (73.0% for the 2021 cumulative six-month period).

Liquidity position: The Trust held $3.0 million of cash at the end of the quarter and $26.7 million is available under its credit facilities[(1)(2)]. The Trust has the option to increase the capacity under the credit facilities to $58.8 million.

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Credit facilities is a term used that reconciles with the bank loans as presented and defined in the Trust interim condensed consolidated financial statements.

Debt metrics: The Trust concluded the quarter with a total debt ratio[1] of 58.8%, recording an improvement of 1.7% compared to December 31, 2021.

Collection rate: was 98.0% of invoiced rent during the quarter and 98.5% on a cumulative basis for 2022, which shows the strong fundamentals of the industrial, off-downtown core office and the necessity-based retail operating segments. The Trust's portfolio continued to show positive results through all asset classes and geographies.

Subsequent events

No subsequent event.

Summary of significant items as at June 30, 2022

- Total number of properties: 75
- Total leasable area: 5.8 million square feet
- Total asset value: $1,185 million
- Market capitalization: $305 million (unit price of $3.60 as at June 30, 2022)

(1) This is a non-IFRS financial measure, refer to page 35.

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended June 30, 2022, and 2021:

Periods ended June 30 (in thousands of dollars, except for ratios and per unit data)		Quarters		Cumulative (6 months)	
		2022	2021	2022	2021
	Reference (page)	$	$	$	$
Financial information					
Rental revenue	49	28,979	26,034	58,047	49,566
Net operating income (NOI)	48	17,598	15,574	33,832	27,988
Net income and comprehensive income	48	18,243	7,161	24,692	9,671
Adjusted net income(1)	52	9,001	8,030	16,259	12,634
NOI from the same-property portfolio(1)	53	13,450	12,436	25,716	24,460
Distributions	54	6,374	5,508	12,225	10,336
Recurring funds from operations (FFO)(1)	55	9,718	9,202	18,035	14,932
Recurring adjusted funds from operations (AFFO)(1)	56	9,311	8,647	16,913	14,153
Cash flow from operating activities	58	15,516	8,162	26,920	21,311
Total assets	60			1,185,148	965,051
Investment properties	60			1,167,247	922,035
Mortgage loans	62			628,778	503,075
Convertible debentures	62			41,563	43,542
Mortgage debt ratio(2)	64			53.4%	53.7%
Total debt ratio(1)	64			58.8%	56.0%
Weighted average interest rate on mortgage debt	62			3.62%	3.52%
Market capitalization				305,035	298,703
Financial information per unit					
Units outstanding (000)	66			84,732	73,391
Class B LP units outstanding (000)	65			347	347
Weighted average number of units outstanding (000)	66	84,642	73,088	81,153	68,532
Weighted average number of units and Class B LP units outstanding (000)	66	84,989	73,435	81,500	68,895
Net income and comprehensive income	48	21.5¢	9.8¢	30.3¢	14.1¢
Adjusted net income(1)	52	10.6¢	10.9¢	19.9¢	18.3¢
Distributions	54	7.5¢	7.5¢	15.0¢	15.0¢
Recurring FFO(1)	55	11.4¢	12.5¢	22.1¢	21.7¢
Payout ratio on recurring FFO(1)	55	65.5%	59.9%	67.8%	69.2%
Recurring AFFO(1)	56	11.0¢	11.8¢	20.8¢	20.5¢
Payout ratio on recurring AFFO(1)	56	68.3%	63.7%	72.3%	73.0%
Market price				3.60	4.07
Tax on distributions					
Tax deferral	68	100.0%	100.0%	100.0%	100.0%
Operational information					
Number of properties	43			75	65
Leasable area (thousands of sq. ft.)	43			5,840	5,402
Occupancy rate	43			93.8%	92.2%
Increase in average lease renewal rate	44	20.6%	0.2%	15.3%	3.2%

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure. The mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash and cash equivalents.

Selected Quarterly Information

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

(in thousands of dollars except for per unit data)	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3
	$	$	$	$	$	$	$	$
Rental revenue	**28,979**	29,068	26,789	23,988	26,034	23,532	22,455	23,583
Net operating income	**17,598**	16,234	14,776	13,572	15,574	12,414	12,767	13,308
Net income and comprehensive income	**18,243**	6,449	23,219	8,678	7,161	2,510	3,850	5,757
Net income and comprehensive income per unit	**21.5¢**	8.3¢	31.2¢	11.7¢	9.8¢	3.9¢	6.1¢	9.1¢
Cash from operating activities	**15,516**	11,404	25,137	10,090	8,162	13,149	15,954	8,983
Recurring funds from operations (FFO)(1)	**9,718**	8,317	8,194	7,018	9,202	5,730	6,322	6,920
Recurring FFO per unit(1)(2)	**11.4¢**	10.7¢	11.0¢	9.5¢	12.5¢	8.9¢	9.9¢	10.9¢
Recurring adjusted funds from operations (AFFO)(1)	**9,311**	7,602	6,962	6,453	8,647	5,506	6,253	6,139
Recurring AFFO per unit(1)(3)	**11.0¢**	9.7¢	9.4¢	8.7¢	11.8¢	8.6¢	9.8¢	9.7¢
Distributions(4)	**6,374**	5,851	5,578	5,551	5,508	4,828	4,778	4,752
Distributions per unit(4)	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢

(1) This is a non-IFRS financial measure, refer to page 35.
(2) The recurring FFO per unit ratio is calculated by dividing the recurring FFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(3) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

Operating Performance Indicators

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

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

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

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

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

Real Estate Portfolio

At the end of the second quarter of 2022, BTB owned 75 properties, totalling a fair value of $1,167 million. The properties generated approximately $29.0 million in rental revenue this quarter and represented a total leasable area of approximately 5.8 million square feet. A description of all the properties owned by the Trust can be found in the Trust's Annual Information Form available at www.sedar.com.

Summary of investment properties held as at June 30, 2022

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Industrial	26	1,573,231	100.0	100.0
Off-downtown core office	38	2,874,402	89.3	88.2
Necessity-based retail	11	1,392,175	96.2	94.9
Total	**75**	**5,839,808**	**93.8**	**93.0**

Dispositions of investment properties

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

On June 16, 2022, the Trust disposed of a small industrial property located at 2059 René-Patenaude Street in Magog (Eastern Townships), Québec, for total proceeds of $1.8 million, excluding transaction costs and adjustments. This property occupancy rate was less than 50% at the time of the disposition.

Acquisitions of investment properties

On January 7, 2022, the Trust acquired two class A office properties located at 979 Bank Street and 1031 Bank Street in the Glebe borough of Ottawa, Ontario, for the total consideration of $38.1 million, excluding transaction costs and adjustments. The two properties increased the Trust's total leasable area by respectively 104,716 square feet and 11,510 square feet.

On April 5, 2022, the Trust acquired an industrial property located at 1100 Algoma Road in Ottawa, Ontario, for a total consideration of $12.5 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 46,433 square feet.

On June 15, 2022, the Trust acquired an industrial property located at 3190 F.-X. Tessier Street in Vaudreuil-Dorion, Québec, for a total consideration of $15.0 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 67,162 square feet.

On June 27, 2022, the Trust acquired an industrial property located at 3905 Allard Avenue in Edmonton, Alberta, for a total consideration of $13.0 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 51,747 square feet.

Since the beginning of the year, The Trust acquired four properties for total consideration of $78.6 million and added 281,568 square feet to its total leasable area.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended June 30, 2022, and 2021:

Periods ended June 30 (in sq. ft.)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
Occupied area at the beginning of the period(1)	**5,311,921**	4,846,980	**5,639,778**	4,910,877
Purchased (sold) assets	**151,146**	99,000	**(148,516)**	99,000
Signed new leases	**43,121**	78,294	**60,681**	88,045
Tenant departures	**(26,937)**	(20,596)	**(70,849)**	(94,277)
Other(2)	**2**	(20,452)	**(1,841)**	(20,419)
Occupied leasable area at the end of the period(1)	**5,479,253**	4,983,226		
Vacant leasable area at the end of the period	**360,555**	418,998		
Total leasable area at the end of the period	**5,839,808**	5,402,224		

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

Renewal activities

The following table summarizes the renewal rate for the periods ended June 30, 2022, and 2021:

Periods ended June 30 (in sq. ft.)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
Leases expired at term	**73,195**	96,089	**229,073**	162,468
Renewed leases at term	**55,635**	82,826	**174,773**	123,520
Renewal rate	**76.0%**	86.2%	**76.3%**	76.0%

The Trust renewed 76.0% or 55,635 square feet out of the 73,195 square feet expiring this quarter. Additionally, the Trust leased 17.3% of the remaining 17,560 square feet that expired before the end of the quarter. For the cumulative six-month period, the Trust renewed 76.3% of the leases at the end of their term which left 54,301 square feet that expired, and such recorded vacancy is mainly explained by the departure during the second quarter of 2022 of Réseau Admission, a tenant that occupied a large space in an off-downtown core office property located on the island of Montréal. This tenant relocated its activities in Downtown Montreal.

In addition to the renewed leases at the expiration of their term during the quarter, the Trust renewed 23,491 square feet leased with existing tenants where their lease terms were to expire in 2023 and later (a total of 79,837 square feet for the cumulative six-month period were renewed). This activity does not impact the occupied leasable area or renewal rate recorded for the quarter but demonstrates the Trust's strategy and ability to proactively manage its lease renewals before the expiry of their respective terms. The early renewals concluded during this quarter allowed the Trust to secure the long-term lease renewal with an off-downtown core office tenant in Québec City, representing 23,491 square feet.

Considering renewed leases at the end of their term and renewed leases with terms ending in 2023 and thereafter, the Trust renewed leases totaling 79,126 square feet during this quarter and a total of 254,610 square feet for the cumulative six-month period. Out of the total leasable area of renewed leases for the cumulative six-month period, 169,618 square feet or 66.6% were concluded with off-downtown core office tenants, confirming the strategy of tenants to occupy off-downtown core office spaces located closer to their employee's residences.

Average lease renewal rate

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

	Quarter		Cumulative (6 months)	
	Renewals	Increase	Renewals	Increase
Operating segment	(sq. ft.)	(%)	(sq. ft.)	(%)
Industrial	-	0.0%	42,158	7.8%
Off-downtown core office	78,526	21.2%	169,618	20.3%
Necessity-based retail	600	2.8%	42,834	3.9%
Total	**79,126**	**20.6%**	**254,610**	**15.3%**

Since the beginning of the year, the Trust achieved a cumulative average increase of 15.3% in renewal rates across all business segments. The off-downtown core office operating segment showed an increase of 20.3%, which is essentially attributable to some leases that were below market price.

Concluded new leases

During the quarter, the Trust leased 43,121 square feet to new tenants, leaving 360,555 square feet of leasable area available for lease at the end of the quarter. Out of the concluded leases for 43,121 square feet, 28,993 square feet are committed lease agreements and 14,128 square feet are occupying the leased spaces. As the Trust's total industrial leasable area is fully occupied, 24,887 square feet or 57.7% were concluded with off-downtown core office tenants and 18,234 square feet or 42.3% of the new leases were concluded in the necessity-based retail segment. For the cumulative six-month period, the Trust concluded transactions with new tenants totaling 60,681 square feet.

Occupancy rates

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

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	%	%	%	%	%
Operating segment					
Industrial	**100.0**	99.0	97.0	96.5	96.5
Off-downtown core office	**89.3**	89.3	90.3	89.3	89.5
Necessity-based retail	**96.2**	95.0	95.1	92.6	92.9
Total portfolio	**93.8**	93.1	93.4	92.0	92.2

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	%	%	%	%	%
Geographic sector					
Montréal	**95.1**	94.1	94.4	92.8	93.1
Québec City[1]	**88.2**	88.4	88.9	88.9	88.8
Ottawa	**94.8**	93.8	93.7	93.8	94.2
Edmonton	**100.0**	100.0	100.0	-	-
Saskatoon	**100.0**	100.0	100.0	-	-
	93.8	93.1	93.4	92.0	92.2

(1) Excluding the Trois-Rivières property, the occupancy rate of the Québec City portfolio would have been 91.6%.

The occupancy rate at the end of the second quarter of 2022 stood at 93.8%, representing a 0.7% increase compared to the prior quarter, and a 1.6% increase compared to the same period in 2021. Furthermore, the in-place occupancy rate at the end of the second quarter of 2022 stood at 93.0%, representing a 0.7% increase compared to the prior quarter, and representing a 2.1% increase compared to the same period in 2021.

Lease maturities

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

	2022	2023	2024	2025	2026
Industrial					
Leasable area (sq. ft.)	66,297	86,764	30,199	130,414	206,464
Average lease rate/square foot ($)(1)	$13.04	$11.11	$13.84	$11.15	$12.20
% of industrial portfolio	4.21%	5.52%	1.92%	8.29%	13.12%
Off-downtown core office					
Leasable area (sq. ft.)	235,327	279,532	300,996	269,169	386,352
Average lease rate/square foot ($)(1)	$13.91	$16.64	$14.58	$15.14	$14.59
% of office portfolio	8.19%	9.72%	10.47%	9.36%	13.44%
Necessity-based retail					
Leasable area (sq. ft.)	68,750	167,106	82,430	123,398	107,676
Average lease rate/square foot ($)(1)	$13.87	$8.78	$15.79	$20.09	$16.22
% of retail portfolio	4.94%	12.00%	5.92%	8.86%	7.73%
Total portfolio					
Leasable area (sq. ft.)	**370,374**	**533,402**	**413,625**	**522,981**	**700,492**
Average lease rate/square foot ($)(1)	**$13.75**	**$13.28**	**$14.77**	**$15.31**	**$14.13**
% of total portfolio	**6.34%**	**9.13%**	**7.08%**	**8.96%**	**12.00%**

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

Weighted average lease term

For the quarter ended June 30, 2022, the Trust recorded a weighted average lease term of 6.0 years, compared to 5.2 years for the same period in 2021. In addition to securing future revenues for the Trust and solidifying its tenant base, the Trust's lease renewal strategy is also focused on ensuring longevity in the lease terms when appropriate.

Top 10 tenants

The Trust's three largest tenants are the Government of Québec (off-downtown core office segment), the Government of Canada (off-downtown core office segment), and Walmart Canada inc. (necessity-based retail segment), representing respectively 5.7%, 5.5%, and 2.4% of rental revenue. The Trust's rental revenues are generated by multiple leases with these tenants whose maturities are spread over time.

32.7% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and public companies, thus generating stable and high-quality cash flow for the Trust's operating activities.

The following table shows the contribution of the Trust's top 10 tenants as a percentage of revenue as at June 30, 2022. Their contribution accounts for 24.7% of rental revenue for the cumulative six-month period and 21.8% of leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Government of Québec	5.7	5.1	299,763
Government of Canada	5.5	4.3	251,850
Walmart Canada inc.	2.4	4.5	264,550
WSP Canada Inc.	2.1	2.0	118,585
Mouvement Desjardins	2.0	1.1	61,034
Intrado Life & Safety Canada, Inc.	1.5	1.2	69,270
Groupe BBA Inc.	1.4	1.1	61,576
Strongco	1.4	0.8	48,478
Germain Larivière Laval Inc.	1.4	0.9	53,767
Satcom Direct Avionics	1.3	0.8	48,676
	24.7	**21.8**	**1,277,549**

Operating Results

The following table summarizes the financial results for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021. This table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

Periods ended June 30 (in thousands of dollars)		Quarter		Cumulative (6 months)	
		2022	2021	**2022**	2021
	Reference (page)	**$**	$	**$**	$
Rental revenue	49	**28,979**	26,034	**58,047**	49,566
Operating expenses	49	**11,381**	10,460	**24,215**	21,578
Net operating income	48	**17,598**	15,574	**33,832**	27,988
Net financial expenses and financial income	50	**(2,673)**	6,575	**5,828**	14,811
Administration expenses	51	**1,693**	1,838	**3,515**	3,506
Transaction costs		**138**	-	**607**	-
Fair value adjustment on investment properties	51	**197**	-	**(810)**	-
Net income and comprehensive income	48	**18,243**	7,161	**24,692**	9,671

Rental revenue

For the quarter, rental revenue increased by $2.9 million or 11.3% compared to the same period last year. The increase consisted of the following:

(i) a decrease of $2.6 million attributable to the retrospective additional recoveries and indemnity recognized during the same quarter in 2021;

(ii) $0.9 million decrease in revenues related to the dispositions made since Q4 2021;

(iii) $0.9 million increase of revenues due to a combination of a higher in place occupancy rate (+2.1% compared to last year) and higher average lease rate;

(iiii) $5.5 million of additional revenues related to the following acquisitions:

- $0.3 million, 6000 Kieran (Montréal) in June 2021
- $2.1 million, 2344 & 2600 Alfred Nobel (Montréal) in November 2021
- $2.0 million, Western Portfolio (Edmonton & Saskatoon) in December 2021
- $1.0 million, Lansdowne buildings (Ottawa) in January 2022
- $0.1 million, Algoma Road (Ottawa) in April 2022

For the cumulative six-month period, rental revenue increased by $8.5 million or 17.1% compared to the same period last year, which is predominantly due to the cumulative impact of acquisitions and dispositions of the aforementioned properties.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
	$	$	**$**	$
Operating expenses				
Maintenance, repairs and other operating costs	**3,868**	3,926	**8,325**	7,733
Energy	**1,031**	1,042	**2,841**	2,754
Property taxes and insurance	**6,482**	5,492	**13,049**	11,091
Total operating expenses	**11,381**	10,460	**24,215**	21,578
% of rental revenue	**39.3%**	40.2%	**41.7%**	43.5%

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

Financial expenses and income

The following table summarizes the financial expenses for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
	$	$	**$**	$
Financial income	**(132)**	(262)	**(277)**	(396)
Interest on mortgage loans	**5,610**	4,606	**11,412**	9,152
Interest on convertible debentures	**743**	669	**1,475**	1,626
Interest on credit facilities	**197**	88	**504**	308
Other interest expense	**93**	61	**156**	129
Interest expense net of financial income	**6,511**	5,162	**13,270**	10,819
Distributions on Class B LP units	**26**	26	**52**	56
Early repayment fees	**-**	188	**284**	188
Net financial expenses before non-monetary items	**6,537**	5,376	**13,606**	11,063
Accretion of effective interest on mortgage loans and convertible debentures	**284**	428	**572**	787
Accretion of non-derivative liability component of convertible debentures	**83**	90	**164**	186
Net financial expenses before the following items:	**6,904**	5,894	**14,342**	12,036
Net adjustment to fair value of derivative financial instruments	**(9,344)**	733	**(8,347)**	2,547
Fair value adjustment on Class B LP units	**(233)**	(52)	**(167)**	228
Net financial expenses net of financial income	**(2,673)**	6,575	**5,828**	14,811

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

Interest expense net of financial income increased by $1.3 million during the current quarter compared to the same period last year, mainly due to the net increase in mortgage loans attributable to acquisitions and dispositions of investment properties and the increase in the prime rate impacting floating interest rates of mortgages in recent quarters.

On June 30, 2022, the average weighted contractual rate of interest on mortgage loans outstanding was 3.62%, 10 basis points higher than the average rate as at June 30, 2021 (3.52%). Interest rates on first-ranking mortgage loans ranged from 2.30% to 6.80% as at June 30, 2022, consistent with the previous year. The weighted average term of mortgage loans in place as at June 30, 2022, was 4.6 years (4.5 years as at June 30, 2021).

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

Administration expenses

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Corporate expenses	1,528	1,666	3,181	2,859
Expected credit losses	138	12	157	(158)
Unit-based compensation	27	160	177	805
Trust administration expenses	1,693	1,838	3,515	3,506

Corporate expenses decreased by $0.1 million or 8% for the quarter compared to the same period last year. For the cumulative six-month period, the Trust incurred an additional $0.4 million in performance compensation compared to the same period last year. The Trust managed to maintain a stable level of corporate expenses at 5.5% of rental revenue, due to continuous cost control efforts although the Trust may make investments to support its growth.

Expected credit losses increased by $0.1 million for the quarter and by $0.3 million for the cumulative six-month period compared to the same period last year. The increase results from an increase in receivables as well as from the reversal in the first half of 2021 of a portion of the allowance for expected credit losses resulting from an improvement in macro-economic conditions from 2020 and a reduction in receivables.

Unit-based compensation decreased by $0.1 million for the quarter and by $0.6 million for the cumulative six-month period compared to the same periods last year. The decrease for the cumulative six-month period is mainly explained by a reduction of the Trust's unit price affecting the following: (i) reduction of $0.3 million related to the cash-settled share-based retirement compensation plan compared to the same period last year; (ii) reduction of $0.3 million under the remaining compensation plans compared to the same period last year.

Fair value adjustment of investment properties

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

On an annual basis, the Trust retains the services of independent external appraisers to evaluate the fair value of a significant portion of its portfolio. Pursuant to its policy, the Trust annually appraises a minimum of one thirds of its portfolio by independent external appraisers, including the 15 most valuable properties. For the year 2021, the Trust externally appraised more than 65% of its properties for an aggregate amount of $672.1 million. In addition, as part of acquisitions, financing or refinancing transactions, or at the request of lenders, other properties are also independently appraised during the year.

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

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

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Industrial	(197)	-	810	-
Off-downtown core office	-	-	-	-
Necessity-based retail	-	-	-	-
Total change in fair value	(197)	-	810	-

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

As at June 30, 2022	Industrial	Off-downtown core office	Necessity-based retail
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.50% - 7.50%	5.50% - 8.25%	6.50% - 7.50%
As at June 30, 2021			
Capitalization rate	5.00% - 8.50%	5.00% - 8.50%	5.25% - 8.00%
Terminal capitalization rate	5.50% - 7.00%	6.00% - 7.50%	5.50% - 8.00%
Discount rate	6.25% - 7.75%	6.75% - 8.25%	6.25% - 8.75%

The weighted average capitalization rate for the entire portfolio as at June 30, 2022, was 6.24% (6.60% as at June 30, 2021), 36 basis points lower than the same period last year.

As at June 30, 2022, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate were applied to the overall portfolio, this variation would affect the fair value of its investment properties respectively by, a reduction of $45.6 million or an increase of $49.5 million. The change in the capitalization rates is an appropriate proxy for the changes for the discount and terminal capitalization rates.

Adjusted net income

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

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

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Net income and comprehensive income	18,243	7,161	24,692	9,671
Non-recurring items:				
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	138	188	891	188
Fair value adjustment on investment properties	197	-	(810)	-
Fair value adjustment on derivative financial instruments	(9,344)	733	(8,347)	2,547
Fair value adjustment on Class B LP units	(233)	(52)	(167)	228
Adjusted net income[1]	9,001	8,030	16,259	12,634
Per unit	10.6¢	10.9¢	19.9¢	18.3¢

(1) This is a non-IFRS financial measure, refer to page 35.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on January 1, 2021, and that are still owned by the Trust on June 30, 2022. Therefore, it excludes all the acquired[2] and disposed[3] properties during the years 2021 and 2022.

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

Periods ended June 30 (in thousands of dollars)	Quarter			Cumulative (6 months)		
	2022	2021	Δ %	**2022**	2021	Δ %
	$	$		**$**	$	
Rental revenue	**23,369**	22,509	3.8%	**46,654**	45,207	3.2%
Operating expenses	**9,919**	10,073	-1.5%	**20,938**	20,747	0.9%
Net operating income (NOI)[(1)(2)]	**13,450**	12,436	8.2%	**25,716**	24,460	5.1%

(1) This is a non-IFRS financial measure, refer to page 35.
(2) As mentioned in the Trust's Q2 2021 MD&A (dated August 6, 2021), section Operating Results – Rental Revenue, the Trust had retrospective additional recoveries of $2.3 million and indemnity of $0.3 million, for a cumulative $2.6 million. The same-property portfolio analysis excluded these elements for the 2021 figures.

For the quarter, same-property rental revenue increased by $0.9 million or 3.8% compared to the same period last year, and net operating income (NOI) increased by $1.0 million or 8.2%. The important leasing efforts made during the previous quarters resulted in an increase in occupancy rate compared to the same quarter last year and therefore generated additional revenues. Overall, NOI showed an increase of 8.2% for the quarter compared to the same quarter last year.

Year-to-date, same-property rental revenue increased by $1.4 million or 3.2% compared to the same period last year, which is explained by a combination of a higher occupancy rate (1.6% increase compared to the same period for 2021) and increase in average lease renewal rates of 15.3% for the period. Operating expenses have been affected by the return to normal level of activity for the year compared to the same period last year. Overall, NOI showed an increase of 5.1% for the year compared to the same period last year.

(2) Refer to the Trust's condensed consolidated interim financial statements dated August 5, 2022, note 3, section a) for the acquired properties details.
(3) Refer to the Trust's condensed consolidated interim financial statements dated August 5, 2022, note 3, section b) for the disposed properties details.

Distributions

Distributions and per unit

Periods ended June 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
	$	$	**$**	$
Distributions				
Cash distributions	**5,565**	4,744	**10,615**	8,840
Cash distributions – Class B LP units	**26**	26	**52**	56
Distributions reinvested under the distribution reinvestment plan	**783**	738	**1,558**	1,440
Total distributions to unitholders	**6,374**	5,508	**12,225**	10,336
Percentage of reinvested distributions(1)(2)	**12.3%**	13.4%	**12.7%**	13.9%
Per unit(2)				
Distributions	**7.5¢**	7.5¢	**15.0¢**	15.0¢

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

For the quarter, the monthly distributions paid to unitholders totalled 2.5¢ per unit for the quarterly total of 7.5¢ per unit, unchanged from the same quarter of 2021. For the cumulative six-month period, the monthly distributions paid to unitholders totalled 15.0¢ per unit, unchanged from last year.

Funds from Operations (FFO)[1]

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO[1] for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Net income and comprehensive income (IFRS)	18,243	7,161	24,692	9,671
Fair value adjustment on investment properties	197	-	(810)	-
Fair value adjustment on Class B LP units	(233)	(52)	(167)	228
Amortization of lease incentives	818	777	1,553	1,654
Fair value adjustment on derivative financial instruments	(9,344)	733	(8,347)	2,547
Leasing payroll expenses	158	184	379	403
Distributions - Class B LP units	26	26	52	56
Unit-based compensation (Unit price remeasurement)[5]	(285)	185	(208)	185
FFO[1]	9,580	9,014	17,144	14,744
Non-recurring item				
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	138	188	891	188
Recurring FFO[1]	9,718	9,202	18,035	14,932
FFO per unit[1][2][3]	11.3¢	12.3¢	21.0¢	21.4¢
Recurring FFO per unit[1][2][4]	11.4¢	12.5¢	22.1¢	21.7¢
FFO payout ratio[1]	66.4%	61.1%	71.3%	70.1%
Recurring FFO payout ratio[1]	65.5%	59.9%	67.8%	69.2%

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring FFO per unit ratio is calculated by dividing the recurring FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021.

For the quarter, recurring FFO[1] was 11.4¢ per unit (22.1¢ per unit for the 2022 cumulative six-month period), compared to 12.5¢ per unit for the same quarter last year (21.7¢ per unit for the 2021 cumulative six-month period). The decrease for the quarter is explained by a retrospective $2.6 million additional recovery and an indemnity recognized during the same period in 2021. Excluding this adjustment, the recurring FFO would have increased by 27.2% for the quarter and increased by 23.6% for the cumulative six-month period compared to the same periods in 2021.

Moreover, for the 2022 cumulative six-month period, the Trust recorded positive impacts: (i) the improvement of occupancy rates across all business segments; (ii) the increase in average lease renewal rates by 15.3%; and (iii) the effect of accretive acquisitions concluded since the second quarter of last year.

The recurring FFO payout ratio[1] for the quarter stood at 65.5% (67.8% for the 2022 cumulative six-month period) compared to 59.9% for the same quarter in 2021 (69.2% for the 2021 cumulative six-month period).

(1) This is a non-IFRS financial measure, refer to page 35.

Adjusted Funds from Operations (AFFO)[1]

The following table provides a reconciliation of FFO[1] and AFFO[1] for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
	$	$	**$**	$
FFO[1]	**9,580**	9,014	**17,144**	14,744
Straight-line rental revenue adjustment	**(74)**	(91)	**(224)**	(488)
Accretion of effective interest	**284**	428	**572**	787
Amortization of other property and equipment	**26**	27	**56**	42
Unit-based compensation expenses	**312**	(24)	**385**	620
Provision for non-recoverable capital expenditures[1]	**(580)**	(519)	**(1,161)**	(990)
Provision for unrecovered rental fees[1]	**(375)**	(376)	**(750)**	(750)
AFFO[1]	**9,173**	8,459	**16,022**	13,965
Transaction costs on purchase and disposition of investment properties and early repayment fees	**138**	188	**891**	188
Recurring AFFO[1]	**9,311**	8,647	**16,913**	14,153
AFFO per unit[1][2][3]	**10.8¢**	11.5¢	**19.7¢**	20.3¢
Recurring AFFO per unit[1][2][4]	**11.0¢**	11.8¢	**20.8¢**	20.5¢
AFFO payout ratio[1]	**69.4%**	65.1%	**76.3%**	74.0%
Recurring AFFO payout ratio[1]	**68.3%**	63.7%	**72.3%**	73.0%

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

For the quarter, recurring AFFO[1] was 11.0¢ per unit (20.8¢ per unit for the 2022 cumulative six-month period), compared to 11.8¢ per unit for the same quarter last year (20.5¢ per unit for the 2021 cumulative six-month period). The recurring AFFO payout ratio[1] for the quarter stood at 68.3% (72.3% for the 2022 cumulative six-month period) compared to 63.7% for the same quarter last year (73.0% for the 2021 cumulative six-month period). The decrease for the quarter and the cumulative six-month period of the AFFO per unit is explained by a retrospective $2.6 million additional recovery and an indemnity recognized during the same period in 2021. Excluding this adjustment, the recurring AFFO per unit would have increased by 23.8% or 4.0¢ per unit for the cumulative six-month period compared to the same period in 2021.

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

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

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure as defined in this page.

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

Periods ended June 30 and 12-month periods ended December 31 (in thousands of dollars)	**June 30, 2022 (6 months)**	June 30, 2021 (6 months)	December 31, 2021 (12 months)	December 31, 2020 (12 months)
	$	$	$	$
Provision for non-recoverable capital expenditures[1]	**1,161**	990	2,007	1,859
Non-recoverable capital expenditures[1]	**840**	699	1,297	2,055

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

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

Cash Flows

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

Periods ended June 30 and 12-month periods ended December 31 (in thousands of dollars)	2022 (6 months)	2021 (6 months)	2021 (12 months)	2020 (12 months)
	$	$	$	$
Net cash flows from operating activities	26,920	21,311	56,538	46,145
Interest paid	(13,438)	(10,784)	(21,755)	(21,787)
Net cash flows from operating activities less interest paid	13,482	10,527	34,783	24,358
Net distributions to unitholders	10,370	8,608	18,171	21,513
Surplus (deficit) of net cash flows from operating activities less interest paid compared to net distributions to unitholders	3,112	1,919	16,612	2,845

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

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Cash flows from operating activities	15,516	8,162	26,920	21,311
Leasing payroll expenses	158	184	379	403
Transaction costs on purchase and disposition of investment properties and early repayment fees	(138)	(188)	(891)	(188)
Adjustments for changes in other working capital items	1,186	6,447	4,960	5,184
Financial income	132	262	277	396
Interest expenses	(6,643)	(5,424)	(13,547)	(11,215)
Provision for non-recoverable capital expenditures[(2)]	(580)	(519)	(1,161)	(990)
Provision for non-recovered rental fees[(2)]	(375)	(375)	(750)	(750)
Accretion of non-derivative liability component of convertible debentures	(83)	(90)	(165)	(186)
AFFO[(1)]	9,173	8,459	16,022	13,965
Provision for non-recoverable capital expenditures[(2)]	580	519	1,161	990
Provision for non-recovered rental fees[(2)]	375	375	750	750
Straight-line rental revenue adjustment	74	91	224	488
Unit-based compensation expenses	(312)	24	(385)	(620)
Accretion of effective interest	(284)	(428)	(572)	(787)
Amortization of property and equipment	(26)	(27)	(56)	(42)
FFO[(1)]	9,580	9,014	17,144	14,744

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

(1) This is a non-IFRS financial measure, refer to page 35.

Segmented Information

The Trust's operations are generated from three segments of properties located in the provinces of Québec, Ontario, Alberta and Saskatchewan. The following tables summarize each segment's contribution to revenues and to net operating income (NOI) for the quarters ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Quarters ended June 30 (in thousands of dollars)	Industrial		Off-downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended June 30, 2022							
Investment properties	**298,817**	**25.6**	**614,524**	**52.6**	**253,906**	**21.8**	**1,167,247**
Rental revenue from properties	**5,070**	**17.5**	**17,038**	**58.8**	**6,871**	**23.7**	**28,979**
Net operating income (NOI)	**3,948**	**22.4**	**9,711**	**55.2**	**3,939**	**22.4**	**17,598**
Quarter ended June 30, 2021							
Investment properties	180,049	19.5	495,320	53.7	246,666	26.8	922,035
Rental revenue from properties	3,202	12.3	14,987	57.6	7,845	30.1	26,034
Net operating income (NOI)	2,129	13.6	8,404	54.0	5,041	32.4	15,574

Industrial performance

The industrial segment continues to show good performance. The asset value proportion of industrial properties increased from 19.5% to 25.6% compared to the same period last year, due to the acquisitions of industrial properties concluded since the same period in 2021. During this period, the Trust acquired 12 industrial properties for an aggregate value of $129.7 million. The acquired properties are all fully occupied and have a positive impact on the occupancy rate, which stood at 100.0% at the end of the quarter, a 3.5% increase compared to the same period last year. The proportion of the net operating income (NOI) generated by the industrial segment increased from 13.6% to 22.4% compared to the same period last year.

Off-downtown core office performance

The performance of the segment has been stable across all geographic sectors, and it has been supported by the quality of its tenants (the Trust's top two tenants are the Federal and Québec government agencies). In this segment, the Trust concluded lease renewals for a total of 78,526 square feet with an increase in the average renewal rate of 21.2%. The percentage of net operating income (NOI) generated by the off-downtown core office segment was positively affected by the recent acquisitions of the two Alfred Nobel properties in Montréal and the two Bank Street properties in Ottawa. These acquisitions were accretive from a NOI standpoint, resulting in an increase compared to the same period last year from 54.0% to 55.2%. The Trust owns off-downtown core office properties and doesn't own downtown high-rise towers that were the most impacted by the pandemic. The proportion of the net operating income (NOI) generated by the off-downtown core office segment increased from 54.0% to 55.2% compared to the same period last year.

Necessity-based retail performance

The Trust doesn't own enclosed malls and most of the properties are anchored or leased by necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the second quarter of 2022 stood at 96.2%, an increase of 3.3% compared to the same period last year. The Trust disposed of one property within this operating segment and hasn't acquired any property in this segment. The proportion of the net operating income (NOI) generated by the necessity-based retail segment decreased from 32.4% to 22.4% compared to the same period last year, mainly due to the Trust not concluding any acquisition within the necessity-based retail segment while acquiring properties in the industrial and off-downtown core office segments which increased the proportion of net operating income (NOI) of their respective segments.

Assets

Investment properties

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

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

The fair value of its investment properties stood at $1,167 million as at June 30, 2022, compared to $1,111 million as at December 31, 2021. The increase is explained by the previously mentioned acquisitions and dispositions. The net impact increased the portfolio of investment properties by $52.4 million or 4.7%. The remaining increase can be explained by the net impact of additions related to capital expenditures of $1.4 million, the net impact of capitalized lease incentives of $0.3 million, the straight-line lease adjustment of $0.2 million, the capitalized leasing fees of $0.9 million and the net changes in fair value of investment properties of $0.8 million.

Improvements in investment properties

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

The following table summarizes capital expenditures, incentives, and leasing fees, for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Recoverable capital expenditures	304	275	588	647
Non-recoverable capital expenditures	365	606	840	699
Total capital expenditures	669	881	1,428	1,346
Leasing fees and leasehold improvements	679	1,063	2,930	2,251
Total	1,348	1,944	4,358	3,597

The following table summarizes the changes in the fair value of investment properties for the periods ended June 30, 2022, and June 30, 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2022	2021	2022	2021
	$	$	$	$
Balance, beginning of period	1,127,373	905,043	1,110,971	903,870
Additions:				
Acquisitions	41,265	15,734	80,226	15,734
Dispositions	(1,798)	-	(27,789)	-
Capital expenditures	669	881	1,428	1,346
Leasing fees and capitalized lease incentives	679	1,063	2,930	2,251
Fair value adjustment on investment properties	(197)	-	810	-
Other non-monetary changes[1]	(744)	(686)	(1,329)	(1,166)
Balance, end of period	1,167,247	922,035	1,167,247	922,035

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

Receivables

(in thousands of dollars)	June 30, 2022	December 31, 2021	June 30, 2021
	$	$	$
Rent receivable	4,893	4,497	6,982
Allowance for expected credit losses	(983)	(944)	(676)
Net rent receivable	3,910	3,553	6,306
Unbilled recoveries	359	587	304
Other receivables	613	1,388	315
Receivables	4,882	5,528	6,925

Receivables decreased from $5.5 million as at December 31, 2021, to $4.9 million as at June 30, 2022. The reduction in receivables is caused by the billing and subsequent collection of unbilled revenue provision recognized during the fourth quarter of fiscal year 2021. The reduction is offset by an increase in rent receivables due to the previously mentioned acquisitions.

Prepaid expenses, Deposits and Property and equipment

(in thousands of dollars)	June 30, 2022	December 31, 2021	June 30, 2021
	$	$	$
Property and equipment	1,501	1,438	1,325
Accumulated depreciation	(1,048)	(992)	(947)
Net property and equipment	453	446	378
Prepaid expenses	5,633	1,811	3,774
Deposits	895	936	597
Other assets	6,981	3,193	4,749

Prepaid expenses, deposits and property and equipment increased from $3.2 million as at December 31, 2021, to $7.0 million as at June 30, 2022, which is explained by the increase in prepaid municipal taxes.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on June 30, 2022, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at June 30, 2022 (in thousands of dollars)	Balance of convertible debentures[1]	Balance of mortgages payable[1]	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2022	-	41,722	4.02
2023	-	37,848	3.59
2024	24,000	108,991	4.44
2025	20,292	59,868	4.29
2026	-	123,412	3.22
2027 and thereafter	-	258,945	3.61
Total	**44,292**	**630,786**	**3.81**

(1) Gross amounts.

For the last six months of 2022, the Trust has $41.7 million mortgages coming to maturity. As at July 31st, 2022, of the $41.7 million, $18.2 million has been refinanced. The remaining balance is currently in the negotiation process. Historically, the Trust has always been able to refinance its existing mortgages and there is no indication that this would change.

Weighted average contractual interest rate

As at June 30, 2022, the weighted average contractual interest rate of the Trust's long-term debt stood at 3.81% (3.62% for mortgage loans and 6.46% for convertible debentures) a decrease of 4 basis points compared to the same period last year.

Mortgage loans

As at June 30, 2022, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $630.8 million compared to $607.0 million as at December 31, 2021. The increase relates to previously mentioned acquisitions where the Trust contracted or assumed mortgages of $44.0 million.

The following table summarizes the changes in mortgage loans payable during the period ended June 30, 2022:

Period ended June 30, 2022 (in thousands of dollars)	Quarter	Cumulative (6 months)
	$	$
Balance at beginning[1]	**619,555**	607,038
Mortgage loans contracted or assumed[2]	**19,167**	43,968
Balance repaid at maturity or upon disposition[3]	**(2,990)**	(10,314)
Monthly principal repayments[4]	**(4,946)**	(9,906)
Balance as at June 30, 2022[1]	**630,786**	630,786

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

As at June 30, 2022, the weighted average mortgage interest rate was 3.62% compared to 3.52% for the same period last year, an increase of 10 basis points. The majority of the Trust's mortgages payable bear interest at fixed rates (cumulative principal amount of $532.2 million) or are subject to floating-to-fixed interest rate swap (cumulative principal amount of $52.9 million). However, the Trust has four loans that bear interest at floating rates (cumulative principal balance of $45.6 million).

The weighted average term of existing mortgage loans was 4.6 years as at June 30, 2022, compared to 4.5 years as at June 30, 2021. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with renewals.

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

As at June 30, 2022 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2022 (6 months)	10,287	43,808	54,095	8.6
2023	18,495	33,841	52,336	8.3
2024	16,135	100,720	116,855	18.5
2025	13,757	52,853	66,610	10.6
2026	11,357	107,599	118,956	18.9
2027 and thereafter	31,295	190,639	221,934	35.2
Total	**101,326**	**529,460**	**630,786**	**100.0**
Unamortized fair value assumption adjustments			784	
Unamortized financing expenses			(2,792)	
Balance as at June 30, 2022			**628,778**	

As at June 30, 2022, the Trust was in compliance with all the contractual mortgage covenants to which it is subject.

Convertible debentures

(in thousands of dollars)	Series G(1)(3)	Series H(2)(3)	Total
Par value	24,000	20,982(4)	44,982
Contractual interest rate	6.00%	7.00%	
Effective interest rate	7.30%	8.28%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	5.42	3.64	
Date of interest payment	April 30 and October 31	April 30 and October 31	
Maturity date	October 2024	October 2025	
Balance as at June 30, 2022	**23,256**	**18,725**	**41,981**

(1) Redeemable by the Trust, under certain conditions, as of October 31, 2022, but before October 31, 2023, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series G conversion price and, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(2) Redeemable by the Trust, under certain conditions, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series H conversion price and, as of October 31, 2024, but before October 31, 2025, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(3) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G and H debentures by issuing tradable units freely to Series G and H debenture holders.
(4) Conversion of $9,708 of the Series H debenture since issuance. Conversion of $690 during the quarter and $1,851 for the cumulative six-month period.

Debt ratio[1]

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

The following table summarizes the Trust's debt ratios as at June 30, 2022, and June 30, 2021 and December 31, 2021:

(in thousands of dollars)	June 30, 2022	December 31, 2021	June 30, 2021
	$	$	$
Cash and cash equivalents	(3,020)	(7,191)	(25,307)
Mortgage loans outstanding[1]	630,786	607,038	504,774
Convertible debentures[1]	43,011	44,564	47,600
Credit facilities	24,174	35,468	-
Total long-term debt less cash and cash equivalents[2][3]	694,951	679,879	527,067
Total gross value of the assets of the Trust less cash and cash equivalents[2][4]	1,182,128	1,124,690	940,691
Mortgage debt ratio (excluding convertible debentures and credit facilities)[2][5]	53.4%	54.0%	53.7%
Debt ratio – convertible debentures[2][6]	3.6%	4.0%	5.1%
Debt ratio – credit facilities[2][7]	2.0%	3.2%	0.0%
Total debt ratio[2]	58.8%	60.5%	56.0%

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS financial measure, refer to page 35.
(3) Long-term debt less free cash flow is a non-IFRS financial measure, calculated as total of: (i) fixed rate mortgage loans payable; (ii) floating rate mortgage loans payable; (iii) Series G debenture capital amount; (iv) Series F debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (v) credit facilities, less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt.
(4) Gross value of the assets of the Trust less cash and cash equivalent ("GVALC") is a non-IFRS financial measure defined as the Trust total assets adding the cumulated amortization property and equipment and removing the cash and cash equivalent. The most directly comparable IFRS measure to GVALC is total assets.
(5) Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the GVALC.
(6) Debt ratio – convertible debentures is calculated by dividing the convertible debentures by GVALC.
(7) Debt ratio – credit facilities is calculated by dividing the credit facilities by the GVALC.

As of June 30, 2022, the mortgage debt ratio[1] excluding the convertible debentures and credit facilities totalled 53.4%, a decrease of 0.6% since December 31, 2021. As of June 30, 2022, the total debt ratio[2], including the convertible debentures and credit facilities, net of cash and cash equivalents, decreased to 58.8%, a decrease of 1.7% since December 31, 2021. The decrease is driven by a partial repayment of the revolving credit facility in April 2022 with the funds received from the March 2022 bought deal public offering. This decrease was partially offset by the property acquisitions concluded during the second quarter which increased the use of the credit facilities.

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

(1) This is a non-IFRS financial measure as defined in this page.
(2) This is a non-IFRS financial measure, refer to page 35.

Interest coverage ratio

For the quarter ended June 30, 2022, the interest coverage ratio stood at 2.70, a decrease of 32 basis points from the second quarter of 2021, as well as the cumulative periods for the first six months of 2022 and 2021:

Periods ended June 30 (in thousands of dollars, except for the ratios)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
	$	$	**$**	$
Net operating income (NOI)	**17,598**	15,574	**33,832**	27,988
Interest expenses net of financial income[1]	**6,511**	5,162	**13,270**	10,819
Interest coverage ratio[2]	**2.70**	3.02	**2.55**	2.59

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

Class B LP units

Period ended June 30, 2022 (in number of units)	Quarter		Cumulative (6 months)	
	Units	$	**Units**	$
Class B LP units outstanding, beginning of quarter	**347,265**	1,483	**347,265**	1,417
Fair value adjustment	**-**	(233)	**-**	(167)
Class B LP units outstanding, end of quarter	**347,265**	1,250	**347,265**	1,250

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

The Class B LP units were issued on May 30, 2018 in payment for the acquisition of a 25% equity portion in the property located at 815 Boulevard Lebourgneuf in Québec City (the Trust assumed the mortgage loan related to the said 25% equity portion).

Units outstanding

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

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
Units outstanding, beginning of the period	**84,342,264**	64,658,517	**74,126,971**	63,439,435
Units issued pursuant to a public issue	**-**	7,809,650	**9,584,100**	7,809,650
Distribution reinvestment plan	**200,036**	181,244	**396,023**	368,382
Issued - employee unit purchase plan	**-**	-	**11,605**	14,351
Issued - restricted unit compensation plan	**-**	-	**104,649**	71,722
Issued – deferred unit compensation plan	**-**	-	**-**	-
Class B LP units exchanged into Trust units	**-**	-	**-**	50,000
Issued – conversion of convertible debentures	**189,556**	742,025	**508,508**	1,637,896
Units outstanding, end of the period	**84,731,856**	73,391,436	**84,731,856**	73,391,436
Weighted average number of units outstanding	**84,642,349**	73,087,753	**81,153,498**	68,531,513
Weighted average number of Class B LP units and units outstanding	**84,989,614**	73,435,018	**81,500,763**	68,895,444

Deferred unit compensation plan

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

The following table summarizes deferred units outstanding during the periods ended June 30, 2022, and 2021.

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
Deferred units outstanding, beginning of the period	**107,341**	91,680	**103,116**	87,920
Trustees' compensation	**2,404**	2,133	**4,452**	4,171
Distributions paid in units	**1,972**	1,674	**4,149**	3,396
Deferred units outstanding, end of the period	**111,717**	95,487	**111,717**	95,487

Restricted unit compensation plan

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

The following table summarizes restricted units outstanding during the periods ended June 30, 2022, and 2021:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2022	2021	**2022**	2021
Restricted units outstanding, beginning of the period	**161,536**	139,724	**161,536**	139,724
Granted	**92,304**	95,058	**92,304**	95,058
Cancelled	**-**	(1,524)	**-**	(1,524)
Settled	**(90,671)**	(71,722)	**(90,671)**	(71,722)
Restricted units outstanding, end of the period	**163,169**	161,536	**163,169**	161,536

Employee unit purchase plan

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

Off-balance sheet arrangements and contractual commitments

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

Income Taxes

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

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

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

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

As at June 30, 2022, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules don't apply to BTB. BTB's management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

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

Taxation of Unitholders

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

Periods ended June 30	2022	2021
	%	%
Taxable as other income	-	-
Tax deferred	100	100
Total	100	100

Accounting Policies and Estimates

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

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

COVID-19

The COVID-19 pandemic has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures have caused an economic slowdown and material disruption to businesses in Canada and globally during 2020 and 2021. The Trust continues to monitor its business operations and is aware of the impacts that the COVID-19 pandemic has on the global economy as its duration remains uncertain. The Trust may take further action in response to the directives of government and public health authorities or actions that are in the best interests of employees, tenants, suppliers, or other stakeholders, as necessary.

Inflation and Interest Rates

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

Risks and Uncertainties

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

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

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

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

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of BTB concluded that ICFR was effective as at June 30, 2022, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

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

APPENDIX 1 – Definitions

Class B LP Units

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

Rental revenue

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

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

Operating expenses

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

Net operating income (NOI)

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

Financial expenses

Financial expenses arise from the following loans and financing:

- Mortgage loans payable contracted or assumed totalling approximately $630.8 million as at June 30, 2022, compared to $504.8 million as at June 30, 2021.
- Series G and H convertible debentures for a total par value of $44.3 million.
- Credit facilities used as needed.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

Administration expenses

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

Fair value adjustment on investment properties

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

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

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

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust as at January 1, 2021 and still owned as at June 30, 2022, but doesn't include the financial impacts from dispositions, acquisitions and developments completed in 2021 and 2022, as well as the results of subsequently sold properties.

Net property income from the same-property portfolio

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

APPENDIX 2 – Non-IFRS Financial Measures – Quarterly Reconciliation

Funds from Operations (FFO)[1]

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

	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
Net income and comprehensive income	**18,243**	6,449	23,219	8,678	7,161	2,510	3,850	5,757
Fair value adjustment on investment properties	**197**	(1,007)	(19,571)	-	-	-	(2,130)	-
Fair value adjustment on Class B LP units	**(233)**	66	21	(18)	(52)	280	242	(59)
Amortization of lease incentives	**818**	735	858	780	777	877	794	751
Fair value adjustment on derivative financial instruments	**(9,344)**	997	3,297	(2,598)	733	1,814	2,950	265
Leasing payroll expenses	**158**	221	208	173	184	219	146	176
Distributions – Class B LP units	**26**	26	30	22	26	30	30	30
Unit-based compensation (Unit price remeasurement)[5]	**(285)**	77	23	(19)	185	-	-	-
FFO[1]	**9,580**	7,564	8,085	7,018	9,014	5,730	5,882	6,920
Non-recurring item								
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	**138**	753	109	-	188	-	440	-
Recurring FFO[1]	**9,718**	8,317	8,194	7,018	9,202	5,730	6,322	6,920
FFO per unit[1][2][3]	**11.3¢**	9.7¢	10.9¢	9.5¢	12.3¢	8.9¢	9.2¢	10.9¢
Recurring FFO per unit[1][2][4]	**11.4¢**	10.7¢	11.0¢	9.5¢	12.5¢	8.9¢	9.9¢	10.9¢
FFO payout ratio[1]	**66.4%**	77.2%	68.9%	79.0%	61.1%	84.0%	81.1%	68.6%
Recurring FFO payout ratio[1]	**65.5%**	70.2%	68.0%	79.0%	59.9%	84.0%	75.5%	68.6%

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring FFO per unit ratio is calculated by dividing the recurring FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.

(1) This is a non-IFRS financial measure, refer to page 35.

Adjusted Funds from Operations (AFFO)[1]

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

	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
FFO[1]	**9,580**	7,564	8,085	7,018	9,014	5,730	5,882	6,920
Straight-line rental revenue adjustment	**(74)**	(150)	(758)	(88)	(91)	(397)	108	(214)
Accretion of effective interest	**284**	288	275	239	428	359	343	229
Amortization of other property and equipment	**26**	30	22	23	27	15	23	29
Unit-based compensation expenses	**312**	73	143	114	(24)	644	281	22
Provision for non-recoverable capital expenditures[1]	**(580)**	(581)	(539)	(478)	(519)	(471)	(449)	(472)
Provision for unrecovered rental fees[1]	**(375)**	(375)	(375)	(375)	(376)	(374)	(375)	(375)
AFFO[1]	**9,173**	6,849	6,853	6,453	8,459	5,506	5,813	6,139
Non-recurring item								
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	**138**	753	109	-	188	-	440	-
Recurring AFFO[1]	**9,311**	7,602	6,962	6,453	8,647	5,506	6,253	6,139
AFFO per unit[1][2][3]	**10.8¢**	8.8¢	9.2¢	8.7¢	11.5¢	8.6¢	9.1¢	9.7¢
Recurring AFFO per unit[1][2][4]	**11.0¢**	9.7¢	9.4¢	8.7¢	11.8¢	8.6¢	9.8¢	9.7¢
AFFO payout ratio[1]	**69.4%**	85.3%	81.3%	85.9%	65.1%	87.4%	82.1%	77.4%
Recurring AFFO payout ratio[1]	**68.3%**	76.8%	80.0%	85.9%	63.7%	87.4%	76.3%	77.4%

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 35.

Who We Are

Driven

"At BTB, we have a strong heartfelt sense of purpose. It helps us to be ambitious, persistent and it directs our behaviour towards success."

- Miso Smiljic, Property Manager

Condensed Consolidated Interim Financial Statements

Quarter ended June 30, 2022

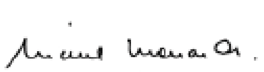
Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

	Notes	As at June 30, 2022	As at December 31, 2021
		$	$
Assets			
Investment properties	3	1,167,247	1,110,971
Property and equipment		453	446
Prepaid expenses and deposits		6,528	2,747
Balance of sale		3,018	3,018
Receivables	4	4,882	5,528
Cash and cash equivalents		3,020	7,191
Total assets		**1,185,148**	**1,129,901**
Liabilities and unitholders' equity			
Mortgage loans payable	5	628,778	605,210
Convertible debentures	6	41,563	42,819
Bank loans	7	24,174	35,468
Lease liabilities		4,211	4,219
Class B LP Units	8	1,250	1,417
Unit-based compensation	10	1,278	1,513
Derivative financial instruments	9	2,234	11,246
Trade and other payables		19,940	21,731
Distribution payable to unitholders		2,118	1,853
Total liabilities		**725,546**	**725,476**
Unitholders' equity		**459,602**	**404,425**
		1,185,148	**1,129,901**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on August 5, 2022.



Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

		For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	Notes	2022	2021	2022	2021
		$	$	$	$
Operating revenues					
Rental revenue	12	28,979	26,034	58,047	49,566
Operating expenses					
Public utilities and other operating expenses		4,899	4,968	11,166	10,487
Property taxes and insurance		6,482	5,492	13,049	11,091
		11,381	10,460	24,215	21,578
Net operating income		**17,598**	**15,574**	**33,832**	**27,988**
Financial income		132	262	277	396
Expenses					
Financial expenses		7,010	6,130	14,567	12,376
Distribution - Class B LP Units	8	26	26	52	56
Fair value adjustment – Class B LP Units	8	(233)	(52)	(167)	228
Net adjustment to fair value of derivative financial instruments		(9,344)	733	(8,347)	2,547
Net financial expenses	13	(2,541)	6,837	6,105	15,207
Administration expenses		1,693	1,838	3,515	3,506
Net change in fair value of investment properties and disposition expenses	3	335	-	(203)	-
Net income and comprehensive income for the period		**18,243**	**7,161**	**24,692**	**9,671**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2022		**351,540**	**(177,308)**	**230,193**	**404,425**
Issuance of units, net of issuance expenses	11	42,658	-	-	42,658
Distribution to unitholders	11	-	(12,173)	-	(12,173)
		394,198	(189,481)	230,193	434,910
Comprehensive income		-	-	24,692	24,692
Balance as at June 30, 2022		**394,198**	**(189,481)**	**254,885**	**459,602**
Balance as at January 1, 2021		**309,394**	**(155,952)**	**188,625**	**342,067**
Issuance of units, net of issuance expenses	11	39,076	-	-	39,076
Distribution to unitholders	11	-	(10,280)	-	(10,280)
		348,470	(166,232)	188,625	370,863
Comprehensive income		-	-	9,671	9,671
Balance as at June 30, 2021		**348,470**	**(166,232)**	**198,296**	**380,534**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

		For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	Notes	2022	2021	2022	2021
		$	$	$	$
Operating activities					
Net income for the period		18,243	7,161	24,692	9,671
Net change in fair value of investment properties and disposition expenses	3	335	-	(203)	-
Depreciation of property and equipment		26	27	56	42
Unit-based compensation	10	27	160	178	805
Straight-line lease adjustment	12	(74)	(91)	(224)	(488)
Lease incentive amortization	12	818	777	1,553	1,654
Financial income		(132)	(262)	(277)	(396)
Net financial expenses	13	(2,541)	6,837	6,105	15,207
		16,702	14,609	31,880	26,495
Adjustment for changes in other working capital items		(1,186)	(6,447)	(4,960)	(5,184)
Net cash from operating activities		**15,516**	**8,162**	**26,920**	**21,311**
Additions to investment properties net of mortgage loans	3	(32,993)	(16,783)	(50,205)	(18,456)
Net proceeds from disposition of investment properties	3	1,659	-	21,632	-
Acquisition of property and equipment		(41)	(41)	(63)	(86)
Net cash from investing activities		**(31,375)**	**(16,824)**	**(28,636)**	**(18,542)**
Mortgage loans, net of financing expenses		9,486	58,761	9,054	58,758
Repayment of mortgage loans		(7,936)	(36,426)	(14,671)	(40,585)
Bank loans		(11,144)	(15,000)	(11,294)	(15,300)
Lease liability payments		(4)	(4)	(8)	(7)
Net proceeds from unit issue		(6)	30,048	38,324	30,058
Net distribution to unitholders		(5,570)	(4,537)	(10,370)	(8,608)
Net distribution – Class B LP units	8	(26)	(26)	(52)	(56)
Interest paid		(6,587)	(5,102)	(13,438)	(10,784)
Net cash (used in) from financing activities		**(21,787)**	**27,714**	**(2,455)**	**13,476**
Net change in cash and cash equivalents		**(37,646)**	**19,052**	**(4,171)**	**16,245**
Cash and cash equivalents, beginning of period		**40,666**	**6,255**	**7,191**	**9,062**
Cash and cash equivalents, end of period		**3,020**	**25,307**	**3,020**	**25,307**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2022 and 2021
(Unaudited - in thousands of CAD dollars, except unit and per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB's registered office is 1411 Crescent Street, Suite 300, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month and six-month periods ended June 30, 2022 and 2021 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

(a) Statement of compliance

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

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

These condensed consolidated interim financial statements were approved by the Board of Trustees on August 5, 2022.

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

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

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

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

3. Investment Properties

	Six-month period ended June 30, **2022**	Year ended December 31, **2021**
	$	$
Balance beginning of period	1,110,971	903,870
Acquisitions of investment properties (note 3(a))	80,226	185,864
Dispositions of investment properties (note 3(b))	(27,789)	(4,450)
Capital expenditures	1,428	3,672
Capitalized leasing fees	942	936
Capitalized lease incentives	1,988	3,466
Lease incentives amortization	(1,553)	(3,292)
Straight-line lease adjustment	224	1,334
Net changes in fair value of investment properties	810	19,571
Balance end of period	**1,167,247**	**1,110,971**

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

In determining the fair value of investment properties, the Trust has 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, 2022 no external appraisals were obtained for investment properties (December 31, 2021 - $672,109).

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

	Industrial	Off downtown core office	Necessity-based retail
As at June 30, 2022			
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.50% - 7.50%	5.50% - 8.25%	6.50% - 7.50%
As at December 31, 2021			
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.75% - 7.50%	5.50% - 8.25%	6.50% - 7.50%

The following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at June 30, 2022, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at June 30, 2022.

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	$	$
(0.50 %)	1,270,726	103,479
(0.25 %)	1,216,752	49,505
Base rate	1,167,247	-
0.25 %	1,121,669	(45,578)
0.50 %	1,079,563	(87,684)

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 six-month period ended June 30, 2022, and the year ended December 31, 2021, were as follows:

i) Acquisitions in 2022

Fair value recognized on acquisition

Acquisition date	Property type	Location	Interest acquired	Investment properties, including transaction costs	Mortgage loan	Receivable / (Trade and other payables), including transaction costs	Net consideration
			%	$	$	$	$
January 2022	Office	Ottawa, ON	100	34,908	(24,800)	-	10,108
January 2022	Office	Ottawa, ON	100	3,192	-	-	3,192
April 2022	Industrial	Ottawa, ON	100	12,410	-	-	12,410
June 2022	Industrial	Montreal, QC	100	15,000	-	-	15,000
June 2022	Industrial	Leduc, AB	100	13,150	(9,474)	-	3,676
Transaction costs					-	1,671	1,671
Total				**78,660**	**(34,274)**	**1,671**	**46,057**

ii) Acquisitions in 2021

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

b) Dispositions

i) Dispositions in 2022

Disposal date	Property type	Location	Gross proceeds	Purchaser's Mortgage assumption	Receivable / (Trade and other payables), including transaction costs	Net proceeds
			$	$	$	$
January 2022	Industrial	Cornwall, ON	8,056	(2,590)	-	5,466
January 2022	Industrial	Cornwall, ON	8,275	(2,959)	-	5,316
January 2022	Industrial	Cornwall, ON	7,885	-	-	7,885
January 2022	Industrial	Cornwall, ON	1,775	-	-	1,775
June 2022	Industrial	Magog, QC	1,798	-	-	1,798
Transaction costs			-	-	(607)	(607)
Total			**27,789**	**(5,549)**	**(607)**	**21,633**

ii) Dispositions in 2021

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

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Net changes in fair value of investment properties (note 3)	(197)	-	810	-
Disposition expenses (note 3 (b))	(138)	-	(607)	-
	(335)	**-**	**203**	**-**

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

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

4. Receivables

	As at June 30, **2022**	As at December 31, **2021**
	$	$
Rents receivable	4,893	4,497
Allowance for expected credit losses	(983)	(944)
Net rents receivable	3,910	3,553
Unbilled recoveries	613	587
Other receivables	359	1,388
Total	**4,882**	**5,528**

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

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 $1,129,284 as at June 30, 2022 (December 31, 2021 – $1,079,554).

	As at June 30, **2022**	As at December 31, **2021**
	$	$
Fixed rate mortgage loans payable	532,227	507,401
Floating rate mortgage loans payable	98,559	99,637
Unamortized fair value assumption adjustments	784	755
Unamortized financing expenses	(2,792)	(2,583)
Mortgage loans payable	**628,778**	**605,210**
Short-term portion	54,095	91,185
Weighted average interest rate	3.62%	3.49%
Weighted average term to maturity (years)	4.57	4.66
Range of annual rates	2.30% - 6.80%	2.30% - 6.80%

As at June 30, 2022, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	**Principal maturity**	**Total**
	$	$	$
2022[(1)]	10,287	43,808	54,095
2023	18,495	33,841	52,336
2024	16,135	100,720	116,855
2025	13,757	52,853	66,610
2026	11,357	107,599	118,956
Thereafter	31,295	190,639	221,934
	101,326	**529,460**	**630,786**
Unamortized fair value assumption adjustments			784
Unamortized financing expenses			(2,792)
			628,778

(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, 2022	As at December 31, 2021
	$	%			$	$
March 2013[1]	7,150	4.12	Monthly	April 2023	4,550	4,850
June 2016	13,000	3.45	Quarterly	June 2026	10,845	11,074
November 2017	23,200	3.88	Monthly	November 2027	21,675	22,015
November 2017	23,075	3.90	Monthly	December 2027	20,393	20,718
Total	**66,425**				**57,463**	**58,657**

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

6. Convertible Debentures

As at June 30, 2022, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates		Unit conversion price	Interest payments	Maturity
		Coupon	Effective			
		%	%	$		
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024
Series H	20,292	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at June 30, 2022			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	539	539
	24,000	27,848	51,848
Conversion options exercised by holders	-	(8,837)	(8,837)
	24,000	19,011	43,011
Unamortized financing expenses	(678)	(770)	(1,448)
Non-derivative liability component	**23,322**	**18,241**	**41,563**
Conversion and redemption options liability (asset) component at fair value	**1,071**	**4,677**	**5,748**

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

Series G

As of June 30, 2022, no conversion options have been exercised by holders on debentures.

Series H

As of June 30, 2022, conversion options have been exercised by holders on debentures representing a nominal amount of $9,708 (June 30, 2021 – $6,577).

7. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of $10,900, with a possible capacity of up to $23,000. This line of credit bears interest at a rate of 1% above the prime rate. As at June 30, 2022, $ 1,500 was due under the acquisition line of credit (December 31, 2021 – $0). The line of credit is secured by an immoveable first rank hypothec on one property having a fair value of $4,217 and by an immoveable second rank hypothec on five properties having a fair value of $91,525.

The second is a revolving credit facility in the amount of $40,000 with an accordion option of up to an additional $20,000. This revolving credit facility bears interest at a rate of 1% above prime rate or 2.25% above the Bankers' Acceptance rate. As at June 30, 2022, $22,674 was due under the revolving credit facility (December 31,2021- $35,468).

The revolving credit facility is secured by an immoveable first rank hypothec on one property having a fair value of $18,275 and by negative pledge of a selection of borrowing base properties having a fair value of $142,711.

8. Class B LP Units

	Six-month period ended June 30, 2022		Year ended December 31, 2021	
	Units	$	Units	$
Units outstanding, beginning of period	347,265	1,417	397,265	1,402
Exchange into Trust units	-	-	(50,000)	(216)
Fair value adjustment	-	(167)	-	231
Units outstanding, end of period	**347,265**	**1,250**	**347,265**	**1,417**

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

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Distribution to Class B LP unitholders	26	26	52	56
Distribution per Class B LP unit	0.075	0.075	0.15	0.15

9. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalent, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at June 30, 2022 and December 31, 2021 because of their short-term maturity or because they bear interest at current market rates.

As at June 30, 2022	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	5,748	-	-	5,748
Interest rate swap asset	(3,514)	-	(3,514)	-
Class B LP Units (note 8)	1,250	1,250	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	630,786	-	592,724	-
Convertible debentures, including their conversion and redemption features (note 6)	47,311	43,932	-	-
Bank loans (note 7)	24,174	-	24,174	-

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

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

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

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

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

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

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

	Conversion and redemption options of convertible debentures
	$
Six-months period ended June 30, 2022	
Balance beginning of period	10,693
Conversion options exercised by holders	(665)
Changes for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	(4,280)
Balance end of period	**5,748**

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

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at June 30, 2022:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	5,636	36.37
June 30, 2022	5,748	36.87
0.50%	5,861	37.37

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,	2022	2021
	Deferred units	Deferred units
Outstanding, beginning of period	103,116	87,920
Trustees' compensation	4,452	4,171
Distributions paid in units	4,149	3,396
Outstanding, end of period	**111,717**	**95,487**

As at June 30, 2022, the liability related to the plan was $407 (December 31, 2021 - $410). The related revenue recorded in profit or loss amounted to $52 and $3, for the three and six-month periods ended June 30, 2022 (for the three and six-month periods ended June 30th, 2021 – revenue of $1 and an expense of $87).

b) Employee unit purchase plan

The Trust offers an optional employee unit purchase plan to all its employees. Under this plan, the employees may contribute, each year, pursuant to a maximum of 3% to 7% of their base salary depending of their years of service with the Trust. For each two units purchased by an employee, the Trust issues one unit from treasury.

As at June 30, 2022, the liability related to the plan was $0 (December 31, 2021 -$61). The related revenue recorded in profit and loss amounted to $0 and $14 for the three and six-month periods ended June 30, 2022 (for the three and six-month periods ended June 30, 2021 - $0 and $0). The 11,605 units related to 2021 purchases were issued in February 2022 (14,351 units related to 2020 purchases).

c) Restricted unit compensation plan

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

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

Six-month periods ended June 30,	2022	2021
	Restricted units	Restricted units
Outstanding, beginning of period	161,536	139,724
Granted	92,304	95,058
Cancelled	-	(1,524)
Settled	(90,671)	(71,722)
Outstanding, end of period	**163,169**	**161,536**

As at June 30, 2022, the liability related to the plan was $317 (December 31, 2021 - $552). The related expense recorded in profit and loss amounted to $72 and $131 for the three and six-month periods ended June 30, 2022 (for the three and six-month periods ended June 30, 2021 – expense of $98 and $283).

d) Cash settled share-based retirement compensation plan

On February 9, 2021, the Board of Trustees retroactively approved a cash settled phantom share-based retirement allowance plan (RA Plan) for the President and Chief Executive Officer with a start date of July 1, 2020, to form part of a long-term incentive compensation plan until retirement. Under this plan, phantom units are granted at set dates to July 1, 2026, based on a predetermined cash value. The number of phantom units granted at each vest date is based on the average closing trading price of the last 5 days prior to granting. The granted RA Plan units are to be paid out on retirement based on the average closing trading price of the last 20 days. As at June 30, 2022, the long-term obligation related to the plan was $554. The related expense recorded in profit and loss amounted to $7 and $64 for the three and six-month periods ended June 30, 2022 (for the three and six-month periods ended June 30, 2021 – expense of $64 and $435).

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,		Year ended December 31,	
		2022		**2021**
	Units	$	Units	$
Trust units outstanding, beginning of period	74,126,971	351,540	63,439,435	309,394
Issue pursuant to a public issue	9,584,100	38,545	7,809,650	30,266
Trust unit issuance costs	-	(267)	-	(263)
	83,711,071	389,818	71,249,085	339,397
Issue pursuant to the distribution reinvestment plan (a)	396,023	1,529	752,280	2,943
Issue pursuant to the employee unit purchase plan (note 10 (b))	11,605	47	14,351	52
Issue pursuant to the restricted unit compensation plan (note 10 (c))	104,649	421	71,722	256
Class B LP units exchange into Trust units	-	-	50,000	227
Issue pursuant to conversion of convertible debentures (note 6)	508,508	2,383	1,989,533	8,665
Trust units outstanding, end of period	**84,731,856**	**394,198**	**74,126,971**	**351,540**

a) Distribution reinvestment plan

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

b) Distributions

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Distributions to unitholders	6,348	5,481	12,173	10,280
Distributions per Trust unit	0.075	0.075	0.15	0.15

12. Rental Revenues

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Base rent and other lease generated revenues	18,273	14,895	36,230	29,073
Lease cancellation fees	-	25	-	55
Property tax and insurance recoveries	6,528	5,137	12,104	9,394
	24,801	20,057	48,334	38,522
Operating expenses recoveries and other revenues	4,922	6,663	11,042	12,210
Lease incentive amortization	(818)	(777)	(1,553)	(1,654)
Straight-line lease adjustment	74	91	224	488
	28,979	**26,034**	**58,047**	**49,566**

13. Net Financial Expenses

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Interest on mortgage loans payable	5,610	4,606	11,412	9,152
Interest on convertible debentures	743	669	1,475	1,626
Interest on bank loans	197	88	504	308
Interest on lease liabilities	52	53	105	106
Other interest expense	41	8	51	23
Accretion of non-derivative liability component of convertible debentures	83	90	164	186
Accretion of effective interest on mortgage loans payable and convertible debentures	284	428	572	787
Distribution - Class B LP Units	26	26	52	56
Fair value adjustment – Class B LP Units	(233)	(52)	(167)	228
Early repayment fees of a mortgage loan	-	188	284	188
Net adjustment to fair value of derivative financial instruments	(9,344)	733	(8,347)	2,547
	(2,541)	**6,837**	**6,105**	**15,207**

14. Expenses by Nature

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Depreciation	26	27	56	42
Employee compensation and benefits expense	2,069	1,881	4,600	4,210

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,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Net income	18,243	7,161	24,692	9,671
Weighted average number of trust units outstanding – basic	84,989,000	73,435,018	81,500,498	68,895,444
Earnings per unit – basic	**0.21**	**0.10**	**0.30**	**0.14**

16. Liquidity Risk Management

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

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

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

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at June 30, 2022, the Trust was in compliance with all the covenants to which it was subject.

17. Operating Segments

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

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

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

	Industrial	Off downtown core office	Necessity-based retail	Total
	$	$	$	$
Three-month period ended June 30, 2022				
Investment properties	298,817	614,524	253,906	**1,167,247**
Rental revenue from properties	5,070	17,038	6,871	**28,979**
Net operating income	3,948	9,711	3,939	**17,598**
Three-month period ended June 30, 2021				
Investment properties	180,049	495,320	246,666	**922,035**
Rental revenue from properties	3,798	14,310	7,926	**26,034**
Net operating income	2,588	7,877	5,109	**15,574**

	Industrial	Off downtown core office	Necessity-based retail	Total
	$	$	$	$
Six-month period ended June 30, 2022				
Rental revenue from properties	10,443	34,014	13,590	**58,047**
Net operating income	7,956	18,371	7,505	**33,832**
Six-month period ended June 30, 2021				
Rental revenue from properties	6,882	28,332	14,352	**49,566**
Net operating income	4,594	14,962	8,432	**27,988**

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.


BTB
acer

Unitholders Information

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

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

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

Taxability of distributions
In 2021, for all Canadian unitholders, the distributions were fiscally treated as follow:
- Other revenues: 0%
- Fiscal Deferral: 100%

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

Legal counsel
De Grandpré Chait LLP.
800 Rene-Lévesque Blvd West
Suite 2600
Montréal, Québec, H3B 1X9

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

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


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