2021
Third Quaterly Report

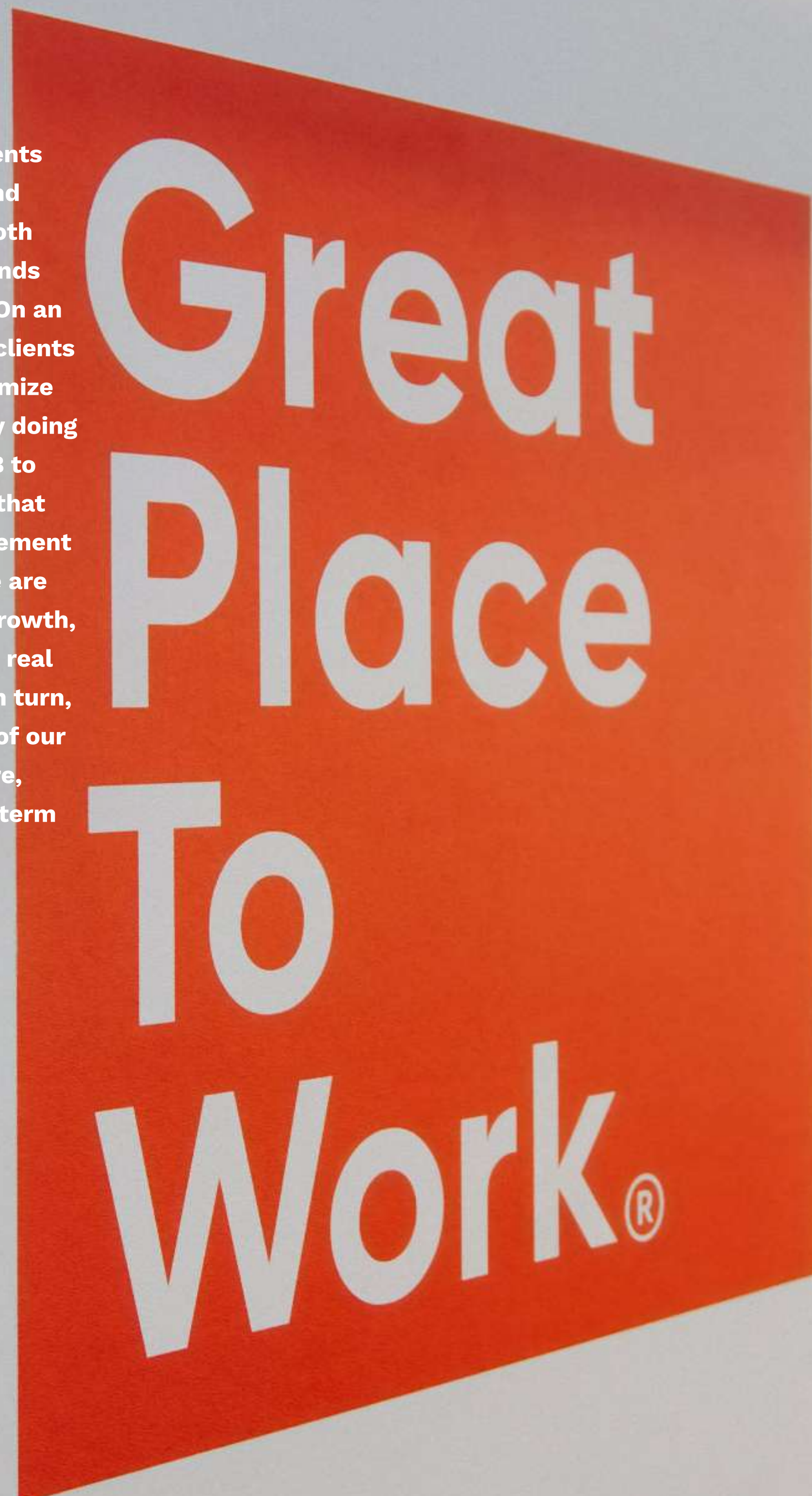
BTB

Our values,
your added value.

BTB's Values

Mission

BTB's two main clients are our investors and our tenants, who both have specific demands and requirements. On an investors side, our clients are looking to maximize their returns and by doing so, they intrust BTB to proactively ensure that through our management philosophy, that we are generating stable growth, that we expand our real estate assets and in turn, optimize the value of our assets and therefore, maximize the long-term value of our units.



BTB is dedicated to delivering effective, efficient results and service to our investors and clients. We are driven by respect, transparency, collaboration, and integrity. We pride ourselves on promising a personalized approach to respond to every client need to help them reach their goals. Our success as a REIT is measured by the value we create for our investors, clients, and employees. At BTB, we believe actions speak louder than words; it is at the core and heart of our decision making.

To ensure the achievement of our two-fold client mission, BTB relies on the implementation of the following core values:

Teamwork

People sharing ideas and fostering an environment of collectivity allows for quicker problem solving, better results and fostering an environment for innovative ideas.

Integrity

Our ethical principles of honesty are ingrained within our values. Without integrity and transparency, we would not be able to ensure an honest relationship with our clients.

Leadership

As we aim to be at the forefront of our industry, we invest in goal-oriented employees who are motivated and can take charge in innovative projects to meet our client's requirements.

Respect

We strive to always ensure a work environment that is positive regardless of age, race, sex, gender, religion, or sexual orientation. We believe that we are all capable of achieving our missions if we are all accepting of one another by showing compassion and consideration for others.

Highlights

It goes without saying that the past years have demanded responsiveness, agility, and adaptation. As these three key elements were already part of BTB's DNA it allowed us, in addition to our strong corporate values, to adapt to our new normal within a quick time frame.

Our fellow collaborators demonstrated their comprehensiveness, conciliation, and accepted sacrifices. Our teamwork and collaboration with our suppliers greatly contributed to the past years' success. As the saying goes: "It's when the tough times come that you know who your true friends and allies really are". The past months enabled us to validate this saying on a company-wide scale. It also showed and reminded us of the importance to surround ourselves well and to wisely choose our collaborators.

Our results for the third quarter of 2021 are well grounded and we are pleased to report the following highlights.

2250 Alfred-Nobel Blvd,
St-Laurent

64

Properties

92.0%

Occupancy rate

$24M

Rental income

52.6%

Mortgage debt ratio

$962M

Total assets

9.5¢ per unit

Recurring funds from operations (FFO)

8.7¢ per unit

Recurring adjusted funds from operations (AFFO)

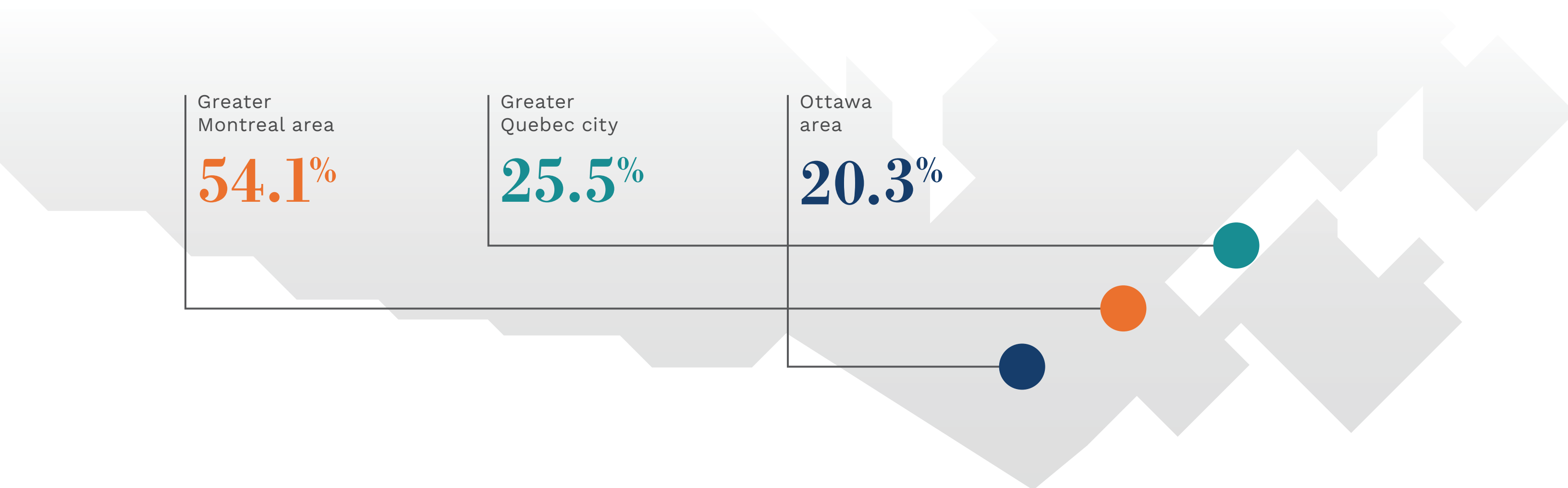
5.4M

Number of square feet

Geographic Locations

Our assets are located within the primary markets of the Greater Montréal Area, the Greater Quebec City Area as well as the Greater Ottawa Area.

BTB focuses on primary markets due to the centrality and strategic locations of the assets within established neighbourhoods and business hubs. By concentrating our geographic spread within these regions, BTB is able to offer to its client's various locations within 3 key areas in Eastern Canada, therefore offering various solutions to our clients.



Montréal

BTB is focused in the greater area of the island of Montréal, mainly concentrating our assets on the island. BTB's first acquisition in 2006 was a retail property in Laval, still owned by BTB today. BTB has properties in the following primary areas:

- Downtown Montréal
- Saint-Laurent
- Laval
- South Shore (Longueuil, Brossard, Saint-Bruno, Saint-Hilaire, Boucherville, St-Jean-sur-Richelieu)
- North Shore (Terrebonne & Ste-Thérèse)

Ontario

BTB pierced the Ontarian market in 2007 with its first acquisition in the industrial hub of Cornwall, Ontario. BTB later expanded into Ottawa with the acquisition of office properties, therefore solidifying an important presence in this office market with national tenants. BTB's Ontario locations are the following:

- Cornwall
- Ottawa
- Nepean
- Kanata
- Gatineau

Quebec city

As a complementary strategic location to the Island of Montréal, Quebec City is Québec's second most thriving cities. With many Quebec based and international tenants having dual businesses in both Montréal and Quebec City, BTB's expansion to the area was imminent. Having pierced the market in 2007, BTB has established a sound portfolio in Quebec City primarily composed of Retail and Office properties. BTB's properties are in the following neighbourhoods:

- Lebourgneuf
- Lévis
- St-Augustin de Desmaures
- Trois-Rivières

Breakdown by asset type

When searching for new assets, BTB favours those with long-term stability which follow the following criteria:

- Assets which house tenants with long-term leases.
- Assets with high occupancy rates.
- Assets which contain a tenant mix which is well established such as government institutions and national or international enterprises.

Our assets are broken down into three primary categories:

Office

A single or multiple storey property which primarily houses office tenants. These types of assets are usually leased to multiple tenants operating various businesses which do not serve a retail client base.*

*The mixed-use category found in previous annual reports has been removed from our asset type breakdown. Properties previously found in this segment have been reclassified under the "office" category.

47.7%

Retail

A single-story property which houses only retail tenants. Specific, to BTB's portfolio, these include our Power Centers which are occupied by big-box tenants.

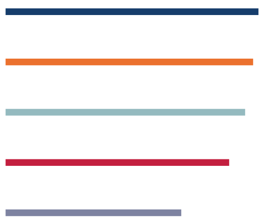
26.1%

Industrial

A single storey property which contains a large floorplate with an incredible ceiling height, higher than 18 feet. These properties allow for maximum vertical usage as the raw spaces are primarily used for stacking and warehousing solutions.

26.2%

Evolution*

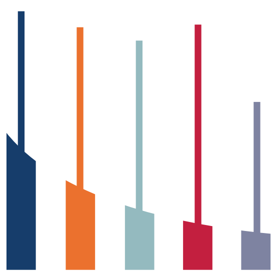


Rental Income(1)

- 2021 23,988
- 2020 23,583
- 2019 23,973
- 2018 23,098
- 2017 18,187

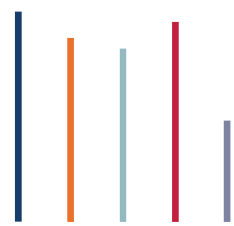
Net operating income

- 2021 13,572
- 2020 13,308
- 2019 13,476
- 2018 13,330
- 2017 10,044



Recurring funds from operations (FFO)(2)

- 2021 7,018
- 2020 6,920
- 2019 6,747
- 2018 6,996
- 2017 4,902

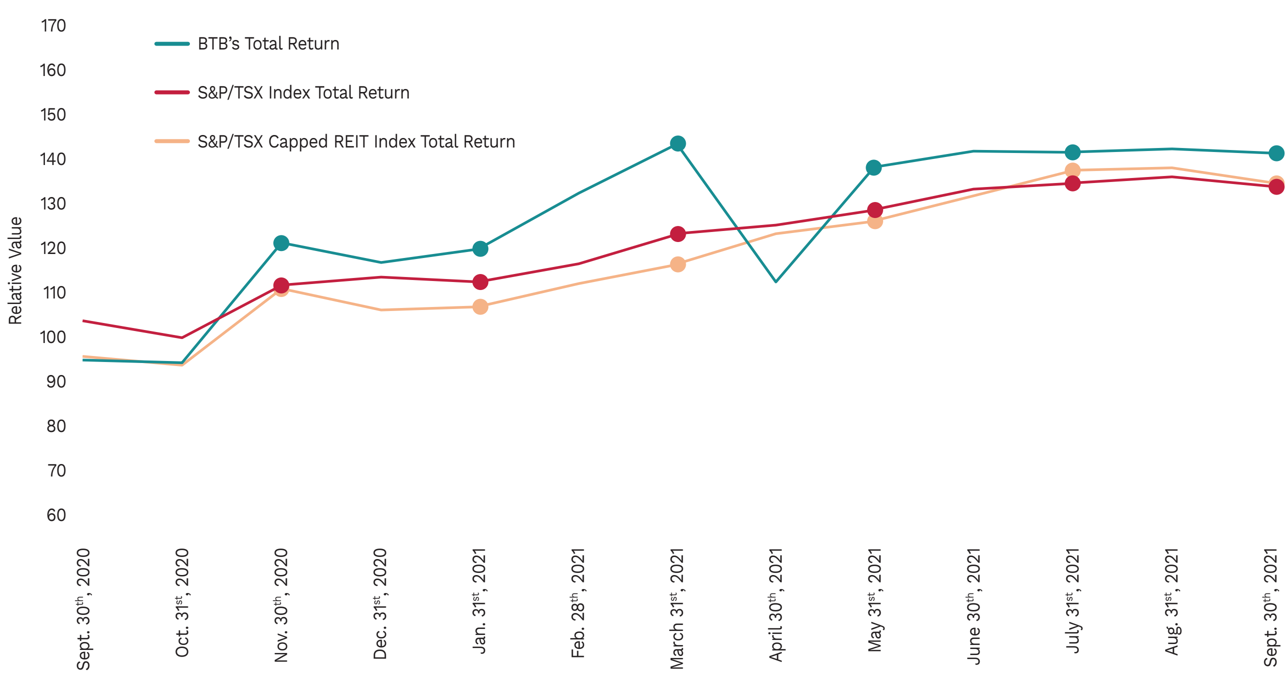


Recurring adjusted funds from operations (AFFO)(2)

- 2021 6,453
- 2020 6,139
- 2019 6,087
- 2018 6,326
- 2017 4,516

* For the quarters ending September 30th (1) Not adjusted to take into account IFRS 15 (2) Non-IFRS financial measures

Performance on the markets



Message

Message from *the Chair of the Board of Trustees and the President and Chief Executive Officer*

For the third consecutive quarter, BTB is proud to announce strong results that support our growth and expansion strategies. Over the past few months, we could taste the return to normal life. Operations in our properties have resumed and our tenants are gradually returning to the office.

Our success is largely based on the efforts of our company and depends on the development and growth of our employees and clients. We continue to support our clients in their projects and decision-making by offering our ongoing support.

During the third quarter, our financial performance was not impacted by the COVID-19 pandemic. The assets on which our operations are based remain strong and we expect the fourth quarter of 2021 to continue to be equally robust and will be supported by major acquisitions previously announced in the Montréal area. These acquisitions will generate, on an annualized basis, approximately $0.041 per unit in circulation, contributing positively to our growth.

BTB's portfolio continues to be stable across all asset classes and geographic regions. In addition, we collected more than 99% of our rents, or 99.2% of the cumulative rents for the year 2021. The significant success of the suburban office and retail sectors, which are focused on food and essential services, as well as the industrial sector, are demonstrating the resilience of our properties and tenants.

A new acquisition facility

To enable us to pursue our acquisition strategy, while improving our financial position through favorable terms and conditions, we concluded a new acquisition line of credit with the National Bank of Canada on September 29th, 2021, (as Administrative Agent and Sole Lender) consisting of $35 million of revolving credit facility with an option to increase the total amount to $60 million. The revolving credit facility will expire in September 2024.

An overview of our third quarter results

BTB's financial results remain stable, and the occupancy rate remains unchanged at 92.0%.

We concluded the quarter with $19.2 million in liquidity, an increase of $10.0 million compared to the same quarter of 2020. This is due to the unused proceeds from the issuance of units last April, which will be used to close the acquisitions announced after the end of the third quarter.

The acquisition of an industrial property, of more than 99,000 square feet, located at 6000 Kieran Street in Montréal, concluded in the second quarter of 2021, contributed to the improvement of our third quarter 2021 revenues. Rental revenue for the third quarter was $24.0 million and net operating income was $13.6 million, an increase of 1.7% and 2.0%, respectively, over the same quarter of 2020.

Our total asset value will exceed $1 billion following the acquisition of two Class A office properties

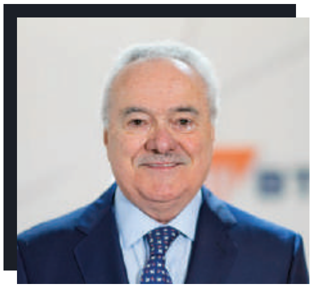
On October 14th, 2021, we announced the waving of the conditions for the acquisition of two Class A office properties dedicated to life sciences and technologies located at 2600 and 2344 Alfred-Nobel boulevard in the Saint-Laurent borough of Montréal. The purchase price of the properties totals $74 million dollars. This purchase confirms our acquisition strategy of buying high-quality assets with a solid tenant base and increases the total value of our assets to more than $1 billion dollars.

We remain committed to meeting our targets for 2021. We will soon cross the $1 billion mark in asset valuation, a major achievement in BTB's history and we aim to double the value of our total assets over the next five years. However, we remain focused on our core business values and on a strategic and intelligent growth, not accelerated or arbitrary.

Jocelyn Proteau
Chair of the Board of Trustees

Michel Léonard
President and Chief Executive Officer

Board of Trustees









Top row

Fernand Perreault
Chair of the Investment Committee and trustee

Lucie Ducharme
Chair of the Human Ressources and Governance Committee and trustee

Christine Marchildon
Trustee

Middle row

Jocelyn Proteau
Chair of the Board of Trustees and trustee

Jean-Pierre Janson
Vice Chair of the board of Trustees and trustee

Michel Léonard
President and Chief Executive Officer and trustee

Bottom row

Daniel Fournier
Trustee

Sylvie Lachance
Trustee

Luc Martin
Chair of the Audit Committee and trustee

Executive Team


Mathieu Bolté
Vice President and Chief Financial Officer

Michel Léonard
President and Chief Executive Officer

An interview with *our new Trustee, Christine Marchildon*

What is your proudest achievement?

I have a few that I'm proud of, but I would say that my proudest achievement was at my last mandate at the TD Bank which was to increase the Bank's presence in Québec. When I started, there were about 60 branches and we finished with 140 branches across Québec. A very rapid expansion which led to many challenges, amongst others, to improve brand's awareness in the province and hiring employees to work in these locations. I have always been passionate about talent development and recruitment, we had a team of young and very multi-ethnic employees, it was very rewarding to see their growth.

What inspires you; what are you passionate about?

Traveling! I travel a lot. It was difficult not to travel during the pandemic. However, since September, we have been able to start travelling again. I love to travel, I find it enriching to meet new people, to discover different cultures, amongst others in Bahrain, an island off the coast of Saudi Arabia, when my daughter lived there. I visited it regularly for eleven years, and this little kingdom fascinates me. It allowed me to nuance my perceptions and meet warm and open-minded women. We had lots of meaningful conversations.

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

"Dreams show the way, will opens it, and the heart gives it its colour" from Marie Guillon, a French author. This quote really defines me.

How will you support the Human Resources Committee of BTB'sBoard of Trustees?

Human resources have always been my trademark throughout my career, although I have most often held other positions. What is extraordinary about working in banking is that we move between the various departments. Internal mobility allows employees to become familiar with other departments and thus develop diverse skills. When I held executive positions, I always kept a human resources angle which is an important aspect when building a business. What I noticed about BTB is that we are in a growth and expansion period, which brings its share of challenges. Especially when you're in a labour shortage crisis, it is even more difficult to find competent employees, develop them, support them, and especially keep them.

Why BTB? What made you want to join the Board of Trustees?

I was approached by the President of the Board, Jocelyn Proteau, with whom I worked with and whom I know very well. In addition, I sit on the Board of Otéra Capital, which specializes in real estate financing. In doing my research on BTB, I was able to appreciate the aggressive but disciplined growth strategy. I believe I can support BTB in implementing its growth plans.

Our Properties

1411 Crescent Street, Montréal

Montréal

- 1327-1333 Ste-Catherine Street West and 1405-1411 Crescent Street, Montréal
- 5810 Sherbrooke Street East, Montréal
- 5878-5882 Sherbrooke Street East, Montréal
- 7001-7035 St-Laurent Blvd and 25 Mozart Avenue, Montréal
- 2101 Sainte-Catherine Street West, Montréal
- 3761-3781 des Sources Blvd, Dollard-des-Ormeaux
- 11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux
- 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
- 7150 Alexander-Fleming Street, St-Laurent
- 2425 Pitfield Blvd, St-Laurent
- 2665-2673 and 2681, Côte Saint-Charles, Saint-Lazare
- 6000 Kieran Street, Saint-Laurent

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
- 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

South Shore of Montréal

- 4890-4898 Taschereau Blvd, Brossard
- 2340 Lapinière Blvd, Brossard
- 204 De Montarville Blvd, Boucherville
- 32 Saint-Charles Street West, Longueuil
- 50 Saint-Charles Street West, Longueuil
- 85 Saint-Charles Street West, Longueuil
- 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
- 315-325 MacDonald Street, St-Jean-sur-Richelieu
- 1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu
- 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
- 6700 Pierre-Bertrand Blvd, Quebec City
- 909-915 Pierre-Bertrand Blvd, Quebec City
- 825 Lebourgneuf Blvd, Quebec City
- 815 Lebourgneuf Blvd, Quebec City
- 1170 Lebourgneuf Blvd, Quebec City
- 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
- 2059 René-Patenaude Street, Magog

Ottawa Area, Ontario

- 80 Aberdeen Street, Ottawa
- 245 Menten Place, Ottawa
- 1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd, Ottawa
- 400 Hunt Club Rd, Ottawa
- 2200 Walkley Street, Ottawa
- 2204 Walkley Street, Ottawa
- 2611 Queensview Drive, Ottawa
- 7 and 9 Montclair Blvd, Gatineau
- 705 Boundary Road, Cornwall*
- 725 Boundary Road, Cornwall*
- 805 Boundary Road, Cornwall
- 2901 Marleau Avenue, Cornwall

*Considered as one property

**1411 Crescent Street,
Montréal**

Management Discussion and Analysis

Quarter ended September 30, 2021

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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 quarter ended September 30, 2021 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 November 5, 2021 should be read together with the unaudited condensed consolidated financial statements and accompanying notes for the quarter ended September 30, 2021. 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, including the 2020 Annual Information Form, 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 quarterly 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 BTB's future objectives, strategies to achieve the Trust's objectives, as well as statements with respect to BTB'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 forward looking statements. These factors include general economic conditions in Canada and elsewhere, the effects of competition in the markets where we operate, the impact of changes in laws and regulations, including tax laws, successful execution of the Trust's strategy, the ability to complete and integrate strategic acquisitions successfully, potential dilution, the ability to attract and retain key employees and executives, the financial position of lessees, the ability to refinance our debts upon maturity, the ability to renew leases coming to maturity, and to lease vacant space, the ability to complete developments on plan and on schedule and to raise capital to finance the Trust's growth, as well as changes in interest rates. The foregoing list of important factors likely to affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to BTB, 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.

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

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 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.

Non-IFRS Financial Measures

"Net operating income" ("NOI"), "net operating income of the same-property portfolio" ("SPNOI"), "funds from operations" ("FFO"), "adjusted funds from operations" ("AFFO"), "adjusted net income and comprehensive income" and "net property income" and per unit information, if applicable, are non-IFRS performance measures and do not have standardized meanings prescribed by IFRS. These measures are used by BTB to improve the investing public's understanding of operating results and the Trust's performance. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

These measures cannot be compared to similar measures used by other issuers. However, BTB presents its FFO in accordance with the Real Property Association of Canada (REALPAC) White Paper on Funds from Operations, as revised in February 2019.

Securities regulations require that these measures be clearly defined, that they be readily comparable to the most similar IFRS measures, and that they not be assigned greater weight than IFRS measures.

The Trust

BTB 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). BTB began its real estate operations on October 3, 2006, and as of September 30, 2021, it owns 64 retail, office and industrial properties located in primary markets of the Provinces of Québec and Ontario. Since its inception, BTB has become an important property owner in the province of Québec and in Eastern Ontario. 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.

BTB's management is entirely internalized, and no service agreements or asset management agreements are in force between BTB 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 September 30, 2021[1]	**64[2]**	**5,399,733**	**923,639**

(1) These figures include a 50% interest in a 17,114 sq.ft. building in a Montréal suburb and a 50% interest in a building totaling 74,940 sq.ft. in Gatineau, Québec.
(2) Two properties that are on the same lot have been combined in Q3 2021.

Objectives and Business Strategies

BTB'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 increase distributable income and therefore 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, BTB 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 fewer capital expenditures.

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

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

Highlights of the Third Quarter Ended September 30, 2021

- BTB's portfolio continued to show stability through all asset classes and geographies. The Trust collected 99.1% of its invoiced rents and 99.2% on a cumulative basis for 2021, which shows the strong fundamentals of the suburban office, the food anchored retail and the industrial operating segments.

- Leasing activity remained active with 50,582 sq.ft. of leases renewed of which, 46,600 sq.ft. were renewed before the end of their term and 3,982 sq.ft. were renewed in anticipation of the end of their term in the years 2022 and after. BTB was able to lease 17,181 sq.ft. to new tenants. The leasing activity resulted in a reasonably consistent occupancy rate of 92.0%.

- On June 29, 2021, the Trust acquired an industrial property located at 6000 Kieran Street in Montréal (99,000 sq.ft.) and therefore this acquisition impacted the third quarter financial results. Rental revenue stood at $24.0 million and net operating income was $13.6 million which represent a respective increase of 1.7% and 2.0% compared to the same quarter last year. The acquisition of this high-quality asset added additional exposure to the Trust's industrial segment.

- Same property NOI increased by 0.1% compared to the same period last year mainly due to additional recovery efforts and lower pandemic-related charges. Throughout Q4 2021, BTB will be finalizing the leasing of approximately 50% of the 81,000 sq.ft. of space that became vacant in 2020 related to COVID-19 departures.

- Net income and comprehensive income totalled $8.7 million compared to $5.8 million for the same period in 2020, representing an increase of $2.9 million. The increase was primarily attributed to (i) $2.9 million of net adjustment in fair value of derivative financial instruments due to recent market volatility, (ii) $0.3 million of NOI and financial expenses improvements, (iii) $0.3 million in expenses for investments in building operational capacity in key resources and technology.

- Recurring FFO was 9.5¢ per unit (31.1¢ per unit for the cumulative 9-month period) compared to 10.9¢ per unit for the same period last year (28.4¢ per unit for the cumulative 9-month period) and recurring AFFO was 8.7¢ per unit (29.2¢ per unit for the cumulative 9-month period) compared to 9.7¢ per unit for the same period last year (25.2¢ per unit for the cumulative 9-month period). The FFO was negatively impacted by the recent equity issuance and undeployed cash. The acquisitions of 2344 and 2600 Alfred-Nobel Boulevard in Montréal which closed on November 8th, 2021, will generate 4.1¢ of accretive FFO and AFFO on an annual basis, therefore countering the decrease in the fourth quarter.
- Recurring FFO payout ratio was 79.0% (72.4% for the cumulative 9-month period) compared to 68.6% for the same period last year (93.4% for the cumulative 9-month period) and the recurring AFFO payout ratio was 85.9% (77.1% for the cumulative 9-month period) compared to 77.4% for the same period last year (105.2% for the cumulative 9-month period).
- On September 29, 2021, BTB successfully closed a $35 million revolving credit facility, with an option to increase the total amount up to $60 million with National Bank of Canada as Administrative Agent and Sole Lender. This BTB's borrowing flexibility and enables the REIT to further pursue its acquisition strategy, while improving its financial position through favorable terms and conditions. The revolving credit facility will expire in September 2024. This new credit facility complements the current facility in place of $23 million which was 100% available at the end of the quarter.
- BTB concluded the quarter with a cash position of $19.2 million. The $10.0 million increase in liquidity from year end 2020 reflects the undeployed proceeds of the April 2021 equity issuance to fund acquisitions announced post-closing of the third quarter.
- Debt metrics continued to demonstrate the Trust's commitment to maintaining its total debt ratio below 60%. It concluded the quarter at 55.8%, recording an improvement of 3.9% compared to the same quarter last year. The improvement is essentially attributable to the equity issued in April this year and to the conversion of Series H debentures through the quarter, combined with the full repayment of the outstanding amount on the acquisition line of credit.

Subsequent events

- On November 8th, 2021, BTB concluded the acquisition of two class A life-science and technology suburban office properties located at 2344 and 2600 boulevard Alfred-Nobel in the Saint-Laurent borough of Montréal, Québec. Acquired for the aggregate purchase price of $74 million dollars, excluding transaction costs, this acquisition is funded from the proceeds received from the last equity raise and available funds. These two properties thus increase the total number of properties owned by the Trust to 66, representing an increase of respectively 108,724 sq.ft. and 129,254 sq.ft., increasing the Trust's total square footage to approximately 5.6 million square feet.

Summary of significant items as at September 30, 2021

- Total number of properties: 64
- Total leasable area: approximately 5.4 million sq.ft.
- Total asset value: $962 million
- Market capitalization: $297 million

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended September 30, 2021 and ended September 30, 2020:

Periods ended September 30 (in thousands of dollars, except for ratios and per unit data)		Quarter		Cumulative (9 months)	
		2021	2020	**2021**	2020
	Reference (page)	**$**	$	**$**	$
Financial information					
Rental revenue	29	**23,988**	23,583	**73,554**	70,514
Net operating income[(1)]	30	**13,572**	13,308	**41,560**	38,493
Net income and comprehensive income	32	**8,678**	5,757	**18,349**	(931)
Adjusted net income[(1)]	32	**6,062**	5,963	**18,696**	15,036
Net property income from the same-property portfolio[(1)]	33	**8,496**	8,471	**24,323**	23,946
Distributions	33	**5,551**	4,752	**15,886**	16,735
Recurring funds from operations (FFO)[(1)]	36	**7,018**	6,920	**21,950**	17,907
Recurring adjusted funds from operations (AFFO)[(1)]	36	**6,453**	6,139	**20,606**	15,893
Cash flow from operating activities	36	**10,090**	8,983	**31,401**	30,191
Total assets	38			**962,207**	945,592
Investment properties	38			**923,639**	895,420
Mortgage loans	40			**493,979**	482,778
Convertible debentures	41			**43,067**	75,225
Mortgage debt ratio	41			**52.6%**	53.0%
Total debt ratio	42			**55.8%**	59.7%
Weighted average contractual interest rate	40			**3.78%**	3.61%
Market capitalization				**296,667**	184,097
Financial information per unit					
Units outstanding (000)	43			**73,798**	62,822
Class B LP units outstanding (000)	43			**347**	397
Weighted average number of units outstanding (000)	43	**73,665**	62,934	**70,243**	62,390
Weighted average number of units and Class B LP units outstanding (000)	43	**74,012**	63,331	**70,601**	63,112
Net income and comprehensive income	32	**11.7¢**	9.1¢	**26.0¢**	(1.5¢)
Adjusted net income[(1)]	32	**8.2¢**	9.4¢	**26.5¢**	23.8¢
Distributions	33	**7.5¢**	7.5¢	**22.5¢**	26.5¢
Recurring FFO[(1)]	36	**9.5¢**	10.9¢	**31.1¢**	28.4¢
Payout ratio on recurring FFO[(1)]	36	**79.0%**	68.6%	**72.4%**	93.4%
Recurring AFFO[(1)]	36	**8.7¢**	9.7¢	**29.2¢**	25.2¢
Payout ratio on recurring AFFO[(1)]	36	**85.9%**	77.4%	**77.1%**	105.2%
Market price of units				**4.02**	2.92
Tax on distributions					
Revenue	46	**0.0%**	0.0%	**0.0%**	0.0%
Tax deferral	46	**100%**	100%	**100%**	100%
Operational information					
Number of properties	23			**64**	64
Leasable area (thousands of sq.ft.)	23			**5,402**	5,329
Occupancy rate	27			**92.0%**	92.1%
Increase in average lease renewal rate	27	**1.8%**	1.2%	**3.0%**	1.9%

(1) Non-IFRS financial measures.

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)	**2021 Q-3**	2021 Q-2	2021 Q-1	2020 Q-4	2020 Q-3	2020 Q-2	2020 Q-1	2019 Q-4
	$	$	$	$	$	$	$	$
Rental revenue	**23,988**	26,034	23,532	22,455	23,583	23,063	23,868	25,558
Net operating income[(1)]	**13,572**	15,574	12,414	12,767	13,308	12,419	12,766	14,174
Net income and comprehensive income	**8,678**	7,161	2,510	3,850	5,757	(1,101)	(5,587)	41,552
Net income and comprehensive income per unit	**11.7¢**	9.8¢	3.9¢	6.1¢	9.1¢	(1.7)¢	(8.9)¢	66.2¢
Adjusted net income	**6,062**	8,030	4,604	5,066	5,963	3,757	5,116	6,445
Adjusted net income per unit	**8.2¢**	10.9¢	7.2¢	8.0¢	9.4¢	6.0¢	8.1¢	10.3¢
Cash from operating activities	**10,090**	8,162	13,149	15,954	8,983	10,534	10,674	17,235
Recurring funds from operations (FFO)[(1)]	**7,018**	9,202	5,730	6,322	6,920	4,710	6,277	7,421
Recurring FFO per unit[(1)]	**9.5¢**	12.5¢	8.9¢	9.9¢	10.9¢	7.5¢	10.0¢	11.8¢
Recurring adjusted funds from operations (AFFO)[(1)]	**6,453**	8,647	5,506	6,253	6,139	4,237	5,517	6,795
Recurring AFFO per unit[(1)]	**8.7¢**	11.8¢	8.6¢	9.8¢	9.7¢	6.7¢	8.8¢	10.8¢
Distributions[(2)]	**5,551**	5,508	4,828	4,778	4,752	5,375	6,618	6,584
Distributions per unit	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	8.5¢	10.5¢	10.5¢

(1) Non-IFRS financial measures. See appropriate sections for definition and reconciliation to the closest IFRS measure.
(2) Includes distributions on Class B LP units.

Performance Indicators

The performance indicators used to measure BTB's financial performance are presented and explained in Appendix 1.

Real Estate Portfolio

At the end of the third quarter of 2021, BTB owned 64 properties, totalling a fair value of $924 million. The properties generated approximately $24.0 million in rental revenue this quarter and represented a total leasable area of approximately 5.4 million sq.ft. A description of the properties owned by the Trust as at December 31, 2020 can be found in the Trust's Annual Information Form available at www.sedar.com.

Summary of investment properties held as at September 30, 2021

Operating segment	Number of properties	Leasable area (sq.ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Office	34	2,573,193	89.3	88.8
Retail	12	1,411,257	92.6	89.2
Industrial	18	1,415,283	96.5	95.5
Total	**64**	**5,399,733**	**92.0**	**90.9**

Acquisition of investment properties

On June 29, 2021, the Trust acquired an industrial property located at 6000 Kieran Street in Montréal, Québec, for a total consideration of $15.3 million, increasing BTB's total leasable area by 99,000 sq.ft. This property is 100% occupied.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended September 30, 2021 and 2020:

Periods ended September 30 (in sq.ft.)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
Occupied area at the beginning of the period[1]	**4,983,226**	4,879,746	**4,910,877**	5,194,894
Purchased (sold) assets	**—**	—	**99,000**	(283,392)
Signed new leases	**17,181**	173,995	**105,226**	225,381
Tenant departures	**(28,648)**	(143,741)	**(122,925)**	(226,891)
Other[2]	**(2,288)**	—	**(22,707)**	8
Occupied leasable area at the end of the period[1]	**4,969,471**	4,910,000		
Vacant leasable area at the end of the period	**430,262**	419,690		
Total leasable area at the end of the period	**5,399,733**	5,329,690		

(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 September 30, 2021 and 2020:

Periods ended September 30 (in sq.ft.)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
Leases expired at term	**61,103**	91,691	**223,571**	307,473
Renewed leases at term	**46,600**	58,101	**170,120**	202,938
Renewal rate	**73.2%**	63.4%	**76.1%**	66.0%

In addition to the renewed leases at term during the quarter, the Trust renewed 3,982 sq. ft. leased to existing tenants with lease terms ending in 2022 and after (72,826 sq. ft. for the cumulative 9-month period). This activity has no impact on the occupied leasable area or renewal rate but demonstrates the Trust's strategy to proactively manage its lease renewals before term.

Considering renewed leases at term and renewed leases with terms ending in 2022 and after, the Trust renewed a total of 50,582 sq.ft. during this quarter (242,946 sq.ft. for the cumulative 9-month period). Out of the total leasable area of renewed leases, 49,157 sq.ft. or 97% were concluded with office tenants, confirming the desire of tenants to keep physical office space.

Increase in average lease renewal rate

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

	Quarter		Cumulative (9 months)	
Operating segment	**Renewals (sq.ft.)**	**Increase %**	**Renewals (sq.ft.)**	**Increase %**
Office	49,157	1.7	142,887	1.0
Retail	1,425	4.3	64,063	4.6
Industrial	—	—	35,996	14.6
Total	**50,582**	**1.8**	**242,946**	**3.0**

Since the beginning of the year, the Trust achieved a cumulative average increase in renewal rate across all business segments. The industrial operating segment showed an increase of 14.6%, which is essentially attributable to buoyant market conditions for this segment.

Signed new leases

During the quarter, the Trust leased 17,181 sq.ft. to new tenants, leaving 430,262 sq.ft. of leasable area available at the end of the quarter. Out of the 17,181 sq.ft., 8,083 sq.ft. are committed agreements and 9,098 sq.ft. are in occupancy. As the Trust's total industrial leasable areas are almost fully occupied at 96.5%, 1,857 sq.ft. or 11% of the new leases were concluded with retail tenants and 15,324 sq.ft. or 89% were concluded with office tenants.

Occupancy rates

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

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	%	%	%	%	%
Operating segment					
Office	**89.3**	89.5	89.3	89.9	89.5
Retail	**92.6**	92.9	90.0	93.3	95.3
Industrial	**96.5**	96.5	95.6	95.8	93.9
Total portfolio	**92.0**	92.2	91.0	92.2	92.1

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	%	%	%	%	%
Geographic sector					
Montréal	**92.8**	93.1	91.3	93.3	93.9
Quebec City[(1)]	**88.9**	88.8	89.0	89.1	89.2
Ottawa	**93.8**	94.2	93.0	93.3	91.2
	92.0	92.2	91.0	92.2	92.1

(1) Excluding the Trois-Rivières property, the occupancy rate of the Quebec City portfolio is 92.4%.

The occupancy rate at the end of the third quarter of 2021 stood at 92.0%, a 0.2% decrease compared to the prior quarter, or a 0.1% decrease compared to the same period for 2020.

Lease maturities

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

	2021	2022	2023	2024	2025
Office					
Leasable area (sq.ft.)	137,751	306,300	294,831	271,088	241,980
Average lease rate/square foot ($)	$9.77	$15.04	$15.42	$13.51	$14.39
% of office portfolio	5.35%	11.90%	11.46%	10.54%	9.40%
Retail					
Leasable area (sq.ft.)	61,229	270,768	170,490	80,387	234,718
Average lease rate/square foot ($)	$10.31	$11.09	$8.59	$15.51	$15.93
% of retail portfolio	4.34%	19.19%	12.08%	5.70%	16.63%
Industrial					
Leasable area (sq.ft.)	11,927	252,942	41,599	108,691	80,000
Average lease rate/square foot ($)	$4.28	$4.70	$5.71	$8.57	$7.50
% of industrial portfolio	0.84%	17.87%	2.94%	7.68%	5.65%
Total portfolio					
Leasable area (sq.ft.)	**210,907**	**830,010**	**506,920**	**460,166**	**556,698**
Average lease rate/square foot ($)	**$9.61**	**$10.60**	**$12.32**	**$12.69**	**$14.05**
% of total portfolio	**3.91%**	**15.37%**	**9.39%**	**8.52%**	**10.31%**

Weighted average lease term

For the quarter ended September 30, 2021, the Trust maintained a weighted average lease term of 5.5 years. In addition to securing future revenues for the Trust and solidifying its tenant base, the Trust's leasing renewal strategy is also focused on ensuring longevity in the lease term when appropriate. These results further demonstrate the Trust's efforts to secure its tenant base and revenues in the years to come.

Top 10 tenants

The Trust's three largest tenants are the Government of Québec, the Government of Canada, and Walmart Canada Inc., representing respectively 6.6%, 5.9% and 2.8% of rental revenue. These revenues are generated by multiple leases with these tenants whose maturities are spread over time. 35% 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 September 30, 2021. Their contribution accounts for 25.4% of annual rental revenue and 23.5% of leased area:

Client	% of revenue	% of leased area	Leased area (sq.ft.)
Government of Québec	6.6	5.5	299,763
Government of Canada	5.9	4.8	255,323
Walmart Canada inc.	2.8	4.9	264,550
WSP Canada Inc.	1.7	0.9	48,478
Mouvement Desjardins	1.6	1.1	61,576
Intrado Life & Safety Canada, Inc.	1.6	1.0	53,767
Groupe BBA Inc.	1.6	1.3	69,270
Strongco	1.4	1.5	81,442
Germain Larivière Laval Inc.	1.2	1.9	101,194
Satcom Direct Avionics	1.0	0.6	32,000
	25.4	**23.5**	**1,267,363**

Operating Results

The following table summarizes the financial results for the periods ended September 30, 2021 and 2020. The table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

Periods ended September 30 (in thousands of dollars)		Quarter		Cumulative (9 months)	
		2021	2020	**2021**	2020
	Reference (page)	**$**	$	**$**	$
Rental revenue	29	**23,988**	23,583	**73,554**	70,514
Operating expenses	29	**10,416**	10,275	**31,994**	32,021
Net operating income[1]	30	**13,572**	13,308	**41,560**	38,493
Net financial expenses and financial income	30	**3,088**	6,050	**17,899**	21,995
Administration expenses	31	**1,806**	1,501	**5,312**	5,213
Transaction costs	32	**—**	—	**—**	1,711
Fair value adjustment on investment properties	32	**—**	—	**—**	10,505
Net income and comprehensive income		**8,678**	5,757	**18,349**	(931)

(1) Non-IFRS financial measure.

Rental revenue

For the quarter, rental revenue increased by $0.4 million or 1.7% compared to the same period last year. The same period last year was affected by the negative COVID-19 impacts of $0.1 million attributable to the CECRA program and free rents granted. In addition, for this quarter, $0.4 million additional revenue is related to the purchase of 2 new industrial properties: 6000 Kieran (Montréal) in June 2021, and 2005 Le Chatelier (Montréal) in November 2020.

On a cumulative basis, the increase in rental revenue was $3.0 million or 4.3%, which consists of a decrease of $0.5 million attributable to the CECRA program and free rents granted in 2020 that was more than offset by the invoicing of $1.4 million of additional recoveries in the second quarter of 2021 related to prior years and $1.1 million for 2021.

Operating expenses

The following table summarizes the operating expenses for the periods ended September 30, 2021 and 2020:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Operating expenses				
Utilities, maintenance, and other operating costs	**4,893**	4,734	**15,380**	15,031
Property taxes and insurance	**5,523**	5,541	**16,614**	16,990
Total operating expenses	**10,416**	10,275	**31,994**	32,021
% of rental revenue	**43.4**	43.6	**43.5**	45.4

Overall, operating expenses remained stable on a quarterly and cumulative basis. Utilities, maintenance, and other operating costs slightly increased due to businesses returning to normal operations as opposed to certain continued shutdowns in the third quarter of last year. In addition, property taxes have benefitted from a reduction in school taxes in Québec.

Net operating income

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net operating income[1]	**13,572**	13,308	**41,560**	38,493
% of rental revenue	**56.6**	56.4	**56.5**	54.6

(1) Non-IFRS financial measure. See appropriate sections for definition and reconciliation to the closest IFRS measure.

Financial expenses and income

The following table summarizes the financial expenses for the periods ended September 30, 2021 and 2020:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Financial income	**(185)**	(127)	**(581)**	(356)
Interest on mortgage loans	**4,709**	4,714	**13,861**	14,208
Interest on convertible debentures	**762**	850	**2,388**	2,518
Interest on bank loans	**11**	148	**319**	582
Other interest expense	**56**	—	**185**	264
Interest expense	**5,353**	5,585	**16,172**	17,216
Distributions on Class B LP units	**22**	30	**78**	127
Early repayment fees	**—**	—	**188**	79
Net financial expenses before non-monetary items	**5,375**	5,615	**16,438**	17,422
Accretion of effective interest on mortgage loans and convertible debentures	**239**	229	**1,026**	901
Accretion of non-derivative liability component of convertible debentures	**90**	—	**276**	—
Net financial expenses before the following items	**5,704**	5,844	**17,740**	18,323
Net adjustment to fair value of derivative financial instruments	**(2,598)**	265	**(51)**	4,692
Fair value adjustment on Class B LP units	**(18)**	(59)	**210**	(1,020)
Net financial expenses and financial income	**3,088**	6,050	**17,899**	21,995

Financial income mainly consists of interest income generated from a balance of sale granted by the Trust in the principal amount of $6.0 million pursuant to the sale in 2019 of a retail property located in Delson, Québec.

Interest expense decreased by $0.2 million during the current quarter compared to the same period last year, mainly due to conversions of the Series H debentures, the repayment of bank loans following the equity issuance in April 2021, and benefits from refinancing mortgage loans with lower average interest rate.
On September 30, 2021, the average weighted contractual rate of interest on mortgage loans outstanding was 3.53%, 8 basis points lower than the average rate as at September 30, 2020 (3.61%). Interest rates on first-ranking mortgage loans ranged from 2.37% to 6.80% as at September 30, 2021 and, for the comparable period in 2020. The weighted average term of mortgage loans in place as at September 30, 2021 was 4.4 years (4.6 years as at September 30, 2020).

Net financial expenses described above include non-monetary items. These non-monetary items include the accretion of effective interest on mortgage loans and on convertible debentures, the accretion of non-derivative liability component of convertible debentures and fair value adjustments on derivative financial instruments and on Class B LP units. BTB recognized a fair value adjustment resulting in non-monetary income of $2.3 million compared to $0.4 million of expense for the same period last year.

Administration expenses

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Administration expenses	**1,334**	1,062	**4,193**	3,499
Expected credit losses	**377**	417	**219**	1,814
Unit-based compensation	**95**	22	**900**	(100)
Trust administration expenses	**1,806**	1,501	**5,312**	5,213

Administrative expenses increased by $0.3 million or 26% for the quarter compared to the same period last year. The Trust incurred additional costs related to its growth strategy (key employee additions, investments in technology and marketing).

Expected credit losses decreased by $0.1 million or 19% for the quarter compared to the same period last year. A higher provision was recorded last year to address the uncertainty related to the COVID-19 pandemic. This is also reflected on a cumulative basis with a decrease of $1.6 million.

Unit-based compensation increased by $0.1 million for the quarter compared to the same period last year. The increase is partly attributable to the impact of a higher unit price on amounts owing under the deferred unit compensation plan ($4.02 at the end of the current quarter compared to $2.92 per unit at the end of the same quarter last year), therefore increasing the liability and the related unit-based compensation expense accordingly.

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. Based on the assessment of capitalization rates and market conditions, the Trust did not deem it appropriate to make any fair value adjustment to its portfolio during the quarter.

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 10 most important properties and approximately a third of the remaining properties are annually appraised by independent external appraisers. In addition, as part of financing or refinancing and at the request of lenders, other properties may also be independently appraised during the year.

For its properties that were not subject to independent appraisals, management receives quarterly capitalization rate and discount rate market data reflecting real estate market conditions from independent external appraisers 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 appraisers. 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.

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Office	—	581	—	4,923
Retail	—	3,026	—	4,425
Industrial	—	—	—	1,157
Total change in fair value	—	3,607	—	10,505

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

	Retail	Office	Industrial
As at September 30, 2021			
Capitalization rate	**5.25% – 8.00%**	**5.00% – 8.50%**	**5.00% – 8.50%**
Terminal capitalization rate	**5.50% – 8.00%**	**6.00% – 7.50%**	**5.50% – 7.00%**
Discount rate	**6.25% – 8.75%**	**6.75% – 8.25%**	**6.25% – 7.75%**
As at September 30, 2020			
Capitalization rate	6.00% – 8.00%	5.75% – 7.50%	5.75% – 8.50%
Terminal capitalization rate	6.25% – 7.25%	6.25% – 7.50%	6.00% – 7.25%
Discount rate	7.25% – 8.00%	6.75% – 8.00%	6.50% – 8.00%

The weighted average capitalization rate for the entire portfolio as at September 30, 2021 was 6.47% (6.65% as at September 30, 2020), 18 basis points lower since September 30, 2020.

As at September 30, 2021, BTB has estimated that if a variation of 0.25% in the capitalization rate was applied to the overall portfolio, this variation would change the fair value of the investment properties by approximately $36.2 million. The change of the capitalization rate is an appropriate proxy for the changes for the discount and terminal capitalization rates.

Net income and comprehensive income

Periods ended September 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net income	**8,678**	5,757	**18,349**	(931)
Per unit	**11.7¢**	9.1¢	**26.0¢**	(1.5)¢

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 BTB'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 before these non-recurring and volatile non-monetary items:

Periods ended September 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net income and comprehensive income	**8,678**	5,757	**18,349**	(931)
Non-recurring items:				
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	**—**	—	**188**	1,790
Volatile non-monetary items				
Fair value adjustment on investment properties	**—**	—	**—**	10,505
Fair value adjustment on derivative financial instruments	**(2,598)**	265	**(51)**	4,692
Fair value adjustment on Class B LP units	**(18)**	(59)	**210**	(1,020)
Adjusted net income[1]	**6,062**	5,963	**18,696**	15,036
Per unit	**8.2¢**	9.4¢	**26.5¢**	23.8¢

(1) Non-IFRS financial measure.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by BTB on January 1, 2020 and that are still owned by BTB on September 30, 2021 but it does not include acquisitions completed during 2020 and 2021, nor the disposition of properties during the same periods.

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

Periods ended September 30 (in thousands of dollars)	Quarter			Cumulative (9 months)		
	2021	2020	Δ	**2021**	2020	Δ
	$	$	%	**$**	$	%
Rental revenue	**23,560**	23,508	0.2%	**69,745**	68,969	1.1%
Operating expenses	**10,356**	10,318	0.4%	**31,842**	30,957	2.9%
Net operating income[(1)]	**13,204**	13,190	0.1%	**37,903**	38,012	(0.3)%
Interest expense on mortgage loans payable	**4,708**	4,719	(0.2)%	**13,580**	14,066	(3.5)%
Net property income[(1)]	**8,496**	8,471	0.3%	**24,323**	23,946	1.6%

(1) Non-IFRS financial measure.

For the quarter, same-property rental revenue increased by $0.05 million or 0.2% compared to the same period last year, and net operating income increased by $0.01 million or 0.1%. With the COVID-19 pandemic still affecting the communities in which we operate, the Trust has shown stability throughout this period in net operating income as well as occupancy and collections. Overall, net property income showed an increase of 0.3% for the quarter compared to the same quarter last year and an increase of 1.6% on a cumulative basis. Net property income also benefitted from the reduction in interest expense, due to lower interest rates on refinancing and interest savings due to the full repayment of the line of credit.

Distributions

Distributions and per unit data

Periods ended September 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Distributions				
Cash distributions	**4,766**	4,054	**13,605**	14,411
Cash distributions – Class B LP units	**22**	30	**78**	127
Distributions reinvested under the distribution reinvestment plan	**759**	668	**2,199**	2,197
Total distributions to unitholders	**5,547**	4,752	**15,882**	16,735
Percentage of reinvested distributions	**13.7%**	14.1%	**13.8%**	13.1%
Per unit[(1)]				
Distributions	**7.5¢**	7.5¢	**22.5¢**	26.5¢

(1) Including Class B LP units.

For the quarter, monthly distributions to unitholders totalled 2.5¢ per unit for a quarterly total of 7.5¢ per unit, unchanged from the same quarter of 2020. On a cumulative basis, monthly distributions to unitholders totalled 2.5¢ per unit during the third quarter of 2021 compared to last year where the monthly distributions to unitholders were 3.5¢ per unit from January to April 2020, and 2.5¢ per unit from May to December 2020.

Funds From Operations (FFO)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO for the periods ended September 30, 2021 and 2020:

Periods ended September 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net income and comprehensive income (IFRS)	**8,678**	5,757	**18,349**	(931)
Fair value adjustment on investment properties	**—**	—	**—**	10,505
Fair value adjustment on Class B LP units	**(18)**	(59)	**210**	(1,020)
Amortization of lease incentives	**780**	751	**2,434**	2,274
Fair value adjustment on derivative financial instruments	**(2,598)**	265	**(51)**	4,692
Leasing payroll expenses	**173**	176	**576**	470
Distributions - Class B LP units	**22**	30	**78**	127
Unit-based compensation (Unit price remeasurement)(4)	**(19)**	—	**166**	—
FFO(1)	**7,018**	6,920	**21,762**	16,117
Non-recurring item				
Transaction cost on acquisitions and dispositions of investment properties and early repayment fees	**—**	—	**188**	1,790
Recurring FFO(1)	**7,018**	6,920	**21,950**	17,907
FFO per unit(2)	**9.5¢**	10.9¢	**30.8¢**	25.5¢
Recurring FFO per unit(2)	**9.5¢**	10.9¢	**31.1¢**	28.4¢
FFO payout ratio(3)	**79.0%**	68.6%	**73.0%**	103.8%
Recurring FFO payout ratio(3)	**79.0%**	68.6%	**72.4%**	93.4%

(1) Non-IFRS financial measures.
(2) Including Class B LP units.
(3) The FFO payout ratio corresponds to distributions per unit divided by FFO per unit.
(4) 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 9 months cumulative period in 2020 was positive $512 or 0.8¢ per unit.

For the quarter, recurring FFO was 9.5¢ per unit (31.1¢ per unit for the cumulative 9-month period), compared to 10.9¢ per unit for the same period last year (28.4¢ per unit for the cumulative 9-month period ended September 30, 2020). The recurring FFO payout ratio for the quarter stood at 79.0% (72.4% for the cumulative 9-month period) compared to 68.6% for the same period in 2020 (93.4% for the cumulative 9-month period in 2020).

With the recent acquisitions of 2600 Alfred-Nobel Boulevard and 2344 Alfred-Nobel Boulevard in Montréal which closed on November 8th, 2021, the anticipated full year FFO per unit impact is an increase of 4.1¢.

Adjusted Funds from Operations (AFFO)

The following table provides a reconciliation of FFO and AFFO for the periods ended September 30, 2021 and 2020:

Periods ended September 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
FFO[1]	**7,018**	6,920	**21,762**	16,117
Straight-line rental revenue adjustment	**(88)**	(214)	**(576)**	(357)
Accretion of effective interest	**239**	229	**1,026**	901
Amortization of other property and equipment	**23**	29	**65**	77
Unit-based compensation expenses	**114**	22	**734**	(100)
Provision for non-recoverable capital expenditures	**(478)**	(472)	**(1,468)**	(1,410)
Provision for unrecovered rental fees	**(375)**	(375)	**(1,125)**	(1,125)
AFFO[1]	**6,453**	6,139	**20,418**	14,103
Non-recurring item				
Transaction costs on purchase and disposition of investment properties and early repayment fees	**—**	—	**188**	1,790
Recurring AFFO[1]	**6,453**	6,139	**20,606**	15,893
AFFO per unit[2]	**8.7¢**	9.7¢	**28.9¢**	22.3¢
Recurring AFFO per unit[2]	**8.7¢**	9.7¢	**29.2¢**	25.2¢
AFFO payout ratio[3]	**85.9%**	77.4%	**77.8%**	118.6%
Recurring AFFO payout ratio[3]	**85.9%**	77.4%	**77.1%**	105.2%

(1) Non-IFRS financial measures.
(2) Including Class B LP units.
(3) The AFFO payout ratio corresponds to distributions per unit divided by AFFO per unit.

For the quarter, recurring AFFO was 8.7¢ per unit (29.2¢ per unit for the cumulative 9-month period), compared to 9.7¢ per unit for the same period last year (25.2¢ per unit for the cumulative 9-month period in 2020). The recurring AFFO payout ratio for the quarter stood at 85.9% (77.1% for the cumulative 9-month period) compared to 77.4% for the same period last year (105.2% for the cumulative 9-month period in 2020).

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

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 September 30 and 12-month periods ended December 31 (in thousands of dollars)	**September 30, 2021 (9 months)**	September 30, 2020 (9 months)	December 31, 2020 (12 months)	December 31, 2019 (12 months)
	$	$	$	$
Provision for non-recoverable capital expenditures	**1,468**	1,410	1,859	1,842
Non-recoverable capital expenditures	**1,218**	1,403	2,055	2,603

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 performance of distributed funds and reconciles them with net cash flows and net income:

Periods ended September 30 and 12-month periods ended December 31 (in thousands of dollars)	**2021 (9 months)**	2020 (9 months)	2020 (12 months)	2019 (12 months)
	$	$	$	$
Net cash flows from operating activities (IFRS)	**31,401**	30,191	46,145	47,223
Interest paid	**(16,407)**	(15,816)	(21,787)	(23,442)
Net cash flows from operating activities	**14,994**	14,375	24,358	23,781
Net income	**18,349**	(931)	2,919	51,881
Total distributions (including Class B LP units)	**13,397**	16,735	21,513	25,141
Surplus (deficit) of net cash flows from operating activities compared to total distributions	**1,597**	(2,360)	2,845	(1,360)
Surplus (deficit) of net income over total distributions	**4,952**	(17,666)	(18,594)	26,740

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO, and FFO (non-IFRS financial measures):

Periods ended September 30 (in thousands of dollars)	**Quarter**		**Cumulative (9 months)**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Cash flows from operating activities (IFRS)	**10,090**	8,983	**31,401**	30,191
Leasing payroll expenses	**173**	176	**576**	470
Transaction costs on purchase and disposition of investment properties and early repayment fees	**—**	—	**(188)**	(1,790)
Adjustments for changes in other working capital items	**2,486**	3,412	**7,670**	4,983
Financial income	**185**	127	**581**	356
Interest expenses	**(5,538)**	(5,712)	**(16,753)**	(17,572)
Provision for non-recoverable capital expenditures	**(478)**	(472)	**(1,468)**	(1,410)
Provision for non-recovered rental fees	**(375)**	(375)	**(1,125)**	(1,125)
Other items	**(90)**	—	**(276)**	—
AFFO(1)	**6,453**	6,139	**20,418**	14,103
Provision for non-recoverable capital expenditures	**478**	472	**1,468**	1,410
Provision for non-recovered rental fees	**375**	375	**1,125**	1,125
Straight-line rental revenue adjustment	**88**	214	**576**	357
Unit-based compensation expenses	**(114)**	(22)	**(734)**	100
Accretion of effective interest	**(239)**	(229)	**(1,026)**	(901)
Amortization of property and equipment	**(23)**	(29)	**(65)**	(77)
FFO(1)	**7,018**	6,920	**21,762**	16,117

(1) Non-IFRS financial measure.

Segmented Information

The Trust's operations are generated from three segments of properties located in the provinces of Québec and Ontario. The following tables summarize each segment's contribution to revenues and to net operating income for the quarters ended September 30, 2021 and 2020:

Quarters ended September 30 (in thousands of dollars)	Retail		Office		Industrial		Total
	$	%	$	%	$	%	$
Quarter ended September 30, 2021							
Investment properties	247,426	**26.8**	496,127	**53.7**	180,086	**19.5**	**923,639**
Rental revenue from properties	6,642	**27.7**	13,802	**57.5**	3,544	**14.8**	**23,988**
Net operating income(1)	3,835	**28.3**	7,173	**52.9**	2,564	**18.8**	**13,572**
Quarter ended September 30, 2020							
Investment properties	256,954	28.7	501,912	56.0	136,554	15.3	895,420
Rental revenue from properties	6,695	28.4	14,085	59.7	2,803	11.9	23,583
Net operating income(1)	3,894	29.3	7,658	57.5	1,756	13.2	13,308

(1) Non-IFRS financial measure.

Retail performance

Although the effect of the pandemic and the resulting government mandated restrictions have certainly impacted the retail industry in general, BTB had limited exposure to bankruptcies of tenants and tenants in restructuring procedures. The Trust does not own enclosed malls and most of the properties are anchored with necessity-based tenants. The occupancy rate in the retail segment at the end of the third quarter of 2021 stood at 92.6%, a 2.7% decrease compared to the same period last year. During the quarter, the Trust was able to renew retail leases for 1,425 sq.ft. at an average increase in the renewal lease rate of 4.3% (4.6% for the cumulative 9-month period). The proportion of the net operating income generated by the retail segment decreased from 29.3% to 28.3% compared to the same period last year, mainly due to the recent industrial property acquisition of 6000 Kieran Street in Montréal which increases the proportion of industrial net operating income.

Office performance

BTB owns suburban office properties and does not own downtown high-rise towers that were the most impacted by the pandemic. Overall, the performance of the segment has been stable across the three regions (Montreal, Quebec City and Ottawa) and it has been supported by the quality of its tenants (the top two tenants are the Federal and Provincial government agencies). The occupancy rate of BTB's office properties at the end of the quarter stood at 89.3%, a 0.2% decrease compared to the same period last year. The Trust concluded lease renewals for a total of 49,157 sq.ft. with an increase in the average renewal rate of 2% (increase of 0.3% for the cumulative 9-month period). As previously mentioned in the "Real estate operations" section of this MD&A, the positive average lease renewal rate is mainly due to the office segment demonstrating a need for physical suburban office space.

Industrial performance

The industrial segment continues to show good traction and performance. The asset value proportion of industrial properties increased from 15.3% to 19.5% compared to the same period last year, mainly due to the acquisition of an industrial property as previously mentioned in the "Acquisition of investment properties" section of this MD&A. The trust observed the positive impact on rental revenue from industrial properties during this quarter with a renewal rate increase from 11.9% last year to 14.8% in 2021. The occupancy rate of the Trust's industrial properties at the end of the quarter stood at 96.5%, a 2.6% increase compared to the same period last year, mainly due to the recent acquisition of an industrial property that is 100% occupied. The percentage of net operating income generated by the industrial segment was also affected by the recent acquisition with an increase compared to the same period last year of 13.2% to 18.8%.

Assets

Investment properties

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

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 $924 million as at September 30, 2021 compared to $903.8 million as at December 31, 2020. The increase is explained by the acquisition on June 28, 2021 of an industrial property, 6000 Kieran Street in Montreal, for the purchase price of $15.7 million (including $0.5 million of acquisition fees). The remaining increase can be explained by the net impact of additions related to capital expenditures of $3.0 million, capitalized lease incentives of $2.9 million, straight line lease adjustment of $0.6 million and lease incentives amortization of ($2.4 million).

Improvements in investment properties

BTB 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 September 30, 2021 and 2020:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Recoverable capital expenditures	**372**	147	**1,018**	422
Non-recoverable capital expenditures	**519**	895	**1,219**	1,403
Refund received	**—**	—	**—**	(280)
Total capital expenditures	**891**	1,042	**2,237**	1,545
Leasing fees and leasehold improvements	**1,405**	731	**3,656**	4,361
Total	**2,296**	1,773	**5,893**	5,906

The following table summarizes the changes in the fair value of investment properties for the periods ended September 30, 2021 and 2020:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
	$	$	**$**	$
Balance, beginning of period	**922,035**	894,679	**903,870**	924,320
Additions:				
Acquisitions	**—**	(38)	**15,734**	22,248
Dispositions	**—**	(457)	**—**	(44,632)
Capital expenditures	**891**	1,042	**2,237**	1,545
Leasing fees and capitalized lease incentives	**1,405**	731	**3,656**	4,361
Fair value adjustment on investment properties	**—**	—	**—**	(10,505)
Other non-monetary changes	**(692)**	(537)	**(1,858)**	(1,917)
Balance, end of period	**923,639**	895,420	**923,639**	895,420

Receivables

(in thousands of dollars)	**September 30, 2021**	December 31, 2020	September 30, 2020
	$	$	$
Rent receivable	**6,757**	4,259	4,424
Allowance for expected credit losses	**(990)**	(1,132)	(1,651)
Net rent receivable	**5,767**	3,127	2,773
Unbilled recoveries	**29**	665	800
Other receivables	**213**	1,420	1,282
Government assistance programs receivable	**—**	—	507
Receivables	**6,009**	5,212	5,362

Receivables increased from $5.2 million as at December 31, 2020 to $6.0 million as at September 30, 2021. Prior year recoveries and COVID-19 related cleaning fees in the amount of $0.9 million were billed during the third quarter 2021.

Other assets and Property and equipment

(in thousands of dollars)	**September 30, 2021**	December 31, 2020	September 30, 2020
	$	$	$
Property and equipment	**1,351**	1,238	1,207
Accumulated depreciation	**(970)**	(904)	(880)
	381	334	327
Prepaid expenses	**2,991**	1,498	4,397
Deposits	**3,979**	656	932
Other assets	**7,351**	2,488	5,656

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on September 30, 2021, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at September 30, 2021 (in thousands of dollars)	**Balance of convertible debentures**	**Balance of mortgages payable**	**Weighted average contractual interest rate**
	$	$	%
Year of maturity			
2021 (3 months)	—	63,875	3.49
2022	—	50,875	3.95
2023	—	29,835	3.84
2024	24,000	81,039	4.63
2025	22,631	44,025	4.67
2026 and thereafter	—	226,136	3.17
Total	**46,631**	**495,785**	**3.78**

The Trust has $63.9 million of mortgages coming to maturity during the next three months. As of October 31, 2021, approximately $26.8 million has been refinanced with an additional top up of $4.4 million providing the Trust additional liquidity to be used for future acquisitions and general Trust purposes. The remaining balance is currently in the process of refinancing. 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 September 30, 2021, the weighted average contractual interest rate of the Trust’s long-term debt stood at 3.78% (3.53% for mortgage loans and 6.48% for convertible debentures).

Mortgage loans

As at September 30, 2021, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $495.8 million compared to $486 million as at December 31, 2020. The increase is explained by the $18.1 million refinancing of mortgages that came to maturity in 2021 related to one property ($0.9 million of additional proceeds refinanced). In addition, BTB took advantage of the market conditions to refinance $14.2 million of mortgages with maturities occurring after 2021 related to five properties ($16 million of additional proceeds refinanced). As part of the acquisition of the property located at 6000 Kieran Street in Montréal, BTB assumed a mortgage of $9.9 million. As part of the structuring of the revolver credit facility BTB prepaid one mortgage amounting to $ 5 million.

The following table summarizes the changes in mortgage loans payable during the periods ended September 30, 2021:

Periods ended September 30 (in thousands of dollars)	**Quarter**	**Cumulative (9 months)**
	$	$
Balance, beginning of period	**504,774**	486,242
Mortgage loans contracted or assumed	**—**	59,118
Balance repaid at maturity or upon disposition	**(5,005)**	(37,305)
Monthly principal repayments	**(3,984)**	(12,270)
Balance, end of period	**495,785**	495,785

Note: Before unamortized financing expenses and fair value assumption adjustments.

As at September 30, 2021, the weighted average interest rate was 3.53% compared to 3.61% as September 30, 2020, a decrease of 8 basis points. As at September 30, 2021, except for four loans with a cumulative balance of $41.6 million, all mortgages payable bear interest at fixed rates (balance of $399.9 million) or are subject to an interest rate swap (balance of $54.2 million).

The weighted average term of existing mortgage loans was 4.4 years as at September 30, 2021 compared to 4.6 years as at September 30, 2020. BTB attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with renewing them.

As at September 30, 2021, all the properties are subject to mortgages except four, of which two are securing the acquisition and operating lines of credit and one is securing the revolver credit facility.

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

As at September 30, 2021 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Year of maturity				
2021 (9 months)	3,891	63,588	67,479	13.6
2022	14,304	48,275	62,579	12.6
2023	12,125	28,229	40,354	8.1
2024	9,918	73,493	83,411	16.8
2025	8,676	37,655	46,331	9.3
2026 and thereafter	27,454	168,177	195,631	39.6
Total	**76,368**	**419,417**	**495,785**	**100.0**
Unamortized fair value assumption adjustments			381	
Unamortized financing expenses			(2,187)	
Balance as at September 30, 2021			**493,979**	

As at September 30, 2021, the Trust was in compliance with all the covenants to which it was subject.

Convertible debentures

(in thousands of dollars)	Series G(1)(3)	Series H(2)(3)	Total
Par value	24,000	23,423(4)	46,631
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 September 30, 2021	**23,135**	**19,932**	**43,067**

(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 freely tradable units to Series G and H debenture holders.
(4) Conversion of $7,369 of the Series H debenture since issuance. Conversion of $792 during Q3 2021.

Debt ratio

Under the terms of its trust agreement, the Trust cannot contract a mortgage loan if, after having contracted said loan, the total mortgage debt would exceed 75% of the value of the total assets of the Trust. When establishing this calculation, the convertible debentures are not considered in the calculation of total indebtedness. Moreover, also under its trust agreement, in case of failure to abide by this condition, the Trust has a 12-month delay from the date of knowledge to remedy the situation.

The following table summarizes the Trust's debt ratios as at September 30, 2021 and 2020 and December 31, 2020:

(in thousands of dollars)	September 30, 2021	December 31, 2020	September 30, 2020
	$	$	$
Cash and cash equivalent	(19,173)	(9,062)	(33,120)
Mortgage loans outstanding(1)	496,166	486,242	484,417
Convertible debentures(1)	44,931	53,385	80,700
Bank loan	5,100	15,300	13,100
Total long-term debt less free cash flow	527,024	545,865	545,097
Total gross value of the assets of the Trust less free cash flow	944,004	918,508	913,352
Mortgage debt ratio (excluding convertible debentures and acquisition credit facility)	52.6%	52.9%	53.0%
Debt ratio – convertible debentures	4.8%	5.8%	8.8%
Debt ratio – acquisition line of credit	0.5%	1.7%	1.4%
Total debt ratio	55.8%	59.4%	59.7%

(1) Gross amounts.

As at September 30, 2021, the mortgage debt ratio excluding the convertible debentures and acquisition credit facility totalled 52.6%, a decrease of 0.3% and 0.4% respectively from December 31, 2020 and September 30, 2020. Including the convertible debentures, the acquisition credit facility, and cash, the total debt ratio decreased to 55.8%, a decrease of 3.6% and 3.9% respectively from December 31, 2020 and September 30, 2020.

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. BTB maintains an operating credit facility 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 to manage through the pandemic 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.

Interest coverage ratio

For the quarter ended September 30, 2021, the interest coverage ratio stood at 2.54, an increase of 16 basis points from the third quarter of 2020:

Periods ended September 30 (in thousands of dollars, except for the ratios)	Quarter		Cumulative (9 months)	
	2021	2020	2021	2020
	$	$	$	$
Net operating income	13,572	13,308	41,560	38,493
Interest expenses net of financial income(1)	5,353	5,585	16,172	17,216
Interest coverage ratio	2.54	2.38	2.57	2.24

(1) Interest expenses excludes 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.

Class B LP units

Periods ended September 30, 2021 (in number of units)	Quarter		Cumulative (9 months)	
	Units	$	**Units**	$
Class B LP units outstanding, beginning of period	**347,265**	1,413	**397,265**	1,402
Exchange into Trust units	**—**	1	**(50,000)**	(216)
Fair value adjustment	**—**	(18)	**—**	210
Class B LP units outstanding, end of period	**347,265**	1,396	**347,265**	1,396

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

On March 26, 2021, at the request of the holders, 50,000 Class B LP units were exchanged for units of BTB.

The Class B LP units were issued on May 30, 2018 in payment for the acquisition of a residual portion of “Complexe Lebourgneuf – Phase II” in Quebec City (less the portion related to the mortgage loan assumption by BTB).

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 September 30 (in number of units)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
Units outstanding, beginning of the period	**73,391,436**	62,822,027	**63,439,435**	62,251,558
Units issued pursuant to a public issue	**—**	—	**7,809,650**	—
Distribution reinvestment plan	**188,798**	225,050	**557,180**	622,025
Issued - employee unit purchase plan	**—**	—	**14,351**	11,194
Issued - restricted unit compensation plan	**—**	—	**71,722**	59,327
Issued - deferred unit compensation plan	**—**	—	**—**	2,973
Class B LP units exchanged into Trust units	**—**	—	**50,000**	100,000
Issued – conversion of convertible debentures	**217,577**	—	**1,855,473**	—
Units outstanding, end of the period	**73,797,811**	63,047,077	**73,797,811**	63,047,077
Weighted average number of units outstanding	**73,664,818**	62,933,989	**70,242,615**	62,669,360
Weighted average number of Class B LP units and units outstanding	**74,012,083**	63,331,254	**70,600,991**	63,111,880

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 September 30, 2021 and 2020:

Periods ended September 30 (in number of units)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
Deferred units outstanding, beginning of the period	**95,487**	78,429	**87,920**	59,642
Trustees' compensation	**2,151**	3,102	**6,322**	21,444
Distributions paid in units	**1,610**	1,935	**5,006**	5,353
Settled	**—**	—	**—**	(2,973)
Deferred units outstanding, end of the period	**99,248**	83,466	**99,248**	83,466

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a period of up to 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 September 30, 2021 and 2020:

Periods ended September 30 (in number of units)	Quarter		Cumulative (9 months)	
	2021	2020	**2021**	2020
Restricted units outstanding, beginning of the period	**139,724**	143,951	**139,724**	165,012
Granted	**95,058**	—	**95,058**	49,237
Cancelled	**(1,524)**	—	**(1,524)**	(10,971)
Settled	**(71,722)**	—	**(71,722)**	(59,327)
Restricted units outstanding, end of the period	**161,536**	143,951	**161,536**	143,951

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 to the employee one unit from treasury.

Off-balance sheet arrangements and contractual commitments

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

Sustainable Development

In line with the principles of sustainable development, BTB incorporates environmental and social considerations into its business practices. Under BTB's Social Responsibility and Sustainable Development Policy, its properties are managed and operated to integrate sustainable development values into the Trust's activities, to promote the health and well-being of its employees and the communities where it operates, to manage its environmental footprint, and to demonstrate a commitment to transparency and continuous improvement of sustainability practices.

Ongoing improvement of properties through investment in environmental projects, among other things, is a top priority for BTB. The tangible results of BTB's responsible behaviour include BOMA BEST certification for 23 properties, publication of the Social Responsibility and Sustainable Development Policy, a sustainable development good practices guide for tenants, benchmarking of the real estate portfolio's energy performance, a partnership with a social reintegration organization for parking lots clean-up, development of a client service and preventive maintenance software, and environmental risk management.

As mentioned above, BTB contributes to sustainable development and is committed to mobilize employees, tenants, and suppliers to make it a reality. The Trust believes that its commitment to reduce its environmental footprint should be reflected not only across property operation, maintenance, and management, but in everything it does. Accordingly, since September 2015, 23 properties in BTB's portfolio have received various levels of BOMA BEST certification, including Gold (2), Silver (3), Bronze (6) and Certified (12). This prestigious certification recognizing BTB's excellence in environmental property management was awarded by the Building Owners & Managers Association - BOMA Québec, a leader in the real estate industry since 1927.

In the future, BTB plans to continue to reduce the environmental footprint of its properties. Major projects, such as the Halles St-Jean energy efficiency project in St-Jean-sur-Richelieu, are implemented to optimize overall equipment performance and to upgrade buildings. BTB also expects to keep its BOMA BEST certifications and achieve the highest level of performance for certain of its properties.

Initiatives

BTB Bees – Alvéole: As an eco responsible landlord, BTB, in partnership with the firm Alvéole, has taken part in a unique initiative to help regenerate an endangered species by installing beehives on the roofs of 14 of its properties and this, since 2018. Alvéole's dedicated beekeepers tend to the hives and its bees and following the late summer harvest, BTB distributes the packaged honey to its clients and collaborators.

Ecosystem Protection - Grame: In early September 2019, BTB's team, in partnership with the non-profit organization Grame, took part in a tree-planting event, not only to beautify the playground of a school located in Montréal's West Island, but to also help purify and filter the ecosystem. More than forty-five employees volunteered their time to help plant more than 60 trees.

Social Reintegration - Société de Développement Social de Montréal: Since 2016, BTB has entrusted the Société de Développement Social de Montréal ("SDS") with the cleaning of its indoor parking facilities. Their mission is to fight homelessness and the social exclusion of its members. Their program, Action Méditation, provides psychosocial assistance to people who are or are at risk of becoming homeless, whilst facilitating cohabitation and collaboration among various communities located in Montréal. The foundation is based on a principle of social solidarity and the pooling of human, technical and economic resources to address serious societal issues. SDS acts as an intermediary between the business world and communities by transparently and impartially involving businesses in more practical and humanitarian projects.

Income Taxes

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

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

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

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

As at September 30, 2021, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not apply to BTB. BTB's management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

Nonetheless, there is no guarantee that BTB will continue to meet all the required conditions to be eligible for the REIT exception for 2021 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:

Quarters ended September 30	**2021**	2020
	%	%
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 2 to the annual consolidated financial statements as at and for the years ended December 31, 2020 and 2019.

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

Risks and Uncertainties

Numerous risks and uncertainties could cause BTB's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Risk Factors" section of BTB's 2020 Annual Information Form for the year ended December 31, 2020, 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, 2020, 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 September 30, 2021, 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 third quarter of 2021, 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 – Performance Indicators

- **Net operating income of the same-property portfolio,** which provides an indication of the profitability of existing portfolio operations and BTB's ability to increase its revenues, reduce its operating costs and generate organic growth;
- **Funds from operations (FFO) per unit**, which provide an indication of BTB's ability to generate cash flow;
- **Adjusted funds from operations (AFFO)** per unit, which considers other non-cash items as well as investments in rental fees and capital expenditures, and which may vary substantially from one year to the next;
- The **payout ratios**, which enable investors to assess the stability of distributions against FFO and AFFO;
- The **debt ratio**, which is used to assess BTB's financial stability and its capacity for additional acquisitions;
- The **interest coverage ratio**, which is used to measure BTB's ability to use operating income to pay interest on its debt using its operating revenue;
- The **committed occupancy rate**, which provides an indication of the optimization of rental space and the potential revenue gain from the Trust's property portfolio. This rate takes into account occupied leasable area and the leasable area of leases that have been signed as of the end of the quarter but not yet started;
- The **in-place occupancy rate**, which shows the percentage of total income-producing leasable area held at period end;
- The **retention rate**, which is used to assess the Trust's ability to renew leases and retain tenants;
- The **increase in average rate of renewed leases**, which measures organic growth and the Trust's ability to increase its rental revenue.

Appendix 2 – 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 BTB 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 BTB's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses. BTB pays particular attention to compliance with existing leases and the recovery of these operating expenses.

Net operating income

Net operating income is used in the real estate industry to measure operational performance. BTB 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, BTB's net operating income may not be comparable to the net operating income of other issuers.

Financial expenses

Financial expenses arise from the following loans and financings:

- Mortgage loans payable contracted or assumed totalling approximately $495.8 million as at September 30, 2021, compared to $484.4 million as at September 30, 2020.
- Series G and H convertible debentures for a total par value of $43.1 million.
- Operating and acquisition lines of credit 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 administrative 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 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 BTB as at January 1, 2020 and still owned as at September 30, 2021, but does not include the financial impacts from dispositions, acquisitions and developments completed in 2020 and 2021, 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 BTB'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.

Funds from operations (FFO)

The notion of FFO does not constitute financial and accounting information as defined by IFRS. It is, however, a measurement that is frequently used by real estate companies and real estate investment trusts. The following is a list of some of the adjustments to net income, calculated according to IFRS:

- Fair value adjustment on investment properties;
- Amortization of lease incentives;
- Fair value adjustment on derivative financial instruments;
- Leasing payroll expenses (starting in 2016);
- Distributions on Class B LP limited partnership units.

The calculation method is consistent with the method recommended by REALPAC but may differ from measures used by other real estate investment trusts. Consequently, this method may not be comparable to methods used by other issuers.

Adjusted funds from operations (AFFO)

The notion of AFFO is widely used by real estate companies and real estate investment trusts. It is an additional measure to assess the Trust's performance and its ability to maintain and increase distributions in the long term. However, AFFO is not a financial or accounting measure prescribed by IFRS. The method of computing may differ from those used by other companies or real estate investment trusts and may not be used for comparison purposes.

BTB defines AFFO as its FFO, adjusted to consider other non-cash items that impact comprehensive income and do not enter into the calculation of FFO, including:

- Straight-line rental revenue adjustment;
- Accretion of effective interest following amortization of financing expenses;
- Accretion of the liability component of convertible debentures;
- Amortization of other property and equipment;
- Unit-based compensation expenses.

Furthermore, the Trust deducts a provision for non-recoverable capital expenditures in calculating AFFO. The Trust allocates significant amounts to the regular maintenance of its properties to attempt to reduce capital expenses as much as possible. The allocation for non-recoverable capital expenditures is calculated based on 2% of rental revenues.

The Trust also deducts a provision for rental fees in the amount of approximately 25¢ per sq.ft. 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.

1411 Crescent Street,
Montréal

Condensed Consolidated Interim Financial Statements

Quarter ended September 30, 2021

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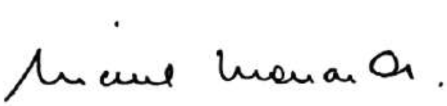
Condensed Consolidated Interim Statements of Financial Position

(unaudited - in thousands of CAD dollars)

	Notes	As at September 30, **2021**	As at December 31, **2020**
		$	$
ASSETS			
Investment properties	3	923,639	903,870
Property and equipment		381	334
Other assets	5	6,970	2,154
Balance of sale	4	6,035	6,034
Receivables	6	6,009	5,212
Cash and cash equivalent		19,173	9,062
Total assets		**962,207**	**926,666**
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgage loans payable	7	493,979	484,639
Convertible debentures	8	43,067	48,316
Bank loans	9	5,100	15,300
Lease liabilities		4,222	4,232
Class B LP Units	10	1,396	1,402
Unit-based compensation	12	1,348	810
Derivative financial instruments	11	8,070	10,017
Trade and other payables		17,763	18,297
Distribution payable to unitholders		1,845	1,586
Total liabilities		**576,790**	**584,599**
Unitholders' equity		**385,417**	**342,067**
		962,207	**926,666**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on November 5, 2021.



Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(unaudited - in thousands of CAD dollars)

	Notes	For the three-month Periods ended September 30, 2021	2020	For the nine-month periods ended September 30, 2021	2020
		$	$	$	$
Operating revenues					
Rental revenue	14	23,988	23,583	73,554	70,514
Operating expenses					
Public utilities and other operating expenses		4,893	4,734	15,380	15,031
Property taxes and insurance		5,523	5,541	16,614	16,990
		10,416	10,275	31,994	32,021
Net operating income		**13,572**	**13,308**	**41,560**	**38,493**
Financial income		185	127	581	356
Expenses					
Financial expenses		5,867	5,941	18,243	18,552
Distribution - Class B LP Units	10	22	30	78	127
Fair value adjustment – Class B LP Units	10	(18)	(59)	210	(1,020)
Net adjustment to fair value of derivative financial instruments		(2,598)	265	(51)	4,692
Net financial expenses	15	3,273	6,177	18,480	22,351
Administration expenses		1,806	1,501	5,312	5,213
Net change in fair value of investment properties and disposition expenses	3	—	—	—	12,216
Net income (loss) being total comprehensive income (loss) for the period		**8,678**	**5,757**	**18,349**	**(931)**

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, 2021		**309,394**	**(155,952)**	**188,625**	**342,067**
Issuance of units, net of issuance expenses	13	40,806	—	—	40,806
Distribution to unitholders	13	—	(15,805)	—	(15,805)
		350,200	(171,757)	188,625	367,068
Comprehensive income		—	—	18,349	18,349
Balance as at September 30, 2021		**350,200**	**(171,757)**	**206,974**	**385,417**
Balance as at January 1, 2020		**305,029**	**(134,596)**	**185,706**	**356,139**
Issuance of units, net of issuance expenses	13	3,037	—	—	3,037
Distribution to unitholders	13	—	(16,608)	—	(16,608)
		308,066	(151,204)	185,706	342,568
Comprehensive loss		—	—	(931)	(931)
Balance as at September 30, 2020		**308,066**	**(151,204)**	**184,775**	**341,637**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited -in thousands of CAD dollars)

	Notes	For the three-month Periods ended September 30, 2021	2020	For the nine-month periods ended September 30, 2021	2020
		$	$	$	$
Operating activities					
Net income (loss) for the period		8,678	5,757	18,349	(931)
Adjustment for:					
Net change in fair value of investment properties and disposition expenses	3	—	—	—	12,216
Depreciation of property and equipment		23	29	65	77
Unit-based compensation	12	95	22	900	(100)
Straight-line lease adjustment	14	(88)	(214)	(576)	(357)
Lease incentive amortization	14	780	751	2,434	2,274
Financial income		(185)	(127)	(581)	(356)
Net financial expenses	15	3,273	6,177	18,480	22,351
		12,576	12,395	39,071	35,174
Adjustment for changes in other working capital items		(2,486)	(3,412)	(7,670)	(4,983)
Net cash from operating activities		**10,090**	**8,983**	**31,401**	**30,191**
Investing activities					
Additions to investment properties	3	(1,969)	(1,255)	(20,425)	(13,630)
Net proceeds from disposition of investment properties	3	—	—	—	33,117
Acquisition of property and equipment		(26)	(92)	(112)	(140)
Net cash (used in) from investing activities		**(1,995)**	**(1,347)**	**(20,537)**	**19,347**
Financing activities					
Mortgage loans, net of financing expenses		(457)	(44)	58,301	19,456
Repayment of mortgage loans		(8,728)	(13,090)	(49,313)	(35,771)
Bank loans		5,100	—	5,100	4,660
Repayment of bank loans		—	(4,020)	(15,300)	(4,020)
Lease liability payments		(3)	(8)	(10)	(56)
Decrease in restricted cash		—	21,018	—	—
Net effect from convertible debentures		15	—	268	—
Net proceeds from convertible debentures		—	28,407	—	28,407
Net proceeds from unit issue		25	—	30,083	—
Net distribution to unitholders		(4,789)	(4,049)	(13,397)	(14,954)
Net distribution – Class B LP units	10	(22)	(30)	(78)	(127)
Interest paid		(5,370)	(4,520)	(16,407)	(15,816)
Net cash (used in) from financing activities		**(14,229)**	**23,664**	**(753)**	**(18,221)**
Net change in cash and cash equivalents		**(6,134)**	**31,300**	**10,111**	**31,317**
Cash and cash equivalent, beginning of period		**25,307**	**1,820**	**9,062**	**1,803**
Cash and cash equivalent, end of period		**19,173**	**33,120**	**19,173**	**33,120**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2021 and 2020
(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 nine-month periods ended September 30, 2021 and 2020 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, 2020.

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, 2020.

These condensed consolidated interim financial statements were approved by the Board of Trustees on November 5, 2021.

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, andany 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) Functional and presentation currency

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

d) Use of estimates and judgments

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

3. Investment Properties

	Nine-month period ended September 30, **2021**	Year ended December 31, **2020**
	$	$
Balance beginning of period	903,870	924,320
Adjustments to right-of-use assets	—	291
Acquisitions of investment properties (note 3(a))	15,734	30,560
Dispositions of investment properties (note 3(b))	—	(48,765)
Capital expenditures	2,237	2,765
Capitalized leasing fees	740	1,280
Capitalized lease incentives	2,916	4,613
Lease incentives amortization	(2,434)	(3,068)
Straight-line lease adjustment	576	249
Net changes in fair value of investment properties	—	(8,375)
Balance end of period	**923,639**	**903,870**

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 considered the effects of COVID-19 on assumptions such as rent growth, vacancy loss assumptions, credit loss assumptions, as well as valuation metrics. 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 September 30, 2021 no external appraisals were obtained for investment properties (December 31, 2020 - $581,745).

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:

	Retail	Office	Industrial
As at September 30, 2021			
Capitalization rate	5.25% - 8.00%	5.00% - 8.50%	5.00% - 8.50%
Terminal capitalization rate	5.50% - 8.00%	6.00% - 7.50%	5.50% - 7.00%
Discount rate	6.25% - 8.75%	6.75% - 8.25%	6.25% - 7.75%
As at December 31, 2020			
Capitalization rate	5.25% - 8.00%	5.00% - 8.50%	5.00% - 8.50%
Terminal capitalization rate	5.50% - 8.00%	6.00% - 7.50%	5.50% - 7.00%
Discount rate	6.25% - 8.75%	6.75% - 8.25%	6.25% - 7.75%

The following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at September 30, 2021, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as September 30, 2021.

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	$	$
(0.50%)	1,002,179	78,540
(0.25%)	961,285	37,646
Base rate	923,639	—
0.25%	888,869	(34,770)
0.50%	856,649	(66,990)

a) Acquisitions

i) Acquisitions in 2021

The fair value of the assets and liabilities recognized in the condensed consolidated interim statement of financial position on the date of the acquisition during the nine-month period ended September 30, 2021, were as follows:

				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	Total cash consideration paid
			%	$	$	$	$
June 2021	Industrial	Montréal, QC	100	15,250	(9,913)	(84)	5,253
Transaction costs				484	—	(484)	—
Total				**15,734**	**(9,913)**	**(568)**	**5,253**

ii) Acquisitions in 2020

The fair value of the assets and liabilities recognized in the condensed consolidated interim statement of financial position on the date of the acquisition during the nine-month period ended September 30, 2020, were as follows:

				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**	**Total cash consideration paid**
			%	$	$	$	$
February 2020	Office	Ottawa, ON	100	21,750	(13,684)	(587)	7,479
November 2020	Industrial	Laval, QC	100	8,100	—	(8)	8,092
Transaction costs				710	—	(710)	—
Total				**30,560**	**(13,684)**	**(1,305)**	**15,571**

b) Dispositions

i) Dispositions in 2021

There were no dispositions during the nine-month period ended September 30, 2021.

ii) Dispositions in 2020

Disposal date	**Property type**	**Location**	**Gross proceeds**	**Purchaser's Mortgage assumption**	**Receivable / (Trade and other payables), including transaction costs**	**Net proceeds**
			$	$	$	$
January 2020	Industrial	Ingersoll, ON	13,300	(9,068)	(103)	4,129
February 2020	Industrial	Montréal, QC	9,250	—	(57)	9,193
June 2020	Office	Montréal, QC	22,082	—	(576)	21,506
October 2020	Office	Montréal, QC	4,133	—	178	4,311
Transaction costs (note 3(c))					(1,865)	(1,865)
Total			**48,765**	**(9,068)**	**(2,423)**	**37,274**

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

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Net changes in fair value of investment properties (note 3)	—	—	—	10,505
Disposition expenses (note 3 (b))	—	—	—	1,711
	—	—	—	**12,216**

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. Balance of Sale

The balance of sale consists of a loan receivable due January 31, 2024, bearing interest at 7% for the first 3 years, at 7.50% for the 4th year, and at 8% for the 5th year. The balance of sale as at September 30, 2021 is $6,035 (December 31, 2020 - $6,034).

5. Other Assets

	As at September 30, **2021**	As at December 31, **2020**
	$	$
Prepaid expenses	2,991	1,498
Deposits	3,979	656
Total	**6,970**	**2,154**

6. Receivables

	As at September 30, **2021**	As at December 31, **2020**
	$	$
Rents receivable	6,757	4,259
Allowance for expected credit losses	(990)	(1,132)
Net rents receivable	5,767	3,127
Unbilled recoveries	29	665
Other receivables	213	1,420
Total	**6,009**	**5,212**

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 given the impact on tenant operations of COVID-19 restrictions imposed by various levels of government and the expected eligibility of those tenants to government programs.

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.

7. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $891,665 as at September 30, 2021 (December 31, 2020 – $890,020).

	As at September 30, **2021**	As at December 31, **2020**
	$	$
Fixed rate mortgage loans payable	399,952	381,665
Floating rate mortgage loans payable	95,833	104,577
Unamortized fair value assumption adjustments	381	576
Unamortized financing expenses	(2,187)	(2,179)
Mortgage loans payable	**493,979**	**484,639**
Short-term portion	67,479	119,252
Weighted average interest rate	3.53%	3.57%
Weighted average term to maturity (years)	4.39	4.69
Range of annual rates	2.37 % - 6.80%	2.37 % - 6.80%

As at September 30, 2021, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	**Principal maturity**	**Total**
	$	$	$
2021*	3,891	63,588	67,479
2022	14,304	48,275	62,579
2023	12,125	28,229	40,354
2024	9,918	73,493	83,411
2025	8,676	37,655	46,331
Thereafter	27,454	168,177	195,631
	76,368	**419,417**	**495,785**
Unamortized fair value assumption adjustments			381
Unamortized financing expenses			(2,187)
			493,979

*For the three-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 11). The following table presents relevant information on interest rate swap agreements:

Transaction date	**Original principal amount**	**Effective fixed interest rate**	**Settlement basis**	**Maturity date**	**Outstanding amount**	
					As at September 30, **2021**	As at December 31, **2020**
	$	%			$	$
March 2013	7,150	4.12	Monthly	April 2023	4,963*	5,162
June 2016	13,000	3.45	Quarterly	June 2026	11,172	11,433
November 2017	23,200	3.88	Monthly	November 2027	22,180	22,673
November 2017	23,075	3.90	Monthly	December 2027	20,874	21,342
Total	**66,425**				**59,189**	**60,610**

*The mortgage associated to this swap agreement has been repaid with the revolving credit facility (note 9).

8. Convertible Debentures

As at September 30, 2021, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates: Coupon	Interest rates: Effective	Unit conversion price	Interest payments	Maturity
		%	%	$		
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024
Series H	22,631	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at September 30, 2021			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	—	330	330
	24,000	27,639	51,639
Conversion options exercised by holders	—	(6,708)	(6,708)
	24,000	20,931	44,931
Unamortized financing expenses	(865)	(999)	(1,864)
Non-derivative liability component	**23,135**	**19,932**	**43,067**
Conversion and redemption options liability (asset) component at fair value	**(463)**	**7,431**	**6,968**

	Series G	Series H	Total
	$	$	$
As at December 31, 2020			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	—	104	104
	24,000	27,413	51,413
Conversion options exercised by holders	—	(561)	(561)
	24,000	26,852	50,852
Unamortized financing expenses	(1,046)	(1,490)	(2,536)
Non-derivative liability component	**22,954**	**25,362**	**48,316**
Conversion and redemption options liability component at fair value	**12**	**6,474**	**6,486**

Series G

In October 2019, the Trust issued Series G subordinated convertible, redeemable, unsecured debentures bearing 6.00% interest payable semi-annually and maturing in October 2024, in the amount of $24,000. The debentures are convertible at the holder's option at any time before October 2024, at a conversion price of $5.42 per unit ("Series G Conversion Price").

These debentures are not redeemable before October 31, 2024, except in the case of a change in control. As of October 31, 2022, but before October 31, 2023, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price.

As of October 31, 2023, but before October 31, 2024, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

Series H

In September 2020, the Trust issued Series H subordinated convertible, redeemable, unsecured debentures bearing 7.00% interest payable semi-annually and maturing on October 31, 2025, in the amount of $30,000. The debentures are convertible at the holder's option at any time before October 31, 2025, at a conversion price of $3.64 per unit ("Series H Conversion Price").

These debentures are not redeemable before October 31, 2023, except in the case of a change in control. As of October 31, 2023, but before October 31, 2024, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price.

As of October 31, 2024, but before October 31, 2025, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

As of September 30, 2021, conversion options have been exercised by holders on debentures representing a nominal amount of $7,369.

9. Bank Loans

The Trust has access to an acquisition line of credit in the amount of $15,000. This line of credit bears interest at a rate of 3.25% above the prime rate. As at September 30, 2021, no amount was due under the acquisition line of credit (December 31, 2020 – $15,300).

The Trust also has access to an operating credit facility for a maximum amount of $8,000. This facility bears interest at a rate of 1% above the prime rate. As at September 30, 2021, no amount was due under the operating credit facility (December 31, 2020 – $0).

The acquisition line of credit and the operating credit facility are secured by an immoveable first rank hypothec on two properties having a fair value of $5,689 and by an immoveable second rank hypothec on six properties having a fair value of $133,386.

On September 29, 2021, the Trust closed a revolving credit facility in the amount of $35,000 with an accordion option of up to $25,000. This revolving credit facility bears interest at a rate of 1 % above prime rate or 2.25% above the Bankers' Acceptance rate. As at September 30, 2021, $5,100 was due under the revolving credit facility.

The revolving credit facility is secured by an immoveable first rank hypothec on one property having a fair value of $17,927 and by negative pledge of a selection of borrowing base properties having a fair value of $157,496.

10. Class B LP Units

	Nine-month period ended September 30, **2021**		Year ended December 31, **2020**	
	Units	$	Units	$
Units outstanding, beginning of period	397,265	1,402	497,265	2,571
Exchange into Trust units	(50,000)	(216)	(100,000)	(391)
Fair value adjustment	—	210	—	(778)
Units outstanding, end of period	**347,265**	**1,396**	**397,265**	**1,402**

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 period ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Distribution to Class B LP unitholders	22	30	78	127
Distribution per Class B LP unit	0.064	0.075	0.21	0.27

11. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalent, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at September 30, 2021 and December 31, 2020 because of their short-term maturity or because they bear interest at current market rates.

As at September 30, 2021	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 8)	6,968	—	—	6,968
Interest rate swap liability	1,102	—	1,102	—
Class B LP Units (note 10)	1,396	1,396	—	—
For which fair values are disclosed				
Mortgage loans payable (note 7)	495,785	—	503,211	—
Convertible debentures, including their conversion and redemption features (note 8)	50,035	49,622	—	—
Bank loans (note 9)	5,100	—	5,100	—

As at December 31, 2020	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 8)	6,486	—	—	6,486
Interest rate swap liability	3,531	—	3,531	—
Class B LP Units (note 10)	1,402	1,402	—	—
For which fair values are disclosed				
Mortgage loans payable (note 7)	484,639	—	507,807	—
Convertible debentures, including their conversion and redemption features (note 8)	54,802	53,703	—	—
Bank loans (note 9)	15,300	—	15,300	—

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
	$
Nine-month period ended September 30, 2021	
Balance beginning of period	6,486
Conversion options exercised by holders	(1,896)
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	2,378
Balance end of period	**6,968**

	Conversion and redemption options of convertible debentures
	$
Year ended December 31, 2020	
Balance beginning of year	45
Issue of Series H subordinated convertible redeemable debentures	2,691
Conversion options exercised by holders	(57)
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	3,807
Balance end of year	**6,486**

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, 2021:

	Conversion and redemption options of convertible debentures	**Volatility**
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	6,867	28.79
September 30, 2021	6,968	29.29
0.50%	7,068	29.79

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

12. Unit-based Compensation

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

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

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

For the nine-month periods ended September 30,	2021	2020
	Deferred units	Deferred units
Outstanding, beginning of period	87,920	59,642
Trustees' compensation	6,322	21,444
Distribution paid in units	5,006	5,353
Settled	—	(2,973)
Outstanding, end of period	**99,248**	**83,466**

As at September 30, 2021, the liability related to the plan was $404 (December 31, 2020 - $306). The related expense recorded in profit or loss amounted to $14 and $ 99 respectively, for the three and nine-month periods ended September 30, 2021 (for the three and nine-month periods ended September 30, 2020 – revenue of $13 and $55).

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 September 30, 2021, there was no liability related to the plan (December 31, 2020 - $47). The related expense recorded in profit and loss amounted to $0 and $0 for the three and nine-month periods ended September 30, 2021 (for the three and nine-month periods ended September 30, 2020 - $nil and $3). The 14,351 units related to 2020 purchases were issued in February 2021 (11,194 units related to 2019 purchases - February 2020).

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:

Nine-month periods ended September 30,	2021	2020
	Restricted units	Restricted units
Outstanding, beginning of period	139,724	165,012
Granted	95,058	49,237
Cancelled	(1,524)	(10,971)
Settled	(71,722)	(59,327)
Outstanding, end of period	**161,536**	**143,951**

As at September 30, 2021, the liability related to the plan was $479 (December 31, 2020 - $457). The related amount recorded in profit and loss amounted to an expense of $52 and an expense of $336, respectively for the three and nine month periods ended September 30, 2021 (for the three and nine-month periods ended September 30, 2020 – expense of $35 and revenue of $48).

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.

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

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 September 30, 2021, the long-term obligation related to the plan was $465. The related expense recorded in profit and loss amounted to $29 and $465, respectively for the three and nine-month periods ended September 30, 2021.

13. Trust Units Issued and Outstanding

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

Trust units issued and outstanding are as follows:

	Nine-month period ended September 30, **2021**		Year ended December 31, **2020**	
	Units	$	Units	$
Trust units outstanding, beginning of period	63,439,435	309,394	62,251,558	305,029
Issue pursuant to a public issue	7,809,650	30,266	—	—
Trust unit issuance costs	—	(263)	—	—
	71,249,085	338,397	62,251,558	305,029
Issue pursuant to the distribution reinvestment plan (a)	557,180	2,176	836,685	2,935
Issue pursuant to the deferred unit compensation plan (note 12 (a))	—	—	2,973	16
Issue pursuant to the employee unit purchase plan (note 12 (b))	14,351	52	11,194	60
Issue pursuant to the restricted unit compensation plan (note 12 (c))	71,722	256	68,069	345
Class B LP units exchange into Trust units	50,000	227	100,000	391
Issue pursuant to conversion of convertible debentures (note 8)	1,855,473	8,092	168,956	618
Trust units outstanding, end of period	**73,797,811**	**350,200**	**63,439,435**	**309,394**

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 distribution 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) Distribution

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Distribution to unitholders	5,525	4,722	15,805	16,608
Distribution per Trust unit	0.075	0.075	0.225	0.27

14. Rental Revenues

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Base rent and other lease generated revenues	15,031	14,371	44,104	43,751
Lease cancellation fees	19	—	74	—
Property tax and insurance recoveries	5,695	4,553	15,089	14,231
	20,745	18,924	59,267	57,982
Operating expenses recoveries and other revenues	3,935	5,047	16,145	14,739
CECRA rent abatements	—	(841)	—	(2,157)
CECRA grants	—	990	—	1,867
Lease incentive amortization	(780)	(751)	(2,434)	(2,274)
Straight-line lease adjustment	88	214	576	357
	23,988	**23,583**	**73,554**	**70,514**

15. Net Financial Expenses

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Interest on mortgage loans payable	4,709	4,714	13,861	14,208
Interest on convertible debentures	762	850	2,388	2,518
Interest on bank loans	11	148	319	612
Interest on lease liabilities	53	(17)	159	162
Other interest expense	3	17	26	72
Accretion of non-derivative liability component of convertible debentures	90	—	276	—
Accretion of effective interest on mortgage loans payable and convertible debentures	239	229	1,026	901
Distribution - Class B LP Units	22	30	78	127
Fair value adjustment – Class B LP Units	(18)	(59)	210	(1,020)
Early repayment fees of a mortgage loan	—	—	188	79
Net adjustment to fair value of derivative financial instruments	(2,598)	265	(51)	4,692
	3,273	**6,177**	**18,480**	**22,351**

16. Expenses by Nature

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Depreciation	23	29	65	77
Employee compensation and benefits expense	1,923	1,771	6,133	5,329

17. Earnings per Unit

BTB's trust units being puttable financial instruments presented as equity in accordance with IAS 32, the Trust is not required to report a profit or loss per trust unit figure on its consolidated statements of comprehensive income. However, for disclosure purposes only, the Trust has determined basic earnings per unit using the same basis that would apply in accordance with lAS 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 September 30,		Nine-month periods ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
Net income (loss)	7,161	5,757	9,671	(931)
Weighted average number of trust units outstanding – basic	74,012,083	62,933,989	70,600,991	62,669,360
Earnings per unit – basic	**0.10**	**0.09**	**0.14**	**(0.02)**

18. 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 September 30, 2021, the Trust was in compliance with all the covenants to which it was subject.

19. 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:

- Retail
- Office
- Industrial

	Retail	Office	Industrial	Total
	$	$	$	**$**
Three-month period ended September 30, 2021				
Investment properties	247,426	496,127	180,086	**923,639**
Rental revenue from properties	6,642	13,802	3,544	**23,988**
Net operating income	3,835	7,173	2,564	**13,572**
Three-month period ended September 30, 2020				
Investment properties	256,954	501,912	136,554	**895,420**
Rental revenue from properties	6,695	14,085	2,803	**23,583**
Net operating income	3,894	7,658	1,756	**13,308**

	Retail	Office	Industrial	Total
	$	$	$	**$**
Nine-month period ended September 30, 2021				
Rental revenue from properties	20,994	42,134	10,426	**73,554**
Net operating income	12,267	22,135	7,158	**41,560**
Nine-month period ended September 30, 2020				
Rental revenue from properties	20,246	41,553	8,715	**70,514**
Net operating income	11,691	21,218	5,584	**38,493**

20. 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.

21. Subsequent Event

On November 8th, 2021, the Trust completed the purchase of two office properties in Montreal (Québec) for $73,625.

22. Comparatives Figures

Certain comparative figures have been reclassified to conform to the current year’s presentation.

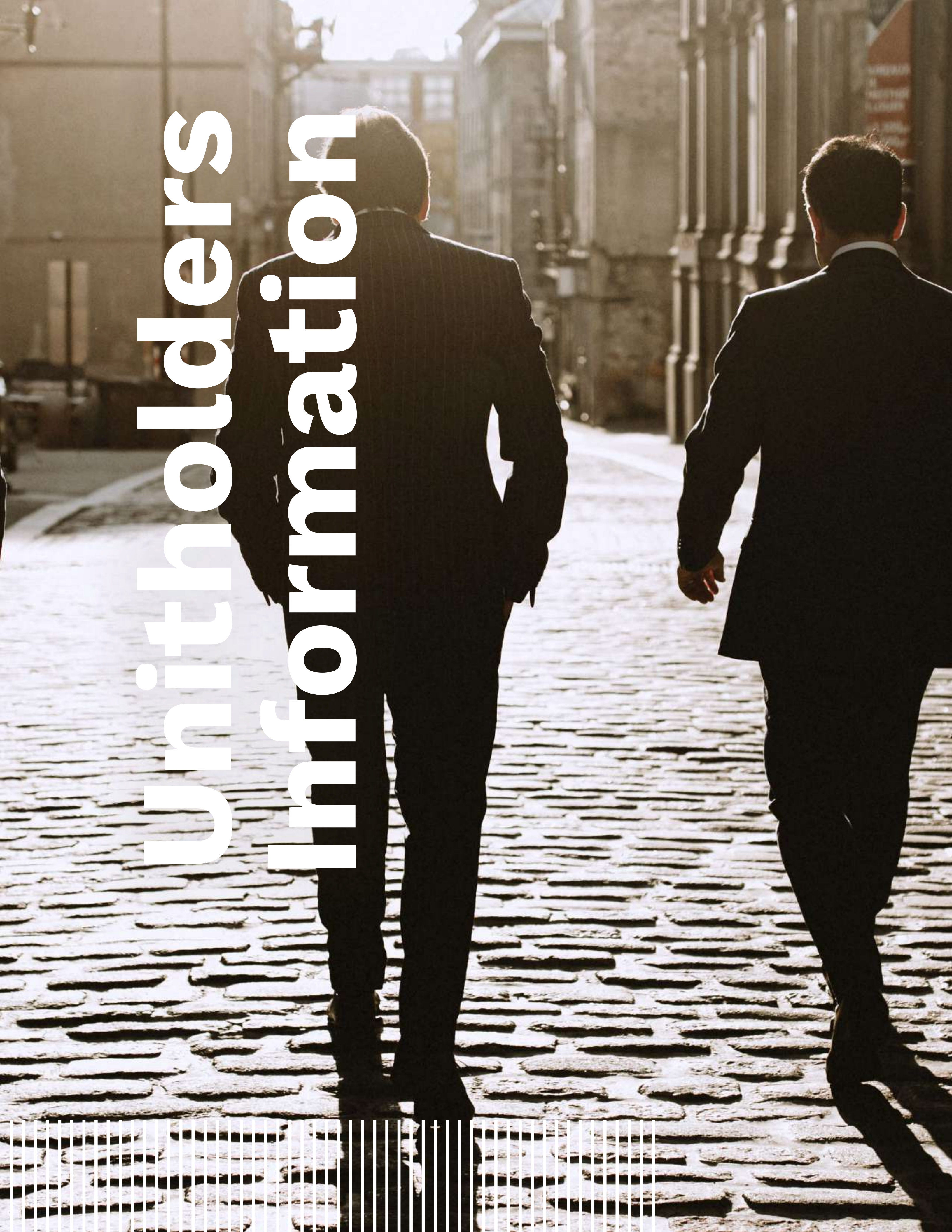
Corporate Information

Board of Trustees

7001 St-Laurent Blvd,
Montréal

Executive Team

Unitholders Information



Head office

BTB Real Estate Investment Trust
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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

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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 René-Lévesque Blvd West
26th floor
Montréal, Québec, H3B 1X9

Annual Meeting of Unitholders

August 10th, 2021
11:00 a.m. (EDT)
Virtual Webinar
Montréal, Québec, H3B 2E3

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.


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