

*This short form prospectus is a base shelf prospectus and has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained or is otherwise available.*

*This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. **These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of any, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.***

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of BTB Real Estate Investment Trust at 1411 Crescent Street, Suite 300, Montréal, Québec H3G 2B3, telephone (514) 286-0188 extension 244, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

June 11, 2021



## BTB REAL ESTATE INVESTMENT TRUST

**\$200,000,000**

**Units**

**Debt Securities**

**Subscription Receipts**

**Warrants**

BTB Real Estate Investment Trust (the “**REIT**” or the “**BTB**”) may at any time and from time to time during the 25 month period that this short form base shelf prospectus, including any amendments hereto (the “**Prospectus**”), remains valid, offer and issue (i) trust units (the “**Units**”); (ii) debt securities (the “**Debt Securities**”) which may include Debt Securities convertible or exchangeable for Units and/or other securities of the REIT; (iii) subscription receipts (the “**Subscription Receipts**”) exchangeable for Units and/or other securities of the REIT; (iv) warrants exercisable to acquire Units and/or other securities (the “**Warrants**”, and together with the Units, the Debt Securities and the Subscription Receipts (the “**Securities**”); and (v) any combination thereof (including Securities comprised of one or more of the foregoing). The REIT may sell up to \$200,000,000 aggregate initial offering price of the Securities or the equivalent, at the date of issue, in any other currency or currencies, as the case may be, at any time during the 25-month period that this Prospectus remains valid.

The specific terms of any Securities offered will be described in one or more shelf prospectus supplements (collectively or individually, as the case may be, a “**Prospectus Supplement**”), including, where applicable: (i) in the case of Units, the number of Units being offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), any listing on a securities exchange and any other specific terms; (ii) in the case of Debt Securities, their specific designation, aggregate principal amount, denominations, currency, maturity, rate (which may be fixed or variable) and time of payment of interest, any terms for redemption at the option of the REIT or the holder, any terms for sinking fund payments, conditions and procedures for the exchange of the Debt Securities into or for Units and/or other securities, the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), any terms for subordination to other indebtedness, whether the Debt Securities will be secured by any asset or guaranteed by any other person, any listing on a securities exchange and any other specific terms; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the terms, conditions and procedures for the exchange of the Subscription Receipts

into or for Units and/or other securities, any listing on a securities exchange and any other specific terms; and (iv) in the case of Warrants, the number of such Warrants offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the terms, conditions and procedures for the exercise of such Warrants into or for Units and/or other securities, any listing on a securities exchange and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

The REIT may sell Securities to or through underwriters or dealers or to purchasers directly or through agents. See “Plan of Distribution”. A Prospectus Supplement will set out the names of any underwriters, dealers or agents involved in the sale of the Securities, the principal amount (if any) to be purchased by any underwriters and the compensation of such underwriters, dealers or agents. Unless otherwise indicated in a Prospectus Supplement, an offering of Securities will be subject to approval of certain legal matters on behalf of the REIT by De Grandpré Chait LLP.

This Prospectus may qualify an “at-the-market distribution” as such term is defined in National Instrument 44-102 – *Shelf Distributions* (“NI 44-102”).

In connection with any offering of the Securities other than an “at-the-market distribution” unless otherwise specified in the applicable Prospectus Supplement, the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “Plan of Distribution”.

No underwriter or dealer of an “at-the-market distribution” under the applicable Prospectus Supplement, no person, company or affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer may over-allot securities in connection with such distribution or effect any other transaction that is intended to stabilize or maintain the market price of the securities distributed under the applicable Prospectus Supplement, including selling an aggregate number or principal amount of securities that would result in the underwriter or dealer creating an over-allocation position in such securities.

**Unless otherwise specified in the applicable Prospectus Supplement, the Units, the Debt Securities, the Subscription Receipts or the Warrants will not be listed on any securities exchange. Accordingly, unless so specified, there will be no market through which such Securities may be sold and purchasers may not be able to resell any such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation.**

No underwriter has been involved in the preparation of this Prospectus or performed any review of the content of this Prospectus.

The Units are listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “BTB.UN”. The REIT’s head office is located at 1411 Crescent Street, Suite 300, Montréal, Québec, H3G 2B3.

**There are certain risks inherent in an investment in the Securities and in the activities of the REIT. Prospective investors should carefully consider these risk factors before purchasing any Units. See “Risk Factors” in this Prospectus and the risk factors contained in the Prospectus Supplement relating to the particular offering of Securities.**

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except in cases where an exemption from such delivery requirements has been obtained or is otherwise available. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that statute or any other legislation.

**There are limits on ownership of Units by non-residents of Canada, as described in the REIT’s amended and restated Contract of Trust as of June 8, 2020 (the “Contract of Trust”). See “Summary of the Contract of Trust – Non-Resident Ownership Constraint” in the AIF.**

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## GLOSSARY

The following terms used in this Prospectus have the meanings set out below:

**“1933 Act”** means the United States *Securities Act of 1933*, as amended.

**“2020 Annual Financial Statements”** means the comparative audited consolidated financial statements of the REIT for the year ended December 31, 2020, together with the notes thereto and the auditors’ report thereon, prepared in accordance with IFRS.

**“2020 Annual MD&A”** means the management’s discussion and analysis of operating results and financial position of the REIT for the year ended December 31, 2020.

**“affiliate”** has, where used to indicate a relationship with a Person, the meaning that would be ascribed thereto in the *Securities Act* (Québec), as amended or replaced from time to time, if the word “company” were changed to “Person”.

**“AIF”** means the annual information form of the REIT dated March 30, 2021.

**“Applicable Securities Legislation”** means applicable securities law in each of the provinces and territories (if applicable) of Canada.

**“BTB” or the “REIT”** means BTB Real Estate Investment Trust except as otherwise set forth herein.

**“BTB LP”** means BTB Real Estate Limited Partnership, a limited partnership formed under the laws of the Province of Québec.

**“CBCA”** means the *Canada Business Corporations Act*, as amended.

**“CECRA”** means the Canada Emergency Commercial Rent Assistance program.

**“CERS”** means the Canada Emergency Rent Subsidy program.

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

**“Contract of Trust”** means the contract of trust made as of July 12, 2006, as amended as of August 1, 2006, March 15, 2011, January 28, 2015 and June 8, 2020, and from time to time governed by the laws of the Province of Québec, pursuant to which the REIT was established.

**“CRA”** means the Canada Revenue Agency.

**“IASB”** means the International Accounting Standards Board.

**“IFRS”** means International Financial Reporting Standards.

**“Independent Trustee”** means a Trustee who, in relation to the REIT or any of its related parties is “independent” within the meaning of Multilateral Instrument 52-110 - *Audit Committees* and is not “related” within the meaning of the *Tax Act*, as amended or replaced from time to time.

**“March 2021 Interim Financial Statements”** means the comparative unaudited consolidated financial statements of the REIT for the three-month period ended March 31, 2021, together with the notes thereto, prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by IASB.

**“March 2021 Interim MD&A”** means the management’s discussion and analysis of operating results and financial position of the REIT for the three-month period ended March 31, 2021.

**“Non-Resident”** means a Person who is a non-resident for the purposes of the *Tax Act*, including a partnership that is not a Canadian partnership within the meaning of the *Tax Act*.

**“Options”** has the meaning ascribed thereto under “Contract of Trust and Description of the Voting Units – Non-Resident Ownership Constraints”.

**“Person”** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, trustees, executors, administrators or other legal personal representatives, two or more persons who, together, constitute all the owners of a property, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and regulatory bodies, governments and agencies and political subdivisions thereof and municipalities.

**“Series H Debentures”** means the Series H 7.00% convertible unsecured subordinated debentures of the REIT.

**“Special Resolution”** when used either in the Contract of Trust or the TB Contract of Trust, means a resolution passed as a special resolution at a meeting of Unitholders of the REIT (or unitholders of TB Trust) (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of Section 8.15 of the Contract of Trust (or of the TB Contract of Trust) at which two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 5% of the total number of votes attached to Units (or the units of TB Trust) then outstanding and passed by the affirmative votes of the holders of not less than 66 2/3% of the Units (or the units of TB Trust) represented at the meeting and voted on a poll upon such resolution.

**“Special Voting Unit”** means a non-participating special voting unit of the REIT.

**“Subsidiaries”** includes, with respect to any person, corporation, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, corporation, partnership, limited partnership, trust or other entity and, without limiting the generality of the foregoing, includes TB Trust in respect of the REIT and **“Subsidiary”** means any one of them.

**“TB Contract of Trust”** means the contract of trust dated July 12, 2006, as amended and restated as of August 1, 2006, March 15, 2011 and May 4, 2011 and from time to time pursuant to which TB Trust was formed under the laws of the Province of Québec.

**“TB Trust”** means BTB, Acquisition and Operating Trust, a trust formed under the laws of the Province of Québec pursuant to the TB Contract of Trust.

**“TB Units”** means a unit of interest in TB Trust.

**“Transfer Agent”** means Computershare Investor Services Inc.

**“Trustee”** means a trustee of the REIT.

**“TSX”** means the Toronto Stock Exchange.

**“Unit”** means a unit of interest in the REIT, other than Special Voting Units.

**“Unitholder”** means a holder of Units, and any reference to a Unitholder in the context of such Unitholder’s right to vote at a meeting of Unitholders or receive information also include a holder of Special Voting Units.

**“Voting Units”** means, collectively, the Units and the Special Voting Units.

## **ABOUT THIS SHORT FORM BASE SHELF PROSPECTUS**

An investor should rely only on the information contained in this Prospectus and in the documents incorporated by reference herein and is not entitled to rely on parts of the information contained in this Prospectus or documents incorporated by reference herein to the exclusion of others. The REIT has not authorized anyone to provide investors with additional or different information. The information contained in this Prospectus or in the documents incorporated by reference herein is accurate only as of the date of this Prospectus or the respective date of the applicable document incorporated by reference herein, regardless of the time of delivery (if applicable) of this Prospectus or of any sale of the Securities offered hereby. The REIT's business, financial condition, results of operations and prospectus may have changed since the date of this Prospectus.

In this Prospectus, references to the "REIT" or "BTB" refers to BTB Real Estate Investment Fund and its subsidiaries, except where the context otherwise requires. All capitalized terms use herein are (unless otherwise specified) defined elsewhere in this Prospectus, including under "Glossary". The terms "we", "us" and "our" refer to the REIT unless the context otherwise requires. Financial data that is derived from the financial statements has been prepared in accordance with IFRS as issued by the IASB.

In this Prospectus, unless otherwise specified, all references to "dollars" or "\$" are to Canadian dollars.

References to "management" in this Prospectus means the persons acting in the capacities of the REIT's Chief Executive Officer and Chief Financial Officer. Any statements in this Prospectus or incorporated in this Prospectus by reference made by or on behalf of management are made in such persons capacities as officers of the REIT and not in their personal capacities.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Prospectus and the documents incorporated by reference herein are forward-looking. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that the REIT expects or anticipates will or may occur in the future, including the ability of the REIT to identify, pursue and consummate acquisition opportunities, the strength of the real estate markets, business strategies and measures to implement these strategies, competitive strengths, benefits that may be achieved in connection with the integration of the recent acquisitions, goals, expansion and growth of the REIT's businesses and operations, plans and references to future acquisitions and success and the impacts of the COVID-19 pandemic on the business and operations of the REIT and on the REIT's financial performance and results of operations. Such forward-looking statements can be identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions or the negatives thereof.

The forward-looking statements contained in this Prospectus reflect the current views and beliefs of the management of the REIT and are based on certain assumptions, including assumptions as to future economic conditions and courses of action, as well as information currently available to management and other factors management currently believes are appropriate and reasonable in the circumstances. Material assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include: the ability of the REIT to identify additional properties, the ability of the REIT to maintain a tenant base substantially similar to the REIT's current tenant base, the credit and financial stability of current and future tenants, the current hypothec and mortgage loan to value ratio and hypothec and mortgage interest rates remaining substantially constant, equity and debt capital markets continuing to provide access to fund the REIT's future growth on terms acceptable to the management of the REIT, the REIT being able to refinance its credit facilities, mortgages, hypothec loans and other outstanding indebtedness of the REIT on terms acceptable to the management of the REIT, and the REIT being able to enter into and renew leases having terms of similar periods as the terms currently in effect under the current leases and upon terms acceptable to the REIT. Forward-looking statements contained in certain documents incorporated by reference in this Prospectus are based on the key assumptions described in such documents.

Such forward-looking statements are subject to risks and uncertainties and no assurance can be made that any of the events anticipated by such statements will prove to be accurate or occur or, if they do occur, what the effect on the REIT would be.

A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including:

- the general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors;
- the inability of the REIT to maintain a tenant base substantially similar to the REIT's current tenant base;
- the credit and financial stability of the tenants of the REIT's properties and the economic environment in which they operate;
- the ability of the REIT to identify properties that meet its acquisition criteria or in completing acquisitions or investments on satisfactory terms;
- access of the REIT to capital and debt markets including being able to refinance its credit facilities, mortgages, hypothec loans and other outstanding indebtedness of the REIT on terms acceptable to the management of the REIT;
- the failure of the newly acquired properties to perform as expected by management and the underestimation of the costs associated with the integration of such acquired properties;
- the failure to maintain mutual fund trust status;
- the status of the REIT for tax purposes;
- the value at which the REIT's real estate portfolio will generate sufficient distributable income to exceed distributions;
- the risk that tenants participating in the CERS program will not be able to meet their obligations and pay their rent when it becomes due once the program is terminated by the Federal Government;
- the risk that the renewal periods could in the future be shorter than current customary renewal periods under leases; and
- other factors, many of which are beyond the control of the REIT, including those factors identified under the heading "Risk Factors" and elsewhere in this Prospectus, any Prospectus Supplement and the documents incorporated by reference herein and therein and as described from time to time in documents filed by the REIT with Canadian securities regulatory authorities.

These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking-statements.

Certain statements included in this Prospectus and the documents incorporated by reference herein may be considered as a "financial outlook" for the purposes of Applicable Securities Legislation, and such financial outlook may not be appropriate for purposes other than this Prospectus. The REIT's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be made that any of the events anticipated by the forward-looking statements will prove to be accurate or occur, or if any of them do so, what benefits, including the amount of proceeds, the REIT will derive therefrom. These forward-looking statements speak only as of the date of this Prospectus or as of the date specified in the documents incorporated by reference in this Prospectus, as the case may be. The REIT does not assume any obligation to update the aforementioned forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. Holders of the Securities should read this entire Prospectus, and each applicable Prospectus Supplement, and consult their own professional advisors to ascertain and assess the tax and legal risks and other aspects associated with holding Securities.

## NON-IFRS MEASURES

This Prospectus and the documents incorporated by reference herein contain references to certain non-IFRS measures that are used by the REIT as indicators of financial performance measures which are not recognized under IFRS including “net operating income”, “funds from operations” and “adjusted funds from operations”. Because such non-IFRS measures do not have a standardized meaning prescribed by IFRS and may differ from other issuers’, securities regulations require, among other things, that alternative measures be clearly defined and qualified and reconciled with their nearest IFRS measures. The definition of “net operating income”, “funds from operations” and “adjusted funds from operations” as well as a reconciliation of those non-IFRS measures are included in the 2020 Annual MD&A where such measures are being used. These definitions are also reproduced below for ease of reference.

### **Funds from operations**

The notion of funds from operations (“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:

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

Our 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**

The notion of adjusted funds from operations (“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; and
- Unit-based compensation expenses.

Furthermore, the REIT deducts a provision for non-recoverable capital expenditures in calculating AFFO. The REIT allocates significant amounts to the regular maintenance of its properties in an attempt to reduce capital expenses as

much as possible. The allocation for non-recoverable capital expenditures is calculated on the basis of 2% of rental revenues.

The REIT also deducts a provision for rental fees in the amount of approximately \$0.25 per square foot 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 REIT 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. Investors are cautioned that there is no certainty that this provision will be sufficient to cover the disbursements not recovered directly in establishing the rent that the REIT will undertake. See “Risk Factors”.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the REIT at 1411 Crescent Street, Suite 300, Montréal, Québec H3G 2B3, telephone (514) 286-0188 ext. 244, and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents, filed with the various securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference in and form an integral part of this Prospectus:

- (a) the AIF;
- (b) the March 2021 Interim Financial Statements;
- (c) the March 2021 Interim MD&A;
- (d) the 2020 Annual Financial Statements;
- (e) the 2020 Annual MD&A;
- (f) the Material Change Report dated April 28, 2021 with respect to the closing on April 28, 2021 of a bought deal public offering of an aggregate of 7,809,650 Units at a price of \$4.05 per Unit for aggregate gross proceeds of approximately \$31.6 million (the “**April 2021 MCR**”); and
- (g) the management information circular of the REIT dated May 11, 2021 in connection with the annual and special meeting of the Unitholders to be held on June 15, 2021.

Any documents of the type described in Item 11 of Form 44-101F1 *Short Form Prospectus Distributions* which are filed by the REIT with any securities regulatory authorities after the date of this Prospectus and prior to the termination of an offering of Units under any Prospectus Supplement, shall be deemed to be incorporated by reference into this Prospectus.

**Notwithstanding anything herein to the contrary, any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement**

**not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

A Prospectus Supplement containing the specific terms of an offering of Units will be delivered to purchasers (except in cases where an exemption from such delivery requirements has been obtained or is otherwise available) of such Units together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement and solely for the purposes of the offering of the Units covered by that Prospectus Supplement unless otherwise expressly provided therein.

Upon a new management information circular, an annual information form or new annual financial statements, together with the auditors' report thereon and management's discussion and analysis contained therein, being filed by the REIT with the applicable securities regulatory authorities during the term of this Prospectus, the previous management information circular or annual financial statements and management's discussion and analysis and all interim financial statements, material change reports and information circulars filed prior to the commencement of the REIT's financial year in which the new management information circular, annual information form or annual financial statements are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

## THE REIT

BTB is an unincorporated open-ended real estate investment trust governed under the laws of the Province of Québec pursuant to the Contract of Trust.

The objectives of the REIT are: (i) to generate cash distributions that are reliable and fiscally beneficial to Unitholders; (ii) to grow BTB's assets through internal growth and accretive acquisitions in order to increase distributable income and therefore fund distributions; and (iii) optimize the value of its assets through dynamic management of its properties in order to maximize the long-term value of its properties and therefore its units.

BTB believes that the income-producing mid-market office, retail and industrial property segments represent a favourable risk/return investment environment with fewer national competitors than other segments of the market. By concentrating on both primary and secondary markets, BTB believes it will be afforded greater opportunities to make accretive acquisitions that will contribute to achieving attractive yields for Unitholders.

BTB has a strong executive team, including management and Trustees with a breadth of experience in all facets of office, retail and industrial real estate including acquisitions, asset management, development, property management, lease administration and asset level and corporate finance. In addition, the management and Trustees of the REIT have well established relationships with property owners in various sectors, particularly in geographical markets east of Ottawa, Ontario. These relationships have allowed and, based on management belief, are expected to continue to allow the REIT to identify and complete acquisitions, in certain instances, through off-market transactions ("not yet listed") with little or no competition which may be completed at a favourable valuation for Unitholders. The current geographic focus in markets east of Ottawa will allow BTB to concentrate on sourcing new acquisitions in a well-defined geographical area. See "Risk Factors - Reliance on Key Personnel" in BTB's AIF incorporated by reference in this Prospectus.

Management of BTB believes that there are a significant number of acquisition opportunities in the geographical markets east of Ottawa, Ontario; acquisitions which management of the REIT believes can be purchased at attractive capitalization rates. Management regularly reviews the REIT's property portfolio and, based on experience and market knowledge, assesses ongoing opportunities and engages in discussions with respect to possible acquisitions of new properties. However, there can be no assurance that any such discussions will result in any acquisitions and, if they do, what would be the terms or timing of such acquisitions. Management expects to continue current discussions and actively pursue acquisition, investment and disposition opportunities as part of its business objectives. Management of BTB intends to sell one property which is not located in its core markets of Montreal, Québec city and the Ottawa region. There is no guarantee that this property will be sold at a price equal to such property's book value.

As of the date of this Prospectus, management of the REIT believes that the REIT meets, and has met at all times during the current taxation year, all the necessary conditions and qualifies for the REIT Exception. Management of the REIT intends to take all the necessary steps to continue to meet these conditions in the future.

### RECENT DEVELOPMENTS

There have been no material developments in the business of the REIT since March 31, 2021, the date of the March 2021 Interim Financial Statements, except for the issuance on April 28, 2021 of 7,809,650 Units at a price of \$4.05 per Unit pursuant to a bought deal public offering, the whole as more fully described in the April 2021 MCR.

Consistent with its past practice and in the normal course, the REIT may have outstanding non-binding letters of intent and/or conditional agreements or may otherwise be engaged in discussions with respect to possible acquisitions or dispositions (directly or indirectly) of new properties or investments by the REIT which may or may not be material. However, there can be no assurance that any of these letters, agreements and/or discussions will result in an acquisition, disposition or investment and, if they do, what the final terms or timing of any acquisition, disposition or investment would be. The REIT expects to continue to actively pursue other acquisition, disposition and investment opportunities.

### CONSOLIDATED CAPITALIZATION

The following table sets out BTB's capitalization at March 31, 2021, both on an actual basis and on a *pro forma* basis after giving effect to the issuance on April 28, 2021 of 7,809,650 Units at a price of \$4.05 per Unit pursuant to a bought deal public offering and the use of the net proceeds of such offering. This table should be read in conjunction with the March 2021 Interim Financial Statements incorporated by reference in this Prospectus.

Description	Outstanding at March 31, 2021 (\$ 000)	Outstanding at March 31, 2021 after giving effect to the April 28, 2021 issuance of Units, partial conversion of Series H Debentures and the use of the net proceeds <sup>(1)(2)(3)</sup> (\$ 000)
Debt:		
Class B LP Units	1,465	1,465
Mortgage loans payable	480,556	480,556
Convertible Debentures	45,690	44,323 <sup>(4)</sup>
Acquisition Credit Facility	15,000	0
Lease Liabilities	4,229	4,229
Unitholders' Equity (Units Authorized: unlimited)	344,702	376,566 <sup>(5)</sup>
<b>Total Capitalization</b>	891,642	907,139

Notes:

- (1) Giving effect to the partial conversion of Series H Debentures since March 31, 2021.
- (2) Giving effect to the proceeds of the April 28, 2021 bought deal offering of \$31,629,082.50 less underwriters' fee of \$1,265,163.30 and offering expenses of \$334,000.
- (3) Giving effect to the repayment of \$15,000,000 repaid with the net proceeds of the April 28, 2021 bought deal offering.
- (4) Reflective of the partial conversion of Series H Debentures since March 31, 2021 up to and including May 31, 2021 (total impact of approximately \$1.367 million to carrying amount).
- (5) Unitholders' equity reflective of the net proceeds of the April 28, 2021 bought deal offering and the conversion of Series H Debentures since March 31, 2021 (approximately \$1.834 million including fair value of conversion options exercised).

Additional information regarding material indebtedness of the REIT is provided in the March 2021 Interim Statements and the March 2021 Interim MD&A incorporated by reference herein.

## USE OF PROCEEDS

Unless otherwise indicated in the applicable Prospectus Supplement, the REIT intends to use the net proceeds received by it from the sale of Securities for working capital requirements or for other general Trust purpose. More detailed information regarding the use of proceeds from the sale of Securities will be described in the applicable Prospectus Supplement. The REIT may, from time to time, issue Securities other than through the offering of Securities pursuant to this Prospectus.

## CONTRACT OF TRUST AND DESCRIPTION OF THE SECURITIES

### General

The REIT is an unincorporated open-ended investment trust created pursuant to the Contract of Trust and governed by the laws of the Province of Québec. On January 28, 2015, the Contract of Trust was amended, notably to plan for the issuance of Special Voting Units concurrent with the issue of Class B LP Units. 347,265 Class B LP Units are currently issued. On June 8, 2020, the Contract of Trust was amended to provide greater flexibility to the Trustees in regards to calling and holding court requisitioned meeting of Unitholders, such as a virtual meeting in times of confinement. The Contract of Trust is available for inspection during regular business hours at the head office of the REIT located at 1411 Crescent Street, Suite 300, Montréal, Québec H3G 2B3, without charge during the distribution of the Units being offered under this Prospectus and is also available electronically at [www.sedar.com](http://www.sedar.com).

**The following is a summary of certain provisions of the Contract of Trust and material attributes and characteristics of the Voting Units. The summary below does not purport to be complete and, for full particulars, reference should be made to the Contract of Trust. A more detailed summary can be found in BTB's AIF incorporated herein by reference.**

### Nature of the REIT

The REIT, its Trustees and its properties shall be governed by the general rules set forth in the *Civil Code of Québec*, except as such general law of trusts has been or is from time to time modified, altered or abridged for investment trusts or for the REIT by:

- (a) applicable laws, regulations or other requirements imposed by applicable securities or other regulatory authorities; and
- (b) the terms, conditions and trusts set forth in the Contract of Trust.

The beneficial interests and rights generally of a holder of Units in the REIT shall be limited to the right to participate *pro rata* in distributions when and as declared by the Trustees as contemplated in the Contract of Trust and in distributions upon the termination of the REIT as contemplated in the Contract of Trust. The REIT is not, and is not intended to be, shall not be deemed to be, and shall not be treated as, a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustees or any individual Trustee or the Unitholders or any of them or any officers or other employees of the REIT or any one of them for any purpose be, or be deemed to be, treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. Neither the Trustees nor any officer or other employee of the REIT shall be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Trustees, to the REIT and to the property of the REIT shall be solely that of beneficiaries of the REIT and their rights shall be limited to those conferred upon them by the Contract of Trust. In its first tax year, in filing a return of income for the REIT, the REIT shall elect, assuming that the requirements for such election are met, that the REIT shall be deemed to be a “mutual fund trust” for purposes of the *Tax Act* for the entire year.

## **Rights of Unitholders**

The rights of each Unitholder to call for a distribution or division of assets, monies, funds, income and capital gains held, received or realized by the Trustees are limited to those contained in the Contract of Trust and, except as provided in the Contract of Trust, no Unitholder shall be entitled to call for any partition or division of the REIT's property or for a distribution of any particular asset forming part of the REIT's property or of any particular monies or funds received by the Trustees. The legal ownership of the property of the REIT and the right to conduct the activities of the REIT are vested exclusively in the Trustees, and no Unitholder has or is deemed to have any right of ownership in any of the property of the REIT, except as specifically provided in the Contract of Trust. Except as specifically provided in the Contract of Trust, no Unitholder shall be entitled to interfere with or give any direction to the Trustees with respect to the affairs of the REIT or in connection with the exercise of any powers or authorities conferred upon the Trustees under the Contract of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Contract of Trust.

## **Units**

The beneficial interests in the REIT shall constitute a single class of Units which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the Contract of Trust. The number of Units which the REIT may issue is unlimited. Each Unit when issued shall vest indefeasibly in the holder thereof. The interest of each holder of Units shall be determined by the number of Units registered in the name of such holder. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without the holder's approval.

## **Ranking of Units**

Each Unit shall represent an equal undivided interest in the REIT with all other outstanding Units. All Units outstanding from time to time shall participate *pro rata* in any distributions by the REIT and, in the event of termination or winding up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities and no Unit shall have any preference or priority over any other. Units shall rank among themselves equally and rateably without discrimination, preference or priority.

## **Special Voting Units**

Special Voting Units shall have no economic entitlement in the REIT or in the distribution or assets of the REIT but entitle the holder to one vote per Special Voting Unit at all Unitholders meetings. Special Voting Units may only be issued in connection with or in relation to securities exchangeable into Units, including Class B LP Units, for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units will be issued concurrently with the Class B LP Units, to which they would be attached at the closing of the eventual acquisition and will only be evidenced by the certificates representing such Class B LP Units. Special Voting Units shall not be transferable separately from the exchangeable securities to which they are attached and will automatically be transferred upon the transfer of any such exchangeable securities. Each Special Voting Unit shall confer upon its holder the right to vote at any meeting of Unitholders with the number of votes corresponding to the equivalent number of Units which may be obtained in exchange for the Class B LP Units to which the Special Voting Units are attached. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled without consideration and without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. As at the date of this Prospectus, there were 347,265 Special Voting Units issued and outstanding.

## **Non-Resident Ownership Constraint**

At no time may more than 49% of the Units outstanding be held or beneficially owned, directly or indirectly, for the benefit of Non-Residents. Furthermore, at no time shall Non-Residents hold or beneficially own, directly or indirectly, Units or any other rights or options, including convertible debentures (for the purpose of this paragraph, such other rights and options being known as "Options") that may entitle them (conditionally or otherwise) to acquire Units that would result in more than 49% of the Units, at any time, being held or beneficially owned, directly or indirectly, by Non-Residents. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are Resident. If the REIT becomes aware that 49% of the Units and/or Options then outstanding are held, or may be held, for the benefit of Non-Residents or that such a situation is imminent, the Trustees may make a public announcement to such effect and shall not accept any subscription for Units or Options from any Non-Resident, issue any Units or

Options to any such Person or register or otherwise recognize the transfer of any Units or Options to any Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units and/or Options are held or may become held for the benefit of Non-Residents, the Trustees may send a notice to Non-Resident holders of Units or Options, as shall be chosen on the basis of inverse order to the order of acquisition or registration, by law or by such other method that is authorized by the Trustees' determination, requiring them to sell their Units or Options or a portion thereof within a specified period of not more than 60 days. If the holders of Units or Options receiving such notice have not sold the specified number of Units or Options or provided the Trustees with satisfactory evidence that they are not Non-Residents of Canada and do not hold their Units or Options for the benefit of Non-Residents within such period, the Trustees may sell such Units or Options on behalf of such holders of Units or Options to a Person or Persons that are not Non-Residents of Canada and, in the interim, all rights attaching to such Units or Options (including any right to receive payments of interest) shall be immediately suspended and the rights of any such holders of Units or Options in respect of such Units or Options shall be limited to receiving the net proceeds of sale (net of any commission, tax or other cost of sale).

### **Redemption of Units**

The Contract of Trust provides that the Units may be redeemed at the redemption price set forth therein. See "Summary of the Contract of Trust-Redemption of Units" in BTB's AIF for a detailed description of the redemption of the Units.

### **Meeting of Unitholders**

There shall be an annual meeting of the Unitholders at such time and place in Canada as the Trustees shall prescribe for the purpose of electing Trustees, appointing or removing the auditors of the REIT and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of Unitholders shall be held after delivery to the Unitholders of the annual report and, in any event, within 180 days after the end of each fiscal year of the REIT.

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. Meetings of the Unitholders may be also held in a virtual format. Unitholders holding in the aggregate of not less than 10% of the outstanding Units of the REIT may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit shall entitle the Unitholder to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders shall, except as otherwise required by the Contract of Trust or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting shall not have second or casting vote. Every question submitted to a meeting, other than a Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands, on which every person present and entitled to vote shall be entitled to one vote.

### **Matters on which Unitholders Shall Vote**

None of the following shall occur unless the same has been duly approved by the Unitholders at a meeting duly called and held:

- (a) except as provided in the Contract of Trust, the appointment, election or removal of Trustees;
- (b) except as provided in the Contract of Trust, the appointment or removal of auditors;
- (c) any amendment to the Contract of Trust (except for amendments which may be made at the discretion of the Trustees);
- (d) the sale of or transfer of the properties or assets of the REIT as an entirety or substantially as an entirety (other than as a part of an internal reorganization of the assets of the REIT as approved by the Trustees);
- (e) an increase or decrease in the number of Trustees;

- (f) any distribution of the property of the REIT following an affirmative vote of the Unitholders by Special Resolution;
- (g) the termination of the REIT; or
- (h) any action upon any matter, which under applicable law (including policies of Canadian securities commissions or authorities) or applicable stock exchange rules or policies, would require approval of a majority of the votes cast by the holders of TB Units had TB Trust been a reporting issuer (or the equivalent) in the jurisdictions in which the REIT is a reporting issuer (or the equivalent) and had TB Units been listed on the stock exchanges where the Units are listed for trading, respectively.

Nothing in clauses (a) to (h) above, however, shall prevent the Trustees from submitting to a vote of Unitholders any matter which they deem appropriate.

### **Matters which must be approved by Special Resolution**

None of the following shall occur unless the same has been duly approved by Special Resolution of Unitholders at a meeting of Unitholders duly called and held for that purpose:

- (a) any amendment to the provisions of the Contract of Trust dealing with amendments to the Contract of Trust;
- (b) any exchange, reclassification or cancellation of all or part of the Units;
- (c) any amendment to change a right with respect to any outstanding Units of the REIT or to reduce the amount payable thereon upon termination of the REIT or to diminish or eliminate any voting rights pertaining thereto;
- (d) any amendment to the duration or term of the REIT;
- (e) any amendment to increase the maximum number of Trustees (to more than 15) or to decrease the minimum number of Trustees (to less than five), any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees;
- (f) except as provided in the Contract of Trust, any constraint on the issue, transfer or ownership of Units or the change or removal of such constraints;
- (g) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;
- (h) any sale or transfer of the properties or assets of the REIT as an entirety or substantially as an entirety other than as part of an internal reorganization of the REIT's property as approved by the Trustees;
- (i) any distribution of the REIT's property upon its termination;
- (j) the combination, merger, amalgamation or arrangement of the REIT, directly or indirectly, with any other person or entity;
- (k) any amendment to the Investment Guidelines and Operating Policies of the REIT, except as provided in the Contract of Trust; or
- (l) any matter required to be passed by a Special Resolution under the Contract of Trust of TB Trust, as may be amended and restated from time to time.

### **Independent Trustees**

There shall be a majority of Independent Trustees on the board of Trustees and on any committee of the Trustees.

## Reports to Unitholders

The REIT furnishes to Unitholders such financial statements (including interim and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the *Tax Act* or equivalent provincial legislation.

Prior to each annual and special meeting of Unitholders, the Trustees will provide to the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the CBCA.

Units may be offered separately or together with Debt Securities, Subscription Receipts or Warrants.

## Debt Securities

*The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of the Debt Securities offered under a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in the Prospectus Supplement filed in respect of such Debt Securities.*

The Debt Securities will be direct obligations of the REIT and will be senior or subordinated indebtedness of the REIT, as described in the applicable Prospectus Supplement. The Debt Securities will be issued under one or more indentures between the REIT and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee under applicable provincial legislation (each, a "Debenture Trustee"), as supplemented and amended from time to time (each a "Trust Indenture" and, collectively, the "Trust Indentures"). As of the date hereof, the REIT has issued \$54 million aggregate principal amount of senior unsecured debentures. As of May 31, 2021: \$24 million is the principal amount outstanding under the series G senior unsecured debentures, bearing an interest rate of 6.00% per annum and maturing on October 31, 2024 and \$24.6 million is the principal amount outstanding under the Series H Debentures, bearing an interest rate of 7.00% per annum and maturing on October 31, 2025.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, including without limitation: (i) the designation, aggregate principal amount and authorized denomination of such Debt Securities; (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which such Debt Securities will be issued; (iv) the date or dates on which such Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the Debenture Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased or otherwise settled and discharged; (ix) any financial and other material covenants; (x) whether such Debt Securities are to be issued and registered electronically through the non-certificated inventory system of CDS Clearing and Depository Services Inc., in "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (xi) whether such Debt Securities will be exchangeable for or convertible into Units and/or other securities, and the terms, conditions and procedures for the exchange or conversion of any such Debt Securities; (xii) any exchange or conversion terms; (xiii) whether such Debt Securities will be subordinated to other liabilities of the REIT; (xiv) any listing on a securities exchange; and (xv) any other specific terms.

A Debt Security shall not be a Unit and, if convertible into or exchangeable for Units, a holder of a Debt Security shall not be a Unitholder unless and until fully paid Units are issued in accordance with the term of such securities.

Debt Securities may be offered separately or together with Units, Subscription Receipts and Warrants.

## **Subscription Receipts**

*The following sets forth certain general terms and provisions of the Subscription Receipts. The particular terms and provisions of the Subscription Receipts offered under a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts.*

This description will include, without limitation and where applicable: (i) the number of Subscription Receipts; (ii) the price at which the Subscription Receipts will be offered; (iii) the terms, conditions and procedures for the conversion or exchange of the Subscription Receipts into or for Units and/or other securities; (iv) the number of Units and/or other securities that may be issued or delivered upon conversion or exchange of each Subscription Receipt; (v) any listing on a securities exchange; and (vi) any other material terms and conditions of the Subscription Receipts and any securities into or for which the Subscription Receipts are convertible or exchangeable. Units and/or other securities issued or delivered upon the conversion or exchange of Subscription Receipts will be issued for no additional consideration. A Subscription Receipt shall not be a Unit and, if convertible into or exchangeable for Units, a holder of a Subscription Receipt shall not be a Unitholder unless and until fully paid Units are issued in accordance with the terms of such securities. As of the date hereof the REIT has no Subscription Receipts outstanding.

Subscription Receipts may be offered separately or together with Units, Debt Securities or Warrants.

## **Warrants**

*The following sets forth certain general terms and provisions of the Warrants. The particular terms and provisions of the Warrants offered under a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Warrants, will be described in the Prospectus Supplement filed in respect of such Warrants.*

This description will include, without limitation and where applicable: (i) the title or designation of the Warrants; (ii) the number of Warrants offered; (iii) the number of Units and/or other securities purchasable upon exercise of the Warrants and the procedures for exercise; (iv) the exercise price of the Warrants; (v) the dates or periods during which the Warrants are exercisable and when they expire; (vi) the designation and terms of any other securities with which the Warrants will be offered, if any, and the number of Warrants that will be offered with each such security; (vii) any listing on a securities exchange; and (viii) any other material terms and conditions of the Warrants including, without limitation, transferability and adjustment terms. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the underlying securities issuable upon exercise of the Warrants. As of the date hereof, the REIT has no Warrants outstanding.

Each series of Warrants will be issued under a separate indenture in each case between the REIT and a warrant agent determined by the REIT. The statements above relating to any Warrants to be issued are summaries of certain anticipated provisions thereof, are not complete and are subject to, and qualified by reference to, all provisions of the applicable warrant indenture, in addition to the description thereof in the applicable Prospectus Supplement.

The REIT will not offer Warrants for sale separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement containing the specific terms of the Warrants to be offered separately is first approved for filing by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada where the Warrants will be offered for sale.

Warrants may be offered separately or together with Units, Debt Securities or Subscription Receipts.

## **EARNINGS COVERAGE RATIOS**

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement with respect to the issuance of Debt Securities pursuant to this Prospectus.

## **DISTRIBUTION POLICY**

The REIT has adopted a Distribution Policy, as permitted under the Contract of Trust. See the section entitled “Distribution Policy” in the AIF for a description of the REIT’s Distribution Policy.

## **PLAN OF DISTRIBUTION**

The REIT may sell the Securities to or through underwriters or dealers or purchasers directly or through agents. The Securities may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

A Prospectus Supplement for any Securities being offered will set forth the terms of the offering of those Securities, including the name or names of any underwriters, dealers or agents, the purchase price or prices of the Securities, the proceeds to the REIT from the sale of the Securities, any initial offering price (or the manner of determination thereof if offered on a non-fixed price basis), any underwriting discount or commission and any discounts, concessions or commissions allowed or reallocated or paid by any underwriter to other dealers. An initial offering price and any discounts, concessions or commissions allowed or reallocated or paid to dealers may be changed from time to time.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the REIT to indemnification by the REIT against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments that they may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for the REIT in the ordinary course of business.

The Securities have not been and, unless specified in a Prospectus Supplement relating to an issue of the Securities, will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States. Accordingly, unless so specified, except in certain transactions exempt from registration requirements of the U.S. Securities Act, and applicable state securities laws, the Securities may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S under the U.S. Securities Act) (the “**United States**”), and each underwriter or agent will agree that it will not offer, sell or deliver the Securities within the United States. Each underwriter or agent will also agree that all offers and sales of the Securities outside the United States will only be conducted in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Securities within the United States. In addition, until 40 days after the commencement of an offering of Securities, an offer or sale of such Securities within the United States by a dealer (whether or not participating in the offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

## **CAPITAL RESOURCES**

The REIT has \$104,770,000 of mortgage due within the next 9 months. Of that amount, approximately \$26,980,000 has been refinanced as of June 9, 2021, and the remaining balance is currently in the process of being refinanced.

Historically the REIT has always been able to refinance its existing mortgages. There is no indication that this would change currently.

For the refinancing completed to date, the refinanced amounts exceed the previously owing mortgage balances by \$16,698,000, thereby providing the REIT with \$16.7 million in additional liquidity to be used for future acquisitions and general trust purposes.

## **RISK FACTORS**

There are certain risks inherent in an investment in the Securities and in the activities of BTB which investors should carefully consider before investing in the Securities, including: public market risk, general risks associated with

immovable property ownership, future property acquisitions, Mutual Fund Trust Status, SIFT trust taxation, fluctuations in cash distributions, liquidity, debt financing risk, competition, general uninsured losses, interest rate fluctuations and financing risk, environmental matters, restrictions on redemptions, lack of availability of growth opportunities, reliance on single or anchor tenants, potential Unitholder liability, potential conflicts of interest, reliance on key personnel, availability of cash flow, market price of Securities, legal rights attaching to Securities, failure to obtain additional financing, dilution, credit risk and changes in legislation.

These risks are described under the heading entitled “Risk Factors” in BTB’s AIF and are incorporated by reference in this Prospectus.

*The activities of the REIT and an investment in its securities involves other risks and investment considerations. Investors should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this Prospectus.*

## **COVID-19 PANDEMIC**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The Federal and Provincial governments have taken many steps in their management of the health crisis, including the closure of all non-essential stores and services. BTB’s recovery was gradual and its properties outside Montréal were able to start operating as of May. This led to the opening of Montréal’s malls and restaurants in mid-June which was followed by subsequent closures due to the acceleration of the COVID-19 pandemic situation.

Since the beginning of the crisis, BTB has set up a COVID-19 task force to ensure full management of all collateral effects on its tenants, suppliers, creditors, as well as its employees. Several actions have been taken, including: review of rent agreements with tenants and coordination with tenants for the application of the federal grant under the CECRA and the CERS; participation with its creditors to reduce its mortgage payments during this period; appropriate implementation of cost control and control of its investments; strengthening sanitation; health and safety measures in its properties and restricting access to its buildings.

During this period, several companies announced bankruptcies and restructurings, mainly in the retail sector. To date, BTB’s portfolio has been affected very little by these bankruptcies and restructurings affecting several companies. However, there is a risk that new tenants will be affected in the future by financial constraints and this could have an impact on BTB’s operations and on its financial results. BTB will continue to work with the different tenants that are participating in the CERS, a program that is expected to continue through June 2021. In addition, there exists a risk that leases could be renewed with shorter terms than the terms that are currently in effect, and otherwise on terms that are less favourable to the REIT.

BTB continues to closely monitor business operations and is aware that the impact of COVID-19 on the global economy and its duration remains uncertain. BTB may take further actions in response to directives of government and public health authorities or that are in the best interests of employees, tenants, suppliers or other stakeholders, as necessary.

Under *International Accounting Standard 40 – Investment Property*, the REIT 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 periods in which it arises. The COVID-19 pandemic has created significant economic uncertainty and increased volatility in the financial markets. These factors have led us, in 2020, to adjust certain capitalization rates and projected cash flows of properties considered to be more vulnerable to the effects of the pandemic, including retail properties where tenants had to temporarily cease operations and requested rent relief and deferrals. Overall for the last fiscal year, the REIT recorded an additional decrease in the fair value of its real estate portfolio of \$8.4 million (equivalent to 0.9% of the investment properties balance as of Q4 2020).

The fair value of the REIT’s investment properties stood at \$905 million as at March 31, 2021 compared to \$903.9 million at December 31, 2020 and \$924 million as at December 31, 2019.

The REIT annually uses chartered 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 appraisers. In addition, as part of financing or refinancing and at the request of lenders, properties are also independently appraised during the year. For its properties that were not subject to independent appraisals, management receives quarterly capitalization rate and discount rate data reflecting real estate market conditions from external chartered 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 REIT 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.

The weighted average capitalization rate for the entire portfolio as at March 31, 2021 was 6.51% (December 31, 2020: 6.51 % and December 31, 2019: 6.59%), 8 basis points lower than December 31, 2019.

In light of the foregoing and of the ongoing COVID-19 pandemic, the main factors that could potentially affect the underlying valuation of the REIT's properties are changes in capitalization rates, discount rates and terminal capitalization rates, the loss of revenues due to the COVID-19 pandemic and the impact of closures and ad hoc rent agreements. Other factors which may affect the underlying valuation of the REIT's properties also include the property segments in which the REIT invests and the credit and financial stability of current and future tenants, each of which could result in modifications to market rent, the amounts of tenant incentives, the length of free-rent periods at lease inception, the length of the periods of vacancy between leases, vacancy rates, bad debt allowances and the likelihood of renewal.

The REIT's office portfolio is comprised of regional low rise buildings. Therefore, BTB considers that the impact of the COVID-19 pandemic on its office portfolio is limited. General trends in the sector, including the demand for increased workplace flexibility and remote work, could reduce demand for office space. However, the REIT considers that it is possible that in some cases, demand for office space will increase as office workers who currently work remotely will gradually return to office spaces, combined with the need for increased buffering and distancing between workers.

### **Access to Capital and Debt**

The real estate industry is highly capital intensive. Capital is required to (a) maintain properties and fund capital expenditures, (b) refinance mortgage debt, (c) refinance outstanding debentures and (d) fund the growth strategy.

There can be no assurances that the REIT will have access to sufficient capital in the future and on favourable terms to meet these requirements. Failure by the REIT to access required capital could adversely impact the REIT's financial position and ability to pay distributions to Unitholders.

To reduce this risk, the following steps have been taken: (a) maintain the payout ratio at less than 100, (b) begin the mortgage debt refinancing process several months ahead of maturity and aim for a 60% to 65% refinancing level, (c) arrange terms and conditions for repayment of debentures in units and (d) identify properties that can be sold quickly at optimal prices.

### **Fluctuations in Cash Distributions**

A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of the initial investment in Units is at risk, and the return on an investment in Units is based on many performance assumptions. Although the REIT intends to distribute its distributable income, the actual amount of distributable income distributed in respect of Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, level of vacancies, leasing commissions, capital expenditures and other factors that may be beyond the control of the REIT. In addition, the market value of the Units may decline if the REIT is unable to provide a satisfactory return to Unitholders. The REIT began operations on October 3, 2006. On that date, the REIT's operation and real estate portfolio were not yet of a sufficient magnitude to ensure that distributable income would cover monthly distributions. The REIT used its excess cash flow and its cash flows from financing activities,

to carry out these distributions. Since 2012 for each fiscal year except the fiscal year ended December 31, 2019, distributable income fully covers the annual distributions.

While cash flows from operating activities less interest paid are generally sufficient to cover distribution requirements, the timing of expenses (namely property taxes, heating and electricity and snow hauling) and fluctuations in non-cash working capital may result in a temporary shortfall. In these cases, some portion of distributions may come from the REIT's own capital, or financing sources other than cash flows from operations.

There can be no assurance that any of the management of the REIT's expectations will be met and any variation in such factors may significantly impact the value at which the REIT's property portfolio will be able to generate sufficient distributable income to exceed its distributions. Unless the REIT generates sufficient cash flows or finds other sources of liquidity, there can be no assurance the REIT will meet the distributions.

### **Geographic Concentration**

The REIT's properties are located in Eastern Ontario and Québec, making the REIT's performance particularly sensitive to economic changes in Eastern Ontario and Québec. The market value of REIT's properties, the income generated by the REIT and the REIT's performance are particularly sensitive to changes in the economic condition, regulatory environment and to market specific events, such as new supply of retail and industrial real estate of these regions. Adverse changes in the economic condition, regulatory environment and market specific events of Eastern Ontario and Québec may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units.

### **Environmental Events**

Climate change is one of the biggest challenges facing real estate investors in 2021, affecting the frequency and severity of weather events such as droughts, windstorms, ice storms, flooding and freezing. While many property owners are facing reduced coverages and higher deductibles, BTB currently carries an all risk policy with full replacement cost building limits and relatively low deductibles. Additionally, none of the locations are considered to be at an elevated risk for flooding. While there is an aggregate limit payable of \$250 million on the policy, the largest location carries an insurance value of \$108 million. The buildings are spread out from Ontario to Montreal and surrounding areas to Quebec city, reducing the likelihood of any one catastrophic event depleting the limits on the policy. BTB values and promotes risk management as a strategy to protect its assets, and cooperates wherever possible with recommendations from its insurers. As a result, BTB enjoys preferential insurance rates due to their excellent loss history and relatively low risk portfolio. By choosing to invest in buildings of superior construction quality and careful selection of tenants, BTB derives the added value of attractive insurance rates and conditions, which it can pass on to its tenants.

### **Provision for Rental Fees**

The REIT maintains a provision for rental fees in the amount of approximately \$0.25 per square foot 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 REIT 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. There is no certainty that this provision will prove sufficient to cover the disbursements not recovered directly in establishing the rent that the REIT will undertake, and if such provision proves to be insufficient, it may have a material adverse effect on the REIT's cash flows, financial condition and results of operations and ability to make distributions to holders of Unit.

## **Risk Factors Related to the Ownership of Securities**

### *Market Price*

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the initial appraisal of the value of its properties or the value of such properties from time to time.

Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. The actual amount distributed will depend on numerous factors including, but not limited to, the REIT's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. The market price of the Units may deteriorate if the REIT is unable to meet its cash distribution targets in the future.

The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders.

One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield which could adversely affect the market price of the Units. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and reductions in, or suspensions of, distributions may occur that would reduce yield based on the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, changes in the economic environment and numerous other factors beyond the control of the REIT.

### *Structural Subordination of Units*

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its Subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those Subsidiaries before any assets are made available for distribution to the Unitholders. The Units will be effectively subordinated to all of the indebtedness and liabilities of the REIT and its Subsidiaries. Neither the REIT, nor any of its Subsidiaries will be limited in their ability to incur additional secured or unsecured indebtedness.

### *Market for Debt Securities, Subscription Receipts and Warrants*

Unless otherwise specified in the applicable Prospectus Supplement, neither the Debt Securities, nor the Subscription Receipts, nor the Warrants will be listed on any securities exchange. Accordingly, unless so specified, there will be no market through which such Securities may be sold and purchasers may not be able to resell the Debt Securities, Subscription Receipts and Warrants purchased under this Prospectus. This may affect the pricing of the Debt Securities, the Subscription Receipts and Warrants in the secondary market, the transparency and availability of trading pricing, the liquidity of the Debt Securities, the Subscription Receipts and the Warrant and the extent of issuer regulation.

### *Prevailing Yields on Similar Securities*

Prevailing yields on similar securities will affect the market value of the Debt Securities. Assuming all other factors remain unchanged, the market value of the Debt Securities will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

### *Debt Securities are Subject to the Credit Risk of the REIT*

The obligation to make payments under the Debt Securities is an obligation of the REIT. The likelihood that holders of Debt Securities will receive payments owing to them under the Debt Securities will depend on the financial health and creditworthiness of the REIT.

## **LEGAL MATTERS**

Unless otherwise specified in the applicable Prospectus Supplement, certain legal matters related to the Securities offered by a Prospectus Supplement will be acted upon, on behalf of the REIT by De Grandpré Chait LLP. As of the date hereof, partners, counsel and associates of De Grandpré Chait LLP beneficially owned, directly or indirectly, less than 1% of any issued and outstanding securities of the REIT or any associates or affiliates of the REIT.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of applicable Securities, including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax considerations.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the REIT are KPMG LLP, 600 de Maisonneuve Blvd. West, Suite 1500, Montréal, Québec, H3A 0A3, and they are independent with respect to the REIT within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada.

The registrar and Transfer Agent for the Units is Computershare Investor Services Inc., at its principal offices in Montreal and Toronto.

## **PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS**

Unless provided otherwise in a Prospectus Supplement, the following is a description of a purchaser's statutory and contractual rights.

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, prospectus supplement and any amendment relating to securities purchased by a purchaser. However, purchasers of Units distributed under an "at-the-market distribution" by the REIT do not have the right to withdraw from an agreement to purchase the Units because the prospectus, prospectus supplement, and any amendment relating to the Units purchased by a purchaser will not be sent or delivered to any such purchaser, as permitted under Part 9 of NI 44-102.

In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus, prospectus supplement and any amendment thereto relating to securities purchased by a purchaser contains a misrepresentation or is not sent or delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. However, purchasers of Units distributed under an "at-the-market distribution" by the REIT do not have remedies for rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to Units purchased by a purchaser because the prospectus, prospectus supplement and any amendment relating to Units purchased by a purchaser will not be sent or delivered to any such purchaser, as permitted under Part 9 of NI 44-102.

A purchaser's rights and remedies and applicable securities legislation against the dealer underwriting or acting as agent for the REIT in an "at-the-market distribution" will not be affected by that dealer's decision to effect the distribution directly or through a selling agent.

Any remedies under securities legislation that a purchaser of Units distributed under and “at-the-market distribution” by the REIT may have against the REIT or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

In an offering of Debt Securities, Subscription Receipts and Warrants (together, “Convertible Securities”) which are convertible or exchangeable into or exercisable to acquire securities of the REIT, prospective investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial legislation, to the price at which the Convertible Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces or territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of this right of action for damages or consult with a legal advisor.

By virtue of their purchase of any Convertible Securities under this Prospectus, original purchasers of such Convertible Securities will have a contractual right of rescission against the REIT following the conversion thereby of such Convertible Securities as follows. The contractual right of rescission will entitle such original purchasers to receive the amount paid for such Convertible Securities upon surrender of the securities issued to such purchaser upon conversion or exercise of such Convertible Securities, in the event that this Prospectus, as supplemented by the applicable Prospectus Supplement relating to such Convertible Securities, as the same may be amended (the “Supplemented Prospectus”) contains a misrepresentation, provided that the right of rescission is exercised within 180 days of the date of the purchase of such Convertible Securities under the Supplemented Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and will be in addition to any other right or remedy available to original purchasers of Convertible Securities under section 130 of the *Securities Act* (Ontario) or otherwise at law. The purchaser should consult with a legal adviser regarding the particulars of this contractual right of rescission.

## CERTIFICATE OF THE REIT

Dated: June 11, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

### BTB REAL ESTATE INVESTMENT TRUST

*(s) Michel Léonard*

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Michel Léonard  
President and Chief Executive Officer

*(s) Mathieu Bolté*

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Mathieu Bolté  
Vice President and Chief Financial Officer

### ON BEHALF OF THE TRUSTEES

*(s) Jocelyn Proteau*

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Jocelyn Proteau  
Trustee

*(s) Luc Martin*

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Luc Martin  
Trustee