



Built on Solid Foundations, BTB Shows Improvement and Stability in Its Fourth Quarter and Annual Results

Montréal (Québec) March 16th, 2021: BTB Real Estate Investment Trust (**TSX: BTB.UN**) (“**BTB**” or the “**REIT**”) releases today its financial results for the fourth quarter ended December 31st, 2020 compared to the fourth quarter of 2019 and announces the following highlights and information:

HIGHLIGHTS OF THE FOURTH QUARTER ENDED DECEMBER 31ST, 2020

- **The Strength in BTB’s Portfolio:** During the fourth quarter, our portfolio continued to show its resilience and its limited exposure to bankruptcies as no other tenant reported corporate restructuring or filed for bankruptcy.
- **Collections Remain Strong:** As of March 12th, 2021, we collected 100% of our fourth quarter invoiced rents, in line with our collection record for the months of March to December 2020. Rent collection efforts have remained strong as we are reporting a significant reduction in the balance of receivables from a \$8.7 million balance at the end of Q2 2020 to the return to a normalized level of \$5.2 million at the end of Q4 2020. Included in the balance of receivables, is \$0.8 million of which is scheduled to be received after year end under contractual rent deferral agreements that were negotiated during Q2 2020.
- **The Effect of the Pandemic:** COVID-19 has affected our results in the following manner:
 - i. **Net Operating Income:** - \$1.3 million.
 - ii. **Additional Provisions:** \$1.4 million in additional provisions for credit losses were recorded, therefore resulting in a total negative impact of \$ 2.7 million on our FFO & AFFO.
 - iii. **Fair Value Adjustments on Investment Properties:** A reduction in the fair value of our retail and office properties of \$26.3 million and a positive increase for our industrial properties of \$17.9 million was recorded.
 - The total fair value adjustment for 2020 is - \$ 8.4 million. 65% of our investment properties were externally appraised.



- **Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO):**
 For the year 2020, we are reporting a recurring FFO of \$24.2 million, an increase of \$0.9 million or 3.9% compared to Q4 2019.
 - i. Our FFO recurring payout ratio stands at **75.5%** for the quarter compared to 88.7% for Q4 2019 and **88.7%** for the year, compared to 103.1% for the year 2019.
 - ii. Our AFFO payout ratio stands at **76.3%** for the quarter compared to 96.8% for Q4 2019 and **97.1%** for the year, compared to 111.9% for the year ended 2019.
- **Net Property Income From The Same Property Portfolio:** BTB recorded an increase of **\$0.1 million** or **0.2%** in Q4 2020 compared to Q4 2019. For the twelve-month cumulative period of 2020, the result increased by **0.1%**. The impact of the CECRA program as well as the announced bankruptcies, as reported in our Q2 2020 results were compensated by the progress made on the leasing and renewal front and from additional productivity.
- **Impact on Comparative Results:** Our comparative results were affected by the recording of an indemnity from a tenant pursuant to a lease cancellation prior to the end of the term for a total amount of \$1.1 million in Q4 2019. Excluding this item, our results would show the following for Q4 2020:
 - **Net Operating Income:** A 2.6% decrease from \$13.1 million in 2019 to \$12.8 million, which is mainly explained by the four bankruptcies announced in our Q2 2020 results.
 - **Funds From Operations (FFO):** A 0.3% decrease from \$6.4 million in 2019 to \$6.3 million in Q4 2020.
- **Leasing Activity:** Lease renewal activities remained strong throughout the quarter as **223,681 sq. ft.** were renewed in anticipation to existing tenants whose expirations were to take place in the years 2021 and thereafter. The quarterly average increase in lease renewal rates stands at **16.6%**. For the year, a total of **836,302 sq. ft.** was renewed to existing tenants, representing a 66% renewal rate at an average increase of **6.8%**. The following details the breakdown in average lease renewal rates per segment:
 - i. **Quarterly Average Increases:**
 - Industrial: +12.9%
 - Retail: +0.9%
 - Office: +20.5%
 - ii. **Yearly Average Increases:**
 - Industrial: +9.0%
 - Retail: +2.2%



- Office: +7.3%

For the year, a total of **281,970 sq.ft.** were leased to new tenants and during the fourth quarter **56,589 sq.ft.** were leased to new tenants.

As such, BTB's total leasing activity amounts to approximately **1.1 million sq.ft.** of leased space.

- **Net Income:** Net income and comprehensive income totalled \$3.85 million compared to \$41.55 million for the same period in 2019. The decrease is primarily attributed to non-cash items:
 - i. In 2019, BTB recorded an increase in the fair value of investment properties of \$34.1 million, compared to a \$2.3 million increase in 2020.
 - ii. In 2019, BTB recorded an increase in the net adjustment to the fair value of derivative financial instruments of \$1.2 million, compared to a decrease of \$2.9 million in 2020.
- **NOI Margin:** Other than the fair value adjustments described above, we noted financial improvements on our NOI margin from 54.4% to **55.1%**.
- **Reduction in Net Financial Expenses:** For the year ended December 31st, 2020, BTB recorded a reduction in the net financial expenses attributable to the successful refinancing at lower interest cost of mortgages concluded during the year.
- **Debt Metrics:** Our debt metrics continue to demonstrate our commitment to maintain a total debt ratio below 60%. As of December 31st, 2020, our total debt ratio stood at **59.4%**.
- **Bought Deal:** On September 29th, 2020, BTB closed a public offering, on a bought deal basis, for an aggregate principal amount of \$30 million thereby issuing the Series H 7.00% Convertible Unsecured Subordinated Debentures, maturing on October 31st, 2025. On October 26th, 2020, BTB used part of the net proceeds of this issue to fully redeem the \$26.7 million Series F Debenture due on December 31st, 2020. The Trust has received conversion notices from holders of same.
- **Cash Position:** BTB concluded the year 2020 with a cash position of \$9.1 million. BTB had access to an unused operating credit facility in the amount of \$3 million and to an acquisition line of credit of \$19 million of which \$3.7 million remained available.
- **CECRA Program Closes:** Throughout the period ranging between April to September 2020, we successfully filed applications for approximately 80 tenants, which represents roughly 15% of the leases managed by BTB. All government subsidies were received at the end of Q4 2020



- **CERS Program & Rent Deferrals:** In early October, the Federal government announced the implementation of a new rent subsidy program, the Canada Emergency Rent Subsidy (CERS) to continue its support of businesses. This program does not require landlords to grant rent abatements or rent concessions to tenants. However, BTB continues to actively guide its tenants through the program to further mitigate its risks. At the end of Q4 2020, only a handful of tenants have expressed their intent to participate in the program, which has not affected rent collections. In addition, no additional rent deferral agreements were negotiated with tenants, further solidifying future revenues.

A MESSAGE FROM MICHEL LÉONARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER

"The year 2020 started off strong, when in February 2020, BTB's stock price reached a peak of \$5.49 per unit, but no one anticipated the effect of COVID-19 on the worldwide economy. We are very grateful for the support we received from our tenants during the year. To date we collected 100% of our fourth quarter invoiced rents, which fares extremely well for our real estate operation.

Our lease renewal activities remained strong during the quarter. Since the beginning of the year, 66% of the leases expiring in 2020 were renewed at an average rate of increase of 6.8% (industrial +9.0%, retail +2.2%, and office +7.3%), a record rate since 2015. BTB renewed a total of 836,302 sq.ft. of leasable area during the year 2020 and that number includes lease renewals of leases expiring in 2021 and thereafter, solidifying our future cash flow. During the quarter, we successfully leased a total of 56,589 sq.ft. of leasable area to new tenants, totalling for the year, 281,970 sq.ft.

Our FFO payout ratio is 75.5% for the quarter and 88.7% for the year, while the AFFO payout ratio is 76.3% for the quarter and 97.1% for the year, a significant improvement in these ratios for a second consecutive quarter. Our total debt ratio continues to demonstrate BTB's persistence to maintain that ratio below 60%. At the end of Q4 2020, the total debt ratio stood at 59.4%.

The significant steps taken since 2017 to reposition BTB's portfolio and ensure its long-term sustainability have solidified BTB's foundation. We are flexible and agile, and our strategic repositioning has proven to be very fruitful and has further showed its strength. During the year, we disposed of 4 properties for total proceeds of \$48.5 million and purchased 2 properties for a total consideration of \$29.85 million.

In 2020, we had the opportunity to test our foundations and validate their solidity since they have been tried enormously. We have demonstrated our ability to question ourselves, including our work methods, to adapt and optimize processes according to the situations encountered. Our flexibility, our acceptance of change and our ability to confront reality have helped us to perform despite all the pitfalls encountered.



The past years' challenges were numerous, and our employees demonstrated comprehensiveness, conciliation, and sacrifices. The year also showed and reminded us of the importance to surround ourselves well and to wisely choose our business collaborators and we cannot thank them enough for their contribution.

With positive results despite the narrative of the year, knowing with certainty that our foundation is solid; we are now focused on next years' story in which we can confidently continue to grow".

SUMMARY OF OTHER SIGNIFICANT HIGHLIGHTS AS AT DECEMBER 31ST, 2020

- **Total number of properties:** 64
- **Total leasable area:** approximately 5.3 million sq.ft.
- **Total asset value:** \$927 million
- **Market capitalization:** \$224 million

FINANCIAL INFORMATION

The following two tables summarize our fourth quarter and annual results for the periods ended December 31st 2020 and 2019.

Quarterly Results Information

Quarters ended December 31 (in thousands of dollars, except for ratios and per unit data)	2020	2019	Variation
	\$	\$	%
Financial information			
Rental income	22,455	25,558	(12.1)
Net operating income ⁽¹⁾	12,767	14,174	(9.9)
Net income and comprehensive income	3,850	41,552	(90.7)
Net property income from the same-property portfolio ⁽¹⁾	6,585	6,447	2.1
Distributions	4,778	6,584	(27.4)
Recurring funds from operations (FFO) ⁽¹⁾	6,322	7,421	(14.8)
Adjusted funds from operations (AFFO) ⁽¹⁾	6,253	6,795	(8.0)
Financial information per unit			
Net income and comprehensive income	6.1¢	66.2¢	(90.8)
Distributions	7.5¢	10.5¢	(28.6)
Recurring FFO ⁽¹⁾	9.9¢	11.8¢	(16.1)
Recurring AFFO ⁽¹⁾	9.8¢	10.8¢	(9.3)

(1) Non-IFRS financial measures.

Annual Results Information

Years ended December 31 (in thousands of dollars, except for ratios and per unit data)	2020	2019	Variation
	\$	\$	%
Financial information			
Rental income	92,969	93,602	(0.7)
Net operating income ⁽¹⁾	51,260	50,897	0.7
Net income and comprehensive income	2,919	51,881	(94.4)
Net property income from the same-property portfolio ⁽¹⁾	26,850	26,836	0.1
Distributions	21,513	25,141	(14.4)
Recurring funds from operations (FFO) ⁽¹⁾	24,229	24,293	(0.3)
Adjusted funds from operations (AFFO) ⁽¹⁾	22,145	22,389	(1.1)
Total assets	926,666	939,130	(1.3)
Total debt ratio	59.4%	59.1%	0.5
Weighted average interest rate on mortgage debt	3.57%	3.92%	(8.9)
Market capitalization	223,941	321,843	(30.4)
Financial information per unit			
Net income and comprehensive income	4.6¢	87.0¢	(94.7)
Distributions	34.0¢	42.0¢	(19.0)
Recurring FFO ⁽¹⁾	38.3¢	40.7¢	(5.9)
Recurring AFFO ⁽¹⁾	35.0¢	37.5¢	(6.7)

(1) Non-IFRS financial measures.

NON-IFRS FINANCIAL MEASURES

Net operating income, net operating income of the same-property portfolio, funds from operations and adjusted funds from operations are not measures recognized by International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Such measures may differ from similar computations as reported by similar entities and, accordingly, may not be comparable to similar measures reported by such other entities.

QUARTERLY CALL INFORMATION

Management will hold a conference call on Tuesday, March 16th, 2021 at 10 am, Eastern Standard Time, to present BTB's financial results and performance for the fourth quarter ended December 31st, 2020.

DATE : Tuesday, March 16th, 2021

TIME : 10 am, EST

DIAL : Toronto and over-seas: 1-416-764-8688

North America (toll free): 1-888-390-0546



WEB : https://produceredition.webcasts.com/starthere.jsp?ei=1431801&tp_k ey=f7a10cbe8d

VISUAL : A presentation will be uploaded on BTB's website prior to the call

<https://www.btbreit.com/investor-relations-2/annual-meeting-presentations/>

The media and all interested parties may attend the call-in listening mode only.

Conference call operators will coordinate the question-and-answer period (**from analysts only**) and will instruct participants regarding the procedures during the call.

The audio extract of the conference call will be available by via playback until March 23rd, 2021 by dialing: **1-416-764-8677 (local)** or, **1-888-390-0541 (toll-free)** and by entering the following access code: **968124 #**.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements with respect to BTB. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of BTB could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulation and the factors described from time to time in the documents filed by BTB with the securities regulators in Canada. The cautionary statements qualify all forward-looking statements attributable to BTB and persons acting on their behalf. Unless otherwise stated or required by applicable law, all forward-looking statements speak only as of the date of this press release.

ABOUT BTB

BTB is a real estate investment trust listed on the Toronto Stock Exchange. BTB is an important owner of properties in eastern Canada. As at March 16th, 2021, BTB owns 64 retail, office and industrial properties for a total leasable area of approximately 5.3 million sq.ft. and an approximate total asset value as of December 31st, 2020 of approximately of \$927 million.



BTB'S OBJECTIVES

- (1) Generate stable monthly cash distributions that are reliable and fiscally beneficial to unitholders.
- (2) Grow the REIT's assets through internal growth and accretive acquisitions in order to increase distributable income and therefore fund distributions.
- (3) Optimize the value of its assets through the dynamic management of its properties in order to maximize the long-term value of its properties and therefore, its units.

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

For more detailed information, visit BTB's website at www.btbreit.com.

FOR FURTHER QUESTIONS:

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