BTB REIT Reports Results for the Fourth Quarter and Year 2023

Montréal (Québec) February 26th, 2024: BTB Real Estate Investment Trust (**TSX: BTB.UN**) ("**BTB**" or the "**REIT**") releases today its financial results for the fourth quarter and year ended December 31st, 2023.

"I am delighted to reflect upon the remarkable journey that was 2023 for BTB." says Michel Léonard, President and Chief Executive Officer. "The rental revenues, a cornerstone of our financial success, reached an all-time high of $127.8 million for the year, showcasing a remarkable 7.0% increase compared to the same period in 2022. This achievement is a testament to the effectiveness of our leasing strategies and the strategic repositioning of our portfolio. The total weight of our total industrial properties increased to 36.4%, from 18.1% in 2020.

In the last quarter alone, BTB completed 158,790 square feet of lease renewals, coupled with an additional 78,340 square feet of new leases. On an annual basis, BTB's leasing accomplishments for 2023 were also impressive: a total of 485,751 square feet of lease renewals were successfully completed, complemented by 296,240 square feet of new leases. These figures affirm our sustained leasing momentum, underpinned by strategic initiatives that resonate with the evolving needs of our clients. As a direct result of these strong leasing endeavors, our occupancy rate surged to an impressive 94.2%, marking a significant 49 basis points increase compared to the prior quarter and an outstanding 99 basis points increase compared to the same period in 2022. The average lease renewal rental rate for the quarter demonstrated a substantial 14.3% increase, contributing to the overall growth trajectory.

The Net Operating Income (NOI), a key indicator of our operational excellence, totaled $75.4 million for the year, reflecting a 7.0% increase compared to the previous year. This growth is a direct result of our priority to value creation across our assets and our strategic focus on optimizing operational efficiencies. Our same-property NOI [(1)] demonstrated resilience and growth as we witnessed a 2.1% increase. Our leasing efforts in the necessity-based retail segment, coupled with enhanced rental spreads in the industrial sector, contributed significantly to this positive performance. For the off-downtown core office segment, we concluded the year with a notable 7.7% increase in the fourth quarter of the same-property NOI and an impressive increase in the lease renewal rental rate of 5.3%.

In January 2024 we published our inaugural Environmental, Social, and Governance (ESG) report. This milestone represents more than a document; it symbolizes our commitment to responsible growth, sustainability, and the highest standards of ethical business practices. As we actively integrate ESG initiatives into our daily practices, we are aligning our business strategies with broader environmental and social responsibilities. This is a pledge embedded in the fabric of our corporate culture."

[(1)] Non-IFRS financial measure. See Appendix 1.

OPERATIONAL HIGHLIGHTS

BTB completed a total of 158,790 square feet of lease renewals and 78,340 square feet of new leases for the quarter. Due to strong leasing efforts, the occupancy rate increased to 94.2%, representing a 49 basis points increase compared to the prior quarter and a 99 basis points increase compared to the same period in 2022. The increase in the average renewal rate for the quarter was 14.3% and 9.2% for the year. BTB completed a total of 485,751 square feet of lease renewals and 296,240 square feet of new leases for the year.

Periods ended December 31	Quarter		Year	
	2023	**2022**	**2023**	**2022**
Occupancy – committed (%)			**94.2%**	92.8%
Signed new leases (in sq.ft.)	**78,340**	49,568	**296,240**	167,602
Renewed leases at term (in sq.ft.)	**126,427**	87,399	**384,558**	356,454
Renewal rate (%)	**73.4%**	53.0%	**62.4%**	63.0%
Renewed leases prior to the end of the term (in sq.ft.)	**32,363**	66,633	**101,193**	148,736
Average increase lease renewal rental rate	**14.3%**	8.0%	**9.2%**	12.2%

FINANCIAL RESULTS HIGHLIGHTS

Periods ended December 31	Quarter		Year	
(in thousands of dollars, except for ratios and per unit data)	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Rental revenue	**31,922**	31,486	**127,826**	119,495
Net operating income (NOI)	**19,255**	18,624	**75,379**	70,430
Net income and comprehensive income	**1,734**	1,769	**36,598**	38,154
Adjusted EBITDA [(1)]	**18,065**	16,347	**69,719**	64,409
Same-property NOI [(1)]	**17,636**	16,552	**66,533**	65,152
FFO Adjusted [(1)]	**9,688**	10,059	**38,946**	37,879
FFO adjusted payout ratio	**67.2%**	63.6%	**66.5%**	66.1%
AFFO Adjusted [(1)]	**8,966**	8,550	**34,956**	34,137
AFFO adjusted payout ratio	**72.6%**	74.9%	**74.1%**	73.3%
FINANCIAL RESULTS PER UNIT				
Net income and comprehensive income	**2.0¢**	2.1¢	**42.4¢**	45.7¢
Distributions	**7.5¢**	7.5¢	**30.0¢**	30.0¢
FFO Adjusted [(1)]	**11.1¢**	11.8¢	**45.1¢**	45.4¢
AFFO Adjusted [(1)]	**10.3¢**	10.0¢	**40.5¢**	40.9¢

- **Rental revenue:** Stood at $31.9 million for the current quarter, which represents an increase of 1.4% compared to the same quarter of 2022. For the year 2023, rental revenue totalled $127.8 million which represents an increase of 7.0% compared to the same period in 2022.

- **Net Operating Income (NOI):** Totalled $19.3 million for the current quarter, which represents an increase of 3.4% compared to the same quarter of 2022. For the year 2023, the NOI totalled $75.4 million which represents an increase of 7.0% compared to the same period in 2022.

- **Net income and comprehensive income:** Totalled $1.7 million for the quarter compared to $1.8 million for the same period in 2022. For the year 2023, Net income and comprehensive income totalled $36.6 million compared to $38.2 million for the same period in 2022, representing a decrease of $1.6 million. The decrease for the year 2023 is primarily driven by

(1) Non-IFRS financial measure. See Appendix 1. The referred non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

an increase in net financial expenses of $18.9 million offset by an increase in NOI of $5.0 million; an increase in financial income of $1.2 million and a positive variance of $10.2 million driven by net change in fair value of investment properties (Gain of $2.0 million for the year 2023 compared to a loss of $8.2 million for the year 2022).

- **Same-property NOI** [(1)]: For the quarter the same-property NOI increased by 6.6% compared to the same period in 2022, and for the year 2023 increased by 2.1% compared to the same period last year. The increase is primarily due to increase in renewal rates of 21.4% for the year in the necessity-based retail segment, an increase in rental spreads for in-place leases in the industrial segment and recent strong leasing efforts for the off-downtown core office segment with a same-property NOI increase of 7.7% for the quarter.
- **FFO adjusted per unit** [(1)]: Was 11.1¢ per unit for the quarter compared to 11.8¢ per unit for the same period in 2022, representing a decrease of 0.7¢ per unit. For the year 2023, the FFO adjusted was 45.1¢ per unit compared to 45.4¢ per unit for the same period in 2022, representing a decrease of 0.3¢ per unit. The $1.1 million increase of FFO adjusted for the year is driven by an NOI increase of $2.7 million due to acquisitions net of dispositions; NOI increase of $1.4 million due to leasing efforts and stability of occupancy rates offset by an increase in financial expenses net of financial income of $3.0 million. Despite the increase of FFO adjusted for the year 2023, the FFO adjusted per unit has decreased by 0.3¢ due to 3.2 million additional weighted average number of units outstanding reducing the per unit value compared to the same period in 2022.
- **FFO adjusted payout ratio** [(1)]: Was 67.2% for the quarter compared to 63.6% for the same period in 2022. For the year 2023, the FFO adjusted payout ratio was 66.5% compared to 66.1% for the same period in 2022.
- **AFFO adjusted per unit** [(1)]: Was 10.3¢ per unit for the quarter compared to 10.0¢ per unit for the same period in 2022, representing an increase of 0.3¢ per unit. For the year 2023, the AFFO adjusted per unit was 40.5¢ per unit compared to 40.9¢ per unit for the same period in 2022, representing a decrease of 0.4¢ per unit compared to the same period in 2022. Despite an increase of AFFO adjusted for the year of $0.8 million the FFO adjusted per unit has decreased due to an increase of 3.2 million in weighted average number of units outstanding reducing the per unit value.
- **AFFO adjusted payout ratio** [(1)]: Was 72.6% for the quarter compared to 74.9% for the same period in 2022. For the year 2023, the AFFO adjusted payout ratio was 74.1% compared to 73.3% for the same period in 2022.

[(1)] Non-IFRS financial measure. See Appendix 1. The referred non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

BALANCE SHEET AND LIQUIDITY HIGHLIGHTS

Periods ended December 31	Year	
(in thousands of dollars, except for ratios and per unit data)	**2023**	**2022**
	$	$
Total assets	**1,227,648**	1,179,340
Total debt ratio (1)	**58.6%**	58.5%
Mortgage debt ratio (2)	**52.2%**	54.2%
Weighted average interest rate on mortgage debt	**4.37%**	4.09%
Market capitalization	**254,048**	311,120
Market price of units	**2.93**	3.65
NAV per unit (1)	**5.42**	5.42

- **Investment properties:** 75% of BTB's properties were appraised by a third party during the quarter, resulting in a net gain of $2.0 million driven by an increase in capitalization rates across the 3 asset classes netted by the updated cash flow assumptions which were impacted by an increase in market rents for industrial assets and increased renewal rates for specific properties.

- **Debt metrics:** BTB ended the quarter with a total debt ratio (1) of 58.6%, recording an increase of 8 basis points compared to December 31, 2022. The REIT ended the quarter with a mortgage debt ratio (1) of 52.2%, a decrease of 202 basis points compared to December 31, 2022.

- **Liquidity position:** The REIT held $0.9 million of cash at the end of the quarter and $21.6 million is available under its credit facilities. The Trust has the option to increase its capacity under credit facilities by $10.0 million.

SUMMARY OF SIGNIFICANT ITEMS AS AT DECEMBER 31st, 2023

- Total number of properties: 77 (3)
- Total leasable area: 6.1 million square feet
- Total asset value: $1,228 million
- Market capitalization: $254 million (unit price of $2.93 as at December 31, 2023)

SUBSEQUENT EVENT

On February 26th, 2024, the Toronto Stock Exchange (the "TSX") approved the renewal of the normal course issuer bid ("NCIB") program authorized by the Trust's Board of Trustees to repurchase for cancellation up to 6,085,804 units, from February 26,2024 to February 25,2025, representing approximately 7% of the Trust's outstanding units and of its public float. As of December 31,2023, no units have been repurchased for cancellation under the NCIB.

(1) Non-IFRS financial measure. See Appendix 1. The referred non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.
(2) This is a non-IFRS financial measure. The mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash and cash equivalents.
(3) Includes a property in Edmonton reclassified as a finance lease and not included in fair value.

QUARTERLY CALL INFORMATION

Management will hold a conference call on **Tuesday, February 27th, 2024**, at 9 am, Eastern Time, to present BTB's financial results and performance for the fourth quarter of 2023.

DATE:	Tuesday, February 27th, 2024
TIME:	9 am, Eastern Time
URL ENTRY:	https://emportal.ink/3HlpoLW
DIAL:	Local: 1-416-764-8688
	North America (toll-free): 1-888-390-0546
WEB:	https://app.webinar.net/X4VepwMOmEM
VISUAL:	A presentation will be uploaded on BTB's website prior to the call https://bit.ly/3IaJ9pj

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 recording of the conference call will be available via playback until March 5th, 2024, by dialing: 1 416 764-8677 (local) or, 1 888 390-0541 (toll-free) and by entering the following access code: **669743 #**

ABOUT BTB

BTB is a real estate investment trust listed on the Toronto Stock Exchange. BTB REIT invests in industrial, off-downtown core office and necessity-based retail properties across Canada for the benefit of their investors. As of today, BTB owns and manages **77 properties**, representing a total leasable area of approximately **6.1 million square feet**.

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

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

FOR FURTHER QUESTIONS

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FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements with respect to BTB. These statements generally can be identified by the use of forward-looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intend”, “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.

APPENDIX 1: RECONCILIATION OF NON-IFRS MEASURES

Non-IFRS Financial Measures

Certain terms used in this press release are listed and defined in the table hereafter, including any per unit information if applicable, 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. Explanations on how these non-IFRS financial measures provide useful information to investors and additional purposes, if any, for which the Trust uses these non-IFRS financial measures, are also included in the table hereafter.

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

NON-IFRS MEASURE	DEFINITION
Adjusted net income	Adjusted net income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of: (i) fair value adjustment of investment properties; (ii) fair value adjustment of derivative financial instruments; (iii) fair value adjustment of Class B LP units; and (iv) transaction costs incurred for acquisitions and dispositions of investment properties and early repayment fees. The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the real estate market and transaction costs are non-recurring in nature.
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)	Adjusted EBITDA income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of certain adjustments, on a proportionate basis, including: (i) interest expense; (ii) taxes; (iii) depreciation of property and equipment; (iv) amortization of intangible assets; (v) fair value adjustments (including adjustments of investment properties, of financial instruments, of Class B LP units and of unit price adjustments related to unit-based compensation); (vi) transaction costs for acquisitions and dispositions of investment properties and early repayment fees; and (vii) straight-line rental revenue adjustments. The most directly comparable IFRS measure to Adjusted EBITDA is net income and comprehensive income. The Trust believes Adjusted EBITDA is a useful metric to determine its ability to service debt, to finance capital expenditures and to provide distributions to its Unitholders.
Same-Property NOI	Same-Property NOI is a non-IFRS financial measure defined as net operating income (“NOI”) for the properties that the Trust owned and operated for the entire duration of both the current year and the previous year. The most directly comparable IFRS measure to same-property NOI is Operating Income. The Trust believes this is a useful measure as NOI growth can be assessed on its portfolio by excluding the impact of property acquisitions and dispositions of both the current year and previous year. The Trust uses the Same-Property NOI to indicate the profitability of its existing portfolio operations and the Trust’s ability to increase its revenues, reduce its operating costs and generate organic growth.

NON-IFRS MEASURE	DEFINITION
Funds from Operations (“FFO”) **and FFO Adjusted**	FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its January 2022 White Paper (“White Paper”). FFO is defined as net income and comprehensive income less certain adjustments, on a proportionate basis, including: (i) fair value adjustments on investment properties, class B LP units and derivative financial instruments; (ii) amortization of lease incentives; (iii) incremental leasing costs; and (iv) distribution on class B LP units. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. FFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. FFO Adjusted is also a non-IFRS financial measure that starts with FFO and remove the impact of non-recurring items such as transaction cost on acquisitions and dispositions of investment properties and early repayment fees. The Trust believes FFO and FFO Adjusted are key measures of operating performance and allow the investors to compare its historical performance.
Adjusted Funds from Operations (“AFFO”) **and** **AFFO Adjusted**	AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. AFFO is defined as FFO less: (i) straight-line rental revenue adjustment; (ii) accretion of effective interest; (iii) amortization of other property and equipment; (iv) unit-based compensation expenses; (v) provision for non-recoverable capital expenditures; and (vi) provision for unrecovered rental fees (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. AFFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. AFFO Adjusted is also a non-IFRS financial measure that starts with AFFO and removes the impact of non-recurring items such as transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust considers AFFO and AFFO Adjusted to be useful measures of recurring economic earnings and relevant in understanding its ability to service its debt, fund capital expenditures and provide distributions to unitholders.

NON-IFRS MEASURE	DEFINITION
FFO and AFFO per unit **and** **FFO adjusted and AFFO adjusted per unit**	FFO and AFFO per unit and FFO adjusted and AFFO adjusted per unit are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These ratios are calculated by dividing the FFO, AFFO, FFO adjusted and AFFO adjusted by the Weighted average number of units and Class B LP units outstanding. The Trust believes these metrics to be key measures of operating performances allowing the investors to compare its historical performance in relation to an individual per unit investment in the Trust.
FFO and AFFO payout ratios **and** **FFO Adjusted and AFFO Adjusted payout ratios**	FFO and AFFO payout ratios and FFO Adjusted and AFFO Adjusted payout ratios are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and FFO Adjusted and AFFO Adjusted per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.
Total debt ratio	Total debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total long-term debt less cash divided by total gross value of the assets of the Trust less cash. The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.
Interest Coverage Ratio	Interest coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.

NON-IFRS MEASURE	DEFINITION
Debt Service Coverage Ratio	Debt service coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by the Debt Service Requirements, which consists of principal repayments and interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.
Provision For Non-Recoverable Capital Expenditures	In calculating adjusted AFFO, the Trust deducts a provision for non-recoverable capital expenditures to consider capital expenditures invested to maintain the condition of its properties and to preserve rental revenue. The provision for non-recoverable capital expenditures is calculated based on 2% of rental revenues. This provision is based on management's assessment of industry practices and its investment forecasts for the coming years.

NON-IFRS MEASURE	DEFINITION
Provision For Unrecovered Rental Fees	The Trust also deducts a provision for unrecovered rental fees in the amount of approximately 25¢ per sq. ft. on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly presents, in the long term, the average disbursements not recovered directly in establishing the rent that the Trust will undertake. These disbursements consist of inducements paid or granted when leases are signed that are generally amortized over the term of the lease and are subject to an equivalent increase in rent per square foot, and of brokerage commissions and leasing payroll expenses.
Total Long-Term Debt Less Cash And Cash Equivalents	This is a non-IFRS financial measure. Long-term debt less cash and cash equivalent is a non-IFRS financial measure, calculated as the total of (i) fixed-rate mortgage loans payable; (ii) floating rate mortgage loans payable; (iii) Series G debenture capital amount; (iv) Series F debenture capital adjusted with non-derivative component fewer conversion options exercised by holders; and (v) credit facilities, less cash, and cash equivalents. The most directly comparable IFRS measure to net debt is debt.
Total Gross Value Of The Assets Of The Trust Less Cash And Cash Equivalent	This is a non-IFRS financial measure. Gross value of the assets of the Trust less cash and cash equivalent (“GVALC”) is a non-IFRS financial measure defined as the Trust’s total assets adding the cumulated amortization property and equipment and removing the cash and cash equivalent. The most directly comparable IFRS measure to GVALC is total assets.

NON-IFRS FINANCIAL MEASURES – ANNUAL RECONCILIATION

Funds from Operations (FFO) [1]

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO [1] for the years ended December 31, 2023, 2022 and 2021:

Years ended December 31	Year		
(in thousands of dollars, except for per unit)	**2023**	**2022**	**2021**
	$	**$**	**$**
Net income and comprehensive income (IFRS)	**36,598**	38,154	41,568
Fair value adjustment on investment properties	**(2,001)**	8,201	(19,571)
Fair value adjustment on Class B LP units	**(976)**	(149)	231
Amortization of lease incentives	**2,783**	3,113	3,292
Fair value adjustment on derivative financial instruments	**1,233**	(14,216)	3,246
Leasing payroll expenses [6]	**1,443**	1,243	784
Distributions – Class B LP units	**172**	104	108
Unit-based compensation (Unit price remeasurement) [5]	**(389)**	(182)	189
FFO [1]	**38,863**	36,268	29,847
Transaction costs on disposition of investment properties and mortgage early repayment fees	**83**	1,611	297
FFO Adjusted [1]	**38,946**	37,879	30,144
FFO per unit [1] [2] [3]	**45.0¢**	43.5¢	41.7¢
FFO Adjusted per unit [1] [2] [4]	**45.1¢**	45.4¢	42.1¢
FFO payout ratio [1]	**66.6%**	69.0%	71.9%
FFO Adjusted payout ratio [1]	**66.5%**	66.1%	71.2%

(1) This is a non-IFRS financial measure.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO [1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted [1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the FFO Adjusted and AFFO Adjusted starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.
(6) The impact of the CIO compensation, hired in Q2 2022, was added to the Leasing payroll expenses during Q4 2022 as his duties were mainly leasing activities throughout the year.

Adjusted Funds from Operations (AFFO) [1]

The following table provides a reconciliation of FFO [1] and AFFO [1] for the years ended December 31, 2023, 2022 and 2021:

Years ended December 31	Year		
(in thousands of dollars except for per unit)	**2023**	**2022**	**2021**
	$	**$**	**$**
FFO [1]	**38,863**	36,268	29,847
Straight-line rental revenue adjustment	**(1,963)**	(1,822)	(1,334)
Accretion of effective interest	**1,095**	1,127	1,301
Amortization of other property and equipment	**99**	122	87
Unit-based compensation expenses	**836**	721	877
Provision for non-recoverable capital expenditures [1]	**(2,557)**	(2,390)	(2,007)
Provision for unrecovered rental fees [1]	**(1,500)**	(1,500)	(1,500)
AFFO [1]	**34,873**	32,526	27,271
Transaction costs on disposition of investment properties and mortgage early repayment fees	**83**	1,611	297
AFFO Adjusted [1]	**34,956**	34,137	27,568
AFFO per unit [1] [2] [3]	**40.4¢**	40.4¢	38.1¢
AFFO Adjusted per unit [1] [2] [4]	**40.5¢**	40.5¢	38.5¢
AFFO payout ratio [1]	**74.2%**	74.2%	78.7%
AFFO Adjusted payout ratio [1]	**74.1%**	74.1%	77.9%

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

Debt Ratios

The following table summarizes the Trust's debt ratios as at December 31, 2023, and 2022 and December 31 2022:

(in thousands of dollars)	**December 31, 2023**	December 31, 2022
	$	$
Cash and cash equivalents	**(912)**	(2,404)
Mortgage loans outstanding [1]	**640,425**	638,441
Convertible debentures [1]	**43,185**	43,170
Credit facilities	**36,359**	9,897
Total long-term debt less cash and cash equivalents [2] [3]	**719,057**	689,104
Total gross value of the assets of the Trust less cash and cash equivalents [2] [4]	**1,227,949**	1,178,049
Mortgage debt ratio (excluding convertible debentures and credit facilities) [2] [5]	**52.2%**	54.2%
Debt ratio – convertible debentures [2] [6]	**3.5%**	3.7%
Debt ratio – credit facilities [2] [7]	**3.0%**	0.8%
Total debt ratio [2]	**58.6%**	58.5%

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

NON-IFRS FINANCIAL MEASURES – QUARTERLY RECONCILIATION

Funds from Operations (FFO) [1]

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

	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1
(in thousands of dollars, except for per unit)	**$**	$	$	$	$	$	$	$
Net income and comprehensive income (IFRS)	**1,734**	15,216	10,846	8,802	1,769	11,693	18,243	6,449
Fair value adjustment on investment properties	**4,480**	(6,481)	-	-	7,781	1,230	197	(1,007)
Fair value adjustment on Class B LP units	**(42)**	(159)	(775)	-	160	(142)	(233)	66
Amortization of lease incentives	**641**	664	750	728	787	773	818	735
Fair value adjustment on derivative financial instruments	**2,396**	(584)	(763)	184	(1,971)	(3,898)	(9,344)	997
Leasing payroll expenses [6]	**401**	359	327	356	682	182	158	221
Distributions – Class B LP units	**52**	56	42	22	26	26	26	26
Unit-based compensation (Unit price remeasurement) [5]	**(11)**	(87)	(232)	(59)	198	(172)	(285)	77
FFO [1]	**9,651**	8,984	10,195	10,033	9,432	9,692	9,580	7,564
Transaction costs on disposition of investment properties and mortgage early repayment fees	**37**	46	-	-	627	93	138	753
FFO Adjusted [1]	**9,688**	9,030	10,195	10,033	10,059	9,785	9,718	8,317
FFO per unit [1] [2] [3]	**11.1¢**	10.3¢	11.8¢	11.7¢	11.0¢	11.4¢	11.3¢	9.7¢
FFO Adjusted per unit [1] [2] [4]	**11.1¢**	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢	11.4¢	10.7¢
FFO payout ratio [1]	**67.5%**	72.9%	63.8%	64.1%	67.9%	65.9%	66.4%	77.2%
FFO Adjusted payout ratio [1]	**67.2%**	72.5%	63.8%	64.1%	63.6%	65.2%	65.5%	70.2%

(1) This is a non-IFRS financial measure.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. The FFO per unit ratio is calculated by dividing the FFO [1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO [1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO and AFFO starting Q2 2021.
(6) The impact of the CIO compensation, hired in Q2 2022, was added to the Leasing payroll expenses during Q4 2022 as his duties were mainly leasing activities throughout the year.

Adjusted Funds from Operations (AFFO) [(1)]

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

	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1
(in thousands of dollars, except for per unit)	**$**	$	$	$	$	$	$	$
FFO [(1)]	**9,651**	8,984	10,195	10,033	9,432	9,692	9,580	7,564
Straight-line rental revenue adjustment	**(197)**	(842)	(291)	(633)	(1,077)	(521)	(74)	(150)
Accretion of effective interest	**310**	271	278	236	336	219	284	288
Amortization of other property and equipment	**20**	33	23	23	31	35	26	30
Unit-based compensation expenses	**159**	184	237	256	206	130	312	73
Provision for non-recoverable capital expenditures [(1)]	**(639)**	(626)	(634)	(658)	(630)	(599)	(580)	(581)
Provision for unrecovered rental fees [(1)]	**(375)**	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO [(1)]	**8,929**	7,629	9,433	8,882	7,923	8,581	9,173	6,849
Transaction costs on disposition of investment properties and mortgage early repayment fees	**37**	46	-	-	627	93	138	753
AFFO Adjusted [(1)]	**8,966**	7,675	9,433	8,882	8,550	8,674	9,311	7,602
AFFO per unit [(1) (2) (3)]	**10.2¢**	8.8¢	10.9¢	10.3¢	9.3¢	10.1¢	10.8¢	8.8¢
AFFO Adjusted per unit [(1) (2) (4)]	**10.3¢**	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢	11.0¢	9.7¢
AFFO payout ratio [(1)]	**72.9%**	85.8%	69.0%	72.4%	80.8%	74.4%	69.4%	85.3%
AFFO Adjusted payout ratio [(1)]	**72.6%**	85.3%	69.0%	72.4%	74.9%	73.6%	68.3%	76.8%

(1) This is a non-IFRS financial measure.

(2) Including Class B LP units.

(3) The AFFO per unit ratio is calculated by dividing the AFFO [(1)] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO [(1)] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).