Building on an Industrious Strategy

Q1 2023
Condensed Consolidated
Interim Financial Statements

BTB

8743 50 Avenue NW, Edmonton, AB

Condensed Consolidated Interim Financial Statements

Quarter ended March 31, 2023

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

	Notes	As at March 31, 2023	As at December 31, 2022
		$	$
Assets			
Investment properties	3	1,198,351	1,164,881
Property and equipment		299	322
Derivative financial instruments	9	3,453	3,754
Prepaid expenses and deposits		4,440	3,163
Receivables	4	5,025	4,816
Cash and cash equivalents		1,669	2,404
Total assets		**1,213,237**	**1,179,340**
Liabilities and unitholders' equity			
Mortgage loans payable	5	648,045	636,111
Convertible debentures	6	41,817	41,942
Bank loans	7	25,050	9,897
Lease liabilities		7,334	4,203
Class B LP Units	8	706	1,268
Unit-based compensation	10	1,613	1,542
Derivative financial instruments	9	-	116
Trade and other payables		20,171	20,058
Distribution payable to unitholders		2,144	2,131
Total liabilities		**746,880**	**717,268**
Unitholders' equity		**466,357**	**462,072**
		1,213,237	**1,179,340**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on May 5, 2023.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended March 31, 2023	2022
		$	$
Operating revenues			
Rental revenue	12	32,911	29,068
Operating expenses			
Public utilities and other operating expenses		6,797	6,267
Property taxes and insurance		7,106	6,567
		13,903	12,834
Net operating income		**19,008**	**16,234**
Financial income		306	145
Expenses			
Financial expenses		8,191	7,557
Distribution - Class B LP Units	8	22	26
Fair value adjustment – Class B LP Units	8	-	66
Net adjustment to fair value of derivative financial instruments		184	997
Net financial expenses	13	8,397	8,646
Administration expenses		2,115	1,822
Net change in fair value of investment properties and disposition expenses	3	-	(538)
Net income and comprehensive income for the period		**8,802**	**6,449**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2023		**395,960**	**(202,235)**	**268,347**	**462,072**
Issuance of units, net of issuance expenses	11	1,904	-	-	1,904
Distribution to unitholders	11	-	(6,421)	-	(6,421)
		397,864	(208,656)	268,347	457,555
Comprehensive income		-	-	8,802	8,802
Balance as at March 31, 2023		**397,864**	**(208,656)**	**277,149**	**466,357**

Balance as at January 1, 2022		**351,540**	**(177,308)**	**230,193**	**404,425**
Issuance of units, net of issuance expenses	11	41,001	-	-	41,001
Distribution to unitholders	11	-	(5,825)	-	(5,825)
		392,541	(183,133)	230,193	439,601
Comprehensive income		-	-	6,449	6,449
Balance as at March 31, 2022		**392,541**	**(183,133)**	**236,642**	**446,050**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended March 31, 2023	2022
		$	$
Operating activities			
Net income for the period		8,802	6,449
Net change in fair value of investment properties and disposition expenses	3	-	(538)
Depreciation of property and equipment		23	30
Unit-based compensation	10	197	151
Straight-line lease adjustment	12	(633)	(150)
Lease incentive amortization	12	728	735
Financial income		(306)	(145)
Net financial expenses	13	8,397	8,646
		17,208	15,178
Adjustment for changes in other working capital items		(1,551)	(3,774)
Net cash from (used in) operating activities		**15,657**	**11,404**
Investing activities			
Acquisitions of investment properties net of mortgage loans assumed	3	(28,920)	(38,961)
Additions to investment properties	3	(1,512)	(3,051)
Net proceeds from dispositions of investment properties	3	-	19,973
Acquisition of property and equipment		-	(22)
Net cash (used in) from investing activities		**(30,432)**	**(22,061)**
Financing activities			
Mortgage loans, net of financing expenses		16,619	24,368
Repayment of mortgage loans		(4,787)	(6,735)
Bank loans		15,153	-
Repayment of bank loans		-	(150)
Lease liability payments		(2)	(4)
Net proceeds from unit issue		-	38,330
Net distribution to unitholders		(5,533)	(4,800)
Net distribution – Class B LP units	8	(22)	(26)
Interest paid		(7,388)	(6,851)
Net cash (used in) from financing activities		**14,040**	**44,132**
Net change in cash and cash equivalents		**(735)**	**33,475**
Cash and cash equivalents, beginning of period		**2,404**	**7,191**
Cash and cash equivalents, end of period		**1,669**	**40,666**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three-months ended March 31, 2023 and 2022
(Unaudited - in thousands of CAD dollars, except unit and per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB's registered office is 1411 Crescent Street, Suite 300, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month periods ended March 31, 2023 and 2022 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2022.

The accounting policies applied by the Trust in these unaudited condensed interim financial statements are the same as those applied by the Trust in its consolidated financial statements for the year ended December 31, 2022.

These condensed consolidated interim financial statements were approved by the Board of Trustees on May 5, 2023.

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

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

3. Investment Properties

	Three-month period ended March 31,
	2023
	$
Balance beginning of period	1,164,881
Initial recognition of right-of-use assets	3,133
Acquisitions of investment properties (note 3(a))	28,920
Capital expenditures	721
Capitalized leasing fees	148
Capitalized lease incentives	643
Lease incentives amortization	(728)
Straight-line lease adjustment	633
Balance end of period	**1,198,351**

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

In determining the fair value of investment properties, the Trust has adjusted cash flow assumptions for its estimate of near-term disruptions to cash flows to reflect collections, vacancy and assumptions on new leasing. The Trust undertook a process to assess the appropriateness of the rates considering changes to property level cash flows and any risk premium inherent in such cash flow changes. These considerations are reflected in the fair value adjustments of investment properties.

At March 31, 2023, no independent external appraisals were obtained for investment properties (December 31, 2022 - $821,315).

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

	Industrial	Off-downtown core office	Necessity-based retail
As at March 31, 2023			
Capitalization rate	4.75% -6.75%	5.75% - 8.25%	5.50% - 8.00%
Terminal capitalization rate	4.75% - 7.50%	5.75% - 8.00%	5.50% - 8.00%
Discount rate	5.50% - 8.25%	6.25% - 8.75%	6.25% - 8.75%
Weighted average capitalization rate	5.85%	6.76%	6.84%
As at December 31, 2022			
Capitalization rate	4.75% -6.75%	5.75% - 8.25%	5.50% - 8.00%
Terminal capitalization rate	4.75% - 7.50%	5.75% - 8.00%	5.50% - 8.00%
Discount rate	5.50% - 8.25%	6.25% - 8.75%	6.25% - 8.75%
Weighted average capitalization rate	5.75%	6.76%	6.84%

The following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at March 31, 2023, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at March 31, 2023.

Capitalization rate sensitivity		
Increase (decrease)	**Fair Value**	**Change in fair value**
	$	$
(0.50)%	1,299,905	101,554
(0.25)%	1,247,007	48,656
Base rate	1,198,351	-
0.25%	1,153,315	(45,036)
0.50%	1,111,620	(86,731)

(a) Acquisitions

The fair value of the assets and liabilities recognized in the consolidated statement of financial position on the date of the acquisition during the three-month periods ended March 31, 2023, were as follows:

Fair value recognized on acquisition							
Acquisition date	**Property type**	**Location**	**Interest acquired**	**Investment properties, including acquisition costs**	**Mortgage loan assumed**	**Acquisition costs**	**Net consideration**
			%	$	$	$	$
February 2023	Industrial	Mirabel, QC	100	28,920	-	-	28,920
Total				**28,920**	**-**	**-**	**28,920**

(b) Dispositions

There were no dispositions during the three-month period ended March 31, 2023.

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

Three-month periods ended March 31,	**2023**	**2022**
	$	$
Net changes in fair value of investment properties (note 3)	-	1,007
Disposition expenses (note 3 (b))	-	(469)
	-	**538**

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

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

4. Receivables

	As at March 31, **2023**	As at December 31, **2022**
	$	$
Rents receivable	4,628	3,431
Allowance for expected credit losses	(829)	(1,011)
Net rents receivable	3,799	2,420
Unbilled recoveries	1,074	1,142
Other receivables	152	1,254
Total	**5,025**	**4,816**

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

The Trust's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. As a result, the value of the expected credit loss is subject to a degree of uncertainty and is made on the basis of assumptions.

5. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $1,164,744 as at March 31, 2023 (December 31, 2022 – $1,140,753).

	As at March 31, **2023**	As at December 31, **2022**
	$	$
Fixed rate mortgage loans payable	561,852	552,275
Floating rate mortgage loans payable	88,602	86,166
Unamortized fair value assumption adjustments	456	564
Unamortized financing expenses	(2,865)	(2,894)
Mortgage loans payable	**648,045**	**636,111**
Short-term portion	81,491	86,094
Weighted average interest rate	4.20%	4.09%
Weighted average term to maturity (years)	3.76	3.97
Range of annual rates	2.30% - 8.45%	2.30% - 8.20%

As at March 31, 2023, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2023 [1]	14,035	67,456	81,491
2024	16,224	103,795	120,019
2025	13,903	52,853	66,756
2026	11,568	105,191	116,759
2027	7,777	108,936	116,713
Thereafter	15,189	133,527	148,716
	78,696	**571,758**	**650,454**
Unamortized fair value assumption adjustments			456
Unamortized financing expenses			(2,865)
			648,045

(1) For the nine-month period remaining

The Trust may enter into floating-for-fixed interest rate swap agreements on floating interest rate mortgages to hedge the variability in cash flows attributed to fluctuating interest rates. The Trust does not apply hedge accounting to such cash flow hedging relationships (see Note 9). The following table presents relevant information on interest rate swap agreements:

Transaction date	Original principal amount	Effective fixed interest rate	Settlement basis	Maturity date	Outstanding amount	
					As at March 31, 2023	As at December 31, 2022
	$	%			$	$
March 2013 [1]	7,150	4.12	Monthly	April 2023	4,100	4,250
June 2016	13,000	3.45	Quarterly	June 2026	10,551	10,649
November 2017	23,200	3.88	Monthly	November 2027	21,157	21,331
November 2017	23,075	3.90	Monthly	December 2027	19,899	20,068
Total	**66,425**				**55,707**	**56,298**

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

6. Convertible Debentures

As at March 31, 2023, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates		Unit conversion price	Interest payments	Maturity
		Coupon	Effective			
		%	%	$		
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024
Series H	19,917	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at March 31, 2023			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	781	781
	24,000	28,090	52,090
Conversion options exercised by holders	-	(9,178)	(9,178)
	24,000	18,912	42,912
Unamortized financing expenses	(486)	(609)	(1,095)
Non-derivative liability component	**23,514**	**18,303**	**41,817**
Conversion and redemption options liability (asset) component at fair value	**(505)**	**40**	**(465)**

	Series G	Series H	Total
	$	$	$
As at December 31, 2022			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	709	709
	24,000	28,018	52,018
Conversion options exercised by holders	-	(8,848)	(8,848)
	24,000	19,170	43,170
Unamortized financing expenses	(557)	(671)	(1,228)
Non-derivative liability component	**23,443**	**18,499**	**41,942**
Conversion and redemption options liability component at fair value	**88**	**28**	**116**

Series G

As of March 31, 2023, no conversion options have been exercised by holders on debentures.

Series H

As of March 31, 2023, conversion options have been exercised by holders on debentures representing a nominal amount of $10,083 (December 31, 2022 – $9,720).

7. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of $8,000. This line of credit bears interest at a rate of 1% above the prime rate. As at March 31, 2023, $900 was due under the acquisition line of credit (December 31, 2022 – $900). The line of credit is secured by an immoveable second rank hypothec on five properties having a fair value of $92,775.

The second is a revolving credit facility in the amount of $40,000 with an accordion option of up to an additional $20,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Bankers' Acceptance rate. As at March 31, 2023, $24,150 was due under the revolving credit facility (December 31, 2022 - $8,997).

The revolving credit facility is secured by an immoveable first rank hypothec on one property having a fair value of $21,022 and by negative pledge of a selection of borrowing base properties having a fair value of $132,412.

8. Class B LP Units

	Three-month period ended March 31, 2023		Year ended December 31, 2022	
	Units	$	Units	$
Units outstanding, beginning of period	347,265	1,268	347,265	1,417
Exchange into Trust units	(150,000)	(562)	-	-
Fair value adjustment	-	-	-	(149)
Units outstanding, end of period	**197,265**	**706**	**347,265**	**1,268**

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

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

Three-month periods ended March 31,	**2023**	**2022**
	$	$
Distribution to Class B LP unitholders	22	26
Distribution per Class B LP unit	0.075	0.075

9. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at March 31, 2023 because of their short-term maturity or because they bear interest at current market rates.

As at March 31, 2023	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	(465)	-	-	(465)
Interest rate swap asset	(2,988)	-	(2,988)	-
Class B LP Units (note 8)	706	706	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	650,454	-	612,645	-
Convertible debentures, including their conversion and redemption features (note 6)	41,352	42,718	-	-
Bank loans (note 7)	25,050	-	25,050	-

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

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

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

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

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

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

	Conversion and redemption options of convertible debentures
	$
Three-months period ended March 31, 2023	
Balance beginning of period	116
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	(581)
Balance end of period	**(465)**

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at March 31, 2023:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	(530)	20.01
March 31, 2023	(465)	20.51
0.50%	(400)	21.01

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

10. Unit-based Compensation

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

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

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

For the three-month period ended March 31,	2023	2022
	Deferred units	Deferred units
Outstanding, beginning of period	121,727	103,116
Trustees' compensation	2,470	2,048
Distributions paid in units	2,458	2,177
Outstanding, end of period	**126,655**	**107,341**

As at March 31, 2023, the liability related to the plan was $449 (December 31, 2022 - $446). The related expense recorded in profit or loss amounted to $3, for the three-month period ended March 31, 2023 (for the three-month period ended March 31, 2022 – expense of $49).

(b) Employee unit purchase plan

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

As at March 31, 2023, the liability related to the plan was $26 (December 31, 2022 -$54). The related revenue recorded in profit and loss amounted to $1 for the three-month period March 31, 2023 (for the three-month period ended March 31, 2022 - expense of $14). The 6,995 units related to 2022 purchases were issued in February 2023 (11,605 units related to 2021 purchases).

(c) Restricted unit compensation plan

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

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

Three-month period ended March 31,	2023	2022
	Restricted units	Restricted units
Outstanding, beginning of period	138,583	161,536
Granted	217,072	92,304
Settled	(26,601)	(90,671)
Outstanding, end of period	**329,054**	**163,169**

As at March 31, 2023, the liability related to the plan was $528 (December 31, 2022 - $446). The related expense recorded in profit and loss amounted to $181 for the three-month period March 31, 2023 (for the three-month period ended March 31, 2022 – expense of $58).

(d) Cash settled share-based retirement compensation plan

As at March 31, 2023, the long-term obligation related to the plan was $610. The related expense recorded in profit and loss amounted to $14 for the three-month period ended March 31, 2023 (for the three-month period ended March 31, 2022 – expense of $57).

11. Trust Units Issued and Outstanding

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

Trust units issued and outstanding are as follows:

	Three-month period ended March 31, **2023**	
	Units	$
Trust units outstanding, beginning of period	85,238,279	395,960
Issue pursuant to the distribution reinvestment plan (a)	233,199	847
Issue pursuant to the employee unit purchase plan (note 10 (b))	6,995	27
Issue pursuant to the restricted unit compensation plan (note 10 (c))	26,599	99
Class B LP units exchange into Trust units	150,000	590
Issue pursuant to conversion of convertible debentures (note 6)	99,725	341
Trust units outstanding, end of period	**85,754,797**	**397,864**

(a) Distribution reinvestment plan

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

(b) Distributions

Three-month periods ended March 31,	**2023**	**2022**
	$	$
Distribution to unitholders	6,387	5,825
Distribution per Trust unit	0.075	0.075

(c) Normal course issuer bid ("NCIB")

As of March 31, 2023, no units have been repurchased for cancellation.

12. Rental Revenues

Three-month periods ended March 31,	2023	2022
	$	$
Base rent and other lease generated revenues	21,054	17,957
Property tax and insurance recoveries	6,173	5,576
	27,227	23,533
Operating expenses recoveries and other revenues	5,779	6,120
Lease incentive amortization	(728)	(735)
Straight-line lease adjustment	633	150
	32,911	**29,068**

13. Net Financial Expenses

Three-month periods ended March 31,	2023	2022
	$	$
Interest on mortgage loans payable	6,724	5,802
Interest on convertible debentures	709	732
Interest on bank loans	344	307
Interest on lease liabilities	79	53
Other interest expense	17	10
Accretion of non-derivative liability component of convertible debentures	82	81
Accretion of effective interest on mortgage loans payable and convertible debentures	236	288
Distribution - Class B LP Units	22	26
Fair value adjustment – Class B LP Units	-	66
Early repayment fees of a mortgage loan	-	284
Net adjustment to fair value of derivative financial instruments	184	997
	8,397	**8,646**

14. Expenses by Nature

Three-month periods ended March 31,	2023	2022
	$	$
Depreciation	23	30
Employee compensation and benefits expense	2,773	2,531

15. Earnings per Unit

BTB's trust units being puttable financial instruments presented as equity in accordance with IAS 32, the Trust is not required to report a profit or loss per trust unit figure on its consolidated statements of comprehensive income. However, for disclosure purposes only, the Trust has determined basic earnings per unit using the same basis that would apply in accordance with IAS 33, *Earnings per Share.*

Net earnings per unit are calculated based on the weighted average number of trust units outstanding as follows:

Three-month periods ended March 31,	**2023**	**2022**
	$	$
Net income	8,802	6,449
Weighted average number of trust units outstanding – basic	85,911,854	78,012,000
Earnings per unit – basic	**0.10**	**0.08**

16. Liquidity Risk Management

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

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

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

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at March 31, 2023, the Trust was in compliance with all the covenants to which it was subject.

17. Operating Segments

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

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

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

	Industrial	Off-downtown core office	Necessity-based retail	Total
	$	$	$	$
Three-month period ended March 31, 2023				
Investment properties	377,331	571,341	249,678	**1,198,351**
Rental revenue from properties	7,020	18,839	7,052	**32,911**
Net operating income	5,341	9,646	4,021	**19,008**
Three-month period ended March 31, 2022				
Investment properties	259,258	614,473	253,642	**1,127,373**
Rental revenue from properties	5,373	16,976	6,719	**29,068**
Net operating income	4,008	8,660	3,566	**16,234**

18. Commitments and Contingencies

Litigation

The Trust is involved in litigation and claims which arise from time to time in the normal course of business. These litigation and claims are generally covered by insurance. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust's consolidated financial statements.

19. Subsequent events

On May 1, 2023, the Trust completed the purchase of a fully leased industrial property in Edmonton (Alberta) for $7,350. As part of the transaction, the Trust satisfied a portion of the purchase price through the issuance to the vendor of 550,000 Class B limited partnership units at a price of $4.50 per unit.

Executive Team & Board of Trustees

Michel Léonard
President, Chief Executive Officer & Trustee

Mathieu Bolté
Executive Vice President, COO & CFO

Jocelyn Proteau
Chair of the Board & Trustee(2)

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

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

Luc Martin
President, Audit Committee & Trustee(1)

Fernand Perreault
President, Investment Committee & Trustee(3)

Christine Marchildon
Trustee(2)

Sylvie Lachance
Trustee(3)

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

Unitholders Information

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

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

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

Taxability of distributions
In 2022, for all Canadian unitholders, the distributions were fiscally treated as follow:

- Other revenues: 0%
- Fiscal Deferral: 100%

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

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

Annual General Meeting
June 12th, 2023
11:00 a.m. (EDT)
Mount Royal Club
Livestream available:
https://bit.ly/3Ns3LO9

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

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