Building on an Industrious Strategy

Second Quarterly Report 2023

2344 Alfred-Nobel Boulevard, St-Laurent, QC

Our Mission

To provide environments that meet our clients' needs and contribute to realizing their potential.

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A Word from our President and CEO, Michel Léonard

BTB continues to consolidate its position in the real estate market, showcasing remarkable performance during the last quarters. BTB surpassed expectations and achieved growth in its important metrics. With a strategic vision, forward-thinking management, strong operational capabilities, and a solid portfolio, BTB demonstrated its ability to thrive in these challenging economic times. Here are the key factors that contributed to our outstanding performance during the last quarter.

Robust Financial Results

BTB delivered robust financial results, which underscored its strength and resilience in the real estate sector. The Trust reported a significant increase in its net operating income (+8.2% compared to Q2 2022), driven by a combination of rental revenue growth (+9.4% compared to Q2 2022) and successful property acquisitions. Furthermore, funds from operations (FFO) and adjusted funds from operations (AFFO) showed substantial growth, respectively increasing by 3,1% and 0.5% compared to Q2 2022, reinforcing our commitment to enhance unitholder value and generate consistent cash flows. Finally, our mortgage debt ratio decreased. At the end of the second quarter of 2023, this ratio stood at 52.9%, a 1.3% improvement compared to December 31, 2022.

Occupancy Rates and Lease Renewals at an All-Time High

One of the main indicators of BTB's strong performance is the persistent leasing activity during the last quarters. The occupancy rate rose to 94.1% which represents a 0.9% increase compared to Q1 2023. Our leasing team successfully maintained high occupancy levels across our diverse portfolio, showcasing the Trust's ability to attract and retain quality clients. In this perspective, our aptitude to foster long-term relationships with clients (208,338 square feet of leases renewed) and attract new businesses to our properties (125,223 square feet of new leases) should bolstered investor confidence. We are very pleased to welcome:

- Tire Craft in Edmonton (55,849 square feet), leased the property with an increase in the rental rate of 36.6% compared to the rent paid by the previous tenant;
- Continental Capital investment Inc. (leased 30,352 square feet) in Saint-Bruno-De-Montarville, Québec;
- Thurber Engineering (leased 9,631 square feet) in Ottawa, Ontario

Additionally, the leasing department's proactive approach to client satisfaction, coupled with effective property management, resulted in a 4.9% increase in the average rent renewal rate for the quarter.

Strategic Industrial Acquisitions and Portfolio Expansion

BTB's management displayed astute decision-making by strategically acquiring high-quality properties in prime locations, enhancing the overall value of the portfolio.

Since the beginning of the year, BTB acquired two industrial properties in Mirabel (Québec) and in Edmonton (Alberta) for a total purchase price of $35.4 million (excluding transaction costs and adjustments), an addition of 260,111 square feet to our total leasable area. These new acquisitions raise the industrial ratio of our portfolio to 34.3% versus 14.0% on December 31st, 2020, now owning a total of 31 industrial properties. The proportion of rental revenue derived from industrial properties increased by 8.7% compared to the same period last year, which is explained by a combination of higher occupancy rate and previously mentioned acquisitions increasing the proportionate share of revenue from the industrial segment. Net operating income for the industrial segment increased by 63.7% compared to Q2 2022.

Through targeted purchases in key markets, we improved our geographic diversification and gained exposure to high-growth regions. Acquiring high-end properties with quality clients aligned with BTB's long-term goals has proven to be a winning strategy.

Focus on Sustainability and ESG Initiatives

Beyond the last quarter's performance, BTB has unveiled its sustainable growth initiatives. As a first step, we have embarked on an internal assessment of each department's ESG practices, allowing us to identify opportunities on which we can build on in order to implement new processes next year. By focusing on environmental, social, and governance (ESG) principles, the Trust is not only enhancing its brand reputation, but aligning its operations with long-term sustainability goals. This approach not only resonates with investors but also positions BTB as a responsible and forward-thinking player in the real estate investment market.

Conclusion

The last quarter has been a testament to BTB's exemplary performance in the real estate sector, highlighting our commitment to excellence, strategic foresight, and financial prowess. Our unwavering focus on financial prudence, strategic portfolio expansion, and commitment to sustainable practices have led to remarkable growth. As BTB continues to chart its path forward and towards success, investors, unitholders and clients can be assured of a well-managed and thriving portfolio in the ever-evolving real estate landscape.

Our History

Over time, BTB has been able to evolve and seize the right opportunities. This year's strategic vision focuses on industrial assets. Here is an overview of our past achievements:

2005-2006
-
On September 8, 2005, Michel Léonard, accompanied by Jocelyn Proteau, founds a capital pool corporation called Capital ABTB. In 2006, the name is modified to BTB and is officially listed on the Toronto Venture Exchange under BTB.P. The company acquires its first property at 2900 Jacques-Bureau Street in Laval, Québec.

2006-2008
-
Mainly located in Montréal and in secondary markets, 44 properties are acquired by a team of five people. These first two inception years also mark by the first wave of acquisitions in both Ontario and Québec.

2010
-
The acquisition of the public company *CAGIM Immobilier* based in Quebec City marks BTB's significant expansion to the city. A total of six properties representing 1.5 million square feet are acquired.

2011-2012
-
BTB is listed on the Toronto Stock Exchange. Throughout these two years, BTB acquires nine industrial properties in the provinces of Ontario and Québec.

2017-2019
-
BTB repositions its portfolio by selling its assets located in secondary and tertiary markets. In order to meet the company's growth needs, BTB acquires its first building in downtown Montréal for $35 million and makes this building its head office.

2021
-
BTB acquires 10 industrial assets located in Western Canada for $94M, marking its expansion into two Canadian provinces. This acquisition also allows BTB to exceed the threshold of $1 billion in total asset value.

2022
-
BTB strikes hard by announcing the evolution of its corporate identity and its new growth objectives for the next five years: to reach $2 billion in total assets with a portfolio composition of 60% industrial assets, 30% off-downtown core office properties and 10% necessity-based retail properties. Simultaneously, BTB acquires six new properties, four of which are industrial assets.

Highlights

$1.2B
Total assets

75
Properties

6.1M sq. ft.
Total leasable area

94.1%
Occupancy rate

Rental revenue

Q2 2023:
$31.7M
Q2 2022: $29.0M

Same-property NOI[1]

Q2 2023:
$17.5M
Q2 2022: $17.2M

Recurring funds from operations (FFO) per unit[1]

Q2 2023:
11.8¢
Q2 2022: 11.4¢

Recurring adjusted funds from operations (AFFO) payout ratio[1]

Q2 2023:
69.0%
Q2 2022: 68.3%

(1) This is a non-IFRS financial measure, refer to page 35.

Since our repositioning, BTB has showcased remarkable performance, and this quarter is no exception. As investors and unitholders eagerly awaited our financial results, BTB surpassed expectations and achieved unprecedented growth. With a strategic focus, prudent management, and a strong portfolio of properties, BTB demonstrated its ability to thrive even in challenging economic times.

Here are a few key factors that contributed to BTB's outstanding performance during the quarter, compared to the corresponding period of 2022. We are reporting a significant increase in the net operating income (+8.2%) and rental revenue (+9.4%), highlighting effective cost management and stable revenue streams. Additionally, the funds from operations (FFO) and adjusted funds from operations (AFFO) showed stability, reinforcing our commitment to enhancing shareholder value.

Once again, BTB delivered robust financial results, which underscores its strength and resilience in the real estate sector.

Asset Types

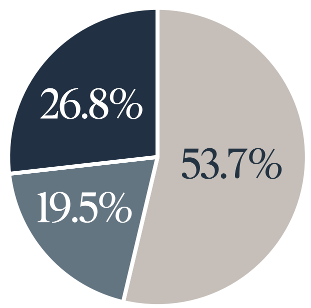
The second quarter of 2023 has allowed BTB to continue building a well-balanced investment portfolio, hence achieving long-term financial goals while managing risk effectively. We completed the acquisition of an industrial property located in Edmonton (Alberta), elevating our industrial exposure to 31.5%.

We closed the quarter with a total of 75 properties and 6.1 million square feet of leasable area across Canada in the regions of Montréal, Quebec City, Ottawa, Edmonton and Saskatoon. On these pages you will find information about our asset breakdown by geographic location and by asset type.

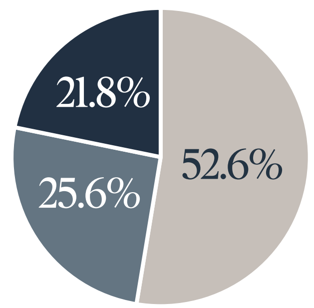
We have also added a comparison to the same quarter of 2021 to better see the progress we've made in the past years towards our 2026 objective.

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

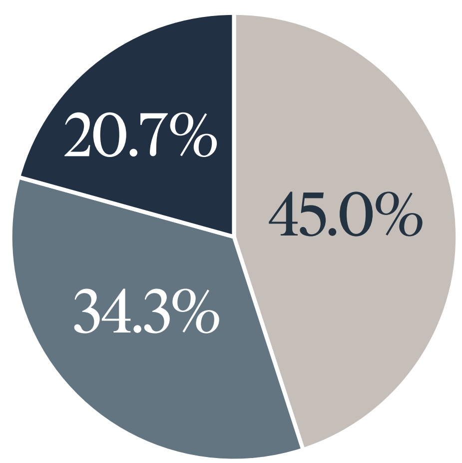
Q2 2021



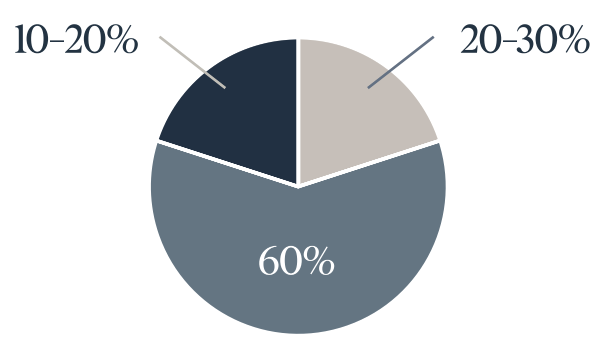
Q2 2022



Q2 2023

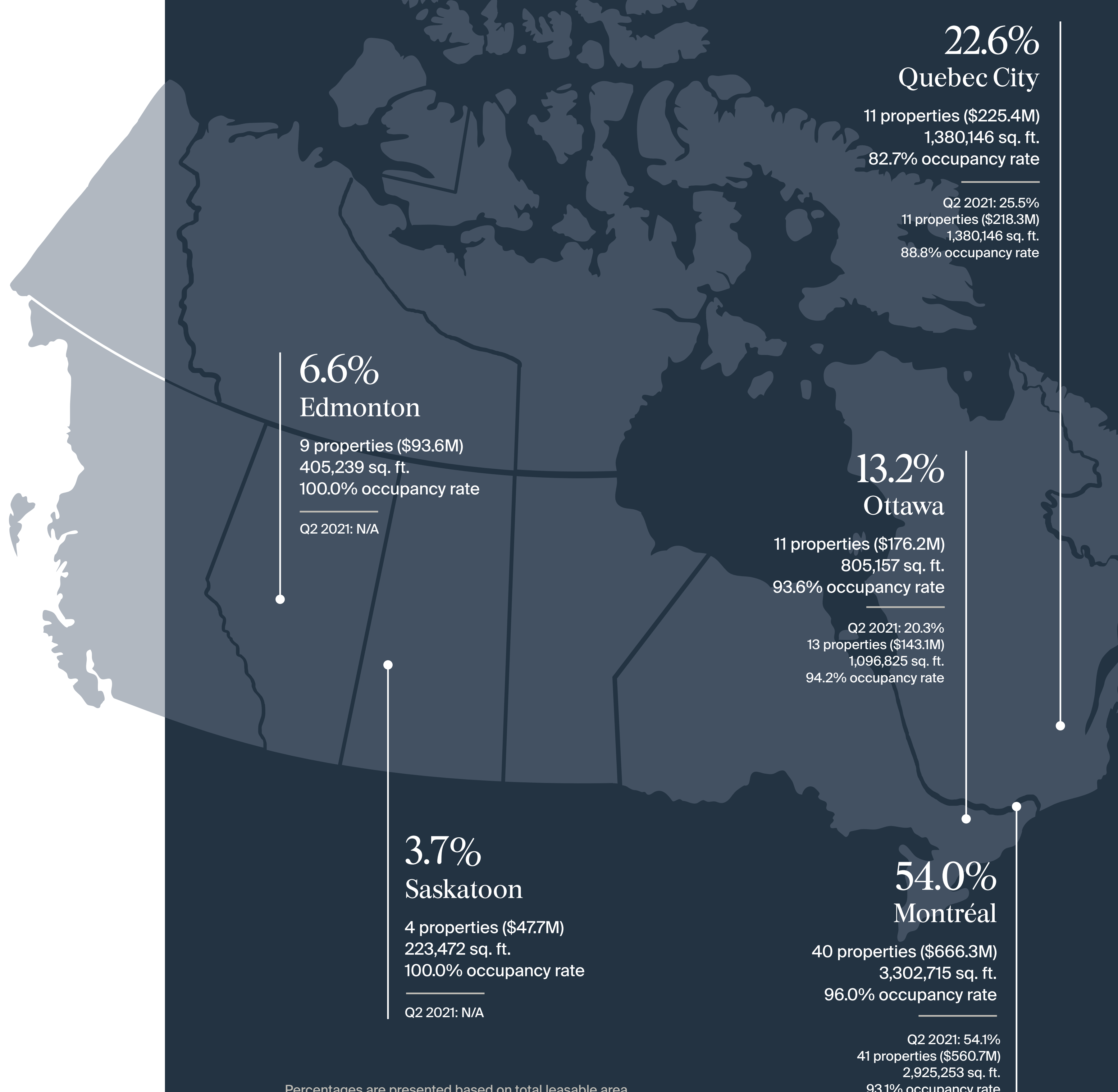


2026 Objective



Percentages are presented based on property value.

Geographic Locations



Percentages are presented based on total leasable area.

Key Metric Evolution*

Rental revenue

2019	$22,347
2020	$23,063
2021	$26,034
2022	$28,979
2023	$31,708

NOI

2019	$11,225
2020	$12,196
2021	$15,574
2022	$17,598
2023	$19,041

Recurring FFO per unit[1]

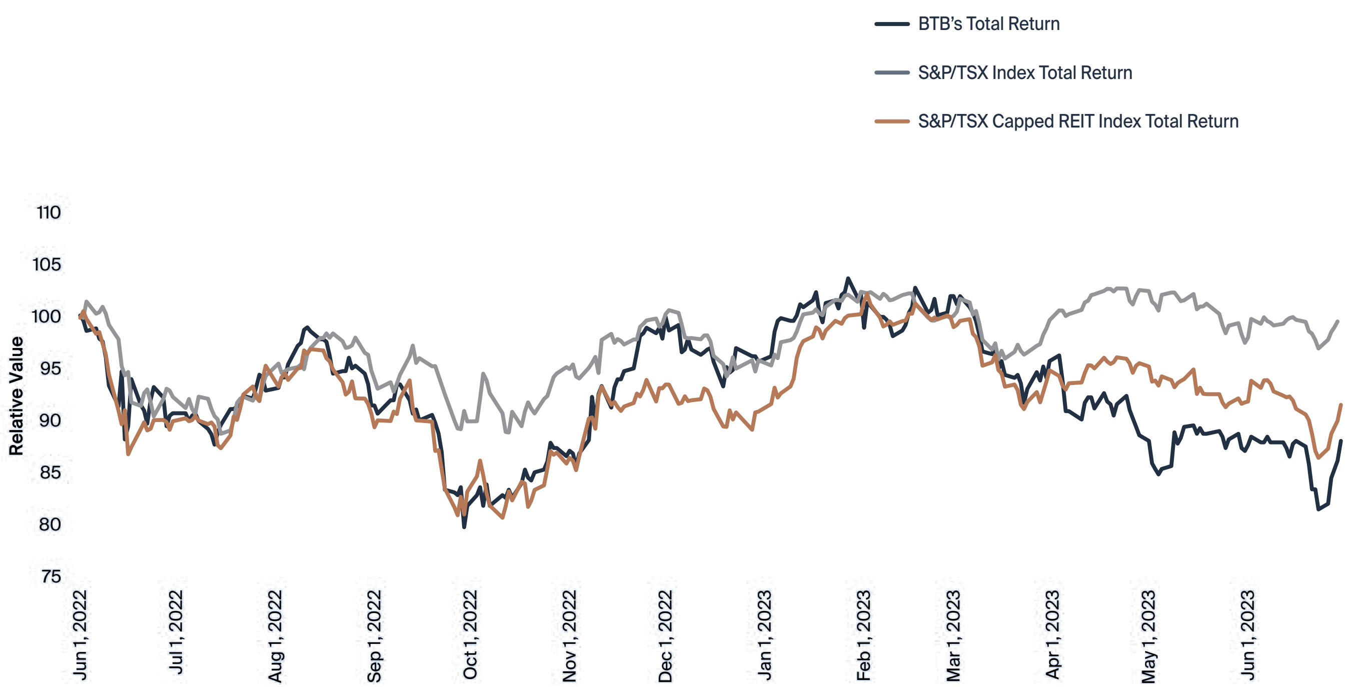
2019	9.5¢
2020	7.5¢
2021	12.5¢
2022	11.4¢
2023	11.8¢

Recurring AFFO payout ratio[1]

2019	123.2%
2020	126.6%
2021	63.7%
2022	68.3%
2023	70.5%

*For the quarters ending on June 30, in thousands of dollars. (1) This is a non-IFRS financial measure, refer to page 35.

Performance on the markets



Approachable

Top 10 Clients

Québec

Canada

Walmart

LION

Bristol Myers Squibb

BBA

STRONGCO

wsp

Desjardins

icumedical human connections

Above is a list of our top 10 clients based on revenue and leased area. They make up 22.2% of our total revenue and 21.8% of our total leased area, equalling 1,277,364 square feet.

ESG: Our Social Initiatives

In this year's quarterly reports, we will be exploring the three pillars of ESG, namely Environmental, Social and Governance initiatives. For this second quarter, we are focusing on the second pillar, by spotlighting some of our social initiatives.

Charles-Bruneau Foundation: Tour CIBC

On July 7th, several members of the BTB team took part in the *Tour CIBC Charles-Bruneau* to support the Charles-Bruneau Foundation. The 10 participants of the BTB team surpassed their goal and managed to raise $5,150 to fund research and projects in pediatric oncology in Québec.

Fondation des jeunes de la DPJ: La Soirée des Grands

On June 8th, the *Fondation des jeunes de la DPJ* organized the first edition of their benefit event, the *Soirée des Grands.* The event raised $808,000, which will help DPJ youth throughout the province thanks to the various programs and organizations it supports. Our President and CEO, Michel Léonard, assisted to the event as a member of the cabinet of honor, while our Executive Vice-President, COO and CFO, Mathieu Bolté, is a member of the Board of directors of the Foundation.

Social Committee

To strengthen ties and improve our employees' sense of belonging, BTB has a social committee in charge of organizing activities for employees all year long.

Our most recent activity was a planting workshop in collaboration with *Le Peacock.* To encourage a greener environment for all, including in the workplace, employees in our Montreal office learned to repot and take care of their very own plant, which they could then keep at their desk.

Great Place to Work

BTB is proud to have achieved GPTW certification for another consecutive year.

Employee recognition program

Our employee recognition program allows our leadership team to reward and recognize employees in a timely and meaningful way using different methods such as appreciation emails, monetary recognition and gift certificates.

Diversity, Equity and Inclusion

Pay equity for our employees is a right on which BTB does not compromise. We have a policy that we review every 5 years in collaboration with the Québec regulatory body called CNESST.

43% of leadership roles occupied by women

48% of all positions occupied by women

1/3 of the Board of Trustees is comprised of women

Client Spotlights

At BTB, our tenants are more than tenants: they're our clients. We are entirely dedicated to providing them with the right space to fit their needs. Here are the stories of a few of our clients from the Quebec City area.

Groupe immobilier Desjardins

6655 Lebourgneuf Boulevard, Place d'affaires Lebourgneuf – Phase I, Québec, QC

Occupying more than 21,645 square feet in our office premises since April 2006, Desjardins Property Management positions itself as a strategic partner by creating work environments that promote collaboration, productivity and safety for Desjardins Group employees and other tenants. The teams operate strategic development planning management, office and retail space leasing, building management, construction and development project management, event management, commercial marketing, sustainable development, physical and real estate security.

Avril Supermarché Santé

1200-1252 rue de la Concorde, Carrefour Saint-Romuald, Lévis, QC

Founded in Granby, Avril is the promise of making the best products accessible to all Québec consumers. Installed in our 20,141 square foot retail branch since 2015, Avril offers certified organic fruit and vegetable sections, a grocery store, supplements and cosmetics under one roof. Each is distinguished by its organic, natural, vegan, allergen-free, local or eco-responsible products. In Lévis, Avril also offers *Le Bistro Avril* with a menu suitable for all types of food, for the three meals of the day.

Strongco

175 rue de Rotterdam, Saint-Augustin-de-Desmaures, QC

Occupying BTB's entire industrial property, Strongco, a wholly owned subsidiary of Nors, S.A., is a major multiline mobile equipment dealer with operations across Canada (25 branches). Strongco sells, rents and services equipment used in diverse sectors such as construction, infrastructure, mining, utilities, municipalities, waste management and forestry. Strongco represents leading equipment manufacturers with globally recognized brands, including Volvo Construction Equipment, Case Construction and Sennebogen. Strongco is also the sole tenant of our property located at 25616, 117 Avenue NW, Acheson, in Alberta.

A Dedicated Team

From accounting to legal, our employees are dedicated to satisfying our clients and investors.
Let's hear from our departments, each contributing in their own way to BTB's success.

Our Leasing Team

Adaptability, responsiveness, and dynamism

The leasing team's role is to develop portfolio-wide strategies with the goal of leasing vacant spaces as well as to conclude lease renewals to ensure the achievement of BTB's client retention strategy. In a broader sense, we take part in forecasting the cash flow that our transactions will bring to the company to ensure that funds are coming into the company in order for the company to function.

Their challenges

CP: Increase the occupancy rate following the pandemic and be proactive to make as many renewals as possible without losing clients.

SL: Ensure an occupancy rate that meets the objectives of the organization and our stakeholders and ensure the stability of the portfolio. Real estate is a personal choice, so we also have the big challenge of satisfying our clients' expectations.

Team members:

Alicia Grilli, Stéphanie Léonard and Claude Pellicelli

What they like about their job

AG: I really appreciate the educational factor in this department as someone with no prior experience in real estate. I feel extremely supported by Stéphanie, Claude and Mitch, and they have all allowed me to grow and learn different aspects of the field from each of their perspectives.

SL: I get to meet different people who are facing different types of challenges for their businesses. It is really rewarding to build and foster that client relationship and understand their unique needs to turn their dreams into reality.

Their accomplishments

AG: I am proud of our team's consistent efforts to fill out our vacant spaces over the last 2 years, despite the pandemic having an effect on our occupancy rates, especially in the office sector.

SL: The thing I am most proud of is when we manage to make our properties — which sometimes go unnoticed — shine, by revitalizing and repositioning them and developing a unique leasing strategy.

What they want you to know about the team

CP: I would like everyone to know that BTB's buildings are very well maintained. Also, our clients should know that thanks to our large portfolio of buildings, no matter if their needs change over time, we are able to adapt and meet them.

Leasing

Property Management

Our Property Management Team

Respect, integrity, communication, empathy, and trust

Our role is to manage our portfolio across Canada, and to ensure that our tenants are working in a safe, clean, secure and well-maintained environment. On the other hand, we must make sure our rents are being collected, which ensures that the operations of the whole company can keep rolling on a day-to-day basis and allows us to invest in more properties.

Their challenges

MP: Whether it be our technicians providing services, our property administrators collecting rents, or our property managers doing tours, our challenge is to keep client satisfaction as a top priority.

JPD: One of our challenges is the line between managing the realities of our operation and remaining profitable, while at the same time maintaining a high level of satisfaction among our clients.

DI: Every situation that's presented to us is an opportunity for us owners and landlords to improve ourselves.

What they like about their job

CF: It's very rewarding working with such a great team. We don't succeed by ourselves; we succeed by everybody working together to get the job done.

PS: There's no routine - every day is a new project on your desk, and something new to learn. Also, being able have an impact on and witness our clients' growth, every step of the way, is a great part of the job.

JPD: We are responsible for the working environment of our tenants, and it's rewarding to provide an environment that satisfies them.

Their accomplishments

PS: I think we can be very proud of everything we do for the environment, whether it be our partnership with *Alvéole*, changing our neon lights for LEDs, or any of the other initiatives that we have in place.

MP: We have built a very powerful and very independent team. Now, my pride is to be able to work with Montréal and to advance the team here in order to advance the company.

Team members:

Yves Bellemare, Élodie Buvry, Jean-Philippe Durand, Carole Anne Fitzpatrick, Dora Iantomasi, Haily Lambert, Joannie Malenfant, Bruno Meunier, Mitch Provost, Pooya Saberi, Véronique Simard, Mireille Sirois, Miso Smiljic

Authentic

Our Properties

Montréal

1327-1333 Ste-Catherine Street West and 1405-1411 Crescent Street, Montréal

5810 Sherbrooke Street East, Montréal[1]

2101 Sainte-Catherine Street West, Montréal

3761-3781 des Sources Blvd, Dollard-des-Ormeaux

11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux[1]

1325 Hymus Blvd, Dorval

4105 Sartelon Street, St-Laurent

208-244 Migneron Street and 3400-3410 Griffith Street, St-Laurent

7777 Transcanada Highway, St-Laurent

2250 Alfred-Nobel Blvd, St-Laurent

2600 Alfred-Nobel Blvd, St-Laurent[2]

2344 Alfred-Nobel Blvd, St-Laurent[2]

7150 Alexander-Fleming Street, St-Laurent

6000 Kieran Street, St-Laurent

2425 Pitfield Blvd, St-Laurent

2665-2673 and 2681, Côte Saint-Charles, Saint-Lazare

3190 F.-X. Tessier Street, Vaudreuil-Dorion

9900 Irénée-Vachon Street, Mirabel

North Shore of Montréal

2900 Jacques-Bureau Street, Laval

4535 Louis B. Mayer Street, Laval

3695 Des Laurentides (Highway-15), Laval

3111 Saint-Martin Blvd West, Laval[2]

3131 Saint-Martin Blvd West, Laval

5791 Laurier Blvd, Terrebonne

2175 Des Entreprises Blvd, Terrebonne

2205-2225 Des Entreprises Blvd, Terrebonne

2005 Le Chatelier Street, Laval[2]

South Shore of Montréal

4890-4898 Taschereau Blvd, Brossard[1]

204 De Montarville Blvd, Boucherville[1]

32 Saint-Charles Street West, Longueuil[1]

50 Saint-Charles Street West, Longueuil

85 Saint-Charles Street West, Longueuil[1]

2111 Fernand-Lafontaine Blvd, Longueuil

2350 Chemin du Lac, Longueuil

1939-1979 F.-X. Sabourin Street, St-Hubert

145 Saint-Joseph Blvd, St-Jean-sur-Richelieu[1]

315-325 MacDonald Street, St-Jean-sur-Richelieu[1]

1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu[1]

340-360, 370-380, 375 and 377-383 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire

1465-1495 and 1011-1191 Saint-Bruno Blvd and 800 de l'Étang Street, Saint-Bruno-de-Montarville

Quebec City Area

6655 Pierre-Bertrand Blvd, Quebec City[1]

6700 Pierre-Bertrand Blvd, Quebec City[1]

909-915 Pierre-Bertrand Blvd, Quebec City

825 Lebourgneuf Blvd, Quebec City[1]

815 Lebourgneuf Blvd, Quebec City[1]

1170 Lebourgneuf Blvd, Quebec City[1]

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

191 D'Amsterdam Street, St-Augustin-de-Desmaures

175 De Rotterdam Street, St-Augustin-de-Desmaures

505 Des Forges Street and 1500 Royale Street, Trois-Rivières[1]

Ottawa Area

80 Aberdeen Street, Ottawa[1]

245 Menten Place, Ottawa[1]

1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd, Ottawa

400 Hunt Club Rd, Ottawa

2200 Walkley Street, Ottawa[1]

2204 Walkley Street, Ottawa[1]

2611 Queensview Drive, Ottawa[2]

979 & 1031 Bank Street, Ottawa[2]

7 and 9 Montclair Blvd, Gatineau[1]

1100 Algoma Road, Ottawa

Edmonton

6909 - 42 Street, Leduc

1921 - 91 Street, Edmonton

18410 - 118A Avenue NW, Edmonton

18028 - 114 Avenue NW, Edmonton

28765 Acheson Road, Acheson

25616 - 117 Avenue NW, Acheson

3905 Allard Avenue, Edmonton

8743 50 Avenue NW, Edmonton

8810 48 Avenue NW, Edmonton

Saskatoon

3542 Millar Avenue, Saskatoon

318 - 68th Street, Saskatoon

3911 Millar Avenue, Saskatoon

3927 and 3931 Wanuskewin Road, Saskatoon

(1) BOMA BEST certified property (2) LEED certified property

Driven

Our Recent Acquisition

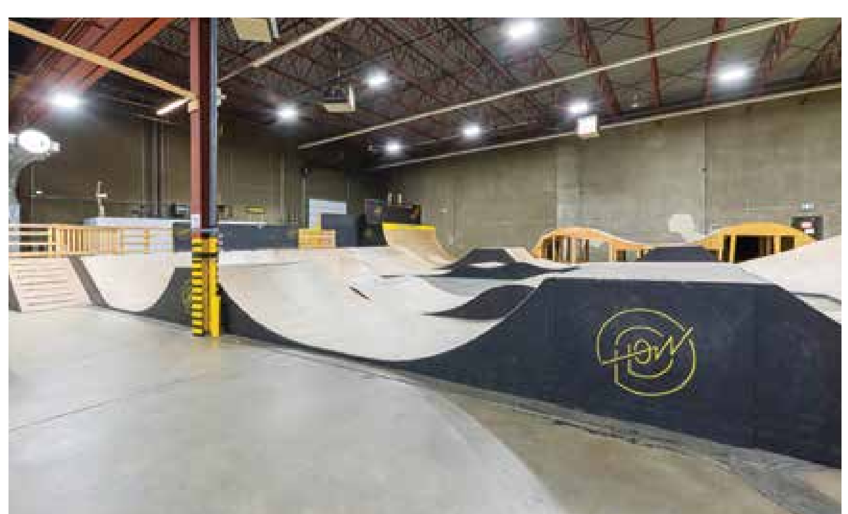
The second quarter of 2023 was marked by the acquisition of an industrial building located in the McIntyre industrial park in Edmonton, Alberta. The property includes a Class A manufacturing facility with an attractive office build out, numerous warehouse enhancements and an extremely well-prepared site. Built in 1978, this 83,292 square foot property is currently leased to four tenants including the Redco Equipment Sales Group ("Redco"), already a BTB client at 8743 50th Avenue NW, Edmonton. Redco is one of the major players in the wellhead completion tools sector in the Canadian market of fossil energies. Over the past twenty years, Redco has experienced unparalleled growth, continually picking up market share and diversifying with new product offerings and strategic acquisitions of proprietary technologies. The company now has more than 250 employees, and its operations extend across Western Canada, from British Columbia to Saskatchewan.

We continue to be active in targeting properties that correspond to our investment strategy and our objective to increase our percentage ownership of industrial assets across Canada.

8810 48 Avenue NW, Edmonton, AB

On May 3, 2023, we finalized the acquisition of this industrial property located in the heart of the McIntyre Industrial Park in Edmonton, Alberta. Built in 1978, this 83,292 square foot industrial property is currently leased to four tenants, including Redco Equipment Sales Group, already a BTB client at 8743 50th Avenue NW.

Purchase price: $7.35M*
Property type: industrial
Total leasable area: 83,292 sq.ft.



*Purchase price excluding transaction costs and adjustments.

Who We Are

Open-minded

Management Discussion & Analysis

Three-month and six-month periods ended June 30, 2023

Introduction

The purpose of this Management Discussion and Analysis ("MD&A") is to communicate the operating results of BTB Real Estate Investment Trust ("BTB" or the "Trust") for the period ended June 30, 2023, as well as its financial position on that date. The report presents a summary of some of the Trust's business strategies, and the business risks it faces. This MD&A, dated August 4, 2023, should be read together with the unaudited condensed financial statements and accompanying notes for the period ended June 30, 2023. It discusses significant information available up to the said date of this MD&A. The Trust's consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators ("CSA") website at www.sedar.com and on our website at www.btbreit.com.

The Audit Committee reviewed the contents of this Management Discussion and Analysis and the interim condensed consolidated financial statements and the Trust's Board of Trustees has approved them.

Forward-Looking Statements – Caveat

From time to time, written or oral forward-looking statements are made within the meaning of applicable Canadian securities legislation. Forward-looking statements in this MD&A are made, in other filings with Canadian regulators, in reports to unitholders and in other communications. These forward-looking statements may include statements regarding the Trust's future objectives, strategies to achieve the Trust's objectives, as well as statements with respect to the Trust's beliefs, outlooks, plans, objectives, expectations, forecasts, estimates and intentions. The words "may," "could," "should," "outlook," "believe," "plan," "forecast," "estimate," "expect," "propose," and the use of the conditional and similar words and expressions are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections, and other forward-looking statements will not be achieved. Readers must be warned not to place undue reliance on these statements as several important factors could cause the Trust's actual results to differ materially from the expectations expressed in such forwardlooking statements. These factors include general economic conditions in Canada and elsewhere, the effects of competition in the markets where we operate, the impact of changes in laws and regulations, including tax laws, successful execution of the Trust's strategy, the ability to complete and integrate strategic acquisitions successfully, potential dilution, the ability to attract and retain key employees and executives, the financial position of lessees, the ability to refinance our debts upon maturity, the ability to renew leases coming to maturity, and to lease vacant space, the ability to complete developments on plan and on schedule and to raise capital to finance the Trust's growth, as well as changes in interest rates. The foregoing list of important factors likely to affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Trust, investors and others should carefully consider these factors and other facts and uncertainties. Additional information about these factors can be found in the "Risks and Uncertainties" section.

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

Non-IFRS Financial Measures

Certain terms and measures used in this MD&A are listed and defined in the appendix 2, including any per unit information if applicable, are non-IFRS performance measures and do not have standardized meanings prescribed by IFRS. Explanations on how these non-IFRS financial measures provide useful information to investors and the additional purposes, if any, for which the Trust uses these non-IFRS financial measures, are also included in the appendix 2. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

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 appendix 2 if applicable, do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

The Trust

The Trust is an unincorporated open-ended real estate trust formed under and governed by the laws of the province of Québec pursuant to a trust agreement (as amended). The Trust began its real estate operations on October 3, 2006, and as of June 30, 2023, it owned 75 properties, being industrial, off-downtown core office and necessity-based retail properties located in primary markets of the provinces of Québec, Ontario, Alberta, and Saskatchewan. Since its inception, the Trust has become an important property owner in the province of Québec, in Eastern Ontario and since December 2021, in Western Canada. The units and Series G and H convertible debentures are traded on the Toronto Stock Exchange under the symbols "BTB.UN", "BTB.DB. G" and "BTB.DB.H", respectively.

The Trust's management is entirely internalized, and no service agreements or asset management agreements are in force between the Trust and its officers. The Trust therefore ensures that the interests of management and of its employees are aligned with those of the unitholders. Only two properties are managed by third party managers dealing at arm's length with the Trust. Management's objective is, when favourable circumstances will prevail, to directly manage the Trust's remaining properties to possibly achieve savings in management and operating fees through centralized and improved property management operations.

The following table provides a summary of the real estate portfolio:

	Number of properties	Leasable area (sq. ft.)	Fair value (thousands of $)
As at June 30, 2023	75	6,116,728	1,209,036

These figures include a 50% interest in a 17,114 square-foot building in a Montréal suburb and a 50% interest in one building totalling 74,940 square feet in Gatineau, Québec.

Objectives and Business Strategies

The Trust's primary objective is to maximize total return to unitholders. Total return includes distributions and long-term appreciation of the trading value of its units. More specifically, the objectives are as follows:

(i) Generate stable monthly cash distributions that are reliable and fiscally beneficial to unitholders.

(ii) Grow the Trust's assets through internal growth and accretive acquisitions.

(iii) Optimize the value of its assets through dynamic management of its properties to maximize their long-term value.

Strategically, the Trust seeks to acquire properties with high occupancy rates, good tenant quality, superior locations or low potential lease turnover and properties that are well maintained and may require less capital expenditures.

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

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

Highlights of the Second Quarter Ended June 30, 2023

Rental revenue: Stood at $31.7 million for the current quarter, which represents an increase of 9.4% compared to the same quarter of 2022. For the cumulative six-month period, the rental revenue totalled $64.6 million which represents an increase of 11.3% compared to the same period in 2022.

Net operating income (NOI): Stood at $19.0 million for the current quarter, which represents an increase of 8.2% compared to the same quarter of 2022. For the cumulative six-month period, the NOI totalled $38.0 million which represents an increase of 12.5% compared to the same period in 2022.

Net income and comprehensive income: Totalled $10.8 million for the quarter ($19.6 million for the 2023 cumulative six-month period) compared to $18.2 million for the same period in 2022 ($24.7 million for the 2022 cumulative six-month period), representing a decrease of $7.4 million. The decrease is caused by a reduction of non-cash gain in net adjustment to fair value of derivative financial instruments of $8.6 million and an increase in the financial expenses of $1.2 million. Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBIDTA)[1] for the quarter increased by $1.6 million compared to the same period last year.

Same-property NOI[1]: Increased by 1.7% compared to the same quarter last year. The industrial segment NOI decreased by 3.9% due a planned departure (which space was leased to a new tenant during the quarter at a higher rental rate than that of the previous tenant) compared to the same quarter last year and the NOI for necessity-based retail segment increased by 15.9% compared to the same quarter last year due to strong leasing efforts. For the cumulative six-month period, the same-property NOI increased by 0.9%.

Recurring FFO[1]: Was 11.8¢ per unit for the quarter compared to 11.4¢ per unit for the same period in 2022, representing an increase of 3.1%. For the cumulative six-month period, the recurring FFO was 23.5¢ per unit which represents an increase of 6.1% compared to the same period in 2022.

Recurring FFO payout ratio[1]: Was 63.8% for the quarter compared to 65.5% for the same period in 2022. For the cumulative six-month period, the recurring FFO payout ratio was 63.8% compared to 67.8% for the same period in 2022.

Recurring AFFO[1]: Was 10.9¢ per unit for the quarter compared to 11.0¢ per unit for the same period in 2022, representing a decrease of 0.5%. For the cumulative six-month period, the recurring AFFO was 21.3¢ per unit which represent an increase of 2.4% compared to the same period in 2022.

Recurring AFFO payout ratio[1]: Was 69.0% for the quarter compared to 68.3% for the same period in 2022. For the cumulative six-month period, the recurring AFFO payout ratio was 70.5% compared to 72.3% for the same period in 2022.

Leasing activity: The Trust completed a total of 208,338 square feet of leases renewals and 125,223 square feet of new leases for the quarter. The occupancy rate stood at 94.1%, representing a 0.9% increase compared to the prior quarter, and a 0.3% increase compared to the same period in 2022. The increase in the average renewal rate for the quarter was 4.9%.

Acquisitions: On May 1, 2023, the Trust acquired a fully leased industrial property located at 8810, 48 Avenue NW, in Edmonton, Alberta (83,292 square feet). 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 LP units at a per unit price of $4.50 and the balance of the purchase price was funded via the credit facility. The revenue from this acquisition contributed to the second quarter financial results.

Liquidity position: The Trust held $3.7 million of cash at the end of the quarter. During the quarter the Trust, as provided in the initial agreement, increased the available amount under its credit facilities[1][2] by an additional $10.0 million leaving $23.7 million available on its credit facility with a remaining option to increase by $10.0 million.

Base Shelf Prospectus: On June 12, 2023, since its initial short form base shelf prospectus was nearing maturity, the Trust filed a final base shelf prospectus, generally under the same terms and conditions as the previous base shelf, valid for a 25-month period for the total amount of $200.0 million.

Debt metrics: The Trust ended the quarter with a total debt ratio[1] of 58.9%, recording an increase of 0.4% compared to December 31, 2022. The Trust ended the quarter with a mortgage debt ratio[1] of 52.9%, a decrease of 1.3% compared to December 31, 2022.

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Credit facilities is a term used that reconciles with the bank loans as presented and defined in the Trust interim condensed consolidated financial statements.

Subsequent events

There were no subsequent events.

Summary of significant items as at June 30, 2023

- Total number of properties: 75
- Total leasable area: 6.1 million square feet
- Total asset value: $1,229 million
- Market capitalization: $277 million (unit price of $3.22 as at June 30, 2023)

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for ratios and per unit data)		Quarter		Cumulative (6 months)	
		2023	2022	2023	2022
	Reference (page)	$	$	$	$
Financial information					
Rental revenue	46	**31,708**	28,979	**64,619**	58,047
Net operating income (NOI)	46	**19,041**	17,598	**38,049**	33,832
Net income and comprehensive income	46	**10,846**	18,243	**19,648**	24,692
Adjusted net income(1)	50	**9,308**	9,001	**18,294**	16,259
Adjusted EBITDA(1)	50	**17,956**	16,413	**35,110**	31,555
NOI from the same-property portfolio(1)	51	**17,527**	17,232	**33,509**	33,197
Distributions	52	**6,489**	6,374	**12,932**	12,225
Recurring funds from operations (FFO)(1)	53	**10,195**	9,718	**20,228**	18,035
Recurring adjusted funds from operations (AFFO)(1)	54	**9,433**	9,311	**18,315**	16,913
Cash flow from operating activities	55	**17,320**	15,516	**32,977**	26,920
Total assets	57			**1,229,249**	1,185,148
Investment properties	42			**1,209,036**	1,167,247
Mortgage loans	59			**645,901**	628,778
Convertible debentures	60			**42,031**	41,563
Mortgage debt ratio(2)	61			**52.9%**	53.4%
Total debt ratio(1)	61			**58.9%**	58.8%
Weighted average interest rate on mortgage debt	59			**4.28%**	3.62%
Market capitalization				**277,059**	305,035
Financial information per unit					
Units outstanding (000)	63			**86,043**	84,732
Class B LP units outstanding (000)	62			**747**	347
Weighted average number of units outstanding (000)	63	**85,939**	84,642	**85,777**	81,153
Weighted average number of units and Class B LP units outstanding (000)	63	**86,503**	84,989	**86,183**	81,500
Net income and comprehensive income	46	**12.5¢**	21.5¢	**22.8¢**	30.3¢
Adjusted net income(1)	50	**10.8¢**	10.6¢	**21.2¢**	19.9¢
Distributions	52	**7.5¢**	7.5¢	**15.0¢**	15.0¢
Recurring FFO(1)	53	**11.8¢**	11.4¢	**23.5¢**	22.1¢
Payout ratio on recurring FFO(1)	53	**63.8%**	65.5%	**63.7%**	67.8%
Recurring AFFO(1)	54	**10.9¢**	11.0¢	**21.3¢**	20.8¢
Payout ratio on recurring AFFO(1)	54	**69.0%**	68.3%	**70.4%**	72.3%
Market price				**3.22**	3.60
Tax on distributions					
Tax deferral	65	**100.0%**	100.0%	**100.0%**	100.0%
Operational information					
Number of properties	42			**75**	75
Leasable area (thousands of sq. ft.)	42			**6,117**	5,840
Occupancy rate	43			**94.1%**	93.8%
Increase in average lease renewal rate	43	**4.9%**	20.1%	**6.2%**	15.3%

(1) This is a non-IFRS financial measure, refer to page 35.
(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.

Selected Quarterly Information

The following table summarizes the Trust's selected financial information for the last eight quarters:

(in thousands of dollars except for per unit data)	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3
	$	$	$	$	$	$	$	$
Rental revenue	**31,708**	32,911	31,486	29,962	28,979	29,068	26,789	23,988
Net operating income	**19,041**	19,008	18,624	17,974	17,598	16,234	14,776	13,572
Net income and comprehensive income	**10,846**	8,802	1,769	11,693	18,243	6,449	23,219	8,678
Net income and comprehensive income per unit	**12.5¢**	10.2¢	2.1¢	13.7¢	21.5¢	8.3¢	31.2¢	11.7¢
Cash from operating activities	**17,320**	15,657	18,961	20,359	15,516	11,404	25,137	10,090
Recurring funds from operations (FFO)(1)	**10,195**	10,033	10,059	9,785	9,718	8,317	8,194	7,018
Recurring FFO per unit(1)(2)	**11.8¢**	11.7¢	11.8¢	11.5¢	11.4¢	10.7¢	11.0¢	9.5¢
Recurring adjusted funds from operations (AFFO)(1)	**9,433**	8,882	8,550	8,674	9,311	7,602	6,962	6,453
Recurring AFFO per unit(1)(3)	**10.9¢**	10.3¢	10.0¢	10.2¢	11.0¢	9.7¢	9.4¢	8.7¢
Distributions(4)	**6,489**	6,443	6,413	6,394	6,374	5,851	5,578	5,551
Distributions per unit(4)	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢

(1) This is a non-IFRS financial measure, refer to page 35.
(2) 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 outstanding at the end of the period).
(3) 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 outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

Segmented Information

The Trust's operations are generated from operations in three segments of properties located in the provinces of Québec, Ontario, Alberta and Saskatchewan. The following tables summarize each operating segment's contribution to revenues and to net operating income (NOI) for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Quarters ended June 30 (in thousands of dollars)	Industrial		Off-downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended June 30, 2023							
Investment properties	**414,975**	**34.3**	**543,499**	**45.0**	**250,562**	**20.7**	**1,209,036**
Rental revenue from properties	**9,104**	**28.7**	**14,952**	**47.3**	**7,652**	**24.1**	**31,708**
Net operating income (NOI)	**6,461**	**33.9**	**8,014**	**42.1**	**4,566**	**24.0**	**19,041**
Quarter ended June 30, 2022							
Investment properties	298,817	25.6	614,524	52.6	253,906	21.8	1,167,247
Rental revenue from properties	5,070	17.5	17,038	58.8	6,871	23.7	28,979
Net operating income (NOI)	3,948	22.4	9,711	55.2	3,939	22.4	17,598

Industrial performance

The proportional fair value of industrial properties increased from 25.6% to 34.3% compared to the same period last year, due to the acquisitions of industrial properties for a total consideration of $52.2 million concluded since the same period in 2022 and an increase of $29.9 million from the fair value adjustment for this operating segment recorded in 2022 and the reclassification of 2 office properties (both flex industrial properties with higher industrial footprint) in the industrial segment representing a total of $34.2 million. The properties acquired are fully occupied and had a positive impact on the occupancy rate, which stood at 99.7% at the end of the quarter, a 0.3% increase compared to the same period last year. The proportional rental revenue from industrial properties increased by 8.7% compared to the same period last year, which is explained by a combination of the higher occupancy rate and the previously mentioned acquisitions increasing the proportional share of revenue from the industrial segment. Net operating income for the industrial segment increased by 63.7% compared to the same period last year.

Off-downtown core office performance

The proportional fair value of the off-downtown core office properties decreased by 7.6% compared to the same period last year as the proportional faire value of industrial properties increased in line with the Fund's strategic plan. The rental revenue generated by the off-downtown core office segment decreased by $2.1 million compared to the same period last years mainly caused by the reclassification of 2 properties ($1 million), the dispositions of 3 properties ($0.3 million) and occupancy rate reduction of 4.9% compared to the same period last year in the Québec city region ($0.8 million). Despite the decrease in rental revenue, the properties in this segment are supported by quality tenants (the Trust's top two tenants are the Federal and Québec government agencies) and strong leasing activities (the Trust concluded lease renewals for a total of 174,222 square feet square feet with an increase in the average rent renewal rate of 5.1%).

Necessity-based retail performance

The necessity-based retail segment continues to show good performance as most of the properties are anchored by necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the second quarter 2023 stood at 98.3%, an increase of 2.1% compared to the same period last year. The Trust was able to negotiate an increase of 4% in the average rent renewal rate for the quarter. The proportion of the net operating income (NOI) generated by the necessity-based retail segment increased from 22.4% to 24.0% compared to the same period last year mainly due to the strong leasing efforts in this segment.

Operating Performance Indicators

The following performance indicators are used to measure the Trust's operating performance:

Committed occupancy rate: provides an indication of the optimization of rental space and the potential revenue gain from the Trust's property portfolio. This rate considers occupied leasable area and the leasable area of leases that have been signed as of the end of the quarter but where the term of the lease has not yet begun.

In-place occupancy rate: shows the percentage of occupied leasable area at the end of the period.

Renewal rate: is used to record the Trust's tenant retention with lease renewals.

Average rate of renewed leases: measures organic growth and the Trust's ability to increase or decrease its rental revenue for a given period.

Real Estate Portfolio

At the end of the second quarter of 2023, BTB owned 75 properties, representing a total fair value of $1,209 million and a total leasable area of approximately 6.1 million square feet. A description of all the properties owned by the Trust can be found in the Trust's Annual Information Form available at www.sedar.com.

Summaries of investment properties held as at June 30, 2023

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Industrial	31	2,081,361	99.7	99.7
Off-downtown core office	33	2,643,192	87.4	85.4
Necessity-based retail	11	1,392,175	98.3	97.9
Total portfolio	**75**	**6,116,728**	**94.1**	**93.1**

Geographic	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Montreal	40	3,302,715	96.3	96.0
Québec City	11	1,380,146	83.3	82.7
Ottawa	11	805,157	99.0	93.6
Edmonton	9	405,239	100.0	100.0
Saskatoon	4	223,472	100.0	100.0
Total portfolio	**75**	**6,116,728**	**94.1**	**93.1**

Dispositions of investment properties

Since the beginning of the year, the Trust did not dispose of any property.

Acquisitions of investment properties

On February 2, 2023, the Trust acquired a class A industrial property located at 9900, Irénée Vachon Street in the industrial sector of the Mirabel airport, Québec, for a total consideration of $28.0 million, excluding transaction costs and adjustments. Following the acquisition of the property, the Trust's total leasable area increased by 176,819 square feet.

On May 1, 2023, the Trust acquired a fully leased industrial property located at 8810, 48 Avenue NW, in Edmonton, Alberta, for a total consideration of $7.4 million, excluding transaction costs and adjustments. 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 LP units at a price of $4.50 per unit and the balance of the purchase price was funded with a mortgage. Following the acquisition of the property, the Trust's total leasable area increased by 83,292 square feet.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in sq. ft.)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
Occupied area at the beginning of the period[1]	**5,624,549**	5,311,921	**5,455,798**	5,639,778
Purchased (sold) assets	**83,292**	151,146	**260,111**	(148,516)
Signed new leases	**125,223**	43,121	**192,423**	60,681
Tenant departures	**(78,716)**	(26,937)	**(153,984)**	(70,849)
Other[2]	**-**	1	**-**	(1,842)
Occupied leasable area at the end of the period[1]	**5,754,348**	5,479,252	**5,754,348**	5,479,252
Vacant leasable area at the end of the period	**362,379**	360,556	**362,379**	360,556
Total leasable area at the end of the period	**6,116,727**	5,839,808	**6,116,727**	5,839,808

(1) The occupied area includes in place and committed agreements.
(2) Other adjustments on the occupied area represent mainly area remeasurements.

Leasing activities

The following table summarizes the percentage rate of lease renewals for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in sq. ft.)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
Leases expired at term	**233,795**	73,195	**344,457**	229,073
Renewed leases at term	**164,189**	55,635	**205,953**	174,773
Renewal rate	**70.2%**	76.0%	**59.8%**	76.3%

The Trust renewed 70.2% or 164,189 square feet out of the 233,795 square feet expiring during this quarter. For the cumulative six-month period, the Trust renewed 59.8% of the leases at the end of their term.

Of the 69,607 square feet that expired in the current quarter and not renewed, the Trust leased 55,849 square feet to a new tenant, Tirecraft, in the industrial segment in Edmonton leaving a total of 13,758 square feet of vacancy in this segment. This transaction demonstrates the Trust's ability to rapidly lease premises where a previous tenant did not renew its lease.

In addition to the renewed leases at the expiration of their term, the Trust renewed, prior to the end of the term, 44,149 square feet during the quarter and 60,760 square feet for the cumulative six-month period with existing tenants where their lease terms were to expire later in the year 2023 or thereafter.

Therefore, the Trust's lease renewal activity totals 208,338 square feet for this quarter and 266,712 square feet for the cumulative six-month period.

Average lease renewal rate

The following table summarizes the average increase of rental rates for each operating segment having renewals for the periods ended June 30, 2023:

	Quarter		Cumulative (6 months)	
Operating segment	Renewals (sq. ft.)	Increase (%)	Renewals (sq. ft.)	Increase (%)
Off-downtown core office	174,222	5.1%	208,047	5.0%
Necessity-based retail	34,116	4.0%	58,665	11.8%
Total	**208,338**	**4.9%**	**266,712**	**6.2%**

Since the beginning of the year, the Trust achieved a cumulative average rent increase of 6.2% of the lease renewal rates across two business segments. The necessity-based retail operating segment showed an increase in rent renewal rate of 11.8% for the cumulative period and 4.0% for the current quarter. The off-downtown core office operating segment showed an increase in rent renewal rate of 5.0% for the cumulative period and 5.1% for the current quarter. The increases in both segments are essentially attributable to lease renewals that were below market rent.

New leases

During the quarter, the Trust leased a total of 125,223 square feet to new tenants, mainly attributed to the previously mentioned “in place” new industrial tenant in Edmonton, Tirecraft (55,849 square feet), leased with an increase in rental rate of 36.6% compared to the rent paid by the previous tenant; Continental Capital investment Inc. (“in place” - 30,352 square feet) in Saint-Bruno-de-Montarville, Québec; Thurber Engineering (“committed”- 9,631 square feet) in Ottawa, Ontario. The remaining 29,391 square feet represent a combination of new “in place” tenants (10,017 square feet) and “committed” (19,114 square feet) tenants, thereby leaving 362,379 square feet of leasable area available for lease at the end of the quarter.

For the cumulative six-month period, leases representing 90,033 square feet or 49.9% of the leasing activity, were concluded in the off-downtown core office segment with new tenants, 55,849 square feet or 29.0% of the new leases were concluded in the industrial segment and 40,542 square feet or 21.1% in the necessity-based retail segment.

Occupancy rates

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

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Operating segment	%	%	%	%	%
Industrial	**99.7**	100.0	100.0	100.0	100.0
Off-downtown core office	**87.4**	87.5	86.7	88.6	89.3
Necessity-based retail	**98.3**	95.9	98.2	96.2	96.2
Total portfolio	**94.1**	93.2	93.2	93.5	93.8

	June 30, 2023	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
Geographic sector	%	%	%	%	%
Montréal	**96.3**	**95.1**	**95.8**	**95.1**	**95.1**
Québec City[(1)]	**83.3**	**83.5**	**84.0**	**87.0**	**88.2**
Ottawa	**99.0**	**97.5**	**94.4**	**94.8**	**94.8**
Edmonton	**100.0**	**100.0**	**99.1**	**99.1**	**100.0**
Saskatoon	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total portfolio	**94.1**	**93.2**	**93.2**	**93.5**	**93.8**

(1) Excluding the Trois-Rivières property, the occupancy rate of the Québec City portfolio would have been 85.8%.

The occupancy rate at the end of the second quarter of 2023 stood at 94.1%, representing a 0.9% increase compared to the prior quarter, and a 0.3% increase compared to the same period in 2022. Furthermore, the in-place occupancy rate at the end of the quarter stood at 93.1%, representing an increase of 0.5% compared to the prior quarter, and an increase of 0.1% compared to the same period in 2022.

Lease maturities

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

	2023	**2024**	**2025**	**2026**	**2027**
Industrial					
Leasable area (sq. ft.)	23,766	78,427	170,586	273,144	86,304
Average lease rate/square foot ($)[(1)]	$13.97	$11.30	$10.27	$9.73	$10.14
% of industrial portfolio	1.14%	3.77%	8.20%	13.12%	4.15%
Off-downtown core office					
Leasable area (sq. ft.)	149,754	269,230	265,999	425,944	303,039
Average lease rate/square foot ($)[(1)]	$10.07	$15.60	$15.55	$14.80	$17.87
% of office portfolio	5.67%	10.19%	10.06%	16.11%	11.46%
Necessity-based retail					
Leasable area (sq. ft.)	109,070	135,762	138,613	107,676	134,750
Average lease rate/square foot ($)[(1)]	$8.04	$10.44	$17.75	$16.44	$15.94
% of retail portfolio	7.83%	9.75%	9.96%	7.73%	9.68%
Total portfolio					
Leasable area (sq. ft.)	**282,590**	**483,419**	**575,198**	**806,764**	**524,093**
Average lease rate/square foot ($)[(1)]	**$10.69**	**$13.45**	**$14.51**	**$13.30**	**$16.10**
% of total portfolio	**4.62%**	**7.90%**	**9.40%**	**13.19%**	**8.57%**

(1) This is a non-IFRS financial measure. The average lease rate / square foot ($) ratio is calculated by dividing the annual rental revenues related to leases maturing within a specific year divided by the total leasable area (square feet) of the leases maturing within a specific year.

Weighted average lease term

For the quarter ended June 30, 2023, the Trust recorded a weighted average lease term of 6.1 years, compared to 6.0 years for the same period in 2022. In addition to securing future revenues for the Trust and solidifying its tenant base, the Trust’s lease renewal strategy is also focused on ensuring longevity in the lease terms when appropriate.

Top 10 tenants

The Trust's three largest tenants remain the Government of Québec, the Government of Canada (off-downtown core office segment), and Walmart Canada inc. (necessity-based retail segment), representing respectively 5.3%, 4.8%, and 2.1% of rental revenue. The Trust's rental revenues are generated by multiple leases with lease maturities spread over time.

28.7% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and public companies, thus generating stable and high-quality cash flow for the Trust's operating activities.

The following table shows the contribution of the Trust's top 10 tenants as a percentage of revenue as at June 30, 2023. Their contribution accounts for 22.2% of rental revenue for the cumulative six-month period and 21.8% of leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Government of Québec	5.3	5.0	299,578
Government of Canada	4.8	4.8	251,850
Walmart Canada inc.	2.1	4.4	264,550
The Lion Electric Company	1.8	2.0	118,585
Bristol-Myers Squibb Canada Co	1.8	1.0	61,034
Groupe BBA Inc.	1.5	1.2	69,270
Strongco	1.3	1.0	61,576
WSP Canada Inc.	1.2	0.8	48,478
Mouvement Desjardins	1.2	0.9	53,767
ICU Medical Canada Inc.	1.2	0.8	48,676
	22.2	**21.8**	**1,277,364**

Operating Results

The following table summarizes the financial results for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022. This table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
	$	$	**$**	$
Rental revenue	**31,708**	28,979	**64,619**	58,047
Operating expenses	**12,667**	11,381	**26,570**	24,215
Net operating income (NOI)	**19,041**	17,598	**38,049**	33,832
Net financial expenses and financial income	**6,636**	(2,673)	**14,727**	5,828
Administration expenses	**1,559**	1,693	**3,674**	3,515
Transaction costs	**-**	138	**-**	607
Fair value adjustment on investment properties	**-**	197	**-**	(810)
Net income and comprehensive income	**10,846**	18,243	**19,648**	24,692

Rental revenue

For the quarter, rental revenue increased by $2.7 million or 9.4% compared to the same period last year, with an increase of $1.0 million related to acquisitions, net of dispositions made since Q2 2022 and $1.5 million increase related to operating improvements mainly consisting of higher lease renewal rates, stability of its occupancy rate and higher average lease rates.

For the cumulative six-month period, rental revenue increased by $6.6 million or 11.3% compared to the same period last year, which is predominantly due to the cumulative impact of acquisitions and dispositions of the aforementioned properties.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
	$	$	**$**	$
Operating expenses				
Maintenance, repairs and other operating costs	**4,316**	3,868	**9,210**	8,325
Energy	**1,262**	1,031	**3,165**	2,841
Property taxes and insurance	**7,089**	6,482	**14,195**	13,049
Total operating expenses	**12,667**	11,381	**26,570**	24,215
% of rental revenue	**39.9%**	39.3%	**41.1%**	41.7%

Operating expenses increased mainly due to the new acquisitions and the property taxes that were affected by an increase in property values. However, the operating expenses as a percentage of revenues are lower on a cumulative six-month period as the Trust is increasing its investment in industrial properties, which are in most cases triple net leases.

Financial expenses and income

The following table summarizes financial expenses for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
	$	$	**$**	$
Financial income	**(355)**	(132)	**(661)**	(277)
Interest on mortgage loans	**6,686**	5,610	**13,410**	11,412
Interest on convertible debentures	**709**	743	**1,418**	1,475
Interest on credit facilities	**619**	197	**963**	504
Other interest expense	**106**	93	**202**	156
Interest expense net of financial income	**7,765**	6,511	**15,332**	13,270
Distributions on Class B LP units	**42**	26	**64**	52
Mortgage early repayment fees	**-**	-	**-**	284
Net financial expenses before non-monetary items	**7,807**	6,537	**15,396**	13,606
Accretion of effective interest on mortgage loans and convertible debentures	**278**	284	**514**	572
Accretion of non-derivative liability component of convertible debentures	**89**	83	**171**	164
Net financial expenses before the following items:	**8,174**	6,904	**16,081**	14,342
Fair value adjustment on derivative financial instruments	**(763)**	(9,344)	**(579)**	(8,347)
Fair value adjustment on Class B LP units	**(775)**	(233)	**(775)**	(167)
Net financial expenses net of financial income	**6,636**	(2,673)	**14,727**	5,828

Financial income mainly consists of interest income generated from interest rate swap agreements on mortgages.

Interest expense, net of financial income increased by $1.3 million for the quarter compared with the same period last year. This is mainly due to the net increase in mortgage loans attributable to acquisitions net of dispositions of investment properties, the increase in the prime lending rate impacting variable interest rates and mortgages refinanced in recent quarters, and the interest paid on the revolving credit facility.

On June 30, 2023, the weighted average mortgage interest rate was 4.28%, 66 basis points higher than the average rate as at June 30, 2022 (3.62%). This increase is mainly due to the variable interest on mortgage loans for which the weighted average contractual rate increased by 337 basis points to 6.98% (3.61% as at June 30, 2022). The cumulative balance of the Trust's loans subject to variable interest rates was $36.9 million. The weighted average for fixed interest rate mortgage loans increased by 23 basis points to 3.85% (3.62% as at June 30, 2022). Interest rates on first-ranking mortgage loans ranged from 2.30% to 8.70% as at June 30, 2023, (2.30% to 6.80% as at June 30, 2022).

The weighted average term of mortgage loans in place as at June 30, 2023, was 3.6 years (4.6 years as at June 30, 2022).

Net financial expenses, net of financial income, described above, include non-monetary items. These non-monetary items are the accretion of effective interest on mortgage loans and on convertible debentures, the accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and on Class B LP units.

Administration expenses

The following table summarizes the Trust's administration expenses for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Corporate expenses	1,597	1,528	3,315	3,181
Expected credit losses	(41)	138	159	157
Unit-based compensation	3	27	200	177
Trust administration expenses	1,559	1,693	3,674	3,515

Corporate expenses increased by $0.1 million or 5% for the quarter compared to the same period last year. The Trust managed to reduce the level of corporate expenses to 5.1% of rental revenue on a cumulative six-month period, a reduction of 0.4 % compared to the same period last year.

Expected credit losses decreased by $0.2 million for the quarter compared to the same period last year. The decrease of credit losses expense is due to favorable collections and accounts receivables management.

Unit-based compensation remained stable compared to the same periods last year.

Fair value adjustment of investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the period in which it arises. Furthermore, upon a disposition the Trust will revaluate the investment property at the disposition consideration.

On an annual basis, the Trust retains the services of independent external appraisers to evaluate the fair value of a significant portion of its portfolio. Pursuant to its policy, the Trust annually appraises a minimum of 60% of its portfolio, which includes the 15 most valuable properties, and the remaining ones are externally appraised on three-year rotation basis. In addition, as part of acquisitions, financing or refinancing transactions, or at the request of lenders, other properties are also independently appraised during the year. For the first six months of 2023, the Trust did not externally appraise any of its properties.

For the properties not independently appraised during a given year, the Trust receives quarterly market data regarding capitalization rates and discount rates reflecting real estate market conditions from independent external appraisers or independent experts. The capitalization rate reports provide a range of rates for various geographic regions where the Trust operates and for various types and qualities of properties within each said region. The Trust utilizes capitalization and discount rates within ranges provided by these external experts. 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 following tables summarize the changes in fair value of investment properties by segment for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Industrial	-	(197)	-	810
Off-downtown core office	-	-	-	-
Necessity-based retail	-	-	-	-
Total change in fair value	-	(197)	-	810

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals for the years ended 2023 and 2022:

As at June 30, 2023	Industrial	Off-downtown core office	Necessity-based retail
Capitalization rate	4.75% - 7.50%	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	5.98%	6.73%	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 weighted average capitalization rate for the entire portfolio as at June 30, 2023, was 6.50% (6.48% as at December 31, 2022), 1 basis points higher compared to the previous quarter.

Since December 31, 2022, BTB purchased 2 industrial properties which increased the weighted average capitalization rate by 2 basis point.

As at June 30, 2023, the Trust has estimated that if an increase or decrease of 0.25% in the capitalization rate were applied to the overall portfolio, this variation would affect the fair value of its investment properties respectively by a reduction of $45.4 million or an increase of $49.0 million. The change in the capitalization rates is an appropriate proxy of the changes for the discount and terminal capitalization rates.

Adjusted net income

Net income and comprehensive income fluctuate from one quarter to the next based on non-recurring items and certain volatile non-monetary items. The fair value of derivative financial instruments and the fair value of investment properties fluctuate based on the stock market volatility of the Trust's units, the forward interest rate curve and the discount and capitalization rates of its real estate portfolio.

The following table summarizes the adjusted net income(1) before these non-recurring and volatile non-monetary items for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Net income and comprehensive income	10,846	18,243	19,648	24,692
Non-recurring items:				
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	-	138	-	891
Fair value adjustment on investment properties	-	197	-	(810)
Fair value adjustment on derivative financial instruments	(763)	(9,344)	(579)	(8,347)
Fair value adjustment on Class B LP units	(775)	(233)	(775)	(167)
Adjusted net income(1)	9,308	9,001	18,294	16,259
Per unit	10.8¢	10.6¢	21.2¢	19.9¢

(1) This is a non-IFRS financial measure, refer to page 35.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and Adjusted EBITDA(1) for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Net income being total comprehensive income for the period	10,846	18,243	19,648	24,692
Interest expense	8,120	6,643	15,993	13,547
Accretion of effective interest on mortgage loans and convertible debentures	278	284	514	572
Amortization of property and equipment	23	26	46	56
Lease incentive amortization	750	818	1,478	1,553
Fair value adjustment on investment properties	-	197	-	(810)
Fair value adjustment on derivative financial instruments	(763)	(9,344)	(579)	(8,347)
Fair value adjustment on Class B LP units	(775)	(233)	(775)	(167)
Unit-based compensation (Unit price remeasurement)	(232)	(285)	(291)	(208)
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	-	138	-	891
Straight-line lease adjustment	(291)	(74)	(924)	(224)
Adjusted EBITDA (1)	17,956	16,413	35,110	31,555

(1) This is a non-IFRS financial measure, refer to page 35.

For the quarter, the Adjusted EBITDA(1) was $18.0 million compared to $16.4 million for the same quarter last year, representing an increase of 9.4% mainly caused by the accretive acquisitions made since last year and a combination of the higher in place occupancy rate compared to the same period last year (0.01% increase) and the higher average lease rate.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on January 1, 2022, and that are still owned by the Trust on June 30, 2023. Therefore, it excludes all the acquired(2)(3) and disposed(2)(3) properties during the years 2022 and 2023.

The following table summarizes the results of the same-property NOI(1) for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter			Cumulative (6 months)		
	2023	2022	Δ%	2023	2022	Δ%
	$	$		$	$	
Net operating income (NOI) as reported in the financial statements	19,041	17,598	8.2%	38,049	33,832	12.5%
NOI sourced from:						
Acquisitions	(1,514)	(199)		(3,111)	(199)	
Dispositions	-	(167)		-	(436)	
Non-cash adjustment related to a change in accounting estimate	-	-		(1,429)	-	
Same Property NOI(1)	17,527	17,232	1.7%	33,509	33,197	0.9%
Same Property NOI(1) sourced from:						
Industrial	4,171	4,339	-3.9%	8,705	8,669	0.4%
Off-downtown core office	8,791	8,953	-1.8%	16,217	17,023	-4.7%
Necessity-based retail	4,565	3,940	15.9%	8,587	7,505	14.4%
Same Property NOI(1)	17,527	17,232	1.7%	33,509	33,197	0.9%

(1) This is a non-IFRS financial measure, refer to page 35.

Compared to the same quarter last year, same-property net operating income (NOI)(1) increased by 1.7% due to strong leasing efforts in the necessity-based retail segment and cost control measures made during the previous quarters.

The industrial segment NOI decreased by 3.9% due to the expected departure of a tenant in Edmonton, impacting the NOI for the quarter by $0.2 million. At the end of June 2023, the Trust leased the space vacated by this tenant, at a higher rental rate. Excluding this departure, the industrial segment same property net operating income would have increased by 1%.

The NOI for the off-downtown core office segment decreased by 1.8% due to the decrease of the occupancy rate in the Québec City geographic region by 4.9%. The Trust is actively focused on the leasing efforts and strategy for this region.

(1) This is a non-IFRS financial measure, refer to page 35.
(2) Refer to the Trust's condensed consolidated interim financial statements dated August 4, 2023, note 3, section a) for the acquired properties details.
(3) Refer to the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022, for the acquisitions and dispositions of the year 2022.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
	$	$	**$**	$
Distributions				
Cash distributions	**5,584**	5,565	**11,159**	10,615
Cash distributions – Class B LP units	**40**	26	**65**	52
Distributions reinvested under the distribution reinvestment plan	**862**	783	**1,708**	1,558
Total distributions to unitholders	**6,489**	6,374	**12,932**	12,225
Percentage of reinvested distributions[1][2]	**13.3%**	12.3%	**13.2%**	12.7%
Per unit[2]				
Distributions	**7.5¢**	7.5¢	**15.0¢**	15.0¢

(1) This is a non-IFRS financial measure. The percentage of reinvested distributions ratio is calculated by dividing the distributions reinvested under the distribution reinvestment plan by the total distributions to unitholders.
(2) Including Class B LP units.

For the quarter, the monthly distributions paid to unitholders totalled 2.5¢ per unit for the quarterly total of 7.5¢ per unit, unchanged from the same quarter of 2022.

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 periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
	$	$	**$**	$
Net income and comprehensive income (IFRS)	**10,846**	18,243	**19,648**	24,692
Fair value adjustment on investment properties	**-**	197	**-**	(810)
Fair value adjustment on Class B LP units	**(775)**	(233)	**(775)**	(167)
Amortization of lease incentives	**750**	818	**1,478**	1,553
Fair value adjustment on derivative financial instruments	**(763)**	(9,344)	**(579)**	(8,347)
Leasing payroll expenses[6]	**327**	158	**683**	379
Distributions - Class B LP units	**42**	26	**64**	52
Unit-based compensation (Unit price remeasurement)[5]	**(232)**	(285)	**(291)**	(208)
FFO[1]	**10,195**	9,580	**20,228**	17,144
Non-recurring item				
Transaction costs on disposition of investment properties and mortgage early repayment fees	**-**	138	**-**	891
Recurring FFO[1]	**10,195**	9,718	**20,228**	18,035
FFO per unit[1][2][3]	**11.8¢**	11.3¢	**23.5¢**	21.0¢
Recurring FFO per unit[1][2][4]	**11.8¢**	11.4¢	**23.5¢**	22.1¢
FFO payout ratio[1]	**63.8%**	66.4%	**63.8%**	71.3%
Recurring FFO payout ratio[1]	**63.8%**	65.5%	**63.8%**	67.8%

(1) This is a non-IFRS financial measure, refer to page 35.
(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 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.

For the quarter, recurring FFO[1] was 11.8¢ per unit, compared to 11.4¢ per unit for the same quarter last year representing an increase of 3.1% mainly caused by: (i) the stability of it's in-place occupancy rates for the total portfolio; (ii) the increase in average lease renewal rates by 6.2%; and (iii) the effect of accretive acquisitions concluded since the second quarter of last year.

The recurring FFO payout ratio[1] for the quarter stood at 63.8%, compared to 65.5% for the same quarter in 2022.

(1) This is a non-IFRS financial measure, refer to page 35.

Adjusted Funds from Operations (AFFO)[1]

The following table provides a reconciliation of FFO[1] and AFFO[1] for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
FFO[1]	10,195	9,580	20,228	17,144
Straight-line rental revenue adjustment	(291)	(74)	(924)	(224)
Accretion of effective interest	278	284	514	572
Amortization of other property and equipment	23	26	46	56
Unit-based compensation expenses	237	312	493	385
Provision for non-recoverable capital expenditures[1]	(634)	(580)	(1,292)	(1,161)
Provision for unrecovered rental fees[1]	(375)	(375)	(750)	(750)
AFFO[1]	9,433	9,173	18,315	16,022
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	138	-	891
Recurring AFFO[1]	9,433	9,311	18,315	16,913
AFFO per unit[1][2][3]	10.9¢	10.8¢	21.3¢	19.7¢
Recurring AFFO per unit[1][2][4]	10.9¢	11.0¢	21.3¢	20.8¢
AFFO payout ratio[1]	69.0%	69.4%	70.5%	76.3%
Recurring AFFO payout ratio[1]	69.0%	68.3%	70.5%	72.3%

(1) This is a non-IFRS financial measure, refer to page 35.
(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).

For the quarter, recurring AFFO[1] was 10.9¢ per unit, compared to 11.0¢ per unit for the same quarter last year, a decrease of 0.1%.

The recurring AFFO payout ratio[1] for the quarter stood at 69.0% compared to 68.3% for the same quarter last year.

In calculating AFFO[1], the Trust deducts a provision for non-recoverable capital expenditures[2] 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.

The Trust also deducts a provision for unrecovered rental fees[2] in the amount of approximately 25¢ per square feet 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.

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure as defined in this page.

The following table compares the amount of the provision for non-recoverable capital investments to the amount of investment made during the current comparative quarter and in the last few years:

Periods ended June 30 and 12-month periods ended December 31 (in thousands of dollars)	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)	December 31, 2021 (12 months)
	$	$	$	$
Provision for non-recoverable capital expenditures[1]	1,292	1,161	2,390	2,007
Non-recoverable capital expenditures	2,015	840	1,735	1,297

(1) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

The Trust intends to achieve a balance between actual investment and the estimated provisions over the long term. Management may change the calculation of the provision, as required.

Cash Flows

The following table shows the Trust's net distributions to unitholders compared to net cash flows from operating activities less interest paid for the years 2023, 2022 and 2021:

Periods ended June 30 and 12-month periods ended December 31 (in thousands of dollars)	2023 (6 months)	2022 (6 months)	2022 (12 months)	2021 (12 months)
	$	$	$	$
Net cash flows from operating activities	32,977	26,920	66,240	56,538
Interest paid	(15,320)	(13,438)	(27,925)	(21,755)
Net cash flows from operating activities less interest paid	17,657	13,482	38,315	34,783
Net distributions to unitholders	11,091	10,370	21,573	18,171
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	6,566	3,112	16,742	16,612

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO[1] and FFO[1] for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Cash flows from operating activities	17,320	15,516	32,977	26,920
Leasing payroll expenses	327	158	683	379
Transaction costs on purchase and disposition of investment properties and early repayment fees	-	(138)	-	(891)
Adjustments for changes in other working capital items	649	1,186	2,200	4,960
Financial income	355	132	661	277
Interest expenses	(8,120)	(6,643)	(15,993)	(13,547)
Provision for non-recoverable capital expenditures[2]	(634)	(580)	(1,292)	(1,161)
Provision for non-recovered rental fees[2]	(375)	(375)	(750)	(750)
Accretion of non-derivative liability component of convertible debentures	(89)	(83)	(171)	(165)
AFFO[1]	9,433	9,173	18,315	16,022
Provision for non-recoverable capital expenditures[2]	634	580	1,292	1,161
Provision for non-recovered rental fees[2]	375	375	750	750
Straight-line rental revenue adjustment	291	74	924	224
Unit-based compensation expenses	(237)	(312)	(493)	(385)
Accretion of effective interest	(278)	(284)	(514)	(572)
Amortization of property and equipment	(23)	(26)	(46)	(56)
FFO[1]	10,195	9,580	20,228	17,144

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure, refer to his is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

Assets

Investment properties

The Trust has grown through the acquisitions of high-quality properties based on its selection criteria, while maintaining an appropriate allocation among three operating segments: industrial, off-downtown core office, and necessity-based retail.

The real estate portfolio consists of direct interests in wholly owned investment properties and the Trust's share of the assets, liabilities, revenues, and expenses of two jointly controlled investment properties.

The following table summarizes the changes in the fair value of investment properties for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Balance, beginning of period	1,198,351	1,127,373	1,164,881	1,110,971
Additions:				
Initial recognition of right-of-use assets	-	-	3,133	-
Acquisitions	7,380	41,265	36,300	80,226
Dispositions	-	(1,798)	-	(27,789)
Capital expenditures	1,956	669	2,677	1,428
Leasing fees and capitalized lease incentives	1,813	679	2,598	2,930
Fair value adjustment on investment properties	-	(197)	-	810
Other non-monetary changes[1]	(464)	(744)	(553)	(1,329)
Balance, end of period	1,209,036	1,167,247	1,209,036	1,167,247

(1) The other non-monetary changes are composed of the lease incentives amortization and straight-line lease adjustments.

The fair value of its investment properties stood at $1,209 million as at June 30, 2023, compared to $1,165 million as at December 31, 2022. The increase of $44.2 million is mainly explained by the previously mentioned acquisition for which the net impact increased the portfolio of investment properties by $39.4 million (acquisitions of investment properties, including capitalized transactions cost, and initial recognition of right-of-use assets). It is also attributable to $2.7 million of capital expenditures and $2.6 million of leasing fees and capitalized lease incentives.

Improvements in investment properties

The Trust invests capital to improve its properties to preserve the quality of their infrastructure and services provided to tenants. These investments include value-added maintenance corresponding to expenditures required to upkeep properties, as well as property improvement and redevelopment projects intended to increase leasable area, occupancy rates or quality of space available for rent. In some cases, capital expenditures are amortized and may be recovered from tenants.

The following table summarizes capital expenditures, incentives, and leasing fees, for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Recoverable capital expenditures	417	304	662	588
Non-recoverable capital expenditures	1,539	365	2,015	840
Total capital expenditures	1,956	669	2,677	1,428
Leasing fees and leasehold improvements	1,813	679	2,598	2,930
Total	3,769	1,348	5,275	4,358

Receivables

The following table summarizes receivables for the periods ended June 30, 2023, December 31, 2022 and June 30, 2022:

(in thousands of dollars)	June 30, 2023	December 31, 2022	June 30, 2022
	$	$	$
Rent receivable	3,823	3,431	3,431
Allowance for expected credit losses	(745)	(1,011)	(1,011)
Net rent receivable	3,078	2,420	2,420
Unbilled recoveries	1,430	1,142	1,142
Other receivables	186	1,254	1,254
Receivables	4,694	4,816	4,816

Receivables decreased from $4.8 million as at December 31, 2022, to $4.7 million as at June 30, 2023. The decrease in receivables is due to favorable collections, accounts receivables management and the positive impact of the reduction of the allowance for expected credit losses.

Prepaid expenses, Deposits and Property and equipment

The following table summarizes the prepaid expenses, deposits and property and equipment for the periods ended June 30, 2023, December 31, 2022 and June 30, 2022:

(in thousands of dollars)	June 30, 2023	December 31, 2022	June 30, 2022
	$	$	$
Property and equipment	1,434	1,436	1,501
Accumulated depreciation	(1,160)	(1,114)	(1,048)
Net property and equipment	274	322	453
Prepaid expenses	6,573	1,234	5,633
Deposits	699	1,929	895
Other assets	7,546	3,485	6,981

Prepaid expenses, deposits and property and equipment increased from $3.5 million as at December 31, 2022, to $7.5 million as at June 30, 2023, which is explained by an increase in prepaid expenses for property taxes.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on June 30, 2023, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at June 30, 2023 (in thousands of dollars)	Balance of convertible debentures[1]	Balance of mortgages payable[1]	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2023	-	48,934	6.79
2024	24,000	110,797	4.59
2025	19,917	57,692	4.30
2026	-	120,742	3.41
2027	-	116,051	5.13
2028 and thereafter	-	194,132	3.93
Total	43,917	648,348	4.41

(1) Gross amounts.

The Trust has $48.9 million of mortgages coming to maturity during the next six months. The Trust as of the date of this report has commitment letters from financial institutions for the refinancing of $36.2 million. The remaining $12.7 million represents 1 mortgage and is maturing at the end of the fourth quarter. Historically, the Trust has always been able to refinance its existing mortgages and there is no indication that this would change.

Weighted average contractual interest rate

As at June 30, 2023, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.41% (4.28% for mortgage loans and 6.45% for convertible debentures), representing an increase of 60 basis points compared to the same period last year. As at June 30, 2022, the weighted average contractual interest rate of the Trust's long-term debt stood at 3.81% (3.62% for mortgage loans and 6.46% for convertible debentures).

Mortgage loans

As at June 30, 2023, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $648.3 million compared to $638.4 million as at December 31, 2022. The net increase of $9.9 million includes $16.8 million that relates to contracted mortgages for previously mentioned acquisitions, $2.8 million of additional capital on refinanced existing mortgages, netted by $9.7 million of monthly principal repayments.

The following table summarizes the changes in mortgage loans payable for the periods ended June 30, 2023, and June 30, 2022:

Periods ended June 30, 2023 (in thousands of dollars)	Quarter	Cumulative (6 months)
	$	$
Balance at beginning[1]	650,454	638,441
Mortgage loans contracted or assumed[2]	18,400	35,200
Balance repaid at maturity or upon disposition[3]	(15,625)	(15,625)
Monthly principal repayments[4]	(4,881)	(9,668)
Balance as at June 30, 2023[1]	648,348	648,348

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS measure. Mortgage loans contracted or assumed are included in the Condensed Consolidated Interim Statements of Cash Flows within the *Mortgage loans, net of financing expenses*.
(3) This is a non-IFRS measure. Balance repaid at maturity or upon disposition are included in the Condensed Consolidated Interim Statements of Cash Flows within the following: *Repayment of mortgage loans and Net proceeds from disposition of investment properties*.
(4) This is a non-IFRS measure. Principal monthly repayments are included in the Condensed Consolidated Interim Statements of Cash Flows within *Repayment of mortgage loans*.

As at June 30, 2023, the weighted average mortgage interest rate was 4.28% compared to 3.62% for the same period last year, an increase of 66 basis points. This increase is mainly due to the increase in the average weighted contractual rate of variable interest on mortgage loans outstanding, which increased by 337 basis points to 6.98% (3.61% as at June 30, 2022). In comparison, the weighted average for fixed interest rate increased by 23 basis point to 3.85% (3.62% as at June 30, 2022).

As at June 30, 2023, the majority of the Trust's mortgages payable bear interest at fixed rates (cumulative principal amount of $560.3 million) or are subject to floating-to-fixed interest rate swaps (cumulative principal amount of $51.1 million). However, the Trust has four loans that bear interest at floating rates (cumulative principal balance of $36.9 million).

The weighted average term of existing mortgage loans was 3.6 years as at June 30, 2023, compared to 4.6 years for the same period last year. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with renewals.

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

As at June 30, 2023 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2023 (6 months)	9,458	48,776	58,234	9.0
2024	16,569	106,662	123,231	19.0
2025	14,249	52,853	67,102	10.4
2026	12,070	108,601	120,671	18.6
2027	8,152	100,504	108,656	16.8
2028 and thereafter	15,235	155,219	170,454	26.3
Total	75,733	572,615	648,348	100.0
Unamortized fair value assumption adjustments			348	
Unamortized financing expenses			(2,795)	
Balance as at June 30, 2023			645,901	

As at June 30, 2023, the Trust was in compliance with all the contractual mortgage covenants to which it is subject.

Convertible debentures

The following table summarizes the convertible debentures for the period ended June 30, 2023:

(in thousands of dollars)	Series G[(1)(3)]	Series H[(2)(3)]	Total
Par value	24,000	19,917[(4)]	43,917
Contractual interest rate	6%	7%	
Effective interest rate	7%	8%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	5.42	3.64	
Date of interest payment	April 30 and October 31	April 30 and October 31	
Maturity date	October 2024	October 2025	
Balance as at June 30, 2023	23,587	18,444	42,031

(1) Redeemable by the Trust, under certain conditions, as of October 31, 2022, but before October 31, 2023, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series G conversion price and, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(2) Redeemable by the Trust, under certain conditions, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series H conversion price and, as of October 31, 2024, but before October 31, 2025, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(3) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G and H debentures by issuing tradable units freely to Series G and H debenture holders.
(4) Conversion of $10,083 of the Series H debenture since issuance. Conversion of $0 during the quarter.

Debt ratio

Under the terms of its trust agreement, the Trust can't contract a mortgage loan if, after having contracted the said loan, the total mortgage debt would exceed 75% of the fair value of the total assets of the Trust. In accordance with the Trust indenture, when establishing this calculation, the convertible debentures shouldn't be considered in the calculation of total indebtedness. Moreover, also under its trust indenture, in case of failure to abide by this condition, the Trust benefits from a 12-month delay from the date of knowledge to remedy the situation.

The following table summarizes the Trust's debt ratios as at June 30, 2023, and 2022 and December 31 2022:

(in thousands of dollars)	June 30, 2023	December 31, 2022	June 30, 2022
	$	$	$
Cash and cash equivalents	(3,744)	(2,404)	(3,020)
Mortgage loans outstanding[(1)]	648,348	638,441	630,786
Convertible debentures[(1)]	43,001	43,170	43,011
Credit facilities	34,301	9,897	24,174
Total long-term debt less cash and cash equivalents[(2)(3)]	721,906	689,104	694,951
Total gross value of the assets of the Trust less cash and cash equivalents[(2)(4)]	1,226,664	1,178,049	1,182,128
Mortgage debt ratio (excluding convertible debentures and credit facilities)[(2)(5)]	52.9%	54.2%	53.4%
Debt ratio – convertible debentures[(2)(6)]	3.5%	3.7%	3.6%
Debt ratio – credit facilities[(2)(7)]	2.8%	0.8%	2.0%
Total debt ratio[(2)]	58.9%	58.5%	58.8%

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS financial measure, refer to page 35.
(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.

As of June 30, 2023, the mortgage debt ratio[(1)] excluding the convertible debentures and credit facilities totalled 52.9%, a decrease of 1.3% since December 31, 2022. As of June 30, 2023, the total debt ratio[(2)], including the convertible debentures and credit facilities, net of cash and cash equivalents, increased to 58.9%, an increase of 0.4% since December 31, 2022. The increase is driven by the property acquisitions made during the last two quarters which increased the use of the credit facilities.

The Trust seeks to finance its acquisitions with a maximum mortgage debt ratio of 65% since the cost of financing is lower than the capital cost of the Trust's equity. Liquidity refers to the Trust having credit availability under committed credit facilities and/or generating enough cash and cash equivalents to fund the ongoing operational commitments including maintenance capital and development capital expenditures, distributions to unitholders and planned growth in the business. The Trust maintains credit facilities to provide financial liquidity which can be drawn or repaid on short notice, reducing the need to hold liquid resources in cash and deposits. Management continues to believe the Trust is well positioned based on the improved balance sheet over the years, short-term debt maturities that are under way to be refinanced, a pool of assets that can be used to structure new lines of credit, and the liquidity of the portfolio in the event of an opportunistic asset sale.

(1) This is a non-IFRS financial measure as defined in this page.
(2) This is a non-IFRS financial measure, refer to page 35.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for the ratios)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Adjusted EBITDA[1]	17,956	16,413	35,110	31,555
Interest expenses net of financial income[2]	7,765	6,511	15,332	13,270
Interest coverage ratio[3]	2.31	2.52	2.29	2.38

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure. 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.
(3) This is a non-IFRS financial measure. Interest coverage ratio is calculated by dividing the Adjusted EBITDA[1] by Interest expenses net of financial income (as previously defined).

For the first six months of the year, the interest coverage ratio stood at 2.29, a decrease of 9 basis points from the same period last year.

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in thousands of dollars, except for the ratios)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
	$	$	$	$
Adjusted EBITDA[1]	17,956	16,413	35,110	31,555
Interest expenses net of financial income[2]	7,765	6,511	15,332	13,270
Principal repayments	4,881	4,946	9,668	9,906
Debt service requirements	12,646	11,457	25,000	23,176
Debt service coverage ratio[3]	1.42	1.43	1.40	1.36

(1) This is a non-IFRS financial measure, refer to page 35.
(2) This is a non-IFRS financial measure. 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.
(3) This is a non-IFRS financial measure. Debt service coverage ratio is calculated by dividing the Adjusted EBITDA[1] by Debt service requirements.

For the first six months of the year, the debt service coverage ratio stood at 1.40, an increase of 4 basis points from the same period last year.

Class B LP units

The following table summarizes the Class B LP units for the period ended June 30, 2023, as well as the cumulative periods for the first six months of 2023 and 2022:

Period ended June 30, 2023 (in number of units)	Quarter		Cumulative (6 months)	
	Units	$	Units	$
Class B LP units outstanding, beginning of period	197,265	706	347,265	1,268
Issuance of Class B LP Units - Acquisition	550,000	2,475	550,000	2,475
Exchange into Trust units	-	-	(150,000)	(562)
Fair value adjustment	-	(775)	-	(775)
Class B LP units outstanding, end of period	747,265	2,406	747,265	2,406

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

On May 30, 2018, Class B LP units were issued in payment for the acquisition of a 25% equity portion in the property located at 815 Boulevard Lebourgneuf in Québec City.

On February 14, 2023, the holders of the class B LP units converted 150,000 units into units of the Trust.

On May 1, 2023, 550,000 Class B LP units were issued as part of the payment for the acquisition of the property located at 8810, 48th Avenue NW in Edmonton.

Units outstanding

The following table summarizes the total number of units outstanding and the weighted number of units outstanding for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
Units outstanding, beginning of the period	85,754,797	84,342,264	85,238,279	74,126,971
Units issued pursuant to a public issue	-	-	-	9,584,100
Distribution reinvestment plan	267,694	200,036	500,893	396,023
Issued - employee unit purchase plan	1,960	-	8,955	11,605
Issued - restricted unit compensation plan	18,677	-	45,276	104,649
Issued – deferred unit compensation plan	-	-	-	-
Class B LP units exchanged into Trust units	-	-	150,000	-
Issued – conversion of convertible debentures	-	189,556	99,725	508,508
Units outstanding, end of the period	86,043,128	84,731,856	86,043,128	84,731,856
Weighted average number of units outstanding	85,939,379	84,642,349	85,776,984	81,153,498
Weighted average number of Class B LP units and units outstanding	86,503,311	84,989,614	86,182,582	81,500,763

As of June 30, 2023, no units have been repurchased for cancellation under the normal course issuer bid ("NCIB").

Deferred unit compensation plan

The Trust has implemented a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, beneficiaries may elect to receive their compensation in cash, deferred units or a combination of both. The following table summarizes deferred units outstanding for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2023	2022	2023	2022
Deferred units outstanding, beginning of the period	126,655	107,341	121,727	103,116
Trustees' compensation	2,470	2,404	4,940	4,452
Distributions paid in units	2,458	1,972	4,916	4,149
Deferred units outstanding, end of the period	131,583	111,717	131,583	111,717

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a maximum period of three years. The purpose of the plan is to encourage senior officers and selected employees to support the Trust's growth objectives and align their interests with the interests of unitholders. The purpose of the plan is also to serve as an executive retention tool.

The following table summarizes restricted units outstanding for the periods ended June 30, 2023, and June 30, 2022, as well as the cumulative periods for the first six months of 2023 and 2022:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2023	2022	**2023**	2022
Restricted units outstanding, beginning of the period	**329,054**	161,536	**138,583**	161,536
Granted	**217,072**	92,304	**434,144**	92,304
Settled	**(26,601)**	(90,671)	**(53,202)**	(90,671)
Restricted units outstanding, end of the period	**519,525**	163,169	**519,525**	163,169

Employee unit purchase plan

The Trust offers its employees an optional unit purchase plan. Under this plan, the employees may contribute, each year, pursuant to a maximum of 7% to 10% of their base salary depending on their position occupied within the Trust. Subject to the plan's conditions, for each two units purchased by an employee, the Trust shall issue one unit from treasury to the employee.

Off-balance sheet arrangements and contractual commitments

The Trust doesn't have any other off-balance sheet arrangement or commitment that have or are likely to have an impact on its operating results or financial position, specifically its cash position and sources of financing.

Income Taxes

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

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

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

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

As at June 30, 2023, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules don't apply to BTB. BTB's management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

Nonetheless, there is no guarantee that BTB will continue to meet all the required conditions to be eligible for the REIT exception for 2023 or any other subsequent year.

Taxation of Unitholders

For Canadian unitholders, to the best of the Trust management's knowledge, distributions are qualified as follows for taxation purposes:

Periods ended June 30	**2023**	2022
	%	%
Taxable as other income	**-**	-
Tax deferred	**100**	100
Total	**100**	100

Accounting Policies and Estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. The result of the continual review of these estimates is the basis for exercising judgment on the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from these estimates. Critical judgments made by BTB in applying significant accounting policies, the most significant of which is the fair value of investment properties, are described in Note Investment Properties to the annual consolidated financial statements as at and for the years ended December 31, 2022, and 2021.

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

Inflation and Interest Rates

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 not had a significant impact on the Trust's operations and ability to negotiate new or renew 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 in the market. The Trust will continue to monitor the effects of the rise of the policy rate on its investment activities and valuation of the investment properties.

Risks and Uncertainties

Numerous risks and uncertainties could cause BTB's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Risk Factors" section of BTB's 2023 Annual Information Form for the year ended December 31, 2022, which is hereby incorporated by reference. Such risks and uncertainties include:

- Access to Capital and to Debt Financing
- Interest Rate Increases
- Ownership of Immovable Property
- Competition and Rising Property Prices
- Availability of Immovable Property for Acquisition
- Development Programs
- Recruitment and Retention of Employees and Executives
- Government Regulation
- Limit on Activities Under the Trust Agreement
- Tax Regulations
- Fluctuations in Cash Distributions
- Reliance on Single or Anchor Tenants
- Potential Unitholder Liability
- Conflicts of Interest
- Market Price of Units
- Legal Rights Relating to Units
- Dilution
- Environmental Matters
- Legal Risks
- General Uninsured Losses
- Retail Industry
- A possible economic recession
- Long-term effect of a global pandemic

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The President and Chief Executive Officer and the Executive Vice-President and Chief Operating & Financial Officer of BTB are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Canadian Securities Administrators Multilateral Instrument 52-109.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Operating & Financial Officer concluded that the DC&P were effective as at December 31, 2022, and that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the quarter in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Operating & Financial Officer of BTB concluded that ICFR was effective as at June 30, 2023, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

During the second quarter of 2023, management made no changes to internal control over financial reporting that materially affected, or are likely to materially affect, internal control over financial reporting.

Appendix 1 – Definitions

Class B LP Units

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

Rental revenue

Rental revenue includes all amounts earned from tenants related to lease agreements, including basic rent and additional rent from operating expense recoveries. It also includes other service charges for parking and storage, lease termination revenues and straight-line rent adjustments.

Some of the Trust's leases include clauses providing for the recovery of rental revenue based on amounts that increase every few years. These increases are negotiated when the leases are signed. Under IFRS, these increases must be recognized on a straight-line basis over the terms of the leases.

Operating expenses

Operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for in the contractual terms of the leases. Operating expenses include property taxes and public utilities, costs related to indoor and outdoor maintenance, heating, ventilation and air conditioning, elevators, insurance, janitorial services and management and operating fees. The amount of operating expenses that the Trust can recover from its tenants depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of expenses. Most of the Trust's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses. The Trust pays particular attention to compliance with existing leases and the recovery of these operating expenses.

Net operating income (NOI)

NOI is used in the real estate industry to measure operational performance. The Trust defines it as rental revenue from properties, less the combined operating expenses of investment properties. This definition may differ from that of other issuers and accordingly, the Trust's NOI may not be comparable to the NOI of other issuers.

Financial expenses

Financial expenses arise from the following loans and financing:

- Mortgage loans payable contracted or assumed totalling approximately $648.3 million as at June 30, 2023, compared to $630.8 million as at June 30, 2022.
- Series G and H convertible debentures for a total par value of $43.9 million.
- Credit facilities used as needed.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

Administration expenses

Administration expenses include corporate costs such as payroll expenses and professional fees associated with executive and administrative staff of the Trust, the compensation plan for trustees, legal and auditing services, expenses related to listed fund status, insurance costs, office expenses and expected credit losses and related legal fees. Administration expenses include amortization of the head office building and property and equipment, as well as unit-based compensation, a non-monetary item that affects the volatility of administrative expenses from quarter to quarter.

Fair value adjustment on investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the quarters in which it arises.

The fair value of investment properties is determined using the discounted cash flow method, the capitalized net operating income (NOI) method or the comparable method, which are generally accepted valuation methods.

Management receives quarterly capitalization rate and discount rate data from external chartered valuators and independent experts. The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization and discount rates within ranges provided by external valuators. To the extent that the externally provided capitalization rate ranges change from one reporting quarter to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust as at January 1, 2022 and still owned as at June 30, 2023, but doesn't include the financial impacts from dispositions, acquisitions and developments completed in 2022 and 2023, as well as the results of subsequently sold properties.

Net property income from the same-property portfolio

Net property income from the same-property portfolio provides an indication of the profitability of existing portfolio operations and the Trust's ability to increase its revenues and reduce its costs. It is defined as rental revenue from properties from the same-property portfolio, less operating expenses, and interest on mortgage financing of the same portfolio.

Appendix 2 – Non-IFRS Financial Measures – Definitions

Non-IFRS measure	Definition	Reconciliation
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.	Operating results – Adjusted net income
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.	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”); Capital Resources – Interest coverage ratio; and Capital Resources – Debt service coverage ratio
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.	Operating results – Same-Property Portfolio
Funds from Operations (“FFO”) **and Recurring FFO**	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. Recurring FFO 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 recurring FFO are key measures of operating performance and allow the investors to compare its historical performance.	Funds from Operations (FFO); Cash Flows; and Appendix 2

Non-IFRS measure	Definition	Reconciliation
Adjusted Funds from Operations (“AFFO”) **and** **Recurring AFFO**	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. Recurring AFFO 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 recurring AFFO 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.	Adjusted Funds from Operations (AFFO); Cash Flows; and Appendix 2
FFO and AFFO payout ratios **and** **Recurring FFO and recurring AFFO payout ratios**	FFO and AFFO payout ratios and recurring FFO and recurring AFFO 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 recurring FFO and recurring AFFO per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO); and Appendix 2
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.	Capital Resources – Debt ratio
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.	Capital Resources – Interest coverage ratio
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.	Capital Resources – Debt service coverage ratio

Appendix 3 –
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-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3
(in thousands of dollars, except for per unit)	**$**	$	$	$	$	$	$	$
Net income and comprehensive income (IFRS)	**10,846**	8,802	1,769	11,693	18,243	6,449	23,219	8,678
Fair value adjustment on investment properties	**-**	-	7,781	1,230	197	(1,007)	(19,571)	-
Fair value adjustment on Class B LP units	**(775)**	-	160	(142)	(233)	66	21	(18)
Amortization of lease incentives	**750**	728	787	773	818	735	858	780
Fair value adjustment on derivative financial instruments	**(763)**	184	(1,971)	(3,898)	(9,344)	997	3,297	(2,598)
Leasing payroll expenses(6)	**327**	356	682	182	158	221	208	173
Distributions – Class B LP units	**42**	22	26	26	26	26	30	22
Unit-based compensation (Unit price remeasurement)(5)	**(232)**	(59)	198	(172)	(285)	77	23	(19)
FFO(1)	**10,195**	10,033	9,432	9,692	9,580	7,564	8,085	7,018
Non-recurring item								
Transaction costs on disposition of investment properties and mortgage early repayment fees	**-**	-	627	93	138	753	109	-
Recurring FFO(1)	**10,195**	10,033	10,059	9,785	9,718	8,317	8,194	7,018
FFO per unit(1)(2)(3)	**11.8¢**	11.7¢	11.0¢	11.4¢	11.3¢	9.7¢	10.9¢	9.5¢
Recurring FFO per unit(1)(2)(4)	**11.8¢**	11.7¢	11.8¢	11.5¢	11.4¢	10.7¢	11.0¢	9.5¢
FFO payout ratio(1)	**63.8%**	64.1%	67.9%	65.9%	66.4%	77.2%	68.9%	79.0%
Recurring FFO payout ratio(1)	**63.8%**	64.1%	63.6%	65.2%	65.5%	70.2%	68.0%	79.0%

(1) This is a non-IFRS financial measure, refer to page 35.
(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 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.

(1) This is a non-IFRS financial measure, refer to page 35.

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-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3
(in thousands of dollars, except for per unit)	**$**	$	$	$	$	$	$	$
FFO(1)	**10,195**	10,033	9,432	9,692	9,580	7,564	8,085	7,018
Straight-line rental revenue adjustment	**(291)**	(633)	(1,077)	(521)	(74)	(150)	(758)	(88)
Accretion of effective interest	**278**	236	336	219	284	288	275	239
Amortization of other property and equipment	**23**	23	31	35	26	30	22	23
Unit-based compensation expenses	**237**	256	206	130	312	73	143	114
Provision for non-recoverable capital expenditures(1)	**(634)**	(658)	(630)	(599)	(580)	(581)	(539)	(478)
Provision for unrecovered rental fees(1)	**(375)**	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO(1)	**9,433**	8,882	7,923	8,581	9,173	6,849	6,853	6,453
Non-recurring item								
Transaction costs on disposition of investment properties and mortgage early repayment fees	**-**	-	627	93	138	753	109	-
Recurring AFFO(1)	**9,433**	8,882	8,550	8,674	9,311	7,602	6,962	6,453
AFFO per unit(1)(2)(3)	**10.9¢**	10.3¢	9.3¢	10.1¢	10.8¢	8.8¢	9.2¢	8.7¢
Recurring AFFO per unit(1)(2)(4)	**10.9¢**	10.3¢	10.0¢	10.2¢	11.0¢	9.7¢	9.4¢	8.7¢
AFFO payout ratio(1)	**69.0%**	72.4%	80.8%	74.4%	69.4%	85.3%	81.3%	85.9%
Recurring AFFO payout ratio(1)	**69.0%**	72.4%	74.9%	73.6%	68.3%	76.8%	80.0%	85.9%

(1) This is a non-IFRS financial measure, refer to page 35.
(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).

(1) This is a non-IFRS financial measure, refer to page 35.


2600 Alfred-Nobel Boulevard, Saint-Laurent, QC

Condensed Consolidated Interim Financial Statements

Three-month and six-month periods ended June 30, 2023

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

	Notes	As at June 30, 2023	As at December 31, 2022
		$	$
Assets			
Investment properties	3	1,209,036	1,164,881
Property and equipment		274	322
Derivative financial instruments	9	4,229	3,754
Prepaid expenses and deposits		7,272	3,163
Receivables	4	4,694	4,816
Cash and cash equivalents		3,744	2,404
Total assets		**1,229,249**	**1,179,340**
Liabilities and unitholders' equity			
Mortgage loans payable	5	645,901	636,111
Convertible debentures	6	42,031	41,942
Bank loans	7	34,301	9,897
Lease liabilities		7,334	4,203
Class B LP Units	8	2,406	1,268
Unit-based compensation	10	1,550	1,542
Derivative financial instruments	9	13	116
Trade and other payables		21,857	20,058
Distribution payable to unitholders		2,179	2,131
Total liabilities		**757,572**	**717,268**
Unitholders' equity		**471,677**	**462,072**
		1,229,249	**1,179,340**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on August 4, 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 June 30, 2023	For the three-month periods ended June 30, 2022	For the six-month periods ended June 30, 2023	For the six-month periods ended June 30, 2022
		$	$	$	$
Operating revenues					
Rental revenue	12	31,708	28,979	64,619	58,047
Operating expenses					
Public utilities and other operating expenses		5,578	4,899	12,375	11,166
Property taxes and insurance		7,089	6,482	14,195	13,049
		12,667	11,381	26,570	24,215
Net operating income		**19,041**	**17,598**	**38,049**	**33,832**
Financial income		355	132	661	277
Expenses					
Financial expenses		8,487	7,010	16,678	14,567
Distributions - Class B LP Units	8	42	26	64	52
Fair value adjustment – Class B LP Units	8	(775)	(233)	(775)	(167)
Net adjustment to fair value of derivative financial instruments		(763)	(9,344)	(579)	(8,347)
Net financial expenses	13	6,991	(2,541)	15,388	6,105
Administration expenses		1,559	1,693	3,674	3,515
Net change in fair value of investment properties and disposition expenses	3	-	335	-	(203)
Net income and comprehensive income for the period		**10,846**	**18,243**	**19,648**	**24,692**

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	2,824	-	-	2,824
Distribution to unitholders	11	-	(12,867)	-	(12,867)
		398,784	(215,102)	268,347	452,029
Comprehensive income		-	-	19,648	19,648
Balance as at June 30, 2023		**398,784**	**(215,102)**	**287,995**	**471,677**
Balance as at January 1, 2022		**351,540**	**(177,308)**	**230,193**	**404,425**
Issuance of units, net of issuance expenses	11	42,658	-	-	42,658
Distribution to unitholders	11	-	(12,173)	-	(12,173)
		394,198	(189,481)	230,193	434,910
Comprehensive income		-	-	24,692	24,692
Balance as at June 30, 2022		**394,198**	**(189,481)**	**254,885**	**459,602**

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 June 30, 2023	2022	For the six-month periods ended June 30, 2023	2022
		$	$	$	$
Operating activities					
Net income for the period		10,846	18,243	19,648	24,692
Adjusted for:					
Net change in fair value of investment properties and disposition expenses	3	-	335	-	(203)
Depreciation of property and equipment		23	26	46	56
Unit-based compensation	10	5	27	202	178
Straight-line lease adjustment	12	(291)	(74)	(924)	(224)
Lease incentive amortization	12	750	818	1,478	1,553
Financial income		(355)	(132)	(661)	(277)
Net financial expenses	13	6,991	(2,541)	15,388	6,105
		17,969	16,702	35,177	31,880
Adjustment for changes in other working capital items		(649)	(1,186)	(2,200)	(4,960)
Net cash from operating activities		**17,320**	**15,516**	**32,977**	**26,920**
Investing activities					
Acquisitions of investment properties net of mortgage loans assumed	3	(4,905)	(31,791)	(33,825)	(70,752)
Additions to investment properties	3	(3,762)	(1,202)	(5,274)	(4,253)
Net proceeds from dispositions of investment properties	3	-	1,659	-	21,632
Acquisition of property and equipment		-	(41)	-	(63)
Net cash (used in) from investing activities		**(8,667)**	**(31,375)**	**(39,099)**	**(53,436)**
Financing activities					
Mortgage loans, net of financing expenses		18,255	9,486	34,874	33,854
Repayment of mortgage loans		(20,505)	(7,936)	(25,292)	(14,671)
Bank loans		9,204	-	24,357	-
Repayment of bank loans		-	(11,144)	-	(11,294)
Lease liability payments		-	(4)	(2)	(8)
Net proceeds from unit issue		-	(6)	-	38,324
Net distribution to unitholders		(5,558)	(5,570)	(11,091)	(10,370)
Net distribution – Class B LP units	8	(42)	(26)	(64)	(52)
Interest paid		(7,932)	(6,587)	(15,320)	(13,438)
Net cash (used in) from financing activities		**(6,578)**	**(21,787)**	**7,462**	**22,345**
Net change in cash and cash equivalents		**2,075**	**(37,646)**	**1,340**	**(4,171)**
Cash and cash equivalents, beginning of period		**1,669**	**40,666**	**2,404**	**7,191**
Cash and cash equivalents, end of period		**3,744**	**3,020**	**3,744**	**3,020**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six-months ended June 30, 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 and six-month periods ended June 30, 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 August 4, 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

	Six-month period ended June 30,	Year ended December 31,
	2023	**2022**
	$	$
Balance beginning of period	1,164,881	1,110,971
Initial recognition of right-of-use assets	3,133	-
Acquisitions of investment properties (note 3(a))	36,300	96,155
Dispositions of investment properties (note 3(b))	-	(42,674)
Capital expenditures	2,677	3,370
Capitalized leasing fees	1,057	1,531
Capitalized lease incentives	1,542	5,020
Lease incentives amortization	(1,478)	(3,113)
Straight-line lease adjustment	924	1,822
Net changes in fair value of investment properties	-	(8,201)
Balance end of period	**1,209,036**	**1,164,881**

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 June 30, 2023, no independent external appraisals were obtained for investment properties (December 31, 2022 - appraisals obtained for investment properties having a total fair value of $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 June 30, 2023			
Capitalization rate	4.75% - 7.50%	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	5.98%	6.73%	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 June 30, 2023, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at June 30, 2023.

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	$	$
(0.50) %	1,311,382	102,346
(0.25) %	1,258,074	49,038
Base rate	1,209,036	-
0.25 %	1,163,645	(45,391)
0.50 %	1,121,617	(87,419)

(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 six-month period ended June 30, 2023, were as follows:

Fair value recognized on acquisition

Acquisition date	Property type	Location	Interest acquired	Investment properties, including acquisition costs	Mortgage loan assumed	Net consideration
			%	$	$	$
February 2023	Industrial	Mirabel, QC	100	28,920	-	28,920
May 2023[1]	Industrial	Edmonton, AB	100	7,380	-	7,380
Total				**36,300**	**-**	**36,300**

(1) As part of the transaction, the Trust satisfied a portion of the purchase through the issuance to the vendor of 550,000 Class B limited partnership units at a price of $4.50 per unit.

(b) Dispositions

There were no dispositions during the six-month period ended June 30, 2023.

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
Net changes in fair value of investment properties (note 3)	-	(197)	-	810
Disposition expenses (note 3 (b))	-	(138)	-	(607)
	-	(335)	-	203

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 June 30,	As at December 31,
	2023	**2022**
	$	$
Rents receivable	3,823	3,431
Allowance for expected credit losses	(745)	(1,011)
Net rents receivable	3,078	2,420
Unbilled recoveries	1,430	1,142
Other receivables	186	1,254
Total	**4,694**	**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 $1,175,493 as at June 30, 2023 (December 31, 2022 – $1,140,753).

	As at June 30,	As at December 31,
	2023	**2022**
	$	$
Fixed rate mortgage loans payable	560,276	552,275
Floating rate mortgage loans payable	88,072	86,166
Unamortized fair value assumption adjustments	348	564
Unamortized financing expenses	(2,795)	(2,894)
Mortgage loans payable	**645,901**	**636,111**
Short-term portion[1]	58,234	86,094
Weighted average interest rate	4.28%	4.09%
Weighted average term to maturity (years)	3.63	3.97
Range of annual rates	2.30% - 8.70%	2.30% - 8.20%

(1) For the six-month period remaining

As at June 30, 2023, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2023[1]	9,458	48,776	58,234
2024	16,569	106,662	123,231
2025	14,249	52,853	67,102
2026	12,070	108,601	120,671
2027	8,152	100,504	108,656
Thereafter	15,235	155,219	170,454
	75,733	572,615	648,348
Unamortized fair value assumption adjustments			348
Unamortized financing expenses			(2,795)
			645,901

(1) For the six-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 June 30,	As at December 31,
					2023	**2022**
	$	%			$	$
June 2016	13,000	3.45	Quarterly	June 2026	10,453	10,649
November 2017	23,200	3.88	Monthly	November 2027	20,977	21,331
November 2017	23,075	3.90	Monthly	December 2027	19,730	20,068
Total	**59,275**				**51,160**	**52,048**

6. Convertible Debentures

As at June 30, 2023, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

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

	Series G	Series H	Total
	$	$	$
As at June 30, 2023			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	870	870
	24,000	28,179	52,179
Conversion options exercised by holders	-	(9,178)	(9,178)
	24,000	19,001	43,001
Unamortized financing expenses	(413)	(557)	(970)
Non-derivative liability component	**23,587**	**18,444**	**42,031**
Conversion and redemption options liability (asset) component at fair value	**(31)**	**44**	**13**

	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 June 30, 2023, no conversion options have been exercised by holders on debentures.

Series H

As of June 30, 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 June 30, 2023, no amount 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 $92,661.

The second is a revolving credit facility in the amount of $50,000 with an accordion option of up to an additional $10,000. 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 June 30, 2023, $34,301 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 two properties having a fair value of $33,543 and by negative pledge of a selection of borrowing base properties having a fair value of $351,309.

8. Class B LP Units

	Six-month period ended June 30,		Year ended December 31,	
		2023		2022
	Units	$	Units	$
Units outstanding, beginning of period	347,265	1,268	347,265	1,417
Issuance of Class B LP units - Acquisition	550,000	2,475	-	-
Exchange into Trust units	(150,000)	(562)	-	-
Fair value adjustment	-	(775)	-	(149)
Units outstanding, end of period	**747,265**	**2,406**	**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 June 30		Six-month periods ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Distribution to Class B LP unitholders	42	26	64	52
Distribution per Class B LP unit	0.075	0.075	0.15	0.15

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 June 30, 2023 because of their short-term maturity or because they bear interest at current market rates.

As at June 30, 2023	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	13	-	-	13
Interest rate swap asset	(4,229)	-	(4,229)	-
Class B LP Units (note 8)	2,406	2,406	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	648,348	-	606,637	-
Convertible debentures, including their conversion and redemption features (note 6)	42,044	43,738	-	-
Bank loans (note 7)	34,301	-	34,301	-

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
	$
Six-months period ended June 30, 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	(103)
Balance end of period	**13**

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at June 30, 2023:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	(37)	19.24
June 30, 2023	13	19.74
0.50%	63	20.24

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 six-month periods ended June 30,	2023	2022
	Deferred units	Deferred units
Outstanding, beginning of period	126,655	103,116
Trustees' compensation	2,470	4,452
Distributions paid in units	2,458	4,149
Outstanding, end of period	**131,583**	**111,717**

As at June 30, 2023, the liability related to the plan was $412 (December 31, 2022 - $446). The related revenue recorded in profit or loss amounted to $36 and $33, for the three-month and six-month periods ended June 30, 2023 (for the three-month and six-month periods ended June 30, 2022 – revenue of $52 and $3).

(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 7% to 10% of their base salary depending on their position occupied within the Trust. For each two units purchased by an employee, the Trust issues one unit from treasury.

As at June 30, 2023, the liability related to the plan was $19 (December 31, 2022 -$54). The related revenue recorded in profit and loss amounted to $0 and $1, for the three-month and six-month periods ended June 30, 2023 (for the three-month and six-month periods ended June 30, 2022 - revenue of $0 and $14). The 8,955 units related to 2022 purchases were issued in February and April 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:

Six-month periods ended June 30,	2023	2022
	Restricted units	Restricted units
Outstanding, beginning of period	329,054	161,536
Granted	217,072	92,304
Settled	(26,601)	(90,671)
Outstanding, end of period	**519,525**	**163,169**

As at June 30, 2023, the liability related to the plan was $524 (December 31, 2022 - $446). The related expense recorded in profit and loss amounted to $57 and $238, for the three-month and six-month periods ended June 30, 2023 (for the three-month and six-month periods ended June 30, 2022 – expense of $72 and $131).

(d) Cash settled share-based retirement compensation plan

As at June 30, 2023, the long-term obligation related to the plan was $595 (December 31, 2022 - $554). The related revenue recorded in profit and loss amounted to $16 and $2, for the three-month and six-month periods ended June 30, 2023 (for the three-month and six-month periods ended June 30, 2022 – expense of $7 and $64).

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:

	Six-month period ended June 30,	
	2023	
	Units	$
Trust units outstanding, beginning of period	85,238,279	395,960
Issue pursuant to the distribution reinvestment plan (a)	500,893	1,701
Issue pursuant to the employee unit purchase plan (note 10 (b))	8,955	33
Issue pursuant to the restricted unit compensation plan (note 10 (c))	45,276	159
Class B LP units exchanged into Trust units	150,000	590
Issue pursuant to conversion of convertible debentures (note 6)	99,725	341
Trust units outstanding, end of period	86,043,128	398,784

(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 June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Distribution to unitholders	6,445	6,348	12,867	12,173
Distribution per Trust unit	0.075	0.075	0.15	0.15

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

As of June 30, 2023, no units have been repurchased for cancellation.

12. Rental Revenues

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Base rent and other lease generated revenues	21,295	18,273	40,911	36,230
Property tax and insurance recoveries	6,530	6,528	12,703	12,104
	27,825	24,801	53,614	48,334
Operating expenses recoveries and other revenues	4,342	4,922	11,559	11,042
Lease incentive amortization	(750)	(818)	(1,478)	(1,553)
Straight-line lease adjustment	291	74	924	224
	31,708	28,979	64,619	58,047

13. Net Financial Expenses

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Interest on mortgage loans payable	6,686	5,610	13,410	11,412
Interest on convertible debentures	709	743	1,418	1,475
Interest on bank loans	619	197	963	504
Interest on lease liabilities	91	52	170	105
Other interest expense	15	41	32	51
Accretion of non-derivative liability component of convertible debentures	89	83	171	164
Accretion of effective interest on mortgage loans payable and convertible debentures	278	284	514	572
Distributions - Class B LP Units	42	26	64	52
Fair value adjustment – Class B LP Units	(775)	(233)	(775)	(167)
Early repayment fees of a mortgage loan	-	-	-	284
Net adjustment to fair value of derivative financial instruments	(763)	(9,344)	(579)	(8,347)
	6,991	(2,541)	15,388	6,105

14. Expenses by Nature

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Depreciation	23	26	46	56
Employee compensation and benefits expense	2,091	2,069	4,864	4,600

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 June 30,		Six-month periods ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Net income	10,846	18,243	19,648	24,692
Weighted average number of trust units outstanding – basic	86,503,311	84,989,000	86,183,000	81,500,498
Earnings per unit – basic	0.13	0.21	0.23	0.30

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 June 30, 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 June 30, 2023				
Investment properties	414,975	543,499	250,562	**1,209,036**
Rental revenue from properties	9,104	14,952	7,652	**31,708**
Net operating income	6,461	8,014	4,566	**19,041**
Three-month period ended June 30, 2022				
Investment properties	298,817	614,524	253,906	**1,167,247**
Rental revenue from properties	5,070	17,038	6,871	**28,979**
Net operating income	3,948	9,711	3,939	**17,598**

	Industrial	Off downtown core office	Necessity-based retail	Total
	$	$	$	$
Six-month period ended June 30, 2023				
Rental revenue from properties	16,124	33,791	14,704	**64,619**
Net operating income	11,802	17,660	8,587	**38,049**
Six-month period ended June 30, 2022				
Rental revenue from properties	10,443	34,014	13,590	**58,047**
Net operating income	7,956	18,371	7,505	**33,832**

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.

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]

Armand Des Rosiers
Trustee

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

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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

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.