



Balancing Growth and Responsibility
Q1 2024 Management Discussion and Analysis

Non-IFRS Financial Measures – Definitions

| Non-IFRS Measure | Definition | Reconciliation |
|--|---|---|
| Adjusted net income | <p>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.</p> <p>The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the real estate market.</p> | Operating results – Adjusted net income |
| Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”) | <p>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.</p> <p>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.</p> | 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 | <p>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.</p> <p>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.</p> | Operating results – Same-Property Portfolio |
| Funds from Operations (“FFO”) and FFO Adjusted | <p>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.</p> <p>FFO Adjusted is also a non-IFRS financial measure that starts with FFO and removes the impact of transaction costs on acquisitions and dispositions of investment properties and early repayment fees.</p> <p>The Trust believes FFO and FFO Adjusted are key measures of operating performance and allow the investors to compare its historical performance.</p> | <p>Funds from Operations (FFO);</p> <p>Cash Flows; and</p> <p>Appendix 2</p> |

| Non-IFRS Measure | Definition | Reconciliation |
|--|--|---|
| Adjusted Funds from Operations ("AFFO") and AFFO Adjusted | <p>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.</p> <p>AFFO Adjusted is also a non-IFRS financial measure that starts with AFFO and removes the impact of transaction costs on acquisitions and dispositions of investment properties and early repayment fees.</p> <p>The Trust considers AFFO and AFFO Adjusted to be useful measures of economic earnings and relevant in understanding its ability to service its debt, fund capital expenditures and provide distributions to unitholders.</p> | <p>Adjusted Funds from Operations (AFFO);</p> <p>Cash Flows; and</p> <p>Appendix 2</p> |
| FFO and AFFO per unit and FFO adjusted and AFFO adjusted per unit | <p>FFO and AFFO per unit and FFO adjusted and AFFO adjusted per unit are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These ratios are calculated by dividing the FFO, AFFO, FFO adjusted and AFFO adjusted by the Weighted average number of units and Class B LP units outstanding.</p> <p>The Trust believes these metrics to be key measures of operating performances allowing the investors to compare its historical performance in relation to an individual per unit investment in the Trust.</p> | <p>Funds from Operations (FFO);</p> <p>Adjusted Funds from Operations (AFFO)</p> |
| FFO and AFFO payout ratios and FFO Adjusted and AFFO Adjusted payout ratios | <p>FFO and AFFO payout ratios and FFO Adjusted and AFFO Adjusted payout ratios are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and FFO Adjusted and AFFO Adjusted per unit in each period.</p> <p>The Trust considers these metrics a useful way to evaluate its distribution paying capacity.</p> | <p>Funds from Operations (FFO);</p> <p>Adjusted Funds from Operations (AFFO); and</p> <p>Appendix 2</p> |
| Total debt ratio | <p>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.</p> <p>The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.</p> | <p>Capital Resources – Debt ratio</p> |
| Interest Coverage Ratio | <p>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).</p> <p>The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.</p> | <p>Capital Resources – Interest coverage ratio</p> |
| Debt Service Coverage Ratio | <p>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).</p> <p>The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.</p> | <p>Capital Resources – Debt service coverage ratio</p> |

Management Discussion and Analysis

Three-month period ended March 31, 2024

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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 March 31, 2024, 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 May 3, 2024, should be read together with the unaudited condensed financial statements and accompanying notes for the period ended March 31, 2024. 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.sedarplus.ca 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 non-IFRS financial measures table on page 2 of this report, 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 table on page 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 table on page 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 March 31, 2024, it owned 75 properties, being industrial, suburban 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 March 31, 2024 | 75 | 6,087,065 | 1,203,027 |

These figures include a 50% interest in a 17,114 square-foot property in a Montréal suburb and a 50% interest in one property totalling 74,940 square feet in Gatineau, Québec and total leasable area includes a 55,849 square-foot property in Edmonton reclassified as a finance lease and not included in fair value.

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 First Quarter ended March 31, 2024

Rental revenue: Stood at \$32.6 million for the current quarter, which represents a decrease of 0.8% compared to the same quarter of 2023. During Q1 2023, the Trust recorded a one-time \$1.4 million increase of rental revenue pursuant to unrecorded revenue for previous quarters associated to a specific lease (the “One-Time Adjustment”). If one doesn’t consider the One-Time Adjustment, the rental revenue for Q1 2024 vs Q1 2023 would have shown an increase of 3.7%.

Net operating income (NOI): Totalled \$18.4 million for the current quarter, which represents a decrease of 3.4% compared to the same quarter of 2023. If one doesn’t consider the One-Time adjustment, the NOI for Q1 2024 vs Q1 2023 would have recorded an increase of 4.4%.

Net income and comprehensive income: Totalled \$7.2 million for the quarter compared to \$8.8 million for the same quarter in 2023, representing a decrease of \$1.6 million. The decrease for the quarter is primarily due to an increase in net financial expenses of \$0.7 million, and a decrease in NOI of \$0.6 million. If one doesn’t consider the One-Time Adjustment, the decrease from Q1 2024 vs Q1 2023 would have been \$0.2 million.

Same-property NOI⁽¹⁾: For the quarter, the same-property NOI increased by 4.7% compared to the same quarter in 2023. The increase is primarily due to the increase in rent renewal rates achieved in 2023 of 9.2% across all 3 operating segments, and inter alia, an increase in rent renewal rates of 8.4% for the suburban office segment and necessity-based retail segment.

FFO adjusted per unit⁽¹⁾: Was 10.2¢ per unit for the quarter compared to 11.7¢ per unit for the same period in 2023, representing a decrease of 1.5¢ per unit. The said decrease of adjusted FFO for the quarter is explained by an increase in net financial expenses of \$0.7 million and an NOI decrease of \$0.6 million. Excluding the One-Time Adjustment, the FFO adjusted would have increased by 0.2¢ per unit. In addition, FFO adjusted per unit was negatively impacted by the increase in weighted average number of units outstanding of 4 million units, due to the unitholder’s participation in the distributions reinvested under the distribution reinvestment plan.

FFO adjusted payout ratio⁽¹⁾: Was 73.5% for the quarter compared to 64.1% for the same period in 2023. Excluding the One-Time Adjustment FFO adjusted payout ratio for Q1 2024 vs Q1 2023 would have decreased by 130 basis points.

AFFO adjusted per unit⁽¹⁾: Was 8.9¢ per unit for the quarter compared to 10.3¢ per unit for the same period in 2023, representing a decrease of 1.4¢ per unit. Excluding the One-Time Adjustment, the adjusted AFFO for Q1 2024 vs Q1 2023 would have increased by 0.2¢ per unit. In addition, AFFO adjusted per unit was negatively impacted by the increase in weighted average number of units outstanding of 4 million units, due to the unitholder’s participation in the distributions reinvested under the distribution reinvestment plan.

AFFO adjusted payout ratio⁽¹⁾: Was 83.9% for the quarter compared to 72.4% for the same period in 2023. Excluding the One-Time Adjustment AFFO adjusted payout ratio for Q1 2024 vs Q1 2023 would have decreased by 25 basis points.

Leasing activity: During the quarter, the Trust completed a total of 95,538 square feet of lease renewals and 58,062 square feet of new leases for the quarter. Due to strong leasing efforts, the occupancy rate increased to 94.5%, representing a 41 basis points increase compared to the prior quarter and a 130 basis points increase compared to the same period in 2023. The increase in the average rent renewal rate for the quarter was 8.4%.

Dispositions: On February 29, 2024, the Trust disposed of 2 office properties located at 32 and 50, Saint-Charles Street West, in Longueuil, Québec, for total proceeds of \$6.2 million, excluding transaction costs and adjustments.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Liquidity position: The Trust held \$1.8 million of cash at the end of the quarter and \$13.2 million is available under its credit facilities. The Trust has the option to increase its capacity under credit facilities by \$10.0 million.

Debt metrics: The Trust ended the quarter with a total debt ratio⁽¹⁾ of 58.3%, recording a decrease of 22 basis points compared to December 31, 2023. The Trust ended the quarter with a mortgage debt ratio⁽¹⁾ of 51.3%, a decrease of 84 basis points compared to December 31, 2023.

Summary of significant items as at March 31, 2024

- Total number of properties: 75
- Total leasable area: 6.1 million square feet
- Total asset value: \$1,229 million
- Market capitalization: \$275 million (unit price of \$3.16 as at March 31, 2024)

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31, (in thousands of dollars, except for ratios and per unit data) | | Quarter | |
|--|------------------|-----------|-----------|
| | | 2024 | 2023 |
| | Reference (page) | \$ | \$ |
| Financial information | | | |
| Rental revenue | 36 | 32,636 | 32,911 |
| Net operating income (NOI) | 36 | 18,360 | 19,008 |
| Net income and comprehensive income | 36 | 7,153 | 8,802 |
| Adjusted net income ⁽¹⁾ | 46 | 7,183 | 8,986 |
| Adjusted EBITDA ⁽¹⁾ | 47 | 17,036 | 17,154 |
| NOI from the same-property portfolio ⁽¹⁾ | 48 | 17,072 | 16,302 |
| Distributions | 49 | 6,581 | 6,443 |
| FFO Adjusted ⁽¹⁾ | 50 | 8,925 | 10,033 |
| AFFO Adjusted ⁽¹⁾ | 51 | 7,819 | 8,882 |
| Cash flow from operating activities | 53 | 12,143 | 15,657 |
| Total assets | 54 | 1,229,194 | 1,213,237 |
| Investment properties | 38 | 1,203,027 | 1,198,351 |
| Mortgage loans | 57 | 628,227 | 648,045 |
| Convertible debentures | 59 | 42,683 | 41,817 |
| Mortgage debt ratio ⁽²⁾ | 60 | 51.3% | 53.6% |
| Total debt ratio ⁽¹⁾ | 60 | 58.3% | 59.1% |
| Weighted average interest rate on mortgage debt | 44 | 4.40% | 4.20% |
| Market capitalization | | 275,102 | 307,002 |
| Financial information per unit | | | |
| Units outstanding (000) | 62 | 87,058 | 85,755 |
| Class B LP units outstanding (000) | 61 | 697 | 197 |
| Weighted average number of units outstanding (000) | 62 | 86,824 | 85,615 |
| Weighted average number of units and Class B LP units outstanding (000) | 62 | 87,522 | 85,912 |
| Net income and comprehensive income | 36 | 8.2¢ | 10.2¢ |
| Adjusted net income ⁽¹⁾ | 46 | 8.2¢ | 10.5¢ |
| Distributions | 49 | 7.5¢ | 7.5¢ |
| FFO Adjusted ⁽¹⁾ | 50 | 10.2¢ | 11.7¢ |
| Payout ratio on FFO Adjusted ⁽¹⁾ | 50 | 73.5% | 64.1% |
| AFFO Adjusted ⁽¹⁾ | 51 | 8.9¢ | 10.3¢ |
| Payout ratio on AFFO Adjusted ⁽¹⁾ | 51 | 83.9% | 72.4% |
| Market price of units | | 3.16 | 3.58 |
| Tax on distributions | | | |
| Tax deferral | 65 | 100.0% | 100.0% |
| Operational information | | | |
| Number of properties | 38 | 75 | 74 |
| Leasable area (thousands of sq. ft.) | 38 | 6,087 | 6,033 |
| Occupancy rate | 40 | 94.5% | 93.2% |
| Increase in average lease renewal rate | 40 | 8.4% | 13.9% |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(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) | 2024 Q-1 | 2023 Q-4 | 2023 Q-3 | 2023 Q-2 | 2023 Q-1 | 2022 Q-4 | 2022 Q-3 | 2022 Q-2 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Rental revenue | 32,636 | 31,922 | 31,285 | 31,708 | 32,911 | 31,486 | 29,962 | 28,979 |
| Net operating income | 18,360 | 19,255 | 18,075 | 19,041 | 19,008 | 18,624 | 17,974 | 17,598 |
| Net income and comprehensive income | 7,153 | 1,734 | 15,216 | 10,846 | 8,802 | 1,769 | 11,693 | 18,243 |
| Net income and comprehensive income per unit | 8.2¢ | 2.0¢ | 17.5¢ | 12.5¢ | 10.2¢ | 2.1¢ | 13.7¢ | 21.5¢ |
| Cash from operating activities | 12,143 | 21,560 | 16,317 | 17,320 | 15,657 | 18,961 | 20,359 | 15,516 |
| FFO Adjusted ⁽¹⁾ | 8,925 | 9,688 | 9,030 | 10,195 | 10,033 | 10,059 | 9,785 | 9,718 |
| FFO Adjusted per unit ⁽¹⁾⁽²⁾ | 10.2¢ | 11.1¢ | 10.4¢ | 11.8¢ | 11.7¢ | 11.8¢ | 11.5¢ | 11.4¢ |
| AFFO Adjusted ⁽¹⁾ | 7,819 | 8,966 | 7,675 | 9,433 | 8,882 | 8,550 | 8,674 | 9,311 |
| AFFO Adjusted per unit ⁽¹⁾⁽³⁾ | 8.9¢ | 10.3¢ | 8.8¢ | 10.9¢ | 10.3¢ | 10.0¢ | 10.2¢ | 11.0¢ |
| Distributions ⁽⁴⁾ | 6,581 | 6,547 | 6,524 | 6,489 | 6,443 | 6,413 | 6,394 | 6,374 |
| 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 2 and 31.

(2) The FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted⁽¹⁾ by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).

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

(4) Includes distributions on Class B LP units.

Segmented Information

The Trust's operations are generated from 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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Industrial | | Suburban office | | Necessity-based retail | | Total |
|--|------------|------|-----------------|------|------------------------|------|-----------|
| | \$ | % | \$ | % | \$ | % | \$ |
| Quarter ended March 31, 2024 | | | | | | | |
| Investment properties | 440,428 | 36.6 | 513,086 | 42.7 | 249,513 | 20.7 | 1,203,027 |
| Rental revenue from properties | 8,604 | 26.4 | 16,438 | 50.4 | 7,594 | 23.2 | 32,636 |
| Net operating income (NOI) | 6,223 | 33.9 | 7,820 | 42.6 | 4,317 | 23.5 | 18,360 |
| Quarter ended March 31, 2023 | | | | | | | |
| Investment properties | 377,331 | 31.5 | 571,341 | 47.7 | 249,679 | 20.8 | 1,198,351 |
| Rental revenue from properties | 7,020 | 21.3 | 18,839 | 57.3 | 7,052 | 21.4 | 32,911 |
| Net operating income (NOI) | 5,341 | 28.1 | 9,646 | 50.7 | 4,021 | 21.2 | 19,008 |

Industrial performance

In line with the Trust's strategy to increase its industrial footprint, the proportional fair value of industrial properties increased from 31.5% to 36.6% compared to the same quarter last year, due to the acquisitions of industrial properties totalling \$7.4 million concluded since the said quarter, a net increase of \$32.5 million from fair value adjustments, and the reclassification of 2 office properties (both flex industrial properties with higher industrial footprint) in the industrial segment representing a total of \$23.2 million. The acquired properties are all fully occupied and have a positive impact on the occupancy rate, which stood at 100.0% at the end of the quarter. The proportional rental revenue from industrial properties increased by 5.1% compared to the same quarter last year, which is explained by a combination of the higher occupancy rate and previously mentioned acquisitions, increasing the proportional share of revenue from the industrial segment. For the quarter, the proportional net operating income for the industrial segment increased by 5.8% compared to the same quarter last year.

Suburban office performance

The proportional fair value of the suburban office properties decreased from 47.7% to 42.7% compared to the same period last year as the proportional fair value of industrial properties increased in line with the Fund's strategic plan. The variance is due to the dispositions of 2 properties totalling \$6.2 million, the reclassification of 2 properties of \$23.2 million, and negative fair value adjustments in 2023 of \$27.5 million. The rental revenue for the quarter generated by the suburban office segment decreased by \$2.4 million compared to the same period last year which is explained by the previously mentioned reclassifications. Despite the decrease in rental revenue, the properties in this segment are supported by quality tenants (the Trust's top two tenants are Federal and Québec government agencies) and strong leasing activities (the Trust concluded for the first quarter lease renewals for a total of 58,879 square feet in the suburban office segment with an average rent increase of 8.6%).

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 first quarter 2024 stood at 97.3%. For the quarter, the Trust concluded lease renewals for a total of 36,659 square feet in the necessity-based retail segment with an average rent increase of 7.0%. The proportional share of the net operating income (NOI) generated by the necessity-based retail segment increased by 2.3% compared to the same period last year mainly due to strong leasing activities as the trust concluded the 2023 year with renewal rates of 21.4% for 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 first quarter of 2024, BTB owned 75 properties, representing a total fair value of \$1,203 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 March 31, 2024

| Operating segment | Number of properties | Leasable area (sq. ft.) | Committed occupancy rate (%) | In Place occupancy rate (%) | % of portfolio |
|------------------------|----------------------|-------------------------|------------------------------|-----------------------------|----------------|
| Industrial | 32 | 2,085,319 | 100.0 | 99.3 | 34.3 |
| Suburban office | 32 | 2,609,571 | 88.6 | 86.9 | 42.8 |
| Necessity-based retail | 11 | 1,392,175 | 97.3 | 97.3 | 22.9 |
| Total portfolio | 75 | 6,087,065 | 94.5 | 93.6 | 100.0 |

| Geographic sector | Number of properties | Leasable area (sq. ft.) | Committed occupancy rate (%) | In Place occupancy rate (%) | % of portfolio |
|------------------------|----------------------|-------------------------|------------------------------|-----------------------------|----------------|
| Montréal | 38 | 3,269,093 | 96.6 | 96.2 | 53.7 |
| Quebec City | 10 | 1,231,069 | 85.7 | 85.3 | 20.2 |
| Trois-Rivières | 2 | 149,077 | 73.2 | 55.8 | 2.4 |
| Ottawa | 11 | 809,115 | 99.1 | 97.4 | 13.3 |
| Edmonton | 10 | 405,239 | 100.0 | 100.0 | 6.7 |
| Saskatoon | 4 | 223,472 | 100.0 | 100.0 | 3.7 |
| Total portfolio | 75 | 6,087,065 | 94.5 | 93.6 | 100.0 |

Dispositions of investment properties

On February 29, 2024, the Trust disposed of two office properties located at 32 and 50, Saint-Charles Street West, in Longueuil, Québec, for total proceeds of \$6.2 million, excluding transaction costs and adjustments.

Acquisitions of investment properties

Since the beginning of the year, the Trust did not acquire any properties.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in sq. ft.) | Quarter | |
|--|------------------|------------------|
| | 2024 | 2023 |
| Occupied area at the beginning of the period⁽¹⁾ | 5,762,653 | 5,455,798 |
| Purchased (sold) assets | (24,963) | 176,819 |
| Signed new leases | 58,062 | 67,200 |
| Tenant departures | (43,821) | (75,268) |
| Other ⁽²⁾ | - | - |
| Occupied leasable area at the end of the period⁽¹⁾ | 5,751,931 | 5,624,549 |
| Vacant leasable area at the end of the period | 335,134 | 408,887 |
| Total leasable area at the end of the period | 6,087,065 | 6,033,436 |

(1) The occupied area includes in place and committed agreements.

(2) Other adjustments on the occupied area represent mainly area remeasurements.

Compared to the same period last year, the Trust increased its occupancy rate 129 basis points from 93.2% to 94.5%.

Leasing activities

The following table summarizes the percentage rate of lease renewals for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in sq. ft.) | Quarter | |
|---|--------------|--------------|
| | 2024 | 2023 |
| Leases expired at term | 135,612 | 110,662 |
| Renewed leases at term | 91,791 | 41,764 |
| Renewal rate | 67.7% | 37.7% |

The Trust renewed 67.7% or 91,791 square feet out of the 135,612 square feet expiring during this quarter. The trust is still actively negotiating on 8,900 square feet or 6.56% of potential lease renewals expiring during the quarter.

The most significant lease renewals concluded during the quarter were a lease representing 23,000 square feet with the city of Saint-Jean sur-Richelieu in the suburban office segment and a lease representing 22,442 square feet with Canada Post Corporation in the suburban office segment in Quebec City, showing rent increases of 7.9% and 14.3% respectively.

The Trust also renewed leases prior to their expirations for 3,747 square feet for a total lease renewal activity of 95,538 square feet for this quarter.

Average lease renewal rate

The following table summarizes the average increase of rental rates for lease renewals for operating segment for the period ended March 31, 2024:

| Operating segment | Quarter | |
|------------------------|--------------------|--------------|
| | Renewals (sq. ft.) | Increase (%) |
| Industrial | - | 0.0% |
| Suburban office | 58,879 | 8.6% |
| Necessity-based retail | 36,659 | 7.0% |
| Total | 95,538 | 8.4% |

Since the beginning of the year, the Trust achieved a cumulative average rent increase of 8.4% across the suburban office and necessity-based retail business segments. The increases in both segments are essentially attributable to rents that were below market rent.

New leases

During the quarter, the Trust leased a total of 58,062 square feet to new tenants, mainly attributed to Otsuka Canada Pharmaceutical Inc. ("committed" 26,671 square feet) in the suburban office segment in Montréal, Bird Construction Inc. ("committed" 11,034 - square feet) in the suburban office segment in Montréal and a labor union of government employees ("in place" 10,102 square feet) in the suburban office segment in Quebec City. The remaining 10,255 square feet represent a combination of new "in place" tenants and "committed" tenants, thereby leaving 335,134 square feet of leasable area available for lease at the end of the quarter.

During the quarter, new leases representing 52,454 square feet or 90.4% of total leasing activity, were concluded in the suburban office segment with new tenants, 2,000 square feet or 3.4% of the new leases were concluded in the industrial segment and 3,608 square feet or 6.2% 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:

| | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 |
|--------------------------|----------------|-------------------|--------------------|---------------|----------------|
| Operating segment | % | % | % | % | % |
| Industrial | 100.0 | 99.9 | 99.7 | 99.7 | 100.0 |
| Suburban office | 88.6 | 87.7 | 86.6 | 87.4 | 87.5 |
| Necessity-based retail | 97.3 | 97.8 | 97.8 | 98.3 | 95.9 |
| Total portfolio | 94.5 | 94.2 | 93.7 | 94.1 | 93.2 |

| | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 |
|--------------------------|----------------|-------------------|--------------------|---------------|----------------|
| Geographic sector | % | % | % | % | % |
| Montréal | 96.6 | 96.2 | 96.3 | 96.3 | 95.1 |
| Quebec City | 85.7 | 85.2 | 84.6 | 85.8 | 86.0 |
| Trois-Rivières | 73.2 | 74.6 | 58.6 | 62.5 | 62.2 |
| Ottawa | 99.1 | 98.8 | 98.4 | 99.0 | 97.5 |
| Edmonton | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Saskatoon | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total portfolio | 94.5 | 94.2 | 93.7 | 94.1 | 93.2 |

The occupancy rate at the end of the first quarter of 2024 stood at 94.5%, representing a 34 basis points increase compared to the prior quarter, and a 129 basis points increase compared to the same period in 2023. Furthermore, the in-place occupancy rate at the end of the quarter stood at 93.6%, representing an increase of 77 basis points compared to the prior quarter, and an increase of 97 basis points compared to the same period in 2023.

Lease maturities

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

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|---------|---------|---------|---------|---------|
| Industrial | | | | | |
| Leasable area (sq. ft.) | 78,427 | 170,586 | 287,168 | 86,304 | 201,763 |
| Average lease rate/square foot (\$) ⁽¹⁾ | \$11.38 | \$10.44 | \$13.10 | \$10.14 | \$17.35 |
| % of industrial portfolio | 3.76% | 8.18% | 13.77% | 4.14% | 9.68% |
| Suburban office | | | | | |
| Leasable area (sq. ft.) | 253,673 | 309,613 | 452,709 | 325,961 | 152,182 |
| Average lease rate/square foot (\$) ⁽¹⁾ | \$14.16 | \$16.80 | \$14.91 | \$17.42 | \$16.17 |
| % of office portfolio | 9.72% | 11.86% | 17.35% | 12.49% | 5.83% |
| Necessity-based retail | | | | | |
| Leasable area (sq. ft.) | 146,914 | 148,238 | 100,535 | 134,750 | 37,644 |
| Average lease rate/square foot (\$) ⁽¹⁾ | \$12.41 | \$17.14 | \$16.61 | \$16.09 | \$20.16 |
| % of retail portfolio | 10.55% | 10.65% | 7.22% | 9.68% | 2.70% |
| Total portfolio | | | | | |
| Leasable area (sq. ft.) | 479,014 | 628,437 | 840,412 | 547,015 | 391,589 |
| Average lease rate/square foot (\$) ⁽¹⁾ | \$13.17 | \$15.15 | \$14.49 | \$15.94 | \$17.16 |
| % of total portfolio | 7.87% | 10.32% | 13.81% | 8.99% | 6.43% |

(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 March 31, 2024, the weighted average lease term is 5.7 years, a small decrease compared to 6.2 years for the same period in 2023. In addition to secure future revenues of 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 Gouvernement du Québec (suburban office segment), the Gouvernement du Canada (suburban office segment), and Wal-Mart Canada Inc. (necessity-based retail segment), representing respectively 5.8%, 4.9%, and 2.1% of rental revenue. The Trust's rental revenues are generated by multiple leases with these tenants whose maturities are spread over time.

44.83% 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 March 31, 2024. Their contribution accounts for 23.7% of rental revenue for the quarter and 23.1% of leased area:

| Client | % of revenue | % of leased area | Leased area (sq. ft.) |
|------------------------------------|--------------|------------------|-----------------------|
| Gouvernement du Québec | 5.8 | 4.9 | 299,578 |
| Gouvernement du Canada | 4.9 | 4.1 | 251,850 |
| Wal-Mart Canada Inc. | 2.1 | 4.3 | 264,550 |
| Strongco | 1.9 | 1.9 | 118,585 |
| Bristol-Myers Squibb Canada Co | 1.8 | 1.0 | 61,034 |
| The Lion Electric Company | 1.7 | 2.9 | 176,819 |
| Groupe BBA Inc. | 1.6 | 1.1 | 69,270 |
| Mouvement Desjardins | 1.3 | 1.0 | 61,576 |
| Intrado Life & Safety Canada, Inc. | 1.3 | 0.9 | 53,767 |
| ICU Medical Canada Inc. | 1.2 | 0.8 | 48,676 |
| | 23.7 | 23.1 | 1,405,705 |

Operating Results

The following table summarizes the financial results for the periods ended March 31, 2024, and March 31, 2023. This table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Rental revenue | 32,636 | 32,911 |
| Operating expenses | 14,276 | 13,903 |
| Net operating income (NOI) | 18,360 | 19,008 |
| Net financial expenses and financial income | 8,537 | 8,091 |
| Administration expenses | 2,474 | 2,115 |
| Transaction costs | 202 | - |
| Fair value adjustment on investment properties | (6) | - |
| Net income and comprehensive income | 7,153 | 8,802 |

Rental revenue

For the quarter, rental revenue decreased by \$0.3 million or 0.8% compared to the same period last year. During Q1 2023, the Trust recorded a one-time non-cash adjustment regarding a gross lease, thereby increasing the rental revenue by \$1.4 million. If one doesn't consider this adjustment, rental revenue would have increased by \$1.2 million due to \$0.3 million from acquisitions made in 2023 and \$0.7 million related to operating improvements mainly consisting of higher lease renewal rates, increase in occupancy and higher average lease rates.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Operating expenses | | |
| Maintenance, repairs and other operating costs | 4,834 | 4,894 |
| Energy | 1,995 | 1,903 |
| Property taxes and insurance | 7,448 | 7,106 |
| Total operating expenses | 14,277 | 13,903 |
| % of rental revenue | 43.7% | 42.2% |

Operating expenses increased mainly due to an increase in municipal tax rates as well as an increase in property values. The operating expenses, as a percentage of revenues, increased by 1.5% for the quarter compared to the same quarter last year. If one doesn't consider the \$1.4 million one-time non-cash adjustment recorded in Q1 2023, the operating expenses, as a percentage of revenues, would have decreased by 1.7% due to the Trust increasing its investment in industrial properties, which are mostly triple net leases.

Financial expenses and income

The following table summarizes financial expenses for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Financial income | (573) | (306) |
| Interest on mortgage loans | 7,072 | 6,724 |
| Interest on convertible debentures | 709 | 709 |
| Interest on credit facilities | 934 | 344 |
| Other interest expense | 108 | 96 |
| Interest expense net of financial income | 8,250 | 7,567 |
| Distributions on Class B LP units | 52 | 22 |
| Net financial expenses before non-monetary items | 8,302 | 7,589 |
| Accretion of effective interest on mortgage loans and convertible debentures | 308 | 236 |
| Accretion of non-derivative liability component of convertible debentures | 92 | 82 |
| Net financial expenses before the following items: | 8,702 | 7,907 |
| Fair value adjustment on derivative financial instruments | (325) | 184 |
| Fair value adjustment on Class B LP units | 160 | - |
| Net financial expenses net of financial income | 8,537 | 8,091 |

Financial income consists of interest income generated from interest rate swap agreements on mortgages and earned finance income from a lease previously classified as a finance lease triggered by the exercised of a purchase option of the property located at 18028, 114th Avenue NW, in Edmonton, Alberta.

Interest expense, net of financial income increased by \$0.7 million for the quarter. This is mainly due to the increase in the weighted average mortgage interest rate, the increase in the prime lending rate impacting floating interest rates of mortgages contracted in the year, and the interest paid on the revolving credit facility impacted by the increase in the prime lending rate.

On March 31, 2024, the weighted average mortgage interest rate was 4.40%, 20 basis points higher than the average rate as at March 31, 2023 (4.20%). This increase is mainly due to the variable interest on mortgage loans for which the weighted average contractual rate increased by 5 basis points to 6.88% (6.83% as at March 31, 2023). The cumulative balance of the Trust's loans subject to a variable interest rate was \$74.8 million. The weighted average interest rate for fixed mortgage loans increased by 29 basis points to 4.07% (3.78% as at March 31, 2023). Interest rates on first-ranking mortgage loans ranged from 2.37% to 8.95% as at March 31, 2024, (2.30% to 8.45% as at March 31, 2023).

The weighted average term of mortgage loans in place as at March 31, 2024, was 3.2 years (3.8 years as at March 31, 2023).

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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Corporate expenses | 2,007 | 1,718 |
| Expected credit losses | 67 | 200 |
| Unit-based compensation | 400 | 197 |
| Trust administration expenses | 2,474 | 2,115 |

Corporate expenses increased by \$0.3 million or 17% for the quarter compared to the same period last year.

Expected credit losses decreased by \$0.1 million for the quarter compared to the same period last year.

Unit-based compensation increased by \$0.2 million for the quarter. The increase for the quarter is due to the vesting of units under the restricted unit compensation plan.

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 revalue 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. During the last quarter, the Trust had not externally appraised 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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|----------|----------|
| | 2024 | 2023 |
| | \$ | \$ |
| Industrial | - | - |
| Suburban office | 6 | - |
| Necessity-based retail | - | - |
| Total change in fair value | 6 | - |

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals for the periods ended March 31, 2024 and December 31, 2023:

| As at March 31, 2024 | Industrial | Suburban office | Necessity-based retail |
|--------------------------------------|---------------|-----------------|------------------------|
| Capitalization rate | 5.25% - 7.75% | 6.25% - 8.25% | 5.75% - 7.75% |
| Terminal capitalization rate | 5.25% - 8.00% | 6.25% - 8.50% | 6.00% - 8.00% |
| Discount rate | 6.00% - 8.50% | 6.75% - 9.00% | 6.50% - 8.75% |
| Weighted average capitalization rate | 6.09% | 7.01% | 7.06% |
| As at December 31, 2023 | | | |
| Capitalization rate | 5.25% - 7.75% | 6.25% - 8.25% | 5.75% - 7.75% |
| Terminal capitalization rate | 5.25% - 8.00% | 6.25% - 8.50% | 6.00% - 8.00% |
| Discount rate | 6.00% - 8.50% | 6.75% - 9.00% | 6.50% - 8.75% |
| Weighted average capitalization rate | 6.09% | 7.01% | 7.06% |

The weighted average capitalization rate for the entire portfolio as at March 31, 2024, was stable at 6.68% compared to December 31, 2023.

As at March 31, 2024, the Trust has estimated that if an increase / 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 \$43.9 million or an increase of \$47.4 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 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 volatile non-monetary items and transaction costs for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for per unit) | Quarter | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Net income and comprehensive income | 7,153 | 8,802 |
| Transaction costs on acquisitions and dispositions of investment properties and early repayment fees | 201 | - |
| Fair value adjustment on investment properties | (6) | - |
| Fair value adjustment on derivative financial instruments | (325) | 184 |
| Fair value adjustment on Class B LP units | 160 | - |
| Adjusted net income⁽¹⁾ | 7,183 | 8,986 |
| Per unit | 8.2¢ | 10.5¢ |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Adjusted net income decreased by \$1.8 million for the quarter compared to the same quarter last year mainly due to a \$1.6 million negative variance driven by the fair value adjustment on derivative financial instruments (loss of \$0.3 million for the current quarter compared to a gain in the same quarter last year) offset by an increase of \$0.2 million in transaction cost.

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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for per unit) | Quarter | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Net income being total comprehensive income for the period | 7,153 | 8,802 |
| Interest expense | 8,823 | 7,873 |
| Accretion of effective interest on mortgage loans and convertible debentures | 308 | 236 |
| Amortization of property and equipment | 17 | 23 |
| Lease incentive amortization | 690 | 728 |
| Fair value adjustment on investment properties | (6) | - |
| Fair value adjustment on derivative financial instruments | (325) | 184 |
| Fair value adjustment on Class B LP units | 160 | - |
| Unit-based compensation (Unit price remeasurement) | 409 | (59) |
| Transaction costs on acquisitions and dispositions of investment properties and early repayment fees | 201 | - |
| Straight-line lease adjustment | (394) | (633) |
| Adjusted EBITDA⁽¹⁾ | 17,036 | 17,154 |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

For the quarter, the Adjusted EBITDA⁽¹⁾ decreased by 0.7% to \$17.0 million from \$17.2 million for the same quarter last year.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on March 31, 2023, and that are still owned by the Trust on March 31, 2024. Therefore, it excludes all the acquired⁽²⁾⁽³⁾ and disposed⁽²⁾⁽³⁾ properties during the years 2023 and 2024 and straight-line rent.

The following table summarizes the results of the same-property NOI⁽¹⁾ for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | | |
|---|---------------|---------|-------|
| | 2024 | 2023 | Δ % |
| | \$ | \$ | |
| Net operating income (NOI) as reported in the financial statements | 18,360 | 19,008 | -3.4% |
| Straight line rent | 394 | 634 | |
| NOI less straight line rent | 17,966 | 18,374 | -2.2% |
| NOI sourced from: | | | |
| Acquisitions | (1,048) | (773) | |
| Dispositions | (55) | (239) | |
| Corporation | 209 | 370 | |
| Non-cash adjustment related to a change in accounting estimate | - | (1,430) | |
| Same Property NOI⁽¹⁾ | 17,072 | 16,302 | 4.7% |
| Same Property NOI⁽¹⁾ sourced from: | | | |
| Industrial | 4,915 | 4,750 | 3.5% |
| Suburban office | 7,843 | 7,630 | 2.8% |
| Necessity-based retail | 4,314 | 3,922 | 10.0% |
| Same Property NOI⁽¹⁾ | 17,072 | 16,302 | 4.7% |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Compared to the same quarter last year, the same-property net operating income (NOI)⁽¹⁾ increased by 4.7%.

For the quarter, the NOI for the industrial segment increased by 3.5% compared to the same quarter last year, due to an increase in rental spreads for in-place leases throughout the latter half of 2023.

For the quarter, the NOI for the suburban office segment saw an increase of 2.8% compared to the same quarter last year. It has been positively affected by the increase in the average lease renewal rate of 8.6% for the current quarter and by the total increase of 5.3% in 2023 of the average lease renewal rates. The increase in NOI is also caused by the strong leasing results recorded in the suburban office segment as the occupancy rate increased to 88.9% compared to 87.5% in the same quarter last year.

Finally, for the quarter, NOI for the necessity-based retail segment increased by 10.0% compared to the same quarter last year is due to strong leasing results recorded in this segment.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(2) Refer to the Trust's condensed consolidated interim financial statements dated May 3, 2024, 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, 2023, for the acquisitions and dispositions of the year 2023.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for per unit data) | Quarter | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Distributions | | |
| Cash distributions | 5,641 | 5,575 |
| Cash distributions – Class B LP units | 49 | 22 |
| Distributions reinvested under the distribution reinvestment plan | 888 | 846 |
| Total distributions to unitholders | 6,581 | 6,443 |
| Percentage of reinvested distributions ⁽¹⁾⁽²⁾ | 13.5% | 13.1% |
| Per unit⁽²⁾ | | |
| Distributions | 7.5¢ | 7.5¢ |

(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 and for the quarter, totalled 7.5¢ per unit, unchanged from the same quarter of 2023.

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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for per unit) | Quarter | |
|---|--------------|---------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Net income and comprehensive income (IFRS) | 7,153 | 8,802 |
| Fair value adjustment on investment properties | (6) | - |
| Fair value adjustment on Class B LP units | 160 | - |
| Amortization of lease incentives | 690 | 728 |
| Fair value adjustment on derivative financial instruments | (325) | 184 |
| Leasing payroll expenses | 591 | 356 |
| Distributions - Class B LP units | 52 | 22 |
| Unit-based compensation (Unit price remeasurement) ⁽⁵⁾ | 409 | (59) |
| FFO⁽¹⁾ | 8,724 | 10,033 |
| Transaction costs on disposition of investment properties and mortgage early repayment fees | 201 | - |
| FFO Adjusted⁽¹⁾ | 8,925 | 10,033 |
| FFO per unit⁽¹⁾⁽²⁾⁽³⁾ | 10.0¢ | 11.7¢ |
| FFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾ | 10.2¢ | 11.7¢ |
| FFO payout ratio⁽¹⁾ | 75.2% | 64.1% |
| FFO Adjusted payout ratio⁽¹⁾ | 73.5% | 64.1% |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(2) Including Class B LP units.

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

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

(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the FFO Adjusted and AFFO Adjusted starting Q2 2021.

For the quarter, FFO Adjusted⁽¹⁾ was 10.2¢ per unit, compared to 11.7¢ per unit for the same quarter last year representing a decrease of 12.7%. FFO Adjusted decreased by \$1.1 million which was caused by an increase in net financial expenses of \$0.7 million and an NOI decrease of \$0.6 million. Excluding the Q1 2023 \$1.4 million one-time non-cash adjustment, the adjusted FFO would have increased by 0.2¢ per unit.

The FFO Adjusted payout ratio⁽¹⁾ for the quarter stood at 73.5%, compared to 64.1% for the same quarter in 2023.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Adjusted Funds from Operations (AFFO)⁽¹⁾

The following table provides a reconciliation of FFO⁽¹⁾ and AFFO⁽¹⁾ for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for per unit data) | Quarter | |
|---|--------------|---------------|
| | 2024 | 2023 |
| | \$ | \$ |
| FFO⁽¹⁾ | 8,724 | 10,033 |
| Straight-line rental revenue adjustment | (394) | (633) |
| Accretion of effective interest | 308 | 236 |
| Amortization of other property and equipment | 17 | 23 |
| Unit-based compensation expenses | (9) | 256 |
| Provision for non-recoverable capital expenditures ⁽¹⁾ | (653) | (658) |
| Provision for unrecovered rental fees ⁽¹⁾ | (375) | (375) |
| AFFO⁽¹⁾ | 7,618 | 8,882 |
| Transaction costs on disposition of investment properties and mortgage early repayment fees | 201 | - |
| AFFO Adjusted⁽¹⁾ | 7,819 | 8,882 |
| AFFO per unit⁽¹⁾⁽²⁾⁽³⁾ | 8.7¢ | 10.3¢ |
| AFFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾ | 8.9¢ | 10.3¢ |
| AFFO payout ratio⁽¹⁾ | 86.2% | 72.4% |
| AFFO Adjusted payout ratio⁽¹⁾ | 83.9% | 72.4% |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(2) Including Class B LP units.

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

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

For the quarter, AFFO Adjusted⁽¹⁾ was 8.9¢ per unit, compared to 10.3¢ per unit for the same quarter last year, a decrease of 13.6%.

The AFFO Adjusted payout ratio⁽¹⁾ for the quarter stood at 83.9% compared to 72.4% 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 to its tenants 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, of brokerage commissions and its leasing team payroll expenses.

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(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 March 31 and 12-month periods ended December 31 (in thousands of dollars) | March 31, 2024 (3 months) | March 31, 2023 (3 months) | December 31, 2023 (12 months) | December 31, 2022 (12 months) |
|---|---------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ |
| Provision for non-recoverable capital expenditures ⁽¹⁾ | 653 | 658 | 2,557 | 2,390 |
| Non-recoverable capital expenditures | 748 | 476 | 3,858 | 1,735 |

(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 March 31 and 12-month periods ended December 31 (in thousands of dollars) | 2024 (3 months) | 2023 (3 months) | 2023 (12 months) | 2022 (12 months) |
|--|--------------------|--------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Net cash flows from operating activities | 12,143 | 15,657 | 70,852 | 66,240 |
| Interest paid | (8,206) | (7,388) | (31,324) | (27,925) |
| Net cash flows from operating activities less interest paid | 3,937 | 8,269 | 39,528 | 38,315 |
| Net distributions to unitholders | 5,629 | 5,533 | 22,292 | 21,573 |
| Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders | (1,692) | 2,736 | 17,236 | 16,742 |

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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|---|---------------|---------|
| | 2024 | 2023 |
| | \$ | \$ |
| Cash flows from operating activities | 12,143 | 15,657 |
| Leasing payroll expenses | 591 | 356 |
| Adjustments for changes in other working capital items | 4,254 | 1,551 |
| Financial income | 573 | 306 |
| Interest expenses | (8,823) | (7,873) |
| Provision for non-recoverable capital expenditures ⁽²⁾ | (653) | (658) |
| Provision for non-recovered rental fees ⁽²⁾ | (375) | (375) |
| Accretion of non-derivative liability component of convertible debentures | (92) | (82) |
| AFFO⁽¹⁾ | 7,618 | 8,882 |
| Provision for non-recoverable capital expenditures ⁽²⁾ | 653 | 658 |
| Provision for non-recovered rental fees ⁽²⁾ | 375 | 375 |
| Straight-line rental revenue adjustment | 394 | 633 |
| Unit-based compensation expenses | 9 | (256) |
| Accretion of effective interest | (308) | (236) |
| Amortization of property and equipment | (17) | (23) |
| FFO⁽¹⁾ | 8,724 | 10,033 |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

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

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

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, suburban office, and necessity-based retail.

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

The following table summarizes the changes in the fair value of investment properties for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|------------------|------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Balance, beginning of period | 1,207,522 | 1,164,881 |
| Additions: | | |
| Initial recognition of right-of-use assets | - | 3,133 |
| Acquisitions | (0) | 28,920 |
| Dispositions | (6,206) | - |
| Capital expenditures | 787 | 721 |
| Leasing fees and capitalized lease incentives | 1,224 | 785 |
| Fair value adjustment on investment properties | 6 | - |
| Other non-monetary changes ⁽¹⁾ | (306) | (89) |
| Balance, end of period | 1,203,027 | 1,198,351 |

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

The total fair value of investment properties stood at \$1,203 million as at March 31, 2024, compared to \$1,208 as at December 31, 2023. The decrease of \$4.5 million is mainly explained by two dispositions during the quarter for which the impact decreased the fair value of investment properties by \$6.2 million. The total decrease was partially offset by an increase of \$0.8 million of capital expenditures and \$1.2 million of leasing fees and capitalized lease incentives.

Improvements in investment properties

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

The following table summarizes capital expenditures, incentives, and leasing fees, for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars) | Quarter | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Recoverable capital expenditures | - | 245 |
| Non-recoverable capital expenditures | 787 | 476 |
| Total capital expenditures | 787 | 721 |
| Leasing fees and leasehold improvements | 1,224 | 785 |
| Total | 2,011 | 1,506 |

Receivables

The following table summarizes receivables for the periods ended March 31, 2024 and December 31, 2023:

| (in thousands of dollars) | March 31, 2024 | December 31, 2023 |
|--------------------------------------|----------------|-------------------|
| | \$ | \$ |
| Rent receivable | 4,462 | 2,201 |
| Allowance for expected credit losses | (727) | (731) |
| Net rent receivable | 3,735 | 1,470 |
| Unbilled recoveries | 1,216 | 1,572 |
| Other receivables | 350 | 230 |
| Receivables | 5,301 | 3,272 |

Receivables increased from \$3.3 million as at December 31, 2023, to \$5.3 million as at March 31, 2024.

Prepaid expenses, Deposits and Property and equipment

The following table summarizes the prepaid expenses, deposits and property and equipment for the periods ended March 31, 2024 and December 31, 2023:

| (in thousands of dollars) | March 31, 2024 | December 31, 2023 |
|----------------------------|----------------|-------------------|
| | \$ | \$ |
| Property and equipment | 1,471 | 1,484 |
| Accumulated depreciation | (1,230) | (1,213) |
| Net property and equipment | 241 | 271 |
| Prepaid expenses | 3,683 | 1,185 |
| Deposits | 1,600 | 1,337 |
| Other assets | 5,524 | 2,793 |

Prepaid expenses, deposits and property and equipment increased from \$2.8 million as at December 31, 2023, to \$5.5 million as at March 31, 2024, which is explained by payments made for renewals of insurance policies and property taxes, most of those are due and payable at the beginning of any year.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on March 31, 2024, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

| As at March 31, 2024 (in thousands of dollars) | Balance of convertible debentures ⁽¹⁾ | Balance of mortgages payable ⁽¹⁾ | Weighted average contractual interest rate |
|---|--|---|--|
| | \$ | \$ | % |
| Year of maturity | | | |
| 2024 | 24,000 | 113,381 | 5.57 |
| 2025 | 19,917 | 61,124 | 4.43 |
| 2026 | - | 117,999 | 3.41 |
| 2027 | - | 113,421 | 5.23 |
| 2028 | - | 97,838 | 4.83 |
| 2029 and thereafter | - | 126,749 | 3.69 |
| Total | 43,917 | 630,513 | 4.54 |

(1) Gross amounts.

The Trust has \$113.4 million of mortgages are maturing in the next nine months. The Trust as of the date of this report has commitment letters from financial institutions for the refinancing of \$63.9 million and is in the process of negotiating the remaining 2024 mortgages maturing this year. Furthermore, a debenture maturing in October 2024. Historically, the Trust has always been able to refinance its existing mortgages and debentures. There is no indication that this would change.

Weighted average contractual interest rate

As at March 31, 2024, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.54% (4.40% for mortgage loans and 6.45% for convertible debentures), representing an increase of 20 basis points compared to the same period last year. As at March 31, 2023, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.34% (4.20% for mortgage loans and 6.45% for convertible debentures).

Mortgage loans

As at March 31, 2024, the Trust's total balance of mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to \$630.5 million compared to \$640.4 million as at December 31, 2023. The net decrease of \$9.9 million includes \$14.8 million repaid at maturity or upon disposition and \$4.8 million of monthly principal repayments, netted by \$9.7 million of refinancing mortgage loans contracted.

The following table summarizes the changes in mortgage loans payable for the period ended March 31, 2024, and March 31, 2023:

| Periods ended March 31, (in thousands of dollars) | 2024 | 2023 |
|---|----------------|---------|
| | \$ | \$ |
| Balance at beginning⁽¹⁾ | 640,426 | 638,441 |
| Mortgage loans contracted or assumed ⁽²⁾ | 9,702 | 16,800 |
| Balance repaid at maturity or upon disposition ⁽³⁾ | (14,792) | - |
| Monthly principal repayments ⁽⁴⁾ | (4,823) | (4,787) |
| Balance as at March 31, 2024⁽¹⁾ | 630,513 | 650,454 |

(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 March 31, 2024, the weighted average mortgage interest rate was 4.40% compared to 4.20% for the same period last year, an increase of 20 basis points. The increase is mainly due to the increase in the average weighted contractual rate of variable interest on mortgages, which rate increased by 162 basis points to 8.45% (6.83% as at March 31, 2023). In comparison, the weighted average for fixed interest rate increased by 29 basis point to 4.07% (3.78% as at March 31, 2023).

As at March 31, 2024, the majority of the Trust's mortgages payable bear interest at fixed rates (the cumulative principal amount of \$555.7 million) or are subject to floating-to-fixed interest rate swaps (cumulative principal amount of \$49.8 million). However, the Trust has four loans with floating interest rates (cumulative principal balance of \$25.0 million).

The weighted average term of existing mortgage loans was 3.2 years as at March 31, 2024, compared to 3.8 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 mortgage renewals.

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

| As at March 31, 2024 (in thousands of dollars) | Principal repayment | Balance at maturity | Total | % of total |
|---|------------------------|------------------------|----------------|--------------|
| | \$ | \$ | \$ | |
| Maturity | | | | |
| 2024 (9 months) | 12,759 | 112,194 | 124,953 | 19.8 |
| 2025 | 14,915 | 57,838 | 72,753 | 11.5 |
| 2026 | 12,748 | 108,601 | 121,349 | 19.3 |
| 2027 | 8,867 | 100,508 | 109,375 | 17.4 |
| 2028 | 4,927 | 88,118 | 93,045 | 14.8 |
| 2029 and thereafter | 10,630 | 98,408 | 109,038 | 17.3 |
| Total | 64,846 | 565,667 | 630,513 | 100.0 |
| Unamortized fair value assumption adjustments | | | 90 | |
| Unamortized financing expenses | | | (2,376) | |
| Balance as at March 31, 2024 | | | 628,227 | |

As at March 31, 2024, 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 March 31, 2024:

| (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 March 31, 2024 | 23,808 | 18,875 | 42,683 |

(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

In accordance with 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 Trust's total assets. When establishing this calculation, the convertible debentures shouldn't be considered in the calculation of total indebtedness. Moreover, under its trust indenture, in case of failure to abide by this condition, the Trust benefits from a 12-month additional period from the date of its knowledge to remedy the situation.

The following table summarizes the Trust's debt ratios as at March 31, 2024, and 2023 and December 31 2023:

| (in thousands of dollars) | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|------------------|-------------------|------------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | (1,781) | (912) | (1,669) |
| Mortgage loans outstanding ⁽¹⁾ | 630,513 | 640,425 | 650,454 |
| Convertible debentures ⁽¹⁾ | 43,277 | 43,185 | 42,912 |
| Credit facilities | 44,797 | 36,359 | 25,050 |
| Total long-term debt less cash and cash equivalents⁽²⁾⁽³⁾ | 716,806 | 719,057 | 716,747 |
| Total gross value of the assets of the Trust less cash and cash equivalents⁽²⁾⁽⁴⁾ | 1,228,643 | 1,227,949 | 1,212,704 |
| Mortgage debt ratio (excluding convertible debentures and credit facilities) ⁽²⁾⁽⁵⁾ | 51.3% | 52.2% | 53.6% |
| Debt ratio – convertible debentures ⁽²⁾⁽⁶⁾ | 3.5% | 3.5% | 3.5% |
| Debt ratio – credit facilities ⁽²⁾⁽⁷⁾ | 3.6% | 3.0% | 2.1% |
| Total debt ratio⁽²⁾ | 58.3% | 58.6% | 59.1% |

(1) Before unamortized financing expenses and fair value assumption adjustments.

(2) This is a non-IFRS financial measure, refer to page 2 and 31.

(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 March 31, 2024, the mortgage debt ratio⁽¹⁾ excluding the convertible debentures and credit facilities totalled 51.3%, a decrease of 84 basis points since December 31, 2023. As of March 31, 2024, the total debt ratio⁽²⁾, including the convertible debentures and credit facilities, net of cash and cash equivalents, increased to 58.3%, a decrease of 22 basis points since December 31, 2023, driven by two dispositions made throughout the quarter and monthly repayment of mortgages.

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 currently under refinancing negotiations, a pool of assets that may 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 2 and 31.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for the ratios) | Quarter | |
|---|---------|--------|
| | 2024 | 2023 |
| | \$ | \$ |
| Adjusted EBITDA ⁽¹⁾ | 17,036 | 17,154 |
| Interest expenses net of financial income ⁽²⁾ | 8,250 | 7,567 |
| Interest coverage ratio ⁽³⁾ | 2.06 | 2.27 |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(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 quarter ended March 31, 2024, the interest coverage ratio stood at 2.06, a decrease of 21 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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in thousands of dollars, except for the ratios) | Quarter | |
|---|---------|--------|
| | 2024 | 2023 |
| | \$ | \$ |
| Adjusted EBITDA ⁽¹⁾ | 17,036 | 17,154 |
| Interest expenses net of financial income ⁽²⁾ | 8,250 | 7,567 |
| Principal repayments | 4,823 | 4,787 |
| Debt service requirements | 13,073 | 12,354 |
| Debt service coverage ratio ⁽³⁾ | 1.30 | 1.39 |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(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 quarter ended March 31, 2024, the debt service coverage ratio stood at 1.30, a decrease of 9 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 March 31, 2024:

| Period ended March 31, 2024 (in number of units) | Quarter | |
|---|----------------|--------------|
| | Units | \$ |
| Class B LP units outstanding, beginning of period | 697,265 | 2,043 |
| Fair value adjustment | - | 160 |
| Class B LP units outstanding, end of period | 697,265 | 2,203 |

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 Quebec City.

On February 14, 2023, the holders of the class B LP units converted 150,000 units into units of the Trust and on August 18, 2023 the holders of the class B LP units converted 50,000 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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in number of units) | Quarter | |
|---|-------------------|-------------------|
| | 2024 | 2023 |
| Units outstanding, beginning of the period | 86,705,901 | 85,238,279 |
| Distribution reinvestment plan | 301,404 | 233,199 |
| Issued - employee unit purchase plan | 27,685 | 6,995 |
| Issued - restricted unit compensation plan | 154,990 | 26,599 |
| Issued - deferred unit compensation plan | - | - |
| Class B LP units exchanged into Trust units | - | 150,000 |
| Issued - conversion of convertible debentures | - | 99,725 |
| Units outstanding, end of the period | 87,189,980 | 85,754,797 |
| Weighted average number of units outstanding | 87,057,670 | 85,614,589 |
| Weighted average number of Class B LP units and units outstanding | 87,754,935 | 85,911,854 |

On February 29, 2024, the Toronto Stock Exchange (TSX) approved the renewal of the normal course issuer bid ("NCIB"), permitting BTB to repurchase for cancellation up to 5,969,926 units from February 29, 2024 to February 28, 2025, representing approximately 7% of the Trust's issued and outstanding units at the time of the renewal. As of March 31, 2023, no units have been repurchased for cancellation.

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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in number of units) | Quarter | |
|--|----------------|----------------|
| | 2024 | 2023 |
| Deferred units outstanding, beginning of the period | 151,412 | 121,727 |
| Trustees' compensation | 7,079 | 2,470 |
| Distributions paid in units | 3,738 | 2,458 |
| Deferred units outstanding, end of the period | 162,229 | 126,655 |

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 March 31, 2024, and March 31, 2023:

| Quarters ended March 31 (in number of units) | Quarter | |
|--|----------------|----------|
| | 2024 | 2023 |
| Restricted units outstanding, beginning of the period | 220,306 | 138,583 |
| Granted | 265,180 | 217,072 |
| Cancelled | (28,212) | - |
| Settled | (156,025) | (26,601) |
| Restricted units outstanding, end of the period | 301,249 | 329,054 |

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 March 31, 2024, 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 March 31 | 2024 | 2023 |
|-------------------------|------------|------------|
| | % | % |
| 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 the annual consolidated financial statements as at and for the years ended December 31, 2023, and 2022.

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 2024 Annual Information Form for the year ended December 31, 2023, 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, 2024, 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 March 31, 2024, 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 first quarter of 2024, 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 \$630.5 million as at March 31, 2024, compared to \$630.8 million as at March 31, 2023.
- 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 valuers 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 valuers. 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, 2023 and still owned as at March 31, 2024, but doesn't include the financial impacts from dispositions, acquisitions and developments completed in 2023 and 2024, 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 – 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:

| | 2024 Q-1 | 2023 Q-4 | 2023 Q-3 | 2023 Q-2 | 2023 Q-1 | 2022 Q-4 | 2022 Q-3 | 2022 Q-2 |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| (in thousands of dollars, except for per unit) | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net income and comprehensive income (IFRS) | 7,153 | 1,734 | 15,216 | 10,846 | 8,802 | 1,769 | 11,693 | 18,243 |
| Fair value adjustment on investment properties | (6) | 4,480 | (6,481) | - | - | 7,781 | 1,230 | 197 |
| Fair value adjustment on Class B LP units | 160 | (42) | (159) | (775) | - | 160 | (142) | (233) |
| Amortization of lease incentives | 690 | 641 | 664 | 750 | 728 | 787 | 773 | 818 |
| Fair value adjustment on derivative financial instruments | (325) | 2,396 | (584) | (763) | 184 | (1,971) | (3,898) | (9,344) |
| Leasing payroll expenses ⁽⁶⁾ | 591 | 401 | 359 | 327 | 356 | 682 | 182 | 158 |
| Distributions – Class B LP units | 52 | 52 | 56 | 42 | 22 | 26 | 26 | 26 |
| Unit-based compensation (Unit price remeasurement) ⁽⁵⁾ | 409 | (11) | (87) | (232) | (59) | 198 | (172) | (285) |
| FFO⁽¹⁾ | 8,724 | 9,651 | 8,984 | 10,195 | 10,033 | 9,432 | 9,692 | 9,580 |
| Transaction costs on disposition of investment properties and mortgage early repayment fees | 201 | 37 | 46 | - | - | 627 | 93 | 138 |
| FFO Adjusted⁽¹⁾ | 8,925 | 9,688 | 9,030 | 10,195 | 10,033 | 10,059 | 9,785 | 9,718 |
| FFO per unit⁽¹⁾⁽²⁾⁽³⁾ | 10.0¢ | 11.1¢ | 10.3¢ | 11.8¢ | 11.7¢ | 11.0¢ | 11.4¢ | 11.3¢ |
| FFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾ | 10.2¢ | 11.1¢ | 10.4¢ | 11.8¢ | 11.7¢ | 11.8¢ | 11.5¢ | 11.4¢ |
| FFO payout ratio⁽¹⁾ | 75.2% | 67.5% | 72.9% | 63.8% | 64.1% | 67.9% | 65.9% | 66.4% |
| FFO Adjusted payout ratio⁽¹⁾ | 73.5% | 67.2% | 72.5% | 63.8% | 64.1% | 63.6% | 65.2% | 65.5% |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(2) Including Class B LP units.

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

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

(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the FFO Adjusted and AFFO Adjusted starting Q2 2021.

(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 2 and 31.

Adjusted Funds from Operations (AFFO)⁽¹⁾

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

| | 2024 Q-1 | 2023 Q-4 | 2023 Q-3 | 2023 Q-2 | 2023 Q-1 | 2022 Q-4 | 2022 Q-3 | 2022 Q-2 |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| (in thousands of dollars, except for per unit) | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| FFO⁽¹⁾ | 8,724 | 9,651 | 8,984 | 10,195 | 10,033 | 9,432 | 9,692 | 9,580 |
| Straight-line rental revenue adjustment | (394) | (197) | (842) | (291) | (633) | (1,077) | (521) | (74) |
| Accretion of effective interest | 308 | 310 | 271 | 278 | 236 | 336 | 219 | 284 |
| Amortization of other property and equipment | 17 | 20 | 33 | 23 | 23 | 31 | 35 | 26 |
| Unit-based compensation expenses | (9) | 159 | 184 | 237 | 256 | 206 | 130 | 312 |
| Provision for non-recoverable capital expenditures ⁽¹⁾ | (653) | (639) | (626) | (634) | (658) | (630) | (599) | (580) |
| Provision for unrecovered rental fees ⁽¹⁾ | (375) | (375) | (375) | (375) | (375) | (375) | (375) | (375) |
| AFFO⁽¹⁾ | 7,618 | 8,929 | 7,629 | 9,433 | 8,882 | 7,923 | 8,581 | 9,173 |
| Transaction costs on disposition of investment properties and mortgage early repayment fees | 201 | 37 | 46 | - | - | 627 | 93 | 138 |
| AFFO Adjusted⁽¹⁾ | 7,819 | 8,966 | 7,675 | 9,433 | 8,882 | 8,550 | 8,674 | 9,311 |
| AFFO per unit⁽¹⁾⁽²⁾⁽³⁾ | 8.7¢ | 10.2¢ | 8.8¢ | 10.9¢ | 10.3¢ | 9.3¢ | 10.1¢ | 10.8¢ |
| AFFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾ | 8.9¢ | 10.3¢ | 8.8¢ | 10.9¢ | 10.3¢ | 10.0¢ | 10.2¢ | 11.0¢ |
| AFFO payout ratio⁽¹⁾ | 86.2% | 72.9% | 85.8% | 69.0% | 72.4% | 80.8% | 74.4% | 69.4% |
| AFFO Adjusted payout ratio⁽¹⁾ | 83.9% | 72.6% | 85.3% | 69.0% | 72.4% | 74.9% | 73.6% | 68.3% |

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

(2) Including Class B LP units.

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

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

(1) This is a non-IFRS financial measure, refer to page 2 and 31.

