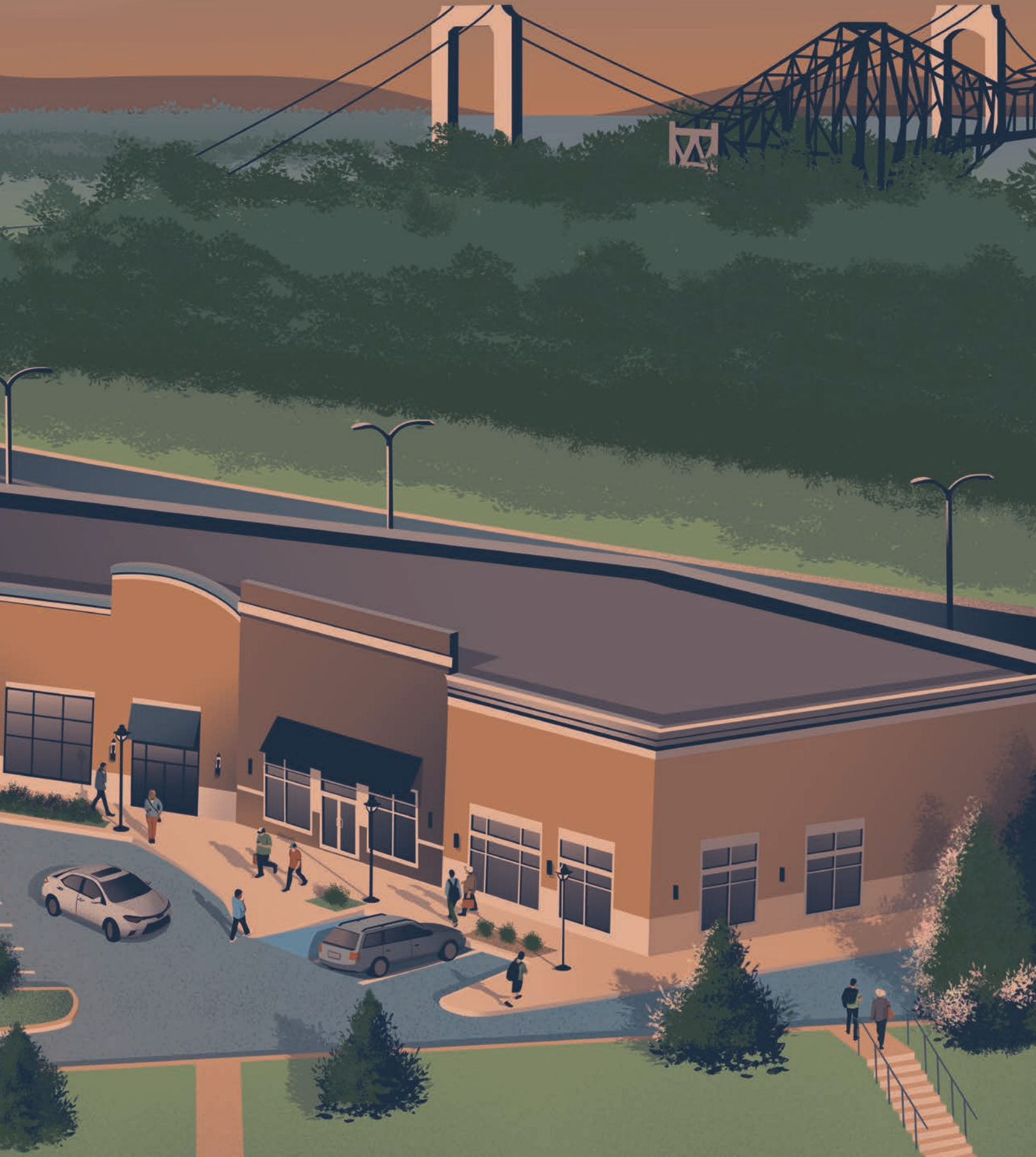




Balancing Growth and Responsibility
Second Quarterly Report 2024



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>	<p>Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”);</p> <p>Capital Resources – Interest coverage ratio; and</p> <p>Capital Resources – Debt service coverage ratio</p>
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 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>	Capital Resources – Debt ratio
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>	Capital Resources – Interest coverage ratio
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>	Capital Resources – Debt service coverage ratio

Our Mission

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

Our Values

Approachable

Dynamic

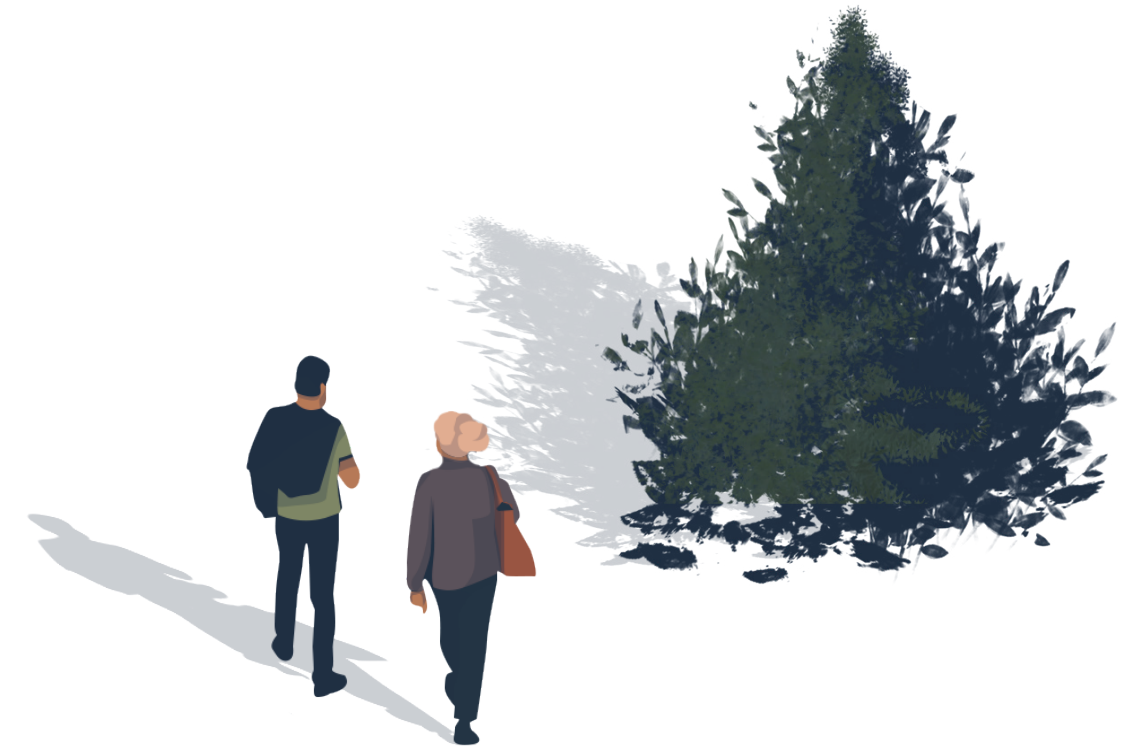
Open-minded

Driven

Authentic



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Our Year
in Review

A Word from our President and CEO, Michel Léonard

I am pleased to present BTB's financial report for the second quarter of 2024. This quarter highlights, again, a strong leasing performance across our portfolio, reflecting the effectiveness of our strategic initiatives and the dedication of our team.

Strengthening Occupancy through Effective Leasing

I am delighted to report another increase in our occupancy rate, which has reached an impressive 94.6%, representing a 10 basis points increase compared to the prior quarter and a 50 basis points increase compared to the same period in 2023. This achievement underscores the success of our leasing efforts and our commitment to maintaining the quality of our properties that meet our clients' needs.

Our proactive approach to client retention and attraction has been pivotal in achieving this milestone. During the quarter, our leasing team renewed 216,605 square feet and secured 40,080 square feet of new leases. Notable lease renewals include:

- 44,988 square feet in the necessity-based retail segment with Sobeys inc., operating an IGA grocery store, in Dollard-Des Ormeaux, Québec
- 30,352 square feet in the necessity-based retail segment with Continental Capital investment Inc. in Saint-Bruno-de-Montarville, Québec
- 24,808 square feet in the industrial segment with AMA Property Management Group, in Edmonton, Alberta
- 10,147 square feet in the suburban office segment with Torq Productions in Québec City.

These results demonstrate our commitment to optimize rental revenue through effective lease management. With average rent renewal rates increasing by 5.7% for the quarter and 6.6% for the cumulative six-month period, our rental revenue has grown by 1.6% year-over-year. We continue to focus on optimizing our property mix and enhancing revenue through active asset management.

Industrial Progress and Stability in the Other Segments

In the recent quarter, we saw significant progress within our portfolio, with notable advancements in the industrial sector and steady performance across the suburban office and the necessity-based retail segments.

Our same-property NOI increased by 1.5% year-over-year, with a 2.6% rise over the cumulative six-month period. Key drivers include rental rate increases of 5.7% in industrial, 7.7% in suburban office, and 6.0% in necessity-based retail, for the cumulative six-month period. Our strategic expansion in industrial properties is paying off, with their proportional fair value rising from 34.3% to 36.6% year-over-year and rental revenue increasing by 1.1%. Additionally, the NOI for the industrial segment also grew by 2.7% for the quarter, compared to the previous year. Meanwhile, the proportional fair value of suburban office properties decreased from 45.0% to 42.7%, reflecting our strategic shift, though rental revenue remained stable. Finally, the necessity-based retail segment maintained a stable NOI share of 23.9% and

continues to perform strongly.

These results are key indicators of the organic growth within our portfolio and highlights the strength of our property management operations. By continuously improving operational efficiencies and maintaining high standards across our properties, we continue to deliver significant value to our stakeholders.

Effective Debt Management and Interest Rate Impact

Our financial position, highlighted by positive adjustments in FFO and AFFO compared to Q1 2024, reflects the solid performance of our assets. With a total debt ratio of 58.1% and a mortgage debt ratio of 51.4%, both down by 50 and 80 basis points, respectively, since December 31, 2023, we have effectively managed our debt profile.

Our strategic approach to debt management, particularly through well-planned refinancing maturities, has successfully mitigated the impact of interest rate fluctuations. Recent Bank of Canada announcements on interest rates have further enhanced our outlook. Lower or stabilized interest rates will benefit our portfolio by reducing borrowing costs, increasing property values, enhancing investment opportunities, and improving market conditions.

By continuing to manage our debt prudently and leveraging the current interest rate environment, we are well-positioned to sustain strong cash flow and deliver reliable returns to our investors.

As we move forward, we remain dedicated to our strategic priorities, including targeted dispositions and acquisitions, careful capital management, and ongoing property enhancements. We are confident that our discipline will continue to yield strong results and drive long-term value creation for all our stakeholders.

In closing, I would like to express my gratitude to our clients, partners, investors and employees for their continued support in BTB. Together, we are building a resilient and prosperous future.

Michel Léonard

Michel Léonard, President & CEO



\$1.2B

Asset value

6.1M sq. ft.

Total leasable area

75

Properties

94.6%

Occupancy rate



\$32.2M

Rental revenue
Q2 2023: \$31.7M

\$18.9M

Net operating income (NOI)
Q2 2023: \$19.0M

10.4¢

FFO adjusted per unit⁽¹⁾
Q2 2023: 11.8¢

80.2%

AFFO adjusted payout ratio⁽¹⁾
Q2 2023: 69.0%

8.3¢

Net earnings
per unit

7.5¢

Distributions
per unit

\$18.7M

Same-property NOI⁽¹⁾
Q2 2023: \$18.4M (Increase of 1.5%)

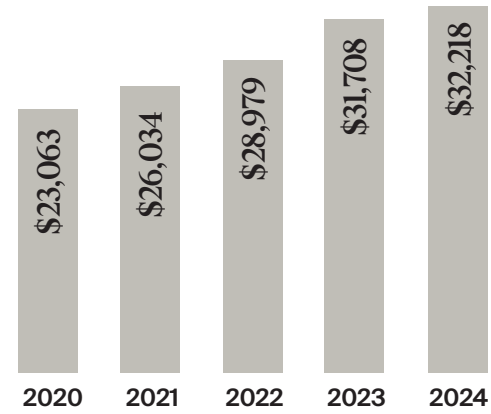
Highlights

The second report of the year highlights an enduring performance. Our portfolio achieved an impressive occupancy rate of 94.6%, reflecting robust leasing activity and operational excellence. We recorded a remarkable 1.5% growth in same-property Net Operating Income (NOI) compared to Q2 2023, and a 2.6% increase for the cumulative six-month period, driven by higher rental rates and successful lease renewals. On the financial front, our strategic debt management is yielding positive results, with our total debt ratio improving by 50 basis points to 58.1% compared to December 31, 2023. We remain committed to a prudent approach, ensuring stability and resilience for our stakeholders.

*Highlights are presented for Q2 2024 or as at June 30th, 2024, unless otherwise specified.
(1) This is a non-IFRS financial measure, refer to page 2 and 31.

Key Metric Evolution*

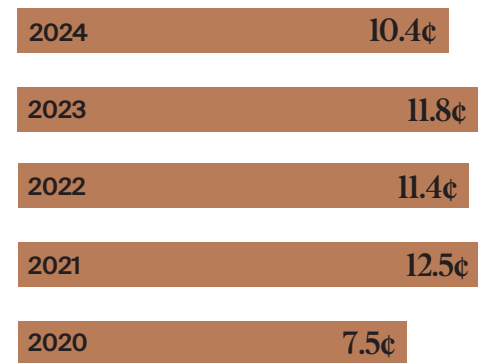
Rental revenue



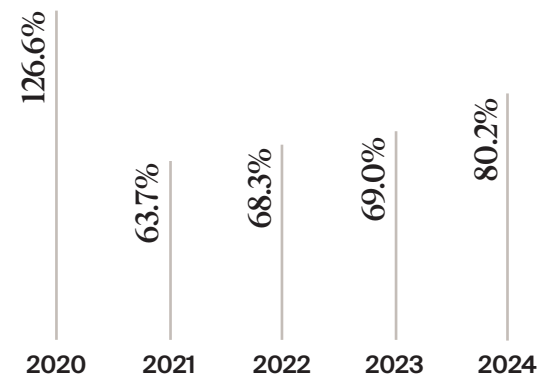
Net Operating Income (NOI)

2024	\$18,856
2023	\$19,041
2022	\$17,598
2021	\$15,574
2020	\$12,419

FFO adjusted per unit⁽¹⁾



AFFO adjusted payout ratio⁽¹⁾



*For the quarters ending on June 30, in thousands of dollars.

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

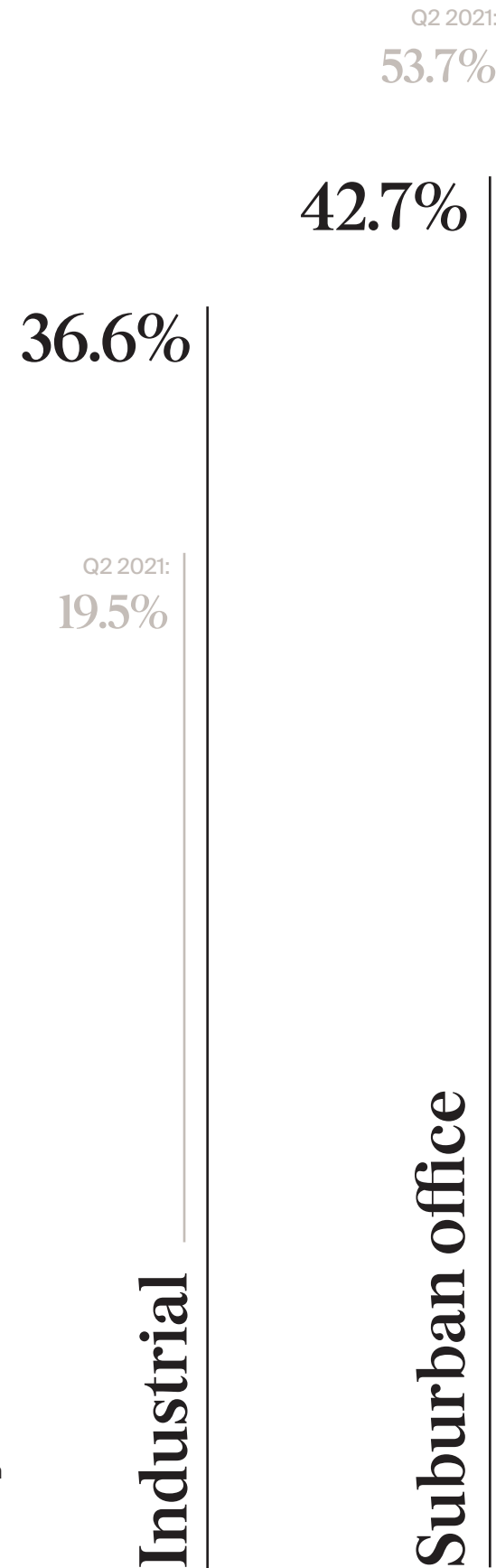
Performance on the markets



3111 Saint-Martin Boulevard West, Laval, Québec

Asset Types

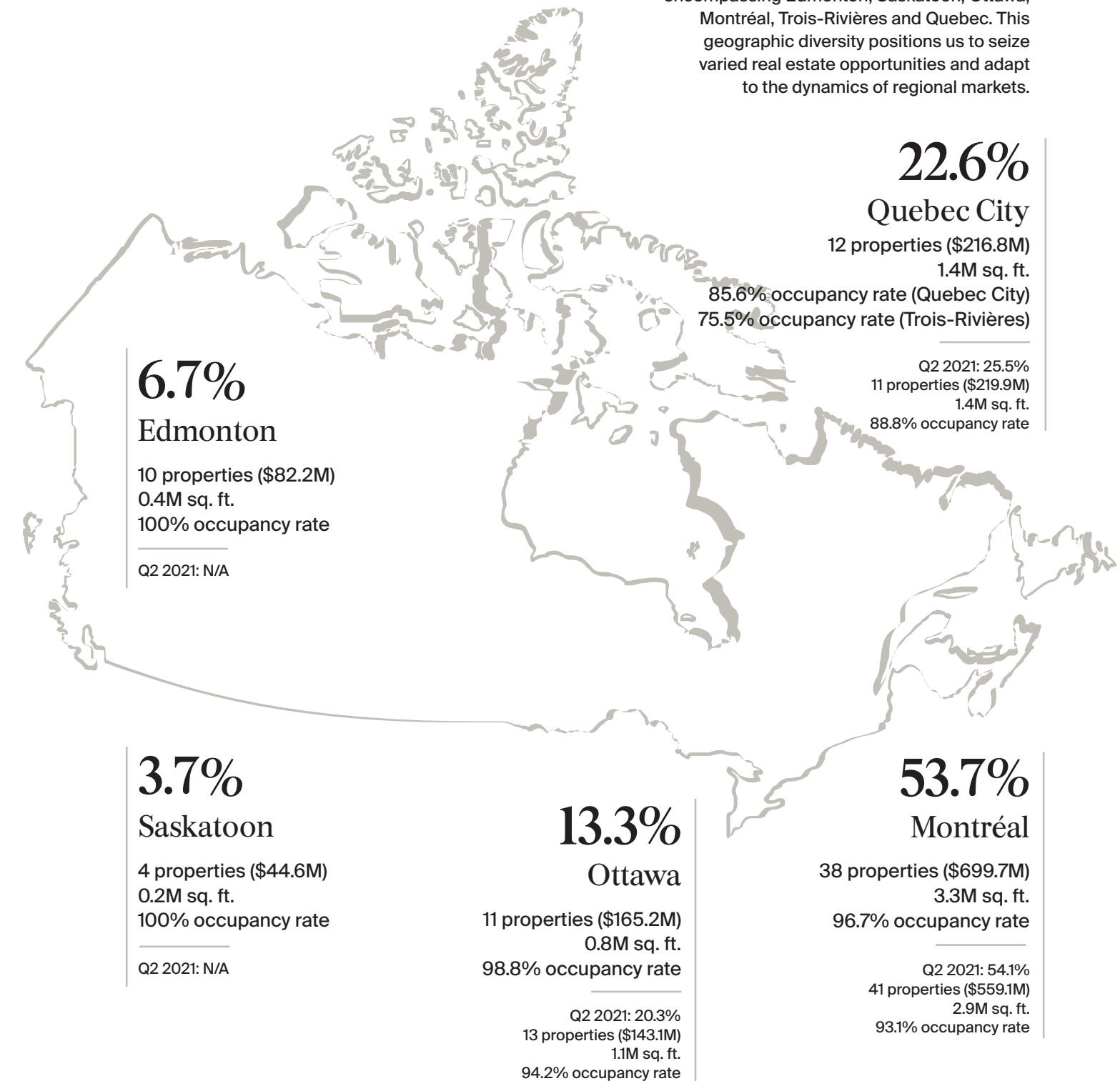
BTB continues to strategically move towards the industrial sector while maintaining a diversified portfolio with three types of key assets: 20.7% in necessity-based retail (vs. 29.6% in Q2 2021), 42.7% in suburban office (vs. 50.8% in Q2 2021) and 36.6% in industrial (vs. 19.5% in Q2 2021). This deliberate allocation underscores our commitment to maximizing returns through a well-calibrated asset mix.



Percentages on this page are presented based on fair value of properties.

Geographic Locations

BTB maintained the strategic distribution of its portfolio across major geographic locations, encompassing Edmonton, Saskatoon, Ottawa, Montréal, Trois-Rivières and Quebec. This geographic diversity positions us to seize varied real estate opportunities and adapt to the dynamics of regional markets.



Percentages on this page are presented based on total leasable area.



Our
Portfolio

Our Properties

We closed the quarter with a total of 75 properties and 6.1 million square feet of leasable area across Canada in the regions of Montréal, Quebec City, Trois-Rivières, Ottawa, Edmonton and Saskatoon.

Industrial

1325 Hymus Blvd, Dorval
 4105 Sartelon Street, St-Laurent
 208-244 Migneron Street & 3400-3410 Griffith Street, St-Laurent
 7777 Transcanada Highway, St-Laurent
 6000 Kieran Street, St-Laurent
 2005 Le Chatelier Street, Laval
 4535 Louis B. Mayer Street, Laval
 3695 des Laurentides (Highway-15), Laval
 2175 des Entreprises Blvd, Terrebonne
 2205-2225 des Entreprises Blvd, Terrebonne
 3190 F.-X. Tessier Street, Vaudreuil-Dorion
 9900 Irénée-Vachon Street, Mirabel
 2350 Chemin du Lac, Longueuil
 191 D'Amsterdam Street, St-Augustin-de-Desmaures
 175 De Rotterdam Street, St-Augustin-de-Desmaures

1-9 & 10 Brewer Hunt Way & 1260-1280 Teron Rd, Ottawa
 400 Hunt Club Rd, Ottawa
 1100 Algoma Road, Ottawa
 6909 - 42 Street, Leduc
 18410 - 118A Avenue NW, Edmonton
 18028 - 114 Avenue NW, Edmonton
 28765 Acheson Road, Acheson
 25616 - 117 Avenue NW, Acheson
 3905 Allard Avenue, Edmonton
 8743 50 Avenue NW, Edmonton
 8810 (8818-8846) 48 Avenue NW, Edmonton
 8810 (8856) 48 Avenue NW, Edmonton
 3542 Millar Avenue, Saskatoon
 318 - 68th Street, Saskatoon
 3911 Millar Avenue, Saskatoon
 3927 and 3931 Wanuskewin Road, Saskatoon

Suburban office

5810 Sherbrooke Street East, Montréal⁽¹⁾
 2101 Sainte-Catherine Street West, Montréal
 2250 Alfred-Nobel Blvd, St-Laurent
 2600 Alfred-Nobel Blvd, St-Laurent⁽¹⁾⁽²⁾
 2344 Alfred-Nobel Blvd, St-Laurent⁽¹⁾
 7150 Alexander-Fleming Street, St-Laurent
 2425 Pitfield Blvd, St-Laurent
 3111 Saint-Martin Blvd West, Laval⁽¹⁾⁽²⁾
 3131 Saint-Martin Blvd West, Laval⁽¹⁾
 204 De Montarville Blvd, Boucherville⁽¹⁾
 85 Saint-Charles Street West, Longueuil
 1327-1333 Ste-Catherine Street West and 1405-1411 Crescent Street, Montréal
 4890-4898 Taschereau Blvd, Brossard
 145 Saint-Joseph Blvd, St-Jean-sur-Richelieu
 315-325 MacDonald Street, St-Jean-sur-Richelieu⁽¹⁾

340-360, 370-380, 375 and 377-383 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire
 80 Aberdeen Street, Ottawa
 245 Menten Place, Ottawa
 2200 Walkley Street, Ottawa⁽¹⁾
 2204 Walkley Street, Ottawa⁽¹⁾
 2611 Queensview Drive, Ottawa⁽²⁾
 979⁽²⁾ & 1031 Bank Street, Ottawa
 7 and 9 Montclair Blvd, Gatineau⁽¹⁾
 6655 Pierre-Bertrand Blvd, Quebec City⁽¹⁾
 6700 Pierre-Bertrand Blvd, Quebec City⁽¹⁾
 825 Lebourgneuf Blvd, Quebec City
 815 Lebourgneuf Blvd, Quebec City⁽¹⁾
 1170 Lebourgneuf Blvd, Quebec City⁽¹⁾
 505 Des Forges Street, Trois-Rivières⁽¹⁾
 1500 Royale Street, Trois-Rivières⁽¹⁾
 1921 - 91 Street, Edmonton

Necessity-based retail

3761-3781 des Sources Blvd, Dollard-des-Ormeaux
 11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux
 2665-2673 and 2681, Côte Saint-Charles, Saint-Lazare
 2900 Jacques-Bureau Street, Laval
 5791 Laurier Blvd, Terrebonne
 1465-1495 and 1011-1191 Saint-Bruno Blvd and 800 de l'Étang Street, Saint-Bruno-de-Montarville
 2111 Fernand-Lafontaine Blvd, Longueuil
 1939-1979 F.-X. Sabourin Street, St-Hubert
 1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu
 909-915 Pierre-Bertrand Blvd, Quebec City
 625-675 De la Concorde Street, Lévis
 1200-1252 De la Concorde Street, Lévis

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





Our
Clients

Client Portrait: *Demers Beaulne*

Demers Beaulne supports innovative SMEs at key moments in their development with a unique approach characterized by varied and in-depth financial expertise delivered in a human and authentic way, giving them the confidence to flourish in the entrepreneurial adventure.

With three offices in Quebec and one in Morocco, the firm is made up of 300 passionate and talented individuals committed to the success of each and every one of its clients. Our association with Moore's global network gives us a unique vision of the world, enabling us to offer international growth to the companies that have placed their trust in us since 1979.

What are you most proud of accomplishing as a business?

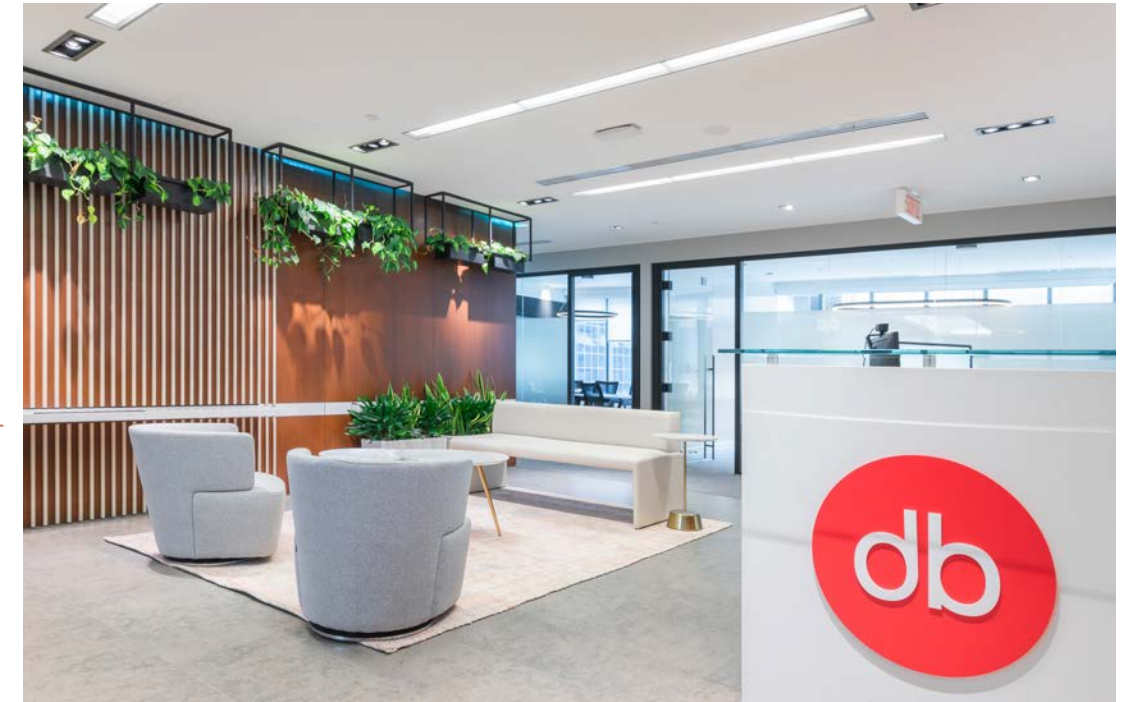
Overall, what makes us most proud is our impact on the success of Quebec entrepreneurs and businesses, and by extension, on the creation of wealth for our economy.

More recently, we're very proud to have implemented the 4-day work week (paid 5 days), six months a year, to offer our teams a better personal-professional life balance and greater overall fulfillment. We are also extremely proud to be the first accounting firm in Canada to obtain B CORP certification.

Does your business have environmental and/or social implications?

As a proudly certified B CORP, we are committed to the well-being of our communities, through various organizations, by offering our time, expertise and donations.

Learn more about Demers & Beaulne:
www.demersbeaulne.com



Demers & Beaulne offices & team

Top 10 Clients

Our top 10 clients make up 23.8% of our total revenue and 22.9% of our total leased area, equaling 1,405,705 square feet.



Government of Québec
5810 Sherbrooke Street East, Montréal, QC



The Lion Electric Company
9900 Irénée Vachon Street, Mirabel, QC



Intrado Life & Safety Canada Inc.
7150 Alexander-Fleming Street, Saint-Laurent, QC



Bristol-Meyers Squibb Canada Co
2344 Alfred-Nobel Blvd, St-Laurent, QC



Government of Canada
2204 Walkley Road, Ottawa, ON



Mouvement Desjardins
3111 Saint-Martin Blvd West, Laval, QC



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



Haivision
2600 Alfred-Nobel Blvd, St-Laurent, QC



Groupe BBA Inc.
375 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire, QC



Walmart Canada Inc.
Mega Centre Rive-Sud, Lévis, Québec

Management Discussion and Analysis

Three-month and six-month periods ended June 30, 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 June 30, 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 August 2, 2024, should be read together with the interim condensed consolidated financial statements and accompanying notes for the period ended June 30, 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 MD&A and the unaudited 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 are made in this MD&A, in other filings with Canadian regulators, in reports to unitholders and in other communications. These forward-looking statements may include statements regarding the Trust’s future objectives, strategies to achieve the Trust’s objectives, as well as statements with respect to the Trust’s beliefs, outlooks, plans, objectives, expectations, forecasts, estimates and intentions. The words “may,” “could,” “should,” “outlook,” “believe,” “plan,” “forecast,” “estimate,” “expect,” “propose,” and the use of the conditional and similar words and expressions are intended to identify forward-looking statements.

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

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

Non-IFRS Financial Measures

Certain terms and measures used in this MD&A are listed and defined in the appendix 1, including any per unit information if applicable, are non-IFRS performance measures and do not have standardized meanings prescribed by IFRS. Explanations on how these non-IFRS financial measures provide useful information to investors and the additional purposes, if any, for which the Trust uses these non-IFRS financial measures, are also included in the appendix 1. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

Securities regulations require that non-IFRS financial measures be clearly defined and that they not be assigned greater weight than IFRS measures. The referred non-IFRS financial measures, which are reconciled to the most similar IFRS measure in the appendix 2 if applicable, do not have a standardized meaning prescribed by IFRS and these measures cannot be compared to similar measures used by other issuers.

The Trust

The Trust is an unincorporated open-ended real estate trust formed under and governed by the laws of the province of Québec pursuant to a trust agreement (as amended). The Trust began its real estate operations on October 3, 2006, and as of June 30, 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 June 30, 2024	75	6,087,065	1,208,538

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 Second Quarter ended June 30, 2024

Rental revenue: stood at \$32.2 million for the current quarter, which represents an increase of 1.6% compared to the same quarter of 2023. For the cumulative six-month period, rental revenue totalled \$64.9 million which represents an increase of 0.5% compared to the same period in 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"). Excluding the One-Time Adjustment, rental revenue for current cumulative six-month period vs the same period in 2023 would have increased by 2.7%.

Net operating income (NOI): Totalled \$18.9 million for the current quarter, which represents a decrease of 0.5% compared to the same quarter of 2023. The decrease for the quarter is partially related to the bankruptcy of a tenant in Quebec City, Énergie Cardio (causing a negative impact of \$0.2 million); which space was rapidly leased to the group that purchased the assets of the business of the bankrupt tenant, taking possession of the space in September 2024. For the cumulative six-month period, the NOI totalled \$37.2 million which represents a decrease of 2.1% compared to the same period in 2023. Excluding the One-Time Adjustment, the cumulative six-month period NOI for Q2 2024 vs the same period in 2023 would have increased by 1.6%.

Net income and comprehensive income: Totalled \$7.3 million for the quarter compared to \$10.8 million for the same period in 2023, representing a decrease of \$3.5 million. The decrease for the quarter is primarily due to an increase in net financial expenses of \$2.6 million, an increase in administrative expenses of \$0.8 million and a decrease in NOI of \$0.2 million. For the 2024 cumulative six-month period, net income and comprehensive income totalled \$14.4 million compared to \$19.7 million, representing a decrease of \$5.3 million. Excluding the One-Time Adjustment, the decrease for the cumulative six-month period from Q2 2024 vs Q2 2023 would have been \$3.8 million.

Same-property NOI⁽¹⁾: For the quarter, the same-property NOI increased by 1.5% compared to the same period in 2023, and for the cumulative six-month period, the same-property NOI increased by 2.6% compared to the same period in 2023. The increases are due to an increase of rental rates for lease renewals of 5.7% for the cumulative six-month period in the industrial segment as well as an increase in rental spreads for in-place leases, an increase of rental rates for lease renewals of 7.7% for the cumulative six-month period in the suburban office segment and an increase of rental rates for lease renewals of 6.0% for the cumulative six-month period in the necessity-based retail segment.

FFO adjusted per unit⁽¹⁾: Was 10.4¢ per unit for the quarter compared to 11.8¢ per unit for the same period in 2023, representing a decrease of 1.4¢ per unit. The decrease of FFO adjusted for the quarter is explained by an increase in interest expense net of financial income of \$0.3 million, an NOI decrease of \$0.2 million and an increase in administration expenses of \$0.5 million. For the cumulative six-month period, the FFO adjusted was 20.6¢ per unit compared to 23.5¢ per unit for the same period in 2023, representing a decrease of 2.9¢ per unit. Excluding the One-Time adjustment, the cumulative six-month period FFO adjusted per unit vs the same period in 2023 would have recorded a decrease of 1.2¢ per unit. In addition, FFO adjusted per unit was negatively impacted by an increase in the weighted average number of units outstanding of 1.5 million units, due to the unitholder's participation in the distribution reinvestment plan.

FFO adjusted payout ratio⁽¹⁾: Was 72.2% for the quarter compared to 63.8% for the same period in 2023, an increase of 8.4%. For the cumulative six-month period, the FFO adjusted payout ratio was 72.8% compared to 63.8% for the same period in 2023, an increase of 9%. Excluding the One-Time Adjustment, the cumulative six-month period FFO adjusted payout ratio vs the same period in 2023 would have increased by 4.9%.

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

AFFO adjusted per unit⁽¹⁾: Was 9.4¢ per unit for the quarter compared to 10.9¢ per unit for the same period in 2023, representing a decrease of 1.5¢ per unit, in line with the decrease of the FFO adjusted explained above. For the cumulative six-month period, the AFFO adjusted per unit was 18.3¢ per unit compared to 21.3¢ per unit for the same period in 2023, representing a decrease of 3.0¢ per unit compared to the same period in 2023. Excluding the One-Time Adjustment, the cumulative six-month period AFFO adjusted per unit would have decreased by 1.3¢ per unit. AFFO adjusted per unit was also negatively impacted by the increase in weighted average number of units outstanding of 1.5 million units, due to the unitholder's participation in the distribution reinvestment plan.

AFFO adjusted payout ratio⁽¹⁾: Was 80.2% for the quarter compared to 69.0% for the same period in 2023. For the cumulative six-month period, the AFFO adjusted payout ratio was 82.0% compared to 70.5% for the same period in 2023, representing an increase of 11.5%. Excluding the One-Time adjustment, the cumulative six-month period AFFO adjusted payout ratio vs the same period in 2023 would have increased by 5.5%.

Leasing activity: During the quarter, the Trust completed a total of 216,605 square feet of lease renewals and 40,080 square feet of new leases. The occupancy rate increased to 94.6%, representing a 10 basis points increase compared to the prior quarter and a 50 basis points increase compared to the same period in 2023. The increase in the average rent renewal rate for the current quarter and current cumulative six-month period was respectively 5.7% and 6.6%

Shortly after the end of the quarter, Nuera Air, a tenant occupying 132,665 square feet in an industrial property located in Laval, Québec, declared bankruptcy. The Trust has already retained the services of a national commercial brokerage firm to lease the property.

Liquidity position: The Trust held \$0.9 million of cash at the end of the quarter and \$17.9 million is available under its credit facilities. The Trust has the option to increase its capacity under credit facilities by \$10.0 million, subject to lender approval.

Debt metrics: The Trust ended the quarter with a total debt ratio⁽¹⁾ of 58.1%, recording a decrease of 50 basis points compared to December 31, 2023. The Trust ended the quarter with a mortgage debt ratio⁽¹⁾ of 51.4%, a decrease of 80 basis points compared to December 31, 2023.

Summary of significant items as at June 30, 2024

- Total number of properties: 75
- Total leasable area: 6.1 million square feet
- Total asset value: \$1,236 million
- Market capitalization: \$274 million (unit trading price of \$3.13 as at June 30, 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for ratios and per unit data)	Reference (page)	Quarter		Cumulative (6 months)	
		2024	2023	2024	2023
		\$	\$	\$	\$
Financial information					
Rental revenue	36	32,218	31,708	64,854	64,619
Net operating income (NOI)	36	18,856	19,041	37,216	38,049
Net income and comprehensive income	36	7,272	10,846	14,425	19,648
Adjusted net income ⁽¹⁾	47	7,897	9,308	15,080	18,294
Adjusted EBITDA ⁽¹⁾	48	17,539	17,956	34,576	35,110
NOI from the same-property portfolio ⁽¹⁾	49	18,692	18,415	34,897	34,021
Distributions	50	6,605	6,486	13,187	12,932
FFO Adjusted ⁽¹⁾	51	9,149	10,195	18,075	20,228
AFFO Adjusted ⁽¹⁾	52	8,230	9,433	16,050	18,315
Cash flow from operating activities	53	18,758	17,320	31,102	32,977
Total assets	55			1,235,935	1,229,249
Investment properties	38			1,208,538	1,209,036
Mortgage loans	57			634,117	645,901
Convertible debentures	59			42,916	42,031
Mortgage debt ratio ⁽²⁾	60			51.4%	52.9%
Total debt ratio ⁽¹⁾	60			58.1%	58.9%
Weighted average interest rate on mortgage debt	58			4.57%	4.28%
Market capitalization				273,813	277,059
Financial information per unit					
Units outstanding (000)	62			87,480	86,043
Class B LP units outstanding (000)	61			697	747
Weighted average number of units outstanding (000)	62	87,335	85,939	87,036	85,777
Weighted average number of units and Class B LP units outstanding (000)	62	88,032	86,503	87,733	86,183
Net income and comprehensive income	36	8.3¢	12.5¢	16.4¢	22.8¢
Adjusted net income ⁽¹⁾	47	9.0¢	10.8¢	17.2¢	21.2¢
Distributions	50	7.5¢	7.5¢	15.0¢	15.0¢
FFO Adjusted ⁽¹⁾	51	10.4¢	11.8¢	20.6¢	23.5¢
Payout ratio on FFO Adjusted ⁽¹⁾	51	72.2%	63.8%	72.8%	63.8%
AFFO Adjusted ⁽¹⁾	52	9.4¢	10.9¢	18.3¢	21.3¢
Payout ratio on AFFO Adjusted ⁽¹⁾	52	80.2%	69.0%	82.0%	70.5%
Market price of units				3.13	3.22
Tax on distributions					
Tax deferral	64	100.0%	100.0%	100.0%	100.0%
Operational information					
Number of properties	38			75	75
Leasable area (thousands of sq. ft.)	38			6,087	6,117
Committed occupancy rate	41			94.6%	94.1%
Increase in average lease renewal rate	40	5.7%	4.9%	6.6%	6.2%

(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-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3
	\$	\$	\$	\$	\$	\$	\$	\$
Rental revenue	32,218	32,636	31,922	31,285	31,708	32,911	31,486	29,962
Net operating income	18,856	18,360	19,255	18,075	19,041	19,008	18,624	17,974
Net income and comprehensive income	7,272	7,153	1,734	15,216	10,846	8,802	1,769	11,693
Net income and comprehensive income per unit	8.3¢	8.2¢	2.0¢	17.5¢	12.5¢	10.2¢	2.1¢	13.7¢
Cash from operating activities	18,758	12,143	21,560	16,317	17,320	15,657	18,961	20,359
FFO Adjusted ⁽¹⁾	9,149	8,925	9,688	9,030	10,195	10,033	10,059	9,785
FFO Adjusted per unit ⁽¹⁾⁽²⁾	10.4¢	10.2¢	11.1¢	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢
AFFO Adjusted ⁽¹⁾	8,230	7,819	8,966	7,675	9,433	8,882	8,550	8,674
AFFO Adjusted per unit ⁽¹⁾⁽³⁾	9.4¢	8.9¢	10.3¢	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢
Distributions ⁽⁴⁾	6,605	6,581	6,547	6,524	6,489	6,443	6,413	6,394
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, to net operating income (NOI) and to investment properties for the three-month periods ended June 30, 2024, and June 30, 2024:

Quarters ended June 30 (in thousands of dollars)	Industrial		Suburban office		Necessity-based retail		Total
	\$	%	\$	%	\$	%	
Quarter ended June 30, 2024							
Investment properties	442,181	36.6	516,423	42.7	249,934	20.7	1,208,538
Rental revenue from properties	8,350	25.9	16,198	50.3	7,670	23.8	32,218
Net operating income (NOI)	6,122	32.5	8,216	43.6	4,518	23.9	18,856
Quarter ended June 30, 2023							
Investment properties	414,975	34.3	543,499	45.0	250,562	20.7	1,209,036
Rental revenue from properties	7,867	24.8	16,190	51.1	7,651	24.1	31,708
Net operating income (NOI)	5,680	29.8	8,795	46.2	4,566	24.0	19,041

Industrial performance

In line with the Trust's strategy to increase its industrial ownership, the proportional fair value of industrial properties increased from 34.3% to 36.6% compared to the same period last year, due to a net increase of \$32.5 million from fair value adjustments, \$5.1 million additions to capital expenditures, leasing fees and capitalized lease incentives. These additions are offset by the reclassification as a "financial lease" of an industrial property, the fair value of which is \$10.4 million following the exercise of an option to purchase by the tenant of that property. The proportional percentage of rental revenue from industrial properties increased by 1.1% compared to the same period last year. For the quarter, the proportional percentage net operating income for the industrial segment increased by 2.7% compared to the same period last year.

Suburban office performance

The proportional fair value of the suburban office properties decreased from 45.0% 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, the gross proceeds totalling \$6.2 million, and a net decrease due to negative fair value adjustment of \$27.5 million, offset by a \$6.6 million increase due to capital expenditures, leasing fees and capitalized lease incentives. The rental revenue for the quarter generated by the suburban office segment remained stable compared to the same period last year. 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 quarter lease renewals for a total of 57,231 square feet in the suburban office segment with an average rent increase of 6.8%), increasing the occupancy rate for this segment by 140 basis points to 88.8%, compared to the same period in 2023.

Necessity-based retail performance

The necessity-based retail segment continues to show good performance as most of the properties in this segment 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 97.4%. For the quarter, the Trust concluded lease renewals for a total of 122,856 square feet in the necessity-based retail segment with an average rent increase of 5.2%. The proportional share of the net operating income (NOI) generated by the necessity-based retail segment remained stable compared to the same period last year.

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.

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

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

Real Estate Portfolio

At the end of the second quarter of 2024, BTB owned 75 properties, representing a total fair value of \$1,209 million and a total leasable area of approximately 6.1 million square feet. A description of all the properties owned by the Trust can be found in the Trust's Annual Information Form available at www.sedarplus.com.

Summary of investment properties held as at June 30, 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	88.8	86.6	42.9
Necessity-based retail	11	1,392,175	97.3	97.3	22.8
Total portfolio	75	6,087,065	94.6	93.4	100.0

Geographic sector	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Montreal	38	3,269,093	96.7	96.4	53.7
Québec City	10	1,231,069	85.6	84.3	20.2
Trois-Rivières	2	149,077	75.5	55.8	2.4
Ottawa	11	809,115	98.8	97.2	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	94.6	93.4	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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in sq. ft.)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
Occupied area at the beginning of the period⁽¹⁾	5,751,931	5,624,549	5,762,653	5,455,798
Purchased (sold) assets	-	83,292	(24,963)	260,111
Signed new leases	40,080	125,223	98,142	192,423
Tenant departures	(34,660)	(78,716)	(78,481)	(153,984)
Other ⁽²⁾	-	-	-	-
Occupied leasable area at the end of the period⁽¹⁾	5,757,351	5,754,348	5,757,351	5,754,348
Vacant leasable area at the end of the period	329,714	362,379	329,714	362,379
Total leasable area at the end of the period	6,087,065	6,116,727	6,087,065	6,116,727

(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 by 50 basis points from 94.1% to 94.6%.

Leasing activities

The following table summarizes the percentage of lease renewals for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in sq. ft.)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
Leases expired at term	178,591	233,795	314,203	346,239
Renewed leases at term	158,445	164,189	250,236	207,735
Renewal rate	88.7%	70.2%	79.6%	60.0%

The Trust renewed 88.7% or 158,445 square feet out of the 178,591 square feet expired during this quarter. The trust is still actively negotiating on 7,841 square feet or 4.4% of potential lease renewals expiring during the quarter. For the cumulative six-month period, the Trust renewed 79.6% or 250,236 square feet out of the 314,203 square feet expiring during the period.

The most significant lease renewals concluded during the quarter were a lease representing 44,988 square feet in the necessity-based retail segment with Sobeys inc., operating an IGA grocery store, in Dollard-Des Ormeaux, Québec, a lease of 30,352 square feet in the necessity-based retail segment with Continental Capital investment Inc. in Saint-Bruno-de-Montarville, Québec, a lease of 24,808 square feet in the industrial segment with AMA Property Management Group, in Edmonton, Alberta, and a lease representing 10,147 square feet in the suburban office segment with Torq Productions in Quebec City.

The Trust also renewed leases prior to their expirations totaling 58,160 square feet during the quarter and 61,907 square feet for the cumulative six-month period, with existing tenants where their lease terms were to expire during the year 2025 or thereafter. The most significant early lease renewals concluded during the quarter were a lease representing 19,898 square feet in the suburban office segment with MNP, in Trois-Rivières, Québec, which included an expansion of 3,450 square feet for a total of 23,348 square feet, a lease for 18,625 square feet in the necessity-based retail segment with Entrepôt du Hockey (a subsidiary of Sports Experts), in Québec City, and a lease representing 8,074 square feet in the suburban office segment with the accounting firm Demers Beaulne, in Laval, Québec. Therefore, the Trust's lease renewal activity totals 216,605 square feet for this quarter and 312,143 square feet for the cumulative six-month period. Shortly after the end of the quarter, Nuera Air, a tenant occupying 132,665 square feet in an industrial property in Laval, Québec, declared bankruptcy. The Trust has already retained the services of a national commercial brokerage firm specialized in the industrial segment to lease the property.

Average lease renewal rate

The following table summarizes the average increase of rental rates for lease renewals by operating segment for the period ended June 30, 2024, as well as the cumulative periods for the first six months of 2024 and 2023:

Operating segment	Quarter		Cumulative (6 months)	
	Renewals (Sq. ft.)	Increase (%)	Renewals (Sq. ft.)	Increase (%)
Industrial	36,518	5.7%	36,518	5.7%
Suburban office	57,231	6.8%	116,110	7.7%
Necessity-based retail	122,856	5.2%	159,515	6.0%
Total	216,605	5.7%	312,143	6.6%

Since the beginning of the year, the Trust achieved a cumulative average rent increase of 6.6% across all three business segments.

New leases

During the quarter, the Trust leased a total of 40,080 square feet to new tenants, one of which was a lease with the group that purchased the assets of the bankrupt Énergie Cardio (recorded in "committed") for 14,514 square feet in the suburban office segment in Québec City. The remaining 25,566 square feet represent a combination of new "in place" tenants and "committed" tenants, thereby leaving 329,714 square feet of leasable area available for lease at the end of the quarter.

For the cumulative six-month period, the Trust concluded new leases totaling 86,239 square feet, or 87.9% of total leasing activity, in the suburban office segment, 2,000 square feet or 2.0% of the new leases were concluded in the industrial segment and 9,903 square feet or 10.1% of the new leases were concluded in the necessity-based retail segment.

Occupancy rates

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

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Operating segment	%	%	%	%	%
Industrial	100.0	100.0	99.9	99.7	99.7
Suburban office	88.8	88.6	87.7	86.6	87.4
Necessity-based retail	97.4	97.3	97.8	97.8	98.3
Total portfolio	94.6	94.5	94.2	93.7	94.1

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Geographic sector	%	%	%	%	%
Montréal	96.7	96.6	96.2	96.3	96.3
Québec City	85.6	85.7	85.2	84.6	85.8
Trois-Rivières	75.5	73.2	74.6	58.6	62.5
Ottawa	98.8	99.1	98.8	98.4	99.0
Edmonton	100.0	100.0	100.0	100.0	100.0
Saskatoon	100.0	100.0	100.0	100.0	100.0
Total portfolio	94.6	94.5	94.2	93.7	94.1

The occupancy rate at the end of the second quarter of 2024 stood at 94.6%, representing a 10 basis points increase compared to the prior quarter, and a 50 basis points increase compared to the same period in 2023. Furthermore, the in-place occupancy rate at the end of the quarter stood at 93.4%, representing a decrease of 20 basis points compared to the prior quarter, and an increase of 30 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.)	41,909	170,586	287,168	86,304	201,763
Average lease rate/square foot (\$) ⁽¹⁾	\$12.07	\$10.44	\$13.19	\$10.66	\$17.35
% of industrial portfolio	2.01%	8.18%	13.77%	4.14%	9.68%
Suburban office					
Leasable area (sq. ft.)	203,775	322,998	454,620	344,821	152,182
Average lease rate/square foot (\$) ⁽¹⁾	\$14.04	\$16.68	\$14.93	\$17.04	\$16.18
% of office portfolio	7.81%	12.38%	17.42%	13.21%	5.83%
Necessity-based retail					
Leasable area (sq. ft.)	39,889	175,907	109,720	115,967	49,905
Average lease rate/square foot (\$) ⁽¹⁾	\$16.96	\$15.61	\$13.33	\$16.56	\$24.05
% of retail portfolio	2.87%	12.64%	7.88%	8.33%	3.58%
Total portfolio					
Leasable area (sq. ft.)	285,573	669,491	851,508	547,092	403,850
Average lease rate/square foot (\$) ⁽¹⁾	\$14.16	\$14.81	\$14.13	\$15.93	\$17.74
% of total portfolio	4.69%	11.00%	13.99%	8.99%	6.63%

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

Weighted average lease term

For the quarter ended June 30, 2024, the weighted average lease term stood at 5.7 years, a 6.6% decrease compared to 6.1 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 Government of Québec (in the suburban office segment), the Government of Canada (in the suburban office segment), and Wal-Mart Canada Inc. (in the necessity-based retail segment), representing respectively 5.8%, 5.0%, 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.

45.4% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and publicly traded entities.

The following table shows the contribution of the Trust's top 10 tenants as a percentage of revenue as at June 30, 2024. Their contribution accounts for 23.8% of rental revenue for the cumulative six-month period and 22.9% of the leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Government of Québec	5.8	4.9	299,578
Government of Canada	5.0	4.1	251,850
Wal-Mart Canada Inc.	2.1	4.3	264,550
Strongco	2.0	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
	23.8	22.9	1,405,705

Operating Results

The following table summarizes the financial results for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023. This table should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Rental revenue	32,218	31,708	64,854	64,619
Operating expenses	13,362	12,667	27,638	26,570
Net operating income (NOI)	18,856	19,041	37,216	38,049
Net financial expenses and financial income	8,983	6,636	17,520	14,727
Administration expenses	2,335	1,559	4,809	3,674
Transaction costs	266	-	468	-
Fair value adjustment on investment properties	-	-	(6)	-
Net income and comprehensive income	7,272	10,846	14,425	19,648

Rental revenue

For the quarter, rental revenue increased by \$0.5 million or 1.6% compared to the same period last year. For the cumulative six-month period, rental revenue increased by \$0.2 million or 0.5%. Excluding the One-Time Adjustment of \$1.4 million, the rental revenue for current cumulative six-month period vs the same period in 2023 would have shown an increase of 2.7% or \$1.6 million due to \$0.5 million from acquisitions made in 2023 and \$1.1 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Operating expenses				
Maintenance, repairs and other operating costs	4,851	4,316	9,685	9,210
Energy	1,272	1,262	3,267	3,165
Property taxes and insurance	7,239	7,089	14,686	14,195
Total operating expenses	13,362	12,667	27,638	26,570
% of rental revenue	41.5%	39.9%	42.6%	41.1%

Operating expenses increased due to an overall increase in maintenance costs as well as an increase in municipal tax rates and an increase in property values affecting the municipal tax costs. The Operating expenses, as a percentage of revenues, increased by 1.6% for the quarter compared to the same period last year and increased by 1.5% for the cumulative six-month period. Excluding the One-Time Adjustment of \$1.4 million, the increase would be reduced to 0.6%.

Financial expenses and income

The following table summarizes financial expenses for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial income	(568)	(355)	(1,141)	(661)
Interest on mortgage loans	7,093	6,686	14,165	13,410
Interest on convertible debentures	708	709	1,417	1,418
Interest on credit facilities	770	619	1,704	963
Other interest expense	110	106	218	202
Interest expense net of financial income	8,113	7,765	16,363	15,332
Distributions on Class B LP units	53	42	105	64
Net financial expenses before non-monetary items	8,166	7,807	16,468	15,396
Accretion of effective interest on mortgage loans and convertible debentures	361	278	669	514
Accretion of non-derivative liability component of convertible debentures	98	89	190	171
Net financial expenses before the following items:	8,625	8,174	17,327	16,081
Fair value adjustment on derivative financial instruments	379	(763)	54	(579)
Fair value adjustment on Class B LP units	(21)	(775)	139	(775)
Net financial expenses net of financial income	8,983	6,636	17,520	14,727

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

Interest expense, net of financial income increased by \$0.3 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 since the same period last year, and the interest paid on the revolving credit facility impacted by the increase in the prime lending rate.

On June 30, 2024, the weighted average mortgage interest rate was 4.57%, 29 basis points higher than the average rate as at June 30, 2023 (4.28%). The increase is mainly due to the refinancing of fixed-rate mortgages at a higher interest rate.

The weighted average contractual rate for mortgages exposed to variable rate was 8.76%, an increase of 20 basis points compared to the same period in 2023. The cumulative balance of the Trust's loans subject to a variable rate is \$16.6 million. The weighted average contractual rate for mortgages subject to floating-for-fixed interest rate swap was 6.18%, an increase of 34 basis points compared to the same period in 2023. The cumulative balance of the Trust's loans subject to a floating-for-fixed interest rate swap is \$91.6 million. The weighted average interest rate for fixed mortgage loans increased by 31 basis points to 4.16% (3.85% as at June 30, 2023). Interest rates on first-ranking mortgage loans ranged from 2.37% to 8.95% as at June 30, 2024, (2.30% to 8.70% as at June 30, 2023).

The weighted average term of mortgage loans in place as at June 30, 2024, was 3.1 years (3.6 years as at June 30, 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Corporate expenses	1,879	1,597	3,886	3,315
Expected credit losses	488	(41)	555	159
Unit-based compensation	(32)	3	368	200
Trust administration expenses	2,335	1,559	4,809	3,674

Corporate expenses increased by \$0.3 million or 18% for the quarter compared to the same period last year, mainly consisting of recruitment expenses.

Expected credit losses increased by \$0.5 million for the quarter compared to the same period last year due to an increase in provision for expected credit losses related to the previously mentioned tenant's, Nuera Air, departure of an industrial property.

Unit-based compensation decreased by \$0.1 for the quarter. The decrease for the quarter is due to a modification in the restricted unit plan extending the vesting period from 2 to 3 years and consequently reducing the quarterly expense.

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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	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 June 30, 2024 and December 31, 2023:

As at June 30, 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 June 30, 2024, was stable at 6.68% compared to December 31, 2023.

As at June 30, 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 \$44.1 million or an increase of \$47.6 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income and comprehensive income	7,272	10,846	14,425	19,648
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	266	-	468	-
Fair value adjustment on investment properties	-	-	(6)	-
Fair value adjustment on derivative financial instruments	379	(763)	54	(579)
Fair value adjustment on Class B LP units	(21)	(775)	139	(775)
Adjusted net income⁽¹⁾	7,897	9,308	15,080	18,294
Per unit	9.0¢	10.8¢	17.2¢	21.2¢

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

Adjusted net income decreased by \$1.4 million for the quarter compared to the same quarter last year mainly due to a \$3.5 million negative variance for net income offset by a variance of \$1.9 million due to changes of the fair value adjustment on derivative financial instruments and Class B LP units (loss of \$0.4 million for the current quarter compared to a gain of \$1.5 million in the same quarter last year).

Adjusted net income decreased by \$3.2 million for the cumulative six-month period compared to the same period last year.

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

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and Adjusted EBITDA⁽¹⁾ for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income being total comprehensive income for the period	7,272	10,846	14,425	19,648
Interest expense	8,681	8,120	17,504	15,993
Accretion of effective interest on mortgage loans and convertible debentures	361	278	669	514
Amortization of property and equipment	17	23	34	46
Lease incentive amortization	704	750	1,394	1,478
Fair value adjustment on investment properties	-	-	(6)	-
Fair value adjustment on derivative financial instruments	379	(763)	54	(579)
Fair value adjustment on Class B LP units	(21)	(775)	139	(775)
Unit-based compensation (Unit price remeasurement)	63	(232)	472	(291)
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	266	-	468	-
Straight-line lease adjustment	(183)	(291)	(577)	(924)
Adjusted EBITDA⁽¹⁾	17,539	17,956	34,576	35,110

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

For the quarter, the Adjusted EBITDA⁽¹⁾ decreased by \$0.5 million compared to the same period last year mainly due to an increase in administrative expenses. For the cumulative six-month period, the Adjusted EBITDA⁽¹⁾ decreased by \$0.5 million.

(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 January 1, 2023, and that are still owned by the Trust on June 30, 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter			Cumulative (6 months)		
	2024	2023	D %	2024	2023	D %
	\$	\$		\$	\$	
Net operating income (NOI) as reported in the financial statements	18,856	19,041	-1.0%	37,216	38,049	-2.2%
Straight-line rent	183	291		577	924	
NOI less straight-line rent	18,673	18,750	-0.4%	36,639	37,125	-1.3%
NOI sourced from:						
Acquisitions	(153)	(98)		(2,068)	(1,570)	
Dispositions	(5)	(19)		(60)	(257)	
Corporation	177	(218)		386	153	
Non-cash adjustment related to a change in accounting estimate and other specific items	-	-		-	(1,430)	
Same Property NOI⁽¹⁾	18,692	18,415	1.5%	34,897	34,021	2.6%
Same Property NOI⁽¹⁾ sourced from:						
Industrial	5,739	5,347	7.3%	9,787	9,401	4.1%
Suburban office	8,422	8,502	-0.9%	16,266	16,133	0.8%
Necessity-based retail	4,531	4,566	-0.8%	8,844	8,487	4.2%
Same Property NOI⁽¹⁾	18,692	18,415	1.5%	34,897	34,021	2.6%

(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 1.5% and for the cumulative six-month period, same-property net operating income (NOI)⁽¹⁾ increased by 2.6%.

For the quarter, the SPNOI for the industrial segment increased by 7.3% compared to the same quarter last year, due to a decrease in non-recoverable operating expenses in combination with an increase in recoverable capital expenditures for this segment impacting the NOI by \$0.2 million, the remaining \$0.2 million increase is due to an increase in rental spreads for in-place leases since the same period last year. For the cumulative six-month period, the industrial segment increased by 4.1%.

(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 August 2, 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.

For the quarter, the SPNOI for the suburban office segment saw a decrease of 0.9% compared to the same quarter last year, primarily due to the bankruptcy of the previously mentioned tenant, Énergie Cardio in Quebec City (causing a negative impact of \$0.2 million). However, it should be noted that a group of investors purchased the assets of the defunct business, concluded a lease with the Trust and has taken possession of the vacated space in September 2024. For the cumulative six-month period, the suburban office segment increased by 0.8%.

Finally, for the quarter, the SPNOI for the necessity-based retail segment decreased by 0.8% compared to the same quarter last year, a decrease of \$0.1 million as the tenants that concluded lease renewals were granted free rent during this quarter. For the cumulative six-month period, the SPNOI of the necessity-based retail segment increased by 4.2%.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distributions				
Cash distributions	5,641	5,584	11,283	11,159
Cash distributions – Class B LP units	52	40	104	65
Distributions reinvested under the distribution reinvestment plan	912	862	1,800	1,708
Total distributions to unitholders	6,605	6,486	13,187	12,932
Percentage of reinvested distributions ⁽¹⁾⁽²⁾	13.8%	13.3%	13.7%	13.2%
Per unit⁽²⁾				
Distributions	7.5¢	7.5¢	15.0¢	15.0¢

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

(2) Including Class B LP units.

For the quarter, the monthly distributions paid to unitholders totalled 2.5¢ per unit and for the quarter, totalled 7.5¢ per unit, unchanged from the same quarter of 2023.

For the cumulative six-month period, the monthly distributions totalled 15.0¢ per unit, unchanged from the same period last year.

Funds from Operations (FFO)⁽¹⁾

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO⁽¹⁾ for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for per unit)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income and comprehensive income (IFRS)	7,272	10,846	14,425	19,648
Fair value adjustment on investment properties	-	-	(6)	-
Fair value adjustment on Class B LP units	(21)	(775)	139	(775)
Amortization of lease incentives	704	750	1,394	1,478
Fair value adjustment on derivative financial instruments	379	(763)	54	(579)
Leasing payroll expenses	433	327	1,024	683
Distributions - Class B LP units	53	42	105	64
Unit-based compensation (Unit price remeasurement) ⁽⁵⁾	63	(232)	472	(291)
FFO⁽¹⁾	8,883	10,195	17,607	20,228
Transaction costs on disposition of investment properties and mortgage early repayment fees	266	-	468	-
FFO Adjusted⁽¹⁾	9,149	10,195	18,075	20,228
FFO per unit⁽¹⁾⁽²⁾⁽³⁾	10.1¢	11.8¢	20.1¢	23.5¢
FFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	10.4¢	11.8¢	20.6¢	23.5¢
FFO payout ratio ⁽¹⁾	74.3%	63.8%	74.7%	63.8%
FFO Adjusted payout ratio ⁽¹⁾	72.2%	63.8%	72.8%	63.8%

(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 10.4¢ per unit, compared to 11.8¢ per unit for the same quarter last year representing a decrease of 1.4¢ per unit. The decrease of adjusted FFO for the quarter is explained by an increase in interest expense net of financial income of \$0.3 million, an NOI decrease of \$0.2 million and an increase in administration expenses of \$0.5 million.

For the cumulative six-month period, the FFO Adjusted⁽¹⁾ was 20.6¢ per unit compared to 23.5¢ per unit for the same period in 2023, representing a decrease of 2.9¢ per unit. Excluding the One-Time adjustment, the cumulative six-month period adjusted FFO per unit vs the same period in 2023 would have recorded a decrease of 1.2¢ per unit, mainly explained by an increase in interest expense net of financial income of \$1.0 million. In addition, adjusted FFO per unit was negatively impacted by the increase in weighted average number of units outstanding of 1.5 million units, due to the unitholder's participation in the distributions reinvested under the distribution reinvestment plan.

The FFO adjusted payout ratio⁽¹⁾ for the quarter stood at 72.2%, compared to 63.8% for the same quarter in 2023. For the cumulative six-month period, the FFO adjusted payout ratio⁽¹⁾ was 72.8% compared to 63.8% for the same period 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for per unit data)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
FFO⁽¹⁾	8,883	10,195	17,607	20,228
Straight-line rental revenue adjustment	(183)	(291)	(577)	(924)
Accretion of effective interest	361	278	669	514
Amortization of other property and equipment	17	23	34	46
Unit-based compensation expenses	(95)	237	(104)	493
Provision for non-recoverable capital expenditures ⁽¹⁾	(644)	(634)	(1,297)	(1,292)
Provision for unrecovered rental fees ⁽¹⁾	(375)	(375)	(750)	(750)
AFFO⁽¹⁾	7,964	9,433	15,582	18,315
Transaction costs on disposition of investment properties and mortgage early repayment fees	266	-	468	-
AFFO Adjusted⁽¹⁾	8,230	9,433	16,050	18,315
AFFO per unit⁽¹⁾⁽²⁾⁽³⁾	9.1¢	10.9¢	17.8¢	21.3¢
AFFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	9.4¢	10.9¢	18.3¢	21.3¢
AFFO payout ratio ⁽¹⁾	82.9%	69.0%	84.5%	70.5%
AFFO Adjusted payout ratio ⁽¹⁾	80.2%	69.0%	82.0%	70.5%

(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 9.4¢ per unit, compared to 10.9¢ per unit for the same quarter last year, a decrease of 1.5¢ per unit, in line with the decrease of the FFO adjusted explained above.

For the cumulative six-month period, the AFFO adjusted per unit was 18.3¢ per unit compared to 21.3¢ per unit for the same period in 2023, representing a decrease of 3.0¢ per unit compared to the same period in 2023. Excluding the One-Time Adjustment, the cumulative six-month period AFFO adjusted per unit would have decreased by 1.3¢ per unit, in line with the decrease of the FFO adjusted explained above. AFFO adjusted per unit was also negatively impacted by the increase in weighted average number of units outstanding of 1.5 million units, due to the unitholder's participation under the distribution reinvestment plan.

The AFFO Adjusted payout ratio⁽¹⁾ for the quarter stood at 80.2% compared to 69.0% for the same quarter last year. For the cumulative six-month period, the AFFO Adjusted payout ratio⁽¹⁾ was 82.0% compared to 70.5% for the same period in 2023.

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.

(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 Trust also deducts a provision for unrecoverable rental fees⁽¹⁾ in the amount of approximately 25¢ per square foot of the leasable area of the Trust's properties, on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly represents, in the long term, the average disbursements not recovered directly in the rent that the Trust will receive. 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.

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

Periods ended June 30 and 12-month periods ended December 31 (in thousands of dollars)	June 30, 2024 (6 months)	June 30, 2023 (6 months)	December 31, 2023 (12 months)	December 31, 2022 (12 months)
	\$	\$	\$	\$
Provision for non-recoverable capital expenditures ⁽¹⁾	1,297	1,292	2,557	2,390
Non-recoverable capital expenditures	392	2,015	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 2024, 2023 and 2022:

Periods ended June 30 and 12-month periods ended December 31 (in thousands of dollars)	2024 (6 months)	2023 (6 months)	2023 (12 months)	2022 (12 months)
	\$	\$	\$	\$
Net cash flows from operating activities	31,102	32,977	70,852	66,240
Interest paid	(16,357)	(15,320)	(31,324)	(27,925)
Net cash flows from operating activities less interest paid	14,745	17,657	39,528	38,315
Net distributions to unitholders	11,276	11,091	22,292	21,573
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	3,469	6,566	17,236	16,742

(1) This is a non-IFRS financial measure as defined on the previous page.

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO⁽¹⁾ and FFO⁽¹⁾ for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash flows from operating activities	18,758	17,320	31,102	32,977
Leasing payroll expenses	433	327	1,024	683
Transaction costs on purchase and disposition of investment properties and early repayment fees	(266)	-	(468)	-
Adjustments for changes in other working capital items	(1,730)	649	2,524	2,200
Financial income	568	355	1,141	661
Interest expenses	(8,681)	(8,120)	(17,504)	(15,993)
Provision for non-recoverable capital expenditures ⁽²⁾	(644)	(634)	(1,297)	(1,292)
Provision for non-recovered rental fees ⁽²⁾	(375)	(375)	(750)	(750)
Accretion of non-derivative liability component of convertible debentures	(99)	(89)	(190)	(171)
AFFO⁽¹⁾	7,964	9,433	15,582	18,315
Provision for non-recoverable capital expenditures ⁽²⁾	644	634	1,297	1,292
Provision for non-recovered rental fees ⁽²⁾	375	375	750	750
Straight-line rental revenue adjustment	183	291	577	924
Unit-based compensation expenses	95	(237)	104	(493)
Accretion of effective interest	(361)	(278)	(669)	(514)
Amortization of property and equipment	(17)	(23)	(34)	(46)
FFO⁽¹⁾	8,883	10,195	17,607	20,228

(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.

Assets

Investment properties

The Trust has grown through the acquisitions of 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.

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

The following table summarizes the changes in the fair value of investment properties for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Balance, beginning of period	1,203,027	1,198,351	1,207,522	1,164,881
Additions:				
Initial recognition of right-of-use assets	-	-	-	3,133
Acquisitions	-	7,380	-	36,300
Dispositions	-	-	(6,206)	-
Capital expenditures	2,016	1,956	2,803	2,677
Leasing fees and capitalized lease incentives	4,006	1,813	5,230	2,598
Fair value adjustment on investment properties	-	-	6	-
Other non-monetary changes ⁽¹⁾	(511)	(464)	(817)	(553)
Balance, end of period	1,208,538	1,209,036	1,208,538	1,209,036

(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 \$1,209 million as at June 30, 2024, compared to \$1,208 million as at December 31, 2023. The increase of \$1.0 million is mainly explained by \$2.8 million of capital expenditures and \$5.2 million of leasing fees and capitalized lease incentives which was offset by the two dispositions during the first quarter for which the impact decreased the fair value of investment properties by \$6.2 million.

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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Recoverable capital expenditures	392	417	392	662
Non-recoverable capital expenditures	1,624	1,539	2,411	2,015
Total capital expenditures	2,016	1,956	2,803	2,677
Leasing fees and leasehold improvements	4,006	1,813	5,230	2,598
Total	6,022	3,769	8,033	5,275

Receivables

The following table summarizes receivables for the periods ended June 30, 2024, December 31, 2023 and June 30, 2023:

(in thousands of dollars)	June 30, 2024	December 31, 2023	June 30, 2023
	\$	\$	\$
Rent receivable	3,615	2,201	3,823
Allowance for expected credit losses	(1,131)	(731)	(745)
Net rent receivable	2,484	1,470	3,078
Unbilled recoveries	1,563	1,572	1,430
Other receivables	517	230	186
Receivables	4,564	3,272	4,694

Receivables increased from \$3.3 million as at December 31, 2023, to \$4.6 million as at June 30, 2024, as unbilled recoveries from December 31, 2023 are billed during the first half of the year.

Receivables decreased by \$0.1 million compared to June 30, 2023.

Prepaid expenses, Deposits and Property and equipment

The following table summarizes the prepaid expenses, deposits and property and equipment for the periods ended June 30, 2024, December 31, 2023 and June 30, 2023:

(in thousands of dollars)	June 30, 2024	December 31, 2023	June 30, 2023
	\$	\$	\$
Property and equipment	1,479	1,484	1,434
Accumulated depreciation	(1,247)	(1,213)	(1,160)
Net property and equipment	232	271	274
Prepaid expenses	6,998	1,185	6,573
Deposits	1,832	1,337	699
Other assets	9,062	2,793	7,546

Prepaid expenses, deposits and property and equipment increased from \$2.8 million as at December 31, 2023, to \$9.1 million as at June 30, 2024, which is explained by an increase in prepaid expenses for property taxes.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on June 30, 2024, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at June 30, 2024 (in thousands of dollars)	Balance of convertible debentures ⁽¹⁾	Balance of mortgages payable ⁽¹⁾	Weighted average contractual interest rate
	\$	\$	%
Year of maturity			
2024 (6 months)	24,000	71,689	6.12
2025	19,917	63,712	4.50
2026	-	159,317	4.15
2027	-	112,521	5.26
2028	-	97,346	4.84
2029 and thereafter	-	131,907	3.83
Total	43,917	636,492	4.69

(1) Gross amounts.

The Trust has \$71.7 million of mortgages are maturing during the next six months. The Trust as of the date of this report has received commitment letters from financial institutions for the refinancing of \$17.8 million and is in the process of negotiating the remaining mortgages maturing this year. Furthermore, a debenture of \$24.0 million is maturing on October 31, 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 June 30, 2024, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.69% (4.57% for mortgage loans and 6.45% for convertible debentures), representing an increase of 28 basis points compared to the same period last year. As at June 30, 2023, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.41% (4.28% for mortgage loans and 6.45% for convertible debentures).

Mortgage loans

As at June 30, 2024, the Trust's total balance of mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to \$636.5 million compared to \$640.4 million as at December 31, 2023. The net decrease of \$3.9 million includes \$52.4 million repaid at maturity or upon disposition and \$9.5 million of monthly principal repayments, netted by \$58.0 million of refinancing mortgage loans contracted.

The following table summarizes the changes in mortgage loans payable for the period ended June 30, 2024, and March 31, 2023:

Periods ended June 30, 2024 (in thousands of dollars)	Quarter	Cumulative (6 months)
	\$	\$
Balance at beginning⁽¹⁾	630,513	640,426
Mortgage loans contracted or assumed ⁽²⁾	48,260	57,962
Balance repaid at maturity or upon disposition ⁽³⁾	(37,578)	(52,370)
Monthly principal repayments ⁽⁴⁾	(4,703)	(9,526)
Balance as at June 30, 2024⁽¹⁾	636,492	636,492

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

(2) This is a non-IFRS measure. Mortgage loans contracted or assumed are included in the Condensed Consolidated Interim Statements of Cash Flows within the *Mortgage loans, net of financing expenses*.

(3) This is a non-IFRS measure. Balance repaid at maturity or upon disposition are included in the Condensed Consolidated Interim Statements of Cash Flows within the following: *Repayment of mortgage loans* and *Net proceeds from disposition of investment properties*.

(4) This is a non-IFRS measure. Principal monthly repayments are included in the Condensed Consolidated Interim Statements of Cash Flows within *Repayment of mortgage loans*.

As at June 30, 2024, the weighted average mortgage interest rate was 4.57% compared to 4.28% for the same period last year, an increase of 29 basis points. The increase is due to the increase in the average weighted contractual rate of variable interest on mortgages, which rate increased by 20 basis points to 8.76% (8.56% as at June 30, 2023) and an increase in the weighted average mortgages subject to floating-for-fixed interest rate swap, which rate increased by 34 basis points to 6.18% (5.84% as at June 30, 2023). Finally, the weighted average for fixed interest rate increased by 31 basis point to 4.16% (3.85% as at June 30, 2023).

As at June 30, 2024, the majority of the Trust's mortgages payable bear interest at fixed rates (the cumulative principal amount of \$528.3 million) or are subject to floating-to-fixed interest rate swaps (cumulative principal amount of \$91.6 million). However, the Trust has two loans with floating interest rates (cumulative principal balance of \$16.6 million).

The weighted average term of existing mortgage loans was 3.1 years as at June 30, 2024, compared to 3.6 years for the same period last year. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with mortgage renewals.

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

As at June 30, 2024 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	\$	\$	\$	
Maturity				
2024 (6 months)	9,040	70,909	79,949	12.6
2025	15,821	60,952	76,773	12.0
2026	13,380	148,375	161,755	25.4
2027	9,328	100,506	109,834	17.3
2028	5,416	88,166	93,582	14.7
2029 and thereafter	10,823	103,776	114,599	18.0
Total	63,808	572,684	636,492	100.0
Unamortized fair value assumption adjustments			53	
Unamortized financing expenses			(2,428)	
Balance as at June 30, 2024			634,117	

As at June 30, 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 June 30, 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 June 30, 2024	23,886	19,030	42,916

(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 cannot 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 should not 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 June 30, 2024, and 2023 and December 31 2023:

(in thousands of dollars)	June 30, 2024	December 31, 2023	June 30, 2023
	\$	\$	\$
Cash and cash equivalents	(857)	(912)	(3,744)
Mortgage loans outstanding ⁽¹⁾	636,492	640,425	648,348
Convertible debentures ⁽¹⁾	43,375	43,185	43,001
Credit facilities	39,606	36,359	34,301
Total long-term debt less cash and cash equivalents⁽²⁾⁽³⁾	718,616	719,057	721,906
Total gross value of the assets of the Trust less cash and cash equivalents⁽²⁾⁽⁴⁾	1,236,326	1,227,949	1,226,664
Mortgage debt ratio (excluding convertible debentures and credit facilities) ⁽²⁾⁽⁵⁾	51.4%	52.2%	52.9%
Debt ratio – convertible debentures ⁽²⁾⁽⁶⁾	3.5%	3.5%	3.5%
Debt ratio – credit facilities ⁽²⁾⁽⁷⁾	3.2%	3.0%	2.8%
Total debt ratio⁽²⁾	58.1%	58.6%	58.9%

(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 H debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (v) credit facilities, less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt.

(4) Gross value of the assets of the Trust less cash and cash equivalent ("GVALC") is a non-IFRS financial measure defined as the Trust total assets adding the cumulated amortization property and equipment and removing the cash and cash equivalent. The most directly comparable IFRS measure to GVALC is total assets.

(5) Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the GVALC.

(6) Debt ratio – convertible debentures is calculated by dividing the convertible debentures by GVALC.

(7) Debt ratio – credit facilities is calculated by dividing the credit facilities by the GVALC.

As of June 30, 2024, the mortgage debt ratio⁽¹⁾ excluding the convertible debentures and credit facilities totalled 51.4%, a decrease of 8 basis points since December 31, 2023. As of June 30, 2024, the total debt ratio⁽²⁾, including the convertible debentures and credit facilities, net of cash and cash equivalents, decrease to 58.1%, a decrease of 5 basis points since December 31, 2023, driven by two dispositions made throughout the first 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 help to support the 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for the ratios)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Adjusted EBITDA ⁽¹⁾	17,540	17,956	34,577	35,110
Interest expenses net of financial income ⁽²⁾	8,113	7,765	16,363	15,332
Interest coverage ratio ⁽³⁾	2.16	2.31	2.11	2.29

(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 first six-months of the year, the interest coverage ratio stood at 2.11, a decrease of 18 basis points from the same period last year.

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars, except for the ratios)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Adjusted EBITDA ⁽¹⁾	17,540	17,956	34,577	35,110
Interest expenses net of financial income ⁽²⁾	8,113	7,765	16,363	15,332
Principal repayments	4,703	4,881	9,526	9,668
Debt service requirements	12,816	12,646	25,889	25,000
Debt service coverage ratio ⁽³⁾	1.37	1.42	1.34	1.40

(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 first six months of the year, the debt service coverage ratio stood at 1.34, a decrease of 6 basis points from the same period last year.

Class B LP units

The following table summarizes the Class B LP units for the period ended June 30, 2024, as well as the cumulative periods for the first six months of 2024 and 2023:

Period ended June 30, 2024 (in number of units)	Quarter		Cumulative (6 months)	
	Units	\$	Units	\$
Class B LP units outstanding, beginning of period	697,265	2,203	697,265	2,043
Fair value adjustment	-	(21)	-	139
Class B LP units outstanding, end of period	697,265	2,182	697,265	2,182

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 are 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
Units outstanding, beginning of the period	87,189,980	85,754,797	86,705,901	85,238,279
Distribution reinvestment plan	290,106	267,694	591,510	500,893
Issued - employee unit purchase plan	-	1,960	27,685	8,955
Issued - restricted unit compensation plan	-	18,677	154,990	45,276
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	87,480,086	86,043,128	87,480,086	86,043,128
Weighted average number of units outstanding	87,335,033	85,939,379	87,035,529	85,776,984
Weighted average number of Class B LP units and units outstanding	88,032,298	86,503,311	87,732,794	86,182,582

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 June 30, 2024, 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 June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
Deferred units outstanding, beginning of the period	162,229	126,655	151,412	121,727
Trustees' compensation	7,942	2,470	15,021	4,940
Distributions paid in units	3,837	2,458	7,575	4,916
Deferred units outstanding, end of the period	174,008	131,583	174,008	131,583

Restricted unit compensation plan

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

The following table summarizes restricted units outstanding for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in number of units)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
Restricted units outstanding, beginning of the period	301,249	329,054	220,306	138,583
Granted	-	-	265,180	217,072
Cancelled	-	-	(28,212)	-
Settled	-	(18,677)	(156,025)	(45,278)
Restricted units outstanding, end of the period	301,249	310,377	301,249	310,377

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 does not 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 is not considered a SIFT entity and is therefore not subject to SIFT rules if, during that year, it constitutes a real estate investment trust (REIT).

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

As at June 30, 2024, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not 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 2024 or any other subsequent year.

Taxation of Unitholders

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

Periods ended June 30	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 did create a heightened level of uncertainty in the economy over the previous quarters. However, there were two reductions in the policy interest rate, 25 basis points on June 5, 2024 and another 25 basis points on July 25, 2024, marking the beginning of an easing period. The previous rise in the policy rate has not had a significant impact on the Trust's operations or its ability to negotiate new or renew mortgages. Given the situation, there could still be repercussions on mortgage refinancing activities, the fair value of investment properties, certain investment decisions, and the level of transactions in the market. The Trust will continue to monitor the effects of the decrease in the policy rate on its investment activities and the valuation of its 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 Vice-President and Chief 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, 2023. Since December 31, 2023, Mathieu Bolté left his position as Chief Executive Officer and the Executive Vice-President and Chief Operating & Financial Officer was replaced by Marc-André Lefebvre as Vice President, Chief Financial Officer on May 27, 2024, as such he took on the responsibilities to ensure 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 Vice-President and Chief Financial Officer of BTB concluded that ICFR was effective as at June 30, 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 second 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 \$634.1 million as at June 30, 2024, compared to \$645.9 million as at June 30, 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 are 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 June 30, 2024, but does not 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-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3
(in thousands of dollars, except for per unit)	\$	\$	\$	\$	\$	\$	\$	\$
Net income and comprehensive income (IFRS)	7,272	7,153	1,734	15,216	10,846	8,802	1,769	11,693
Fair value adjustment on investment properties	-	(6)	4,480	(6,481)	-	-	7,781	1,230
Fair value adjustment on Class B LP units	(21)	160	(42)	(159)	(775)	-	160	(142)
Amortization of lease incentives	704	690	641	664	750	728	787	773
Fair value adjustment on derivative financial instruments	379	(325)	2,396	(584)	(763)	184	(1,971)	(3,898)
Leasing payroll expenses ⁽⁶⁾	433	591	401	359	327	356	682	182
Distributions – Class B LP units	53	52	52	56	42	22	26	26
Unit-based compensation (Unit price remeasurement) ⁽⁵⁾	63	409	(11)	(87)	(232)	(59)	198	(172)
FFO⁽¹⁾	8,883	8,724	9,651	8,984	10,195	10,033	9,432	9,692
Transaction costs on disposition of investment properties and mortgage early repayment fees	266	201	37	46	-	-	627	93
FFO Adjusted⁽¹⁾	9,149	8,925	9,688	9,030	10,195	10,033	10,059	9,785
FFO per unit⁽¹⁾⁽²⁾⁽³⁾	10.1¢	10.0¢	11.1¢	10.3¢	11.8¢	11.7¢	11.0¢	11.4¢
FFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	10.4¢	10.2¢	11.1¢	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢
FFO payout ratio ⁽¹⁾	74.3%	75.2%	67.5%	72.9%	63.8%	64.1%	67.9%	65.9%
FFO Adjusted payout ratio ⁽¹⁾	72.2%	73.5%	67.2%	72.5%	63.8%	64.1%	63.6%	65.2%

(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-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3
(in thousands of dollars, except for per unit)	\$	\$	\$	\$	\$	\$	\$	\$
FFO⁽¹⁾	8,883	8,724	9,651	8,984	10,195	10,033	9,432	9,692
Straight-line rental revenue adjustment	(183)	(394)	(197)	(842)	(291)	(633)	(1,077)	(521)
Accretion of effective interest	361	308	310	271	278	236	336	219
Amortization of other property and equipment	17	17	20	33	23	23	31	35
Unit-based compensation expenses	(95)	(9)	159	184	237	256	206	130
Provision for non-recoverable capital expenditures ⁽¹⁾	(644)	(653)	(639)	(626)	(634)	(658)	(630)	(599)
Provision for unrecovered rental fees ⁽¹⁾	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO⁽¹⁾	7,964	7,618	8,929	7,629	9,433	8,882	7,923	8,581
Transaction costs on disposition of investment properties and mortgage early repayment fees	266	201	37	46	-	-	627	93
AFFO Adjusted⁽¹⁾	8,230	7,819	8,966	7,675	9,433	8,882	8,550	8,674
AFFO per unit⁽¹⁾⁽²⁾⁽³⁾	9.1¢	8.7¢	10.2¢	8.8¢	10.9¢	10.3¢	9.3¢	10.1¢
AFFO Adjusted per unit⁽¹⁾⁽²⁾⁽⁴⁾	9.4¢	8.9¢	10.3¢	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢
AFFO payout ratio ⁽¹⁾	82.9%	86.2%	72.9%	85.8%	69.0%	72.4%	80.8%	74.4%
AFFO Adjusted payout ratio ⁽¹⁾	80.2%	83.9%	72.6%	85.3%	69.0%	72.4%	74.9%	73.6%

(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.



Condensed Consolidated Interim Financial Statements

Three-month and six-month periods ended June 30, 2024

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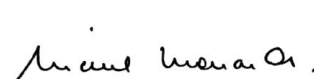
Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

		As at June 30,	As at December 31,
	Notes	2024	2023
		\$	\$
Assets			
Investment properties	3	1,208,538	1,207,522
Property and equipment		231	271
Derivative financial instruments	9	2,479	2,693
Prepaid expenses and deposits		8,830	2,522
Finance lease receivable		10,436	10,456
Receivables	4	4,564	3,272
Cash and cash equivalents		857	912
Total assets		1,235,935	1,227,648
Liabilities and unitholders' equity			
Mortgage loans payable	5	634,117	638,080
Convertible debentures	6	42,916	42,460
Bank loans	7	39,606	36,359
Lease liabilities		7,526	7,332
Class B LP Units	8	2,182	2,043
Unit-based compensation	10	1,524	1,715
Derivative financial instruments	9	130	288
Trade and other payables		24,404	19,549
Distribution payable to unitholders		2,187	2,168
Total liabilities		754,592	749,994
Unitholders' equity		481,343	477,654
		1,235,935	1,227,648

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on August 2, 2024.



Michel Léonard, Trustee



Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

		For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	Notes	2024	2023	2024	2023
		\$	\$	\$	\$
Operating revenues					
Rental revenue	12	32,218	31,708	64,854	64,619
Operating expenses					
Public utilities and other operating expenses		6,123	5,578	12,952	12,375
Property taxes and insurance		7,239	7,089	14,686	14,195
		13,362	12,667	27,638	26,570
Net operating income		18,856	19,041	37,216	38,049
Financial income		568	355	1,141	661
Expenses					
Financial expenses		9,140	8,487	18,363	16,678
Distributions - Class B LP Units	8	53	42	105	64
Fair value adjustment - Class B LP Units	8	(21)	(775)	139	(775)
Net adjustment to fair value of derivative financial instruments		379	(763)	54	(579)
Net financial expenses	13	9,551	6,991	18,661	15,388
Administration expenses		2,335	1,559	4,809	3,674
Net change in fair value of investment properties and disposition expenses	3	266	-	462	-
Net income and comprehensive income for the period		7,272	10,846	14,425	19,648

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2024		400,774	(228,065)	304,945	477,654
Issuance of units, net of issuance expenses	11	2,347	-	-	2,347
Distribution to unitholders	11	-	(13,083)	-	(13,083)
		403,121	(241,148)	304,945	466,918
Comprehensive income		-	-	14,425	14,425
Balance as at June 30, 2024		403,121	(241,148)	319,370	481,343
Balance as at January 1, 2023		395,960	(202,235)	268,347	462,072
Issuance of units, net of issuance expenses	11	2,824	-	-	2,824
Distribution to unitholders	11	-	(12,867)	-	(12,867)
		398,784	(215,102)	268,347	452,029
Comprehensive income		-	-	19,648	19,648
Balance as at June 30, 2023		398,784	(215,102)	287,995	471,677

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Operating activities					
Net income for the period		7,272	10,846	14,425	19,648
Adjusted for:					
Net change in fair value of investment properties and disposition expenses	3	266	-	462	-
Depreciation of property and equipment		17	23	34	46
Unit-based compensation	10	(31)	5	368	202
Straight-line lease adjustment	12	(183)	(291)	(577)	(924)
Lease incentive amortization	12	704	750	1,394	1,478
Financial income		(568)	(355)	(1,141)	(661)
Net financial expenses	13	9,551	6,991	18,661	15,388
		17,028	17,969	33,626	35,177
Adjustment for changes in other working capital items		1,730	(649)	(2,524)	(2,200)
Net cash from operating activities		18,758	17,320	31,102	32,977
Investing activities					
Acquisitions of investment properties net of mortgage loans assumed	3	-	(4,905)	-	(33,825)
Additions to investment properties	3	(6,039)	(3,762)	(8,037)	(5,275)
Net proceeds from dispositions of investment properties and transaction cost	3	(266)	-	2,772	-
Net cash (used in) from investing activities		(6,305)	(8,667)	(5,265)	(39,100)
Financing activities					
Mortgage loans, net of financing expenses		47,983	18,255	57,606	34,874
Repayment of mortgage loans		(42,281)	(20,505)	(58,930)	(25,292)
Bank loans		(5,228)	9,204	3,173	24,357
Lease liability payments		(2)	-	(4)	(2)
Net distribution to unitholders		(5,646)	(5,558)	(11,276)	(11,091)
Net distribution - Class B LP units	8	(53)	(42)	(105)	(64)
Interest paid		(8,150)	(7,932)	(16,356)	(15,320)
Net cash (used in) from financing activities		(13,377)	(6,578)	(25,892)	7,462
Net change in cash and cash equivalents		(924)	2,075	(55)	1,339
Cash and cash equivalents, beginning of period		1,781	1,669	912	2,404
Cash and cash equivalents, end of period		857	3,744	857	3,743

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six-months ended June 30, 2024 and 2023
(Unaudited - in thousands of CAD dollars, except unit and per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB's registered office is 1411 Crescent Street, Suite 300, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month and six-month periods ended June 30, 2024 and 2023 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2023.

The accounting policies applied by the Trust in these unaudited condensed interim financial statements are the same as those applied by the Trust in its consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements were approved by the Board of Trustees on August 2, 2024.

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

The increase of the Bank of Canada policy interest rate did create a heightened level of uncertainty in the economy over the previous quarters. However, there were two reductions in the policy interest rate, 25 basis points on June 5, 2024 and another 25 basis points on July 25, 2024, marking the beginning of an easing period. The rise in the policy rate, followed by the current rate cuts, has not had a significant impact on the Trust's operations or its ability to negotiate new or renew mortgages. Given the situation, there could still be repercussions on mortgage refinancing activities, the fair value of investment properties, certain investment decisions, and the level of transactions in the market. The Trust will continue to monitor the effects of the decrease in the policy rate on its investment activities and the valuation of its investment properties.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

3. Investment Properties

	Six-month period ended June 30,	Year ended December 31,
	2024	2023
	\$	\$
Balance beginning of period	1,207,522	1,164,881
Initial recognition of right-of-use assets	-	3,133
Acquisitions of investment properties (note 3(a))	-	36,306
Dispositions of investment properties (note 3(b))	(6,206)	-
Capital expenditures	2,803	7,510
Capitalized leasing fees	801	2,247
Capitalized lease incentives	4,429	2,663
Lease incentives amortization	(1,394)	(2,783)
Straight-line lease adjustment	577	1,963
Net transfer to finance lease	-	(10,399)
Net changes in fair value of investment properties	6	2,001
Balance end of period	1,208,538	1,207,522

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

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

At June 30, 2024, no independent external appraisals were obtained for investment properties (December 31, 2023 - appraisals obtained for investment properties having a total fair value of \$904,893).

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

	Industrial	Suburban office	Necessity-based retail
As at June 30, 2024			
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 following table provides a sensitivity analysis of the fair value of investment properties for changes in the weighted average capitalization rate as at June 30, 2024, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at June 30, 2024.

Capitalization rate sensitivity			
Increase (decrease)	Fair Value	Change in fair value	
	\$	\$	
(0.50)%	1,307,723	99,185	
(0.25)%	1,256,149	47,611	
Base rate	1,208,538	-	
0.25%	1,164,446	(44,092)	
0.50%	1,123,492	(85,046)	

(a) Acquisitions

There were no acquisitions during the six-month period ended June 30, 2024.

(b) Dispositions

The fair value of the assets and liabilities derecognized in the consolidated statement of financial position on the date of the disposition during the six-month period ended June 30, 2024, were as follows:

Disposal date	Property type	Location	Gross proceeds	Mortgage reimbursement	Disposition expenses	Net proceeds
			\$	\$	\$	\$
March 2024	Suburban office	Montréal, QC	3,089	(1,563)	(234)	1,292
March 2024	Suburban office	Montréal, QC	3,117	(1,403)	(234)	1,480
Total			6,206	(2,966)	(468)	2,772

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net changes in fair value of investment properties	-	-	6	-
Disposition expenses	(266)	-	(468)	-
	(266)	-	(462)	-

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

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

The following table summarizes the changes in fair value of investment properties by segment for the periods ended June 30, 2024, and June 30, 2023, as well as the cumulative periods for the first six months of 2024 and 2023:

Periods ended June 30 (in thousands of dollars)	Quarter		Cumulative (6 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Industrial	-	-	-	-
Suburban office	-	-	6	-
Necessity-based retail	-	-	-	-
Total change in fair value	-	-	6	-

4. Receivables

	As at June 30,	As at December 31,
	2024	2023
	\$	\$
Rents receivable	3,615	2,201
Allowance for expected credit losses	(1,131)	(731)
Net rents receivable	2,484	1,470
Unbilled recoveries	1,563	1,572
Other receivables	517	230
Total	4,564	3,272

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

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

5. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately \$1,167,808 as at June 30, 2024 (December 31, 2023 – \$1,168,069).

	As at June 30, 2024	As at December 31, 2023
	\$	\$
Fixed rate mortgage loans payable	528,336	565,519
Floating rate mortgage loans payable	108,156	74,906
Unamortized fair value assumption adjustments	53	160
Unamortized financing expenses	(2,428)	(2,505)
Mortgage loans payable	634,117	638,080
Short-term portion	79,949	160,278
Weighted average interest rate	4.57%	4.37%
Weighted average term to maturity (years)	3.09	3.24
Range of annual rates	2.37% - 8.95%	2.37% - 8.95%

As at June 30, 2024, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	\$	\$	\$
2024 ⁽¹⁾	9,040	70,909	79,949
2025	15,821	60,952	76,773
2026	13,380	148,375	161,755
2027	9,328	100,506	109,834
2028	5,416	88,166	93,582
Thereafter	10,823	103,776	114,599
	63,808	572,684	636,492
Unamortized fair value assumption adjustments			53
Unamortized financing expenses			(2,428)
			634,117

(1) For the six-month period remaining

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

Transaction date	Original principal amount	Effective fixed interest rate	Settlement basis	Maturity date	Outstanding amount	
					As at June 30, 2024	As at December 31, 2023
	\$	%			\$	\$
June 2016	13,000	3.39	Quarterly	June 2026	10,060	10,257
November 2017	23,200	3.69	Monthly	November 2027	20,255	20,619
November 2017	23,075	3.94	Monthly	December 2027	19,044	19,392
May 2024	16,860	6.34	Monthly	May 2029	16,845	-
June 2024	25,400	6.04	Monthly	June 2029	25,400	-
Total	101,535				91,604	50,268

6. Convertible Debentures

As at June 30, 2024, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

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

	Series G	Series H	Total
	\$	\$	\$

As at June 30, 2024

Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	1,245	1,245
	24,000	28,554	52,554
Conversion options exercised by holders	-	(9,179)	(9,179)
	24,000	19,375	43,375
Unamortized financing expenses	(114)	(345)	(459)
Non-derivative liability component	23,886	19,030	42,916
Conversion and redemption options liability (asset) component at fair value	-	130	130

	Series G	Series H	Total
	\$	\$	\$

As at December 31, 2023

Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	1,055	1,055
	24,000	28,364	52,364
Conversion options exercised by holders	-	(9,179)	(9,179)
	24,000	19,185	43,185
Unamortized financing expenses	(269)	(456)	(725)
Non-derivative liability component	23,731	18,729	42,460
Conversion and redemption options liability component at fair value	-	288	288

Series G

As of June 30, 2024, no conversion options have been exercised by holders on debentures.

Series H

During the quarter, no conversion options have been exercised by holders on debentures. Since issuance, a nominal amount of \$10,083 has been exercised by holders on debentures.

7. Bank Loans

The Trust has access to two credit facilities. The first is a revolving credit facility in the amount of \$50,000 with an accordion option of up to an additional \$10,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Term CORRA Rate or Daily Compounded CORRA Rate. As at June 30, 2024, \$39,406 was due under the revolving credit facility (December 31, 2023 - \$35,409).

The revolving credit facility is secured by an immoveable first rank hypothec on two properties having a fair value of \$40,730 and by negative pledge of a selection of borrowing base properties having a fair value of \$320,500.

The second facility is also a revolving line of credit in the amount of \$7,500. This line of credit bears interest at a rate of 1% above the prime rate. As at June 30, 2024, \$200 was due under the acquisition line of credit (December 31, 2023 - \$950). The line of credit is secured by an immoveable second rank hypothec on four properties having a fair value of \$88,457.

8. Class B LP Units

	Six-month period ended June 30, 2024		Year ended December 31, 2023	
	Units	\$	Units	\$
Units outstanding, beginning of period	697,265	2,043	347,265	1,268
Issuance of Class B LP units - Acquisition	-	-	550,000	2,475
Exchange into Trust units	-	-	(200,000)	(724)
Fair value adjustment	-	139	-	(976)
Units outstanding, end of period	697,265	2,182	697,265	2,043

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

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distribution to Class B LP unitholders	53	42	105	64
Distribution per Class B LP unit	0.075	0.075	0.150	0.150

9. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, receivables, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at June 30, 2024 because of their short-term maturity or because they bear interest at current market rates.

As at June 30, 2024	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 6)	130	-	-	130
Interest rate swap asset	(2,479)	-	(2,479)	-
Class B LP Units (note 8)	2,182	2,182	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	636,492	-	604,441	-
Convertible debentures, including their conversion and redemption features (note 6)	43,046	43,673	-	-
Bank loans (note 7)	39,606	-	39,606	-

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

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

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

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

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

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

Conversion and redemption options of convertible debentures	
	\$
Six-months period ended June 30, 2024	
Balance beginning of period	288
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	(158)
Balance end of period	130

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at June 30, 2024:

	Conversion and redemption options of convertible debentures	Volatility
	\$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	120	13.99
June 30, 2024	130	14.49
0.50%	140	14.99

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

10. Unit-based Compensation

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

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

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

For the six-month periods ended June 30,	2024	2023
	Deferred units	Deferred units
Outstanding, beginning of period	151,412	126,655
Trustees' compensation	15,021	2,470
Distributions paid in units	7,575	2,458
Outstanding, end of period	174,008	131,583

As at June 30, 2024, the liability related to the plan was \$548 (December 31, 2023 - \$446). The related figures recorded in profit and loss amounted to an expense of \$37 and \$109 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 - expense of \$36 and \$33).

(b) Employee unit purchase plan

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

As at June 30, 2024, the liability related to the plan was \$0 (December 31, 2023 - \$87). The related revenue recorded in profit and loss amounted to \$3 and \$13 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 - revenue of \$3 and \$13). The 11,635 units related to 2023 purchases were issued in March 2024 (11,915 units related to 2022 purchases).

(c) Restricted unit compensation plan

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

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

Six-month periods ended June 30,	2024		2023	
	Restricted units	Restricted units	Restricted units	Restricted units
Outstanding, beginning of period	220,306	138,583		
Granted	265,180	217,072		
Cancelled	(28,212)	-		
Settled	(156,025)	(45,278)		
Outstanding, end of period	301,249	310,377		

As at June 30, 2024, the liability related to the plan was \$318 (December 31, 2023 - \$597). The related expense recorded in profit and loss amounted to \$102 and \$205 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 - expense of \$57 and \$238).

(d) Cash settled share-based retirement compensation plan

As at June 30, 2024, the long-term obligation related to the plan was \$658 (December 31, 2023 - \$597). The related expense recorded in profit and loss amounted to \$36 and \$67 for the three-month and six-month periods ended June 30, 2024 (for the three-month and six-month periods ended June 30, 2023 - expense of \$16 and \$2).

11. Trust Units Issued and Outstanding

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

Trust units issued and outstanding are as follows:

Six-month period ended June 30,	2024	
	Units	\$
Trust units outstanding, beginning of period	86,705,901	400,774
Issue pursuant to the distribution reinvestment plan (a)	591,510	1,788
Issue pursuant to the employee unit purchase plan (note 10 (b))	27,685	75
Issue pursuant to the restricted unit compensation plan (note 10 (c))	154,990	484
Trust units outstanding, end of period	87,480,086	403,121

(a) Distribution reinvestment plan

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

(b) Distributions

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distribution to unitholders	6,553	6,445	13,083	12,867
Distribution per Trust unit	0.075	0.075	0.150	0.150

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

As of June 30, 2024, no units have been repurchased for cancellation.

12. Rental Revenues

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Base rent and other lease generated revenues	19,845	21,295	39,556	40,911
Lease cancellation fees	-	-	45	-
Property tax and insurance recoveries	6,651	6,530	13,160	12,703
	26,496	27,825	52,761	53,614
Operating expenses recoveries and other revenues	6,243	4,342	12,910	11,559
Lease incentive amortization	(704)	(750)	(1,394)	(1,478)
Straight-line lease adjustment	183	291	577	924
	32,218	31,708	64,854	64,619

13. Net Financial Expenses

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest on mortgage loans payable	7,093	6,686	14,165	13,410
Interest on convertible debentures	708	709	1,417	1,418
Interest on bank loans	770	619	1,704	963
Interest on lease liabilities	91	91	183	170
Other interest expense	19	15	35	32
Accretion of non-derivative liability component of convertible debentures	98	89	190	171
Accretion of effective interest on mortgage loans payable and convertible debentures	361	278	669	514
Distributions - Class B LP Units	53	42	105	64
Fair value adjustment - Class B LP Units	(21)	(775)	139	(775)
Net adjustment to fair value of derivative financial instruments	379	(763)	54	(579)
	9,551	6,991	18,661	15,388

14. Expenses by Nature

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Depreciation	17	23	34	46
Employee compensation and benefits expense	2,448	2,091	5,704	4,864

15. Earnings per Unit

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

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income	7,272	10,846	14,425	19,648
Weighted average number of trust units outstanding – basic	88,032,298	86,503,311	87,732,794	86,183,000
Earnings per unit – basic	0.08	0.13	0.16	0.23

16. Liquidity Risk Management

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

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

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

The REIT is required under the two credit facility agreements to maintain certain financial ratios at the end of each reporting period and a minimum unitholders' equity.

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at June 30, 2024, the Trust was in compliance with all the covenants to which it was subject.

17. Operating Segments

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

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

- Industrial
- Suburban office
- Necessity-based retail

	Industrial	Suburban office	Necessity-based retail	Total
	\$	\$	\$	\$
Three-month period ended June 30, 2024				
Investment properties	442,181	516,423	249,934	1,208,538
Rental revenue from properties	8,350	16,198	7,670	32,218
Net operating income	6,122	8,216	4,518	18,856
Three-month period ended June 30, 2023				
Investment properties	414,975	543,499	250,562	1,209,036
Rental revenue from properties	9,104	14,952	7,652	31,708
Net operating income	6,461	8,014	4,566	19,041
	Industrial	Suburban office	Necessity-based retail	Total
	\$	\$	\$	\$
Six-month period ended June 30, 2024				
Rental revenue from properties	16,954	32,636	15,264	64,854
Net operating income	12,345	16,036	8,835	37,216
Six-month period ended June 30, 2023				
Rental revenue from properties	16,124	33,791	14,704	64,619
Net operating income	11,802	17,660	8,587	38,049

18. Commitments and Contingencies

Litigation

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

Executive Team & Board of Trustees



Michel Léonard
President, CEO & Trustee



Marc-André Lefebvre
Vice President and CFO



Bruno Meunier
Vice President of Operations



Jocelyn Proteau
Chair of the Board⁽²⁾



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



Luc Martin
President, Audit Committee⁽¹⁾



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



Sylvie Lachance
President of the Investments
Committee⁽¹⁾



Christine Marchildon
Trustee⁽²⁾



Armand Des Rosiers
Trustee⁽³⁾



Sylvain Fortier
Trustee⁽³⁾

(1) Member of the Audit Committee

(2) Member of the Human Resources and Governance Committee

(3) Member of the Investments Committee

Unitholders Information

Head office

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Montréal, Québec, H3G 2B3
T 514 286-0188
www.btbreit.com

Listing

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

Transfer agent

Computershare Investor Services
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T 514 982-7555
T Toll free: 1 800-564-6253
F 514 982-7850
service@computershare.com

Taxability of distributions

In 2023, for all Canadian unitholders, the distributions were fiscally treated as follow:
Other revenues: 0%
Fiscal Deferral: 100%

Auditors

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

Legal counsel

Legal Advisors - Stikeman Elliott
S.E.N.C.R.L., s.r.l.
41-1155 Boulevard René-Lévesque
West, Montréal, QC H3B 3V2

Unitholders distribution reinvestment plan

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

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

Cover illustration
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