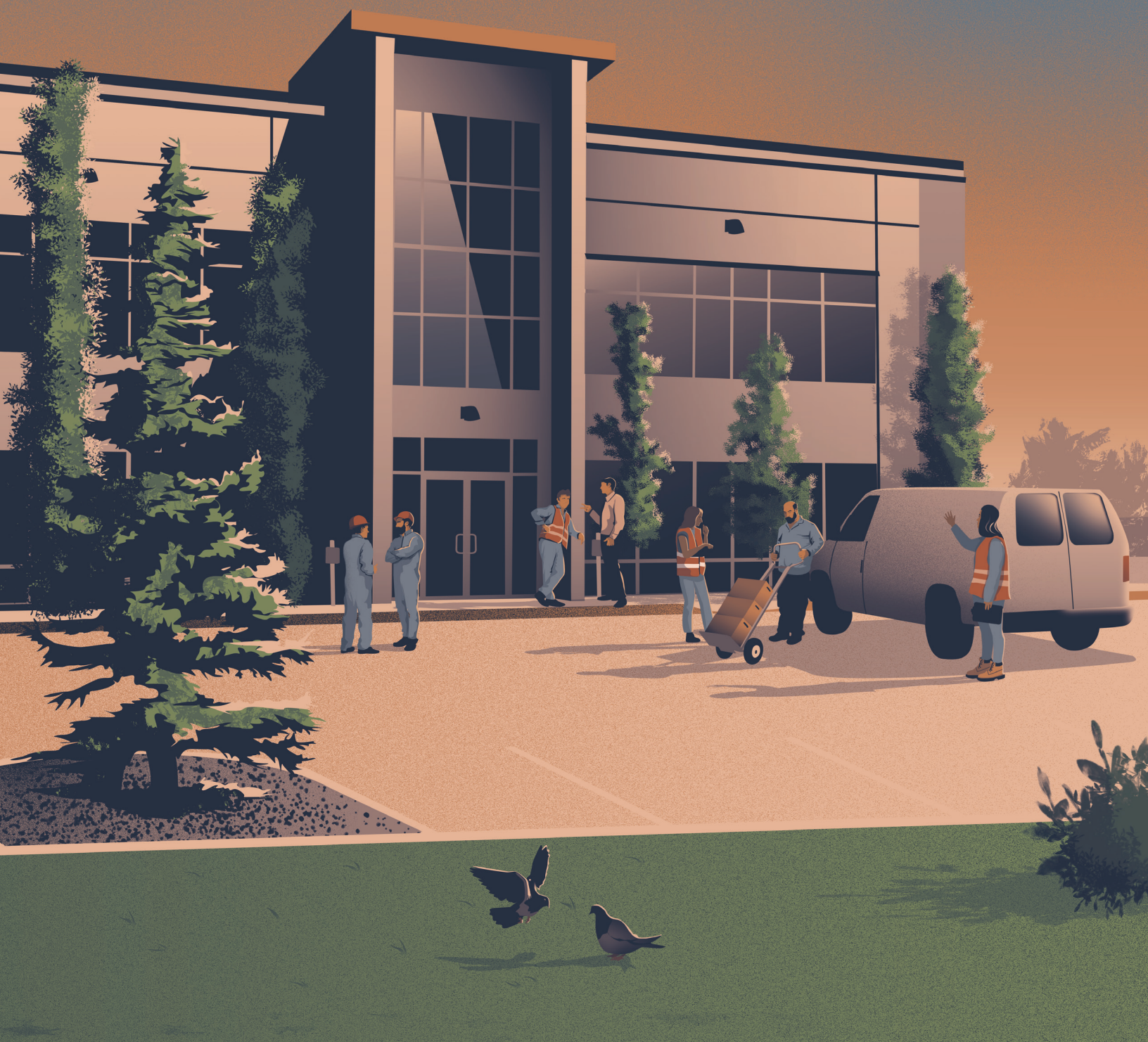




Balancing Growth and Responsibility
Q3 2024 Condensed Consolidated
Interim Financial Statements





Condensed Consolidated Interim Financial Statements

Three-month and nine-month periods ended September 30, 2024



74	Condensed Consolidated Interim Statements of Financial Position
75	Condensed Consolidated Interim Statements of Comprehensive Income
76	Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
77	Condensed Consolidated Interim Statements of Cash Flows
78	Notes to Condensed Consolidated Interim Financial Statements

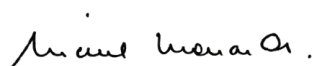
Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

		As at September 30,	As at December 31,
	Notes	2024	2023
		\$	\$
Assets			
Investment properties	3	1,215,717	1,207,522
Property and equipment		224	271
Derivative financial instruments	9	1,156	2,693
Prepaid expenses and deposits		8,110	2,522
Finance lease receivable		10,426	10,456
Receivables	4	5,033	3,272
Cash and cash equivalents		3,252	912
Total assets		1,243,918	1,227,648
Liabilities and unitholders' equity			
Mortgage loans payable	5	653,147	638,080
Convertible debentures	6	43,155	42,460
Bank loans	7	28,171	36,359
Lease liabilities		7,502	7,332
Class B LP Units	8	2,517	2,043
Unit-based compensation	10	1,874	1,715
Derivative financial instruments	9	975	288
Trade and other payables		23,236	19,549
Distribution payable to unitholders		2,194	2,168
Total liabilities		762,771	749,994
Unitholders' equity		481,147	477,654
		1,243,918	1,227,648

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on November 1, 2024.



Michel Léonard, Trustee



Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Operating revenues					
Rental revenue	12	32,505	31,285	97,359	95,904
Operating expenses					
Public utilities and other operating expenses		6,396	6,120	19,348	18,495
Property taxes and insurance		7,356	7,090	22,042	21,285
		13,752	13,210	41,390	39,780
Net operating income		18,753	18,075	55,969	56,124
Financial income		604	561	1,745	1,222
Expenses					
Financial expenses		9,522	8,830	27,885	25,508
Distributions - Class B LP Units	8	52	56	157	120
Fair value adjustment - Class B LP Units	8	335	(159)	474	(934)
Net adjustment to fair value of derivative financial instruments		2,168	(584)	2,222	(1,163)
Net financial expenses	13	12,077	8,143	30,738	23,531
Administration expenses		2,093	1,712	6,902	5,386
Net change in fair value of investment properties and disposition expenses	3	(283)	(6,435)	179	(6,435)
Net income and comprehensive income for the period		5,470	15,216	19,895	34,864

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	3,256	-	-	3,256
Distribution to unitholders	11	-	(19,658)	-	(19,658)
		404,030	(247,723)	304,945	461,252
Comprehensive income		-	-	19,895	19,895
Balance as at September 30, 2024		404,030	(247,723)	324,840	481,147
Balance as at January 1, 2023		395,960	(202,235)	268,347	462,072
Issuance of units, net of issuance expenses	11	3,869	-	-	3,869
Distribution to unitholders	11	-	(19,336)	-	(19,336)
		399,829	(221,571)	268,347	446,605
Comprehensive income		-	-	34,864	34,864
Balance as at September 30, 2023		399,829	(221,571)	303,211	481,469

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 September 30,		For the nine-month periods ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Operating activities					
Net income for the period		5,470	15,216	19,895	34,864
Adjusted for:					
Net change in fair value of investment properties and disposition expenses	3	(283)	(6,435)	179	(6,435)
Depreciation of property and equipment		17	33	51	79
Unit-based compensation	10	361	97	730	299
Straight-line lease adjustment	12	(247)	(842)	(824)	(1,766)
Lease incentive amortization	12	807	664	2,201	2,142
Financial income		(604)	(561)	(1,745)	(1,222)
Net financial expenses	13	12,077	8,143	30,738	23,531
		17,598	16,315	51,225	51,492
Adjustment for changes in other working capital items		(1,181)	2	(3,705)	(2,198)
Net cash from operating activities		16,417	16,317	47,520	49,294
Investing activities					
Acquisitions of investment properties net of mortgage loans assumed	3	-	-	-	(33,825)
Additions to investment properties	3	(697)	(1,818)	(8,734)	(7,092)
Construction on investment property		(6,769)	-	(6,769)	-
Net proceeds from dispositions of investment properties and transaction cost	3	-	(46)	2,772	(46)
Net cash (used in) from investing activities		(7,466)	(1,864)	(12,731)	(40,963)
Financing activities					
Mortgage loans, net of financing expenses		36,024	571	93,630	35,444
Repayment of mortgage loans		(17,206)	(4,851)	(76,136)	(30,143)
Bank loans		(11,478)	2,035	(8,305)	26,392
Lease liability payments		(32)	(1)	(36)	(3)
Net distribution to unitholders		(5,671)	(5,606)	(16,946)	(16,697)
Net distribution - Class B LP units	8	(52)	(56)	(157)	(120)
Interest paid		(8,141)	(7,932)	(24,499)	(23,252)
Net cash (used in) from financing activities		(6,556)	(15,840)	(32,449)	(8,398)
Net change in cash and cash equivalents		2,395	(1,387)	2,340	(47)
Cash and cash equivalents, beginning of period		857	3,744	912	2,404
Cash and cash equivalents, end of period		3,252	2,357	3,252	2,357

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the nine-months ended September 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 nine-month periods ended September 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 November 1, 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 three reductions in the policy interest rate, for a total of 75 basis points, since June 5, 2024. 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

	Nine-month period ended September 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)	-
Construction on investment property	6,769	-
Capital expenditures	2,986	7,510
Capitalized leasing fees	1,064	2,247
Capitalized lease incentives	4,670	2,663
Lease incentives amortization	(2,201)	(2,783)
Straight-line lease adjustment	824	1,963
Net transfer to finance lease	-	(10,399)
Net changes in fair value of investment properties	289	2,001
Balance end of period	1,215,717	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 September 30, 2024, independent external appraisals were obtained for investment properties with an aggregate fair value of \$627,152, equivalent to 52% of the fair value of the investment properties. Year-to-date, a gain of \$0,289 of net changes in fair value has been recorded, reflecting stability in capitalization rates across all three (3) asset classes as well as the updated cash flows assumptions. For the remainder of the year, the Trust will continue to assess the changing market and property conditions.

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 September 30, 2024			
Capitalization rate	5.25% - 7.75%	6.00% - 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	6.12%	7.00%	7.02%
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 September 30, 2024, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at September 30, 2024.

Capitalization rate sensitivity		
Increase (decrease)	Fair Value	Change in fair value
	\$	\$
(0.50) %	1,315,468	99,751
(0.25) %	1,263,600	47,883
Base rate	1,215,717	-
0.25 %	1,171,371	(44,346)
0.50 %	1,130,180	(85,537)

(a) Acquisitions

There were no acquisitions during the nine-month period ended September 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 nine-month period ended September 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 September 30,		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net changes in fair value of investment properties	283	6,481	289	6,481
Disposition expenses	-	(46)	(468)	(46)
	283	6,435	(179)	6,435

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 September 30, 2024, and September 30, 2023, as well as the cumulative periods for the first nine months of 2024 and 2023:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2024	2023	2024	2023
	\$	\$	\$	\$
Industrial	2,926	39,930	2,926	39,930
Suburban office	(7,339)	(26,300)	(7,333)	(26,300)
Necessity-based retail	4,696	(7,149)	4,696	(7,149)
Total change in fair value	283	6,481	289	6,481

4. Receivables

	As at September 30,	As at December 31,
	2024	2023
	\$	\$
Rents receivable	3,207	2,201
Allowance for expected credit losses	(698)	(731)
Net rents receivable	2,509	1,470
Unbilled recoveries	2,240	1,572
Other receivables	284	230
Total	5,033	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 \$1,173,541 as at September 30, 2024 (December 31, 2023 - \$1,168,069).

	As at September 30,	As at December 31,
	2024	2023
	\$	\$
Fixed rate mortgage loans payable	529,644	565,519
Floating rate mortgage loans payable	126,042	74,906
Unamortized fair value assumption adjustments	16	160
Unamortized financing expenses	(2,555)	(2,505)
Mortgage loans payable	653,147	638,080
Short-term portion	13,607	160,278
Weighted average interest rate	4.33%	4.37%
Weighted average term to maturity (years)	2.96	3.24
Range of annual rates	2.37% - 8.14%	2.37% - 8.95%

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

	Scheduled repayments	Principal maturity	Total
	\$	\$	\$
2024 ⁽¹⁾	4,981	8,626	13,607
2025	17,095	109,729	126,824
2026	13,902	159,734	173,636
2027	9,534	117,284	126,818
2028	5,512	85,377	90,889
Thereafter	10,979	112,933	123,912
	62,003	593,683	655,686
Unamortized fair value assumption adjustments			16
Unamortized financing expenses			(2,555)
			653,147

(1) For the three-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 September 30, 2024	As at December 31, 2023
	\$	%			\$	\$
June 2016	13,000	3.45	Quarterly	June 2026	9,963	10,257
November 2017	23,075	3.99	Monthly	December 2027	18,873	19,392
May 2024	16,860	6.45	Monthly	May 2029	16,778	-
June 2024	25,400	6.07	Monthly	June 2029	25,293	-
August 2024	23,132	4.16	Monthly	November 2027	22,065	-
September 2024	11,000	4.59	Monthly	September 2029	11,000	-
Total	112,467				103,972	29,649

6. Convertible Debentures

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

	Interest rates					Interest payments	Maturity
	Capital	Coupon	Effective	conversion	Unit price		
		%	%		\$		
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 September 30, 2024							
Non-derivative liability component upon issuance					24,000	27,309	51,309
Accretion of non-derivative liability component					-	1,346	1,346
					24,000	28,655	52,655
Conversion options exercised by holders					-	(9,179)	(9,179)
					24,000	19,476	43,476
Unamortized financing expenses					(34)	(287)	(321)
Non-derivative liability component					23,966	19,189	43,155
Conversion and redemption options liability (asset) component at fair value					-	(1,156)	(1,156)

	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 September 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. At September 30, 2024, \$28,171 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 \$37,500 and by negative pledge of a selection of borrowing base properties having a fair value of \$325,602.

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. At September 30, 2024, no amount was due under this 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 \$88,393.

8. Class B LP Units

	Nine-month period ended September 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	-	474	-	(976)
Units outstanding, end of period	697,265	2,517	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 September 30		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distribution to Class B LP unitholders	52	56	157	120
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 September 30, 2024, because of their short-term maturity or because they bear interest at current market rates.

As at September 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)	(1,156)	-	-	(1,156)
Interest rate swap asset	975	-	975	-
Class B LP Units (note 8)	2,517	2,517	-	-
For which fair values are disclosed				
Mortgage loans payable (note 5)	655,686	-	604,441	-
Convertible debentures, including their conversion and redemption features (note 6)	41,999	44,266	-	-
Bank loans (note 7)	28,171	-	28,171	-

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	
\$	
Nine-months period ended September 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	(1,444)
Balance end of period	(1,156)

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 September 30, 2024:

Conversion and redemption options of convertible debentures		Volatility
\$		%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	(1,167)	13.99
September 30, 2024	(1,156)	15.76
0.50%	(1,145)	16.26

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 nine-month periods ended September 30,	2024	2023
	Deferred units	Deferred units
Outstanding, beginning of period	151,412	121,727
Trustees' compensation	28,649	8,187
Distributions paid in units	11,573	8,420
Outstanding, end of period	191,634	138,334

As at September 30, 2024, the liability related to the plan was \$690 (December 31, 2023 - \$446). The related figures recorded in profit and loss amounted to an expense of \$142 and \$252 for the three-month and nine-month periods ended September 30, 2024 (for the three-month and nine-month periods ended September 30, 2023 - expense of \$3 and \$30).

(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 September 30, 2024, the liability related to the plan was \$0 (December 31, 2023 - \$87). The related revenue recorded in profit and loss amounted to \$0 and \$13 for the three-month and nine-month periods ended September 30, 2024 (for the three-month and nine-month periods ended September 30, 2023 - revenue of \$0 and \$1). The 27,685 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:

Nine-month periods ended September 30,	2024	2023
	Restricted units	Restricted units
Outstanding, beginning of period	220,306	138,583
Granted	268,634	217,072
Cancelled	(28,212)	-
Settled	(159,479)	(45,278)
Outstanding, end of period	301,249	310,377

As at September 30, 2024, the liability related to the plan was \$471 (December 31, 2023 - \$597). The related expense recorded in profit and loss amounted to \$164 and \$369 for the three-month and nine-month periods ended September 30, 2024 (for the three-month and nine-month periods ended September 30, 2023 - expense of \$71 and \$309).

(d) Cash settled share-based retirement compensation plan

As at September 30, 2024, the long-term obligation related to the plan was \$713 (December 31, 2023 - \$593). The related expense recorded in profit and loss amounted to \$55 and \$122 for the three-month and nine-month periods ended September 30, 2024 (for the three-month and nine-month periods ended September 30, 2023 - expense of \$23 and \$21).

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:

Nine-month period ended September 30,	2024	
	Units	\$
Trust units outstanding, beginning of period	86,705,901	400,774
Issue pursuant to the distribution reinvestment plan (a)	875,469	2,686
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))	158,444	495
Trust units outstanding, end of period	87,767,499	404,030

(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 September 30,		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Distribution to unitholders	6,576	6,470	19,658	19,336
Distribution per Trust unit	0.075	0.075	0.225	0.225

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

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

12. Rental Revenues

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Base rent and other lease generated revenues	19,759	19,366	59,315	60,277
Lease cancellation fees	-	-	45	-
Property tax and insurance recoveries	6,861	6,322	20,021	19,025
	26,620	25,688	79,381	79,302
Operating expenses recoveries and other revenues	6,445	5,419	19,355	16,978
Lease incentive amortization	(807)	(664)	(2,201)	(2,142)
Straight-line lease adjustment	247	842	824	1,766
	32,505	31,285	97,359	95,904

13. Net Financial Expenses

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest on mortgage loans payable	7,380	6,867	21,545	20,277
Interest on convertible debentures	709	709	2,126	2,127
Interest on bank loans	794	785	2,498	1,748
Interest on lease liabilities	101	92	284	262
Other interest expense	46	14	81	46
Accretion of non-derivative liability component of convertible debentures	101	92	291	263
Accretion of effective interest on mortgage loans payable and convertible debentures	391	271	1,060	785
Distributions - Class B LP Units	52	56	157	120
Fair value adjustment - Class B LP Units	335	(159)	474	(934)
Net adjustment to fair value of derivative financial instruments	2,168	(584)	2,222	(1,163)
	12,077	8,143	30,738	23,531

14. Expenses by Nature

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Depreciation	17	33	51	79
Employee compensation and benefits expense	2,902	2,199	8,606	7,063

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 September 30,		Nine-month periods ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income	5,470	15,216	19,895	34,864
Weighted average number of trust units outstanding - basic	88,321,058	86,991,608	87,876,500	86,451,932
Earnings per unit - basic	0.06	0.17	0.23	0.40

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 September 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 September 30, 2024				
Investment properties	445,025	509,234	261,458	1,215,717
Rental revenue from properties	8,096	16,754	7,655	32,505
Net operating income	5,814	8,358	4,581	18,753
Three-month period ended September 30, 2023				
Investment properties	445,177	518,271	243,642	1,207,090
Rental revenue from properties	8,088	15,926	7,271	31,285
Net operating income	5,905	7,810	4,360	18,075
	Industrial	Suburban office	Necessity-based retail	Total
	\$	\$	\$	\$
Nine-month period ended September 30, 2024				
Rental revenue from properties	25,050	49,390	22,919	97,359
Net operating income	18,159	24,394	13,416	55,969
Nine-month period ended September 30, 2023				
Rental revenue from properties	24,212	49,717	21,975	95,904
Net operating income	17,707	25,470	12,947	56,124

18. Commitments and Contingencies

Litigation

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

19. Subsequent events

On October 31, 2024, the Trust fully redeemed and paid at maturity the Series G convertible debentures at their nominal value of \$24,000 plus accrued interest of \$720 using proceeds sourced from mortgage loans.