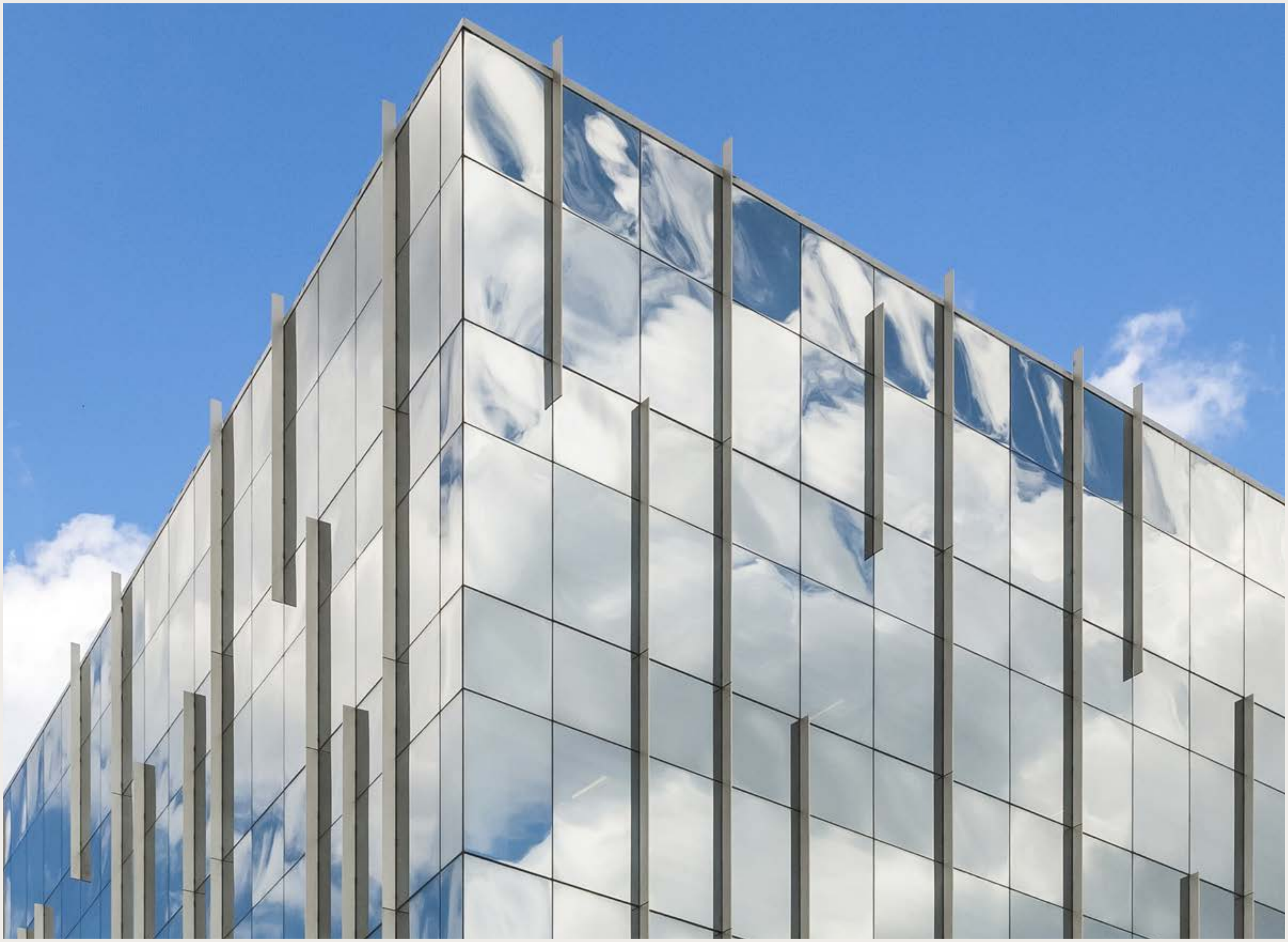


Opportunities in a *Changing Economy:* 2024 Annual Report

BTB

Non-IFRS Financial Measures – Definitions

Non-IFRS Measure	Definition	Reconciliation
Adjusted net income	Adjusted net income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of: (i) fair value adjustment of investment properties; (ii) fair value adjustment of derivative financial instruments; (iii) fair value adjustment of Class B LP units; and (iv) transaction costs incurred for acquisitions and dispositions of investment properties and early repayment fees. The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the real estate market.	Operating results – Adjusted net income
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")	Adjusted EBITDA income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of certain adjustments, on a proportionate basis, including: (i) interest expense; (ii) taxes; (iii) depreciation of property and equipment; (iv) amortization of intangible assets; (v) fair value adjustments (including adjustments of investment properties, of financial instruments, of Class B LP units and of unit price adjustments related to unit-based compensation); (vi) transaction costs for acquisitions and dispositions of investment properties and early repayment fees; and (vii) straight-line rental revenue adjustments. The most directly comparable IFRS measure to Adjusted EBITDA is net income and comprehensive income. The Trust believes Adjusted EBITDA is a useful metric to determine its ability to service debt, to finance capital expenditures and to provide distributions to its Unitholders.	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"); Capital Resources – Interest coverage ratio; and Capital Resources – Debt service coverage ratio
Same-Property NOI	Same-Property NOI is a non-IFRS financial measure defined as net operating income ("NOI") for the properties that the Trust owned and operated for the entire duration of both the current year and the previous year. The most directly comparable IFRS measure to same-property NOI is Operating Income. The Trust believes this is a useful measure as NOI growth can be assessed on its portfolio by excluding the impact of property acquisitions and dispositions of both the current year and previous year. The Trust uses the Same-Property NOI to indicate the profitability of its existing portfolio operations and the Trust's ability to increase its revenues, reduce its operating costs and generate organic growth.	Operating results – Same-Property Portfolio
Funds from Operations ("FFO") **and FFO Adjusted**	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. 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. The Trust believes FFO and FFO Adjusted are key measures of operating performance and allow the investors to compare its historical performance.	Funds from Operations (FFO); Cash Flows; and Appendix 2

Non-IFRS Measure	Definition	Reconciliation
Adjusted Funds from Operations ("AFFO") **and** **AFFO Adjusted**	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. 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. 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.	Adjusted Funds from Operations (AFFO); Cash Flows; and Appendix 2
FFO and AFFO per unit **and** **FFO adjusted and AFFO adjusted per unit**	FFO and AFFO per unit and FFO Adjusted and AFFO Adjusted per unit are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These ratios are calculated by dividing the FFO, AFFO, FFO Adjusted and AFFO Adjusted by the Weighted average number of units and Class B LP units outstanding. The Trust believes these metrics to be key measures of operating performances allowing the investors to compare its historical performance in relation to an individual per unit investment in the Trust.	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO)
FFO and AFFO payout ratios **and** **FFO Adjusted and AFFO Adjusted payout ratios**	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, FFO Adjusted and AFFO Adjusted per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO); and Appendix 2
Total Debt Ratio	Total debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total long-term debt less cash divided by total gross value of the assets of the Trust less cash. The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.	Capital Resources – Debt ratio
Total Mortgage Debt Ratio	Mortgage debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total mortgage debt less cash divided by total gross value of the assets of the Trust less cash. The Trust considers this metric useful as it indicates its ability to meet its mortgage debt obligations and its capacity for future additional acquisitions.	Capital Resources – Mortgage ratio
Interest Coverage Ratio	Interest coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.	Capital Resources – Interest coverage ratio
Debt Service Coverage Ratio	Debt service coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by the Debt Service Requirements, which consists of principal repayments and interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its debt service obligations for a given period.	Capital Resources – Debt service coverage ratio

Our *Mission*

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

Our *Values*

Approachable, dynamic, authentic, open-minded and driven.

Table of *Contents*

A Word from our President and CEO, *Michel Léonard*

As we closed 2024, BTB continues to demonstrate resilience and strong operational performance. This year was marked by strategic initiatives that strengthened our portfolio, enhanced our financial position, and reinforced our commitment to long-term growth.

Our achievements reflect the dedication of our team, the trust of our stakeholders, and our unwavering focus on delivering value. As we move forward, we remain committed to innovation, sustainability, and driving meaningful progress in the years ahead.

Strong Leasing Performance Driving Growth

Our leasing efforts have led to a 2.3% increase in rental revenue for the quarter and 1.7% for the year 2024. This growth was fueled by securing key lease agreements, reflecting the strength of our assets and tenant relationships. Our average rent renewal rate improved by 18.7% during the quarter and by 8.3% for the year 2024 across the three operating segments, with a notable performance in the necessity-based retail segment, where our average rent renewal rate increased by 12.9% in 2024 compared to the same period of the prior year. These factors contributed to a 2.6% increase in same-property NOI[1] for the year 2024 compared to the same period last year, underscoring the impact of our leasing momentum and disciplined asset management. This continued success highlights the strength of our market positioning, our ability to attract high-quality tenants, and our commitment to a resilient and well-diversified portfolio.

We are grateful to our tenants for their continued trust and partnership, which play a vital role in our shared success. As we move forward and build on this momentum, we remain dedicated to strengthening tenant relationships, maximizing occupancy, and driving long-term value for all stakeholders.

Milestone Achievement

A major milestone this year was BTB's first ground-up development for Winners/HomeSense, with the brand selecting our retail center as the site for a new store in Lévis, set to open on February 25th, 2025. Delivered on time and on budget, this project strengthens our presence in high-traffic retail corridors and reinforces our ability to execute a successful development. By securing long-term leases with national retailers, we enhance the stability of our retail segment while responding to evolving consumer demand. This achievement not only adds value to our portfolio but also demonstrates our ability to optimize the performance of our properties, positioning us for future opportunities.

Advancing Our Commitment to ESG

Our commitment to ESG initiatives remains a priority, as we continue to integrate sustainability into our operations and decision-making. In 2024, we took meaningful steps to improve energy efficiency of our properties, raise awareness with our staff, and foster sustainable partnerships with our tenants. These efforts include augmenting our BOMA BEST and LEED certifications of our portfolio, optimizing resource usage, and enhancing waste management practices to reduce our environmental footprint.

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

Beyond environmental initiatives, we have also strengthened our social and governance practices. We are proud to support initiatives that create a positive impact in the communities where we operate. Additionally, we have deepened our client relationships by hosting events, workshops, and launching a dedicated client newsletter to enhance communication and engagement. Internally, we have organized ESG-focused initiatives such as volunteer activities and tree planting while incorporating ESG criteria into employee objectives to align individual contributions with our broader sustainability goals.

During 2025, we will issue our second ESG report, highlighting progress since our inaugural edition. This report will provide key sustainability metrics and outline our long-term strategy, ensuring transparency and accountability. As we move forward, we remain focused on exploring innovative solutions to create a more sustainable future.

Strengthening Our Financial Position

On the financial front, we successfully redeemed and fully paid the Series G convertible debentures at maturity, in the amount of $24.0 M (plus accrued interest of $0.7 M). As a subsequent event of the year 2024, we also issued the Series I convertible, unsecured, subordinated debentures to redeem, prior to maturity, the Series H convertible debentures. This strategic decision enhances our financial flexibility, optimizes our debt structure, and positions us to seize new opportunities while ensuring long-term financial stability for the Trust.

By maintaining a disciplined approach to capital allocation, we continue to reinforce our financial resilience, allowing us to pursue strategic initiatives that drive growth. Our prudent financial management ensures that we remain agile and well-positioned to navigate changing market conditions while delivering consistent returns.

Looking Ahead with Confidence

Reflecting on 2024, our strong leasing performance, prudent financial management, and commitment to ESG have positioned BTB for sustained success. We expanded our portfolio with a strategic development, reinforced our relationships with tenants and stakeholders, and maintained a proactive approach to long-term growth.

As I look to 2025, I remain confident in our ability to execute our vision, support our portfolio, and create lasting value for our stakeholders. Our success would not be possible without the trust of our Trustees, our clients, our investors and the dedication of our employees, whose commitment and hard work drive our achievements. Building on the progress made in 2024, we are well-positioned to seize new opportunities and navigate challenges with resilience. With a strong foundation in place and clear objectives guiding us, we remain committed to sustainable growth and long-term value creation. We look forward to the opportunities ahead and to building a future of strength, stability, and success together.

Michel Léonard,
President & CEO

"This year marked a milestone for BTB. We completed our first ground-up development, supported by strong leasing efforts and key financial initiatives. Our ability to adapt and execute strategic decisions ensures we remain well-positioned for future growth and long-term success."

Highlights

$1.3B
Total asset value

92.7%
Occupancy rate

75
Properties

6.1M sq. ft.
Total leasable area

$130.0M
Rental revenue
2023: $127.8M

$75.1M
Net operating income (NOI)
2023: $75.4M

42.2¢
FFO adjusted per unit[1]
2023: 45.1¢

78.7%
AFFO adjusted payout ratio[1]
2023: 74.1%

$69.7M
Same-property NOI[1]
2023: $67.9M
(Increase of 2.6%)

44.0¢
Net earnings per unit

30.0¢
Distributions per unit

Highlights are presented for the year ended December 31, 2024 or as at December 31, 2024, unless otherwise specified.
(1) This is a non-IFRS financial measure, refer to page 2 and 35.

Key Metric *Evolution*

Rental revenue

2020	$92,969
2021	$100,343
2022	$119,495
2023	$127,826
2024	$130,030

Net Operating Income (NOI)

2020	$51,260
2021	$56,336
2022	$70,430
2023	$75,379
2024	$75,051

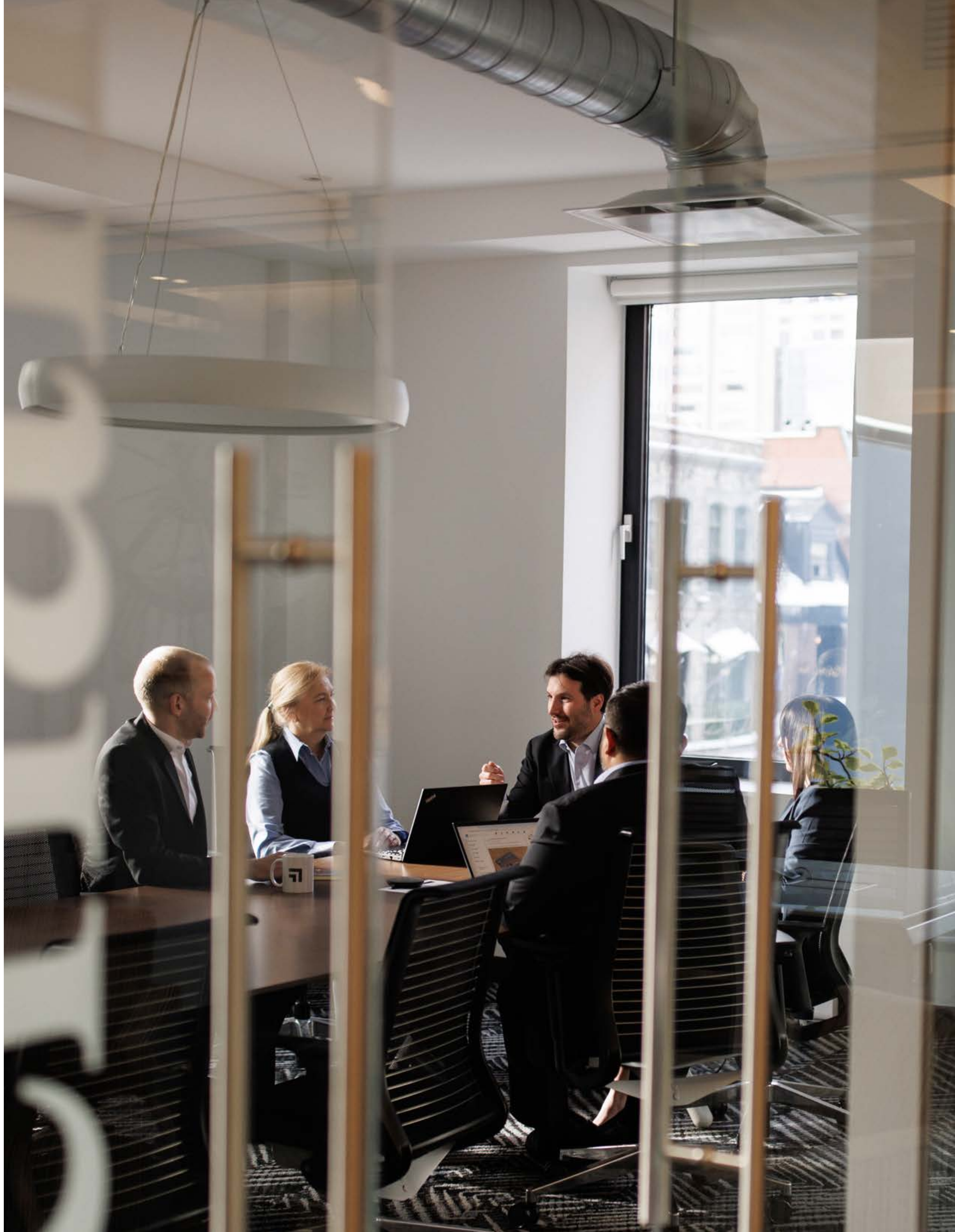
FFO adjusted per unit(1)

2020	38.3¢
2021	42.1¢
2022	45.4¢
2023	45.1¢
2024	42.2¢

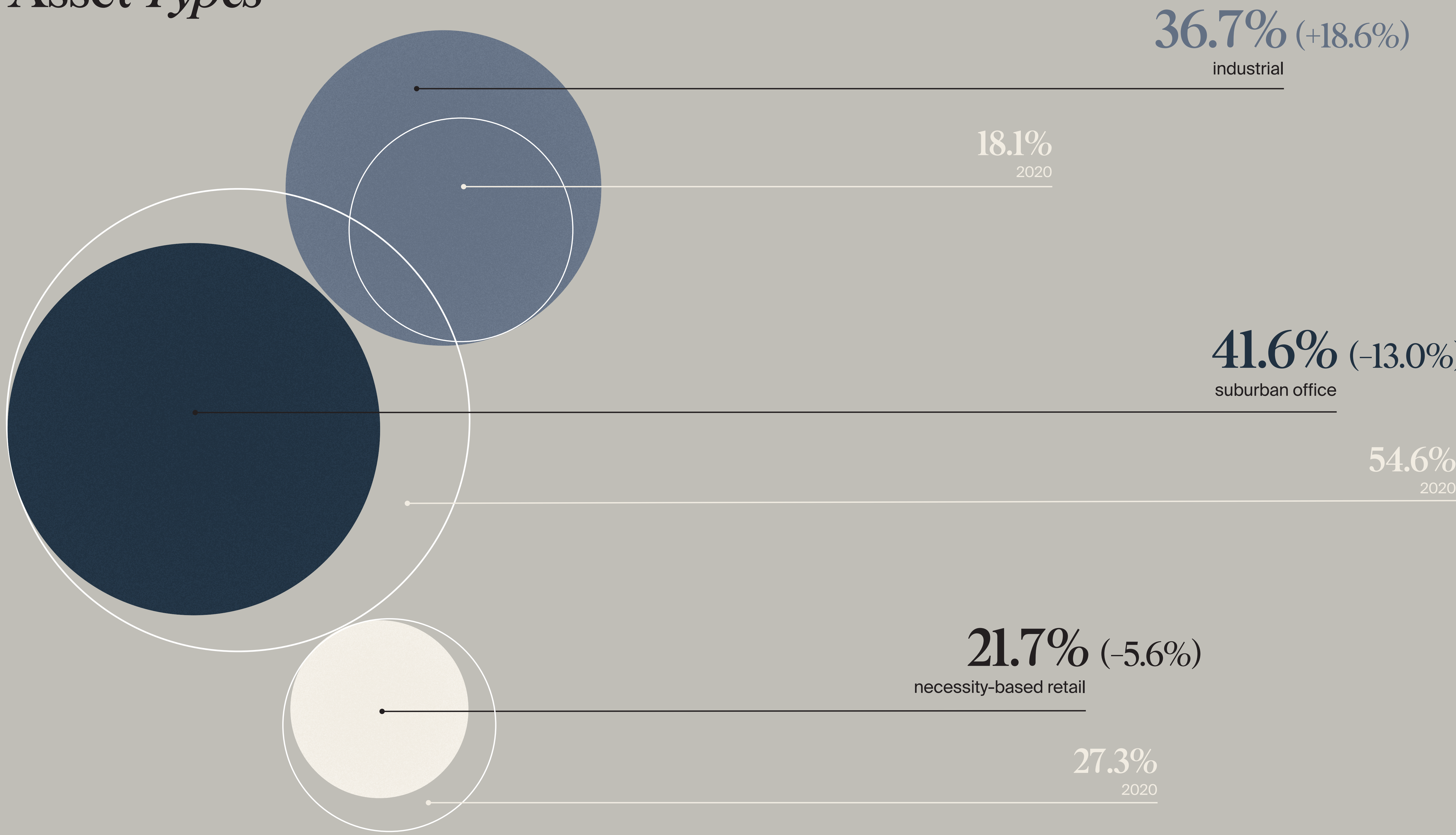
AFFO adjusted payout ratio(1)

2020	97.1%
2021	77.9%
2022	73.3%
2023	74.1%
2024	78.7%

Key metric evolution is presented for the years ending on December 31, in thousands of dollars.
(1) This is a non-IFRS financial measure, refer to page 2 and 35.



Asset *Types*



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

Geographic *Sectors*

Edmonton

6.6%

10 properties ($81.8M)
0.4M sq. ft.
100% occupancy rate

Saskatoon

3.7%

4 properties ($44.1M)
0.2M sq. ft.
100% occupancy rate

Ottawa

13.2%

11 properties ($173.4M)
0.8M sq. ft.
99.7% occupancy rate

Montréal

53.2%

38 properties ($701.3M)
3.3M sq. ft.
92.2% occupancy rate

Trois-Rivières

2.5%

2 properties ($23.3M)
0.1M sq. ft.
75.2% occupancy rate

Quebec City

20.8%

10 properties ($209.4M)
1.3M sq. ft.
87.9% occupancy rate

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

Our Management Team

Our Properties:
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(1)

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

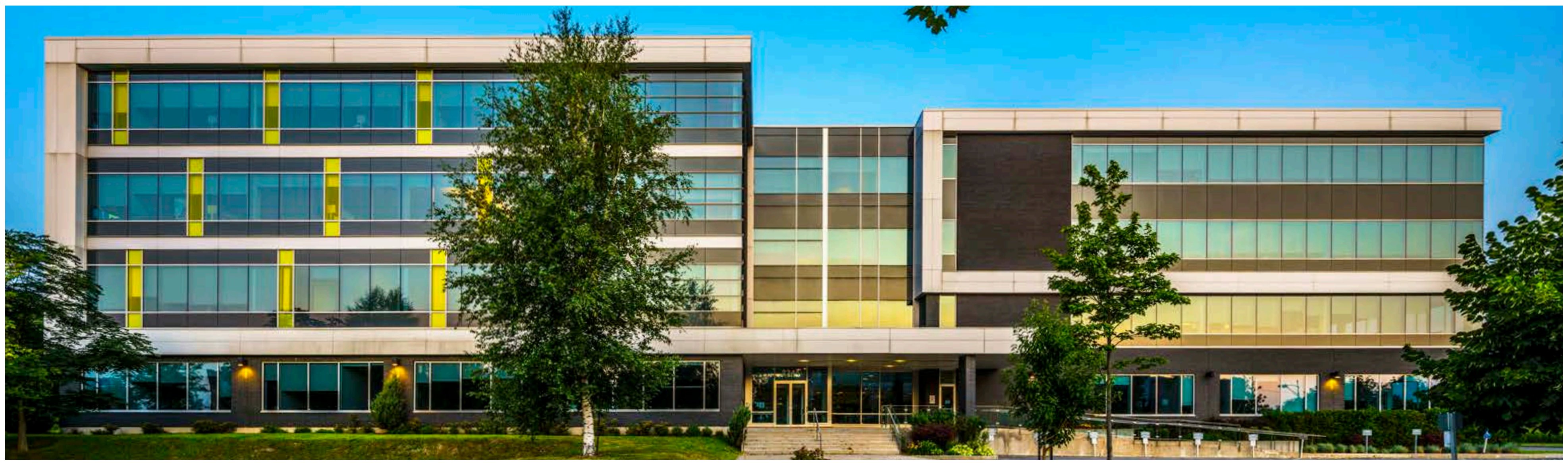
6000 Kieran Street, St-Laurent, QC

1-9 & 10 Brewer Hunt Way & 1260-1280 Teron Road, Ottawa, ON

3905 Allard Avenue, Edmonton, AB

(1) BOMA BEST certified property

Our Properties:
Suburban Office


2600 Alfred-Nobel Blvd, St-Laurent, QC


1921 - 91 Street, Edmonton, AB

5810 Sherbrooke Street East, Montréal(1)

2101 Sainte-Catherine Street West, Montréal

2250 Alfred-Nobel Blvd, St-Laurent(1)

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

85 Saint-Charles Street West, Longueuil

1327-1333 Ste-Catherine Street West and 1407-1411 Crescent Street, Montréal(1)

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(1)

245 Menten Place, Ottawa(1)

2200 Walkley Street, Ottawa(1)

2204 Walkley Street, Ottawa(1)

2611 Queensview Drive, Ottawa(2)

979(2) & 1031(1)(2) 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(1)

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(1)

(1) BOMA BEST certified property

(2) LEED certified property


2611 Queensview Drive, Ottawa, ON

Our Properties:
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[1]

909-915 Pierre-Bertrand Blvd, Quebec City

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

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

1200-1252 de la Concorde Street, Lévis, QC

11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux, QC

(1) BOMA BEST certified property

Our *Clients*

Here are just a few of our achievements in terms of lease agreements, expansions, and renewals in 2024.

New leases

Méga-Centre Rive-Sud, Lévis, QC
New lease of 45,870 sq. ft.

2600 Alfred-Nobel Blvd, Saint-Laurent, QC
New lease of 16,786 sq. ft.

Expansions

Complexe Lebourgneuf Phase I, Québec, QC
Lease expansion of +6,386 sq. ft.
(for a total of 13,647 sq. ft.)

Complexe de Léry, Trois-Rivières, QC
Lease expansion of +3,450 sq. ft.
(for a total of 23,348 sq. ft.)

Renewals

2250 Alfred-Nobel Blvd, Saint-Laurent, QC
Lease renewal of 26,671 sq. ft.

Marché de l'Ouest, Dollard-des-Ormeaux, QC
Lease renewal of 44,988 sq. ft.

Our top 10 clients make up 24.2% of our total revenue and 22.9% of our total leased area, equaling 1,405,507 square feet.

Our Executive Team *& Board of Trustees*

Executive Team (from left to right)

Michel Léonard | President & CEO
Bruno Meunier | Vice President of Operations
Marc-André Lefebvre | Vice President & CFO

Board of Trustees (from left to right)

Sylvain Fortier | Member of the Investments Committee
Jocelyn Proteau | Chair of the Board
Lucie Ducharme | President of the Human Resources and Governance Committee
Luc Martin | President of the Audit Committee
Jean-Pierre Janson | Vice-Chair of the Board
Sylvie Lachance | President of the Investments Committee
Michel Léonard | President, CEO & Trustee
Christine Marchildon | Member of the Human Resources and Governance Committee
Armand Des Rosiers | Member of the Investments Committee

979 Bank Street, Ottawa, ON (cover photo)

Management Discussion & *Analysis*

Year ended December 31, 2024

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

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 year ended December 31, 2024, as well as its financial position on that date. The report presents a summary of some of the Trust’s business strategies, and the business risks it faces. This MD&A, dated February 24, 2025, should be read together with the consolidated financial statements and accompanying notes for the year ended December 31, 2024. It discusses significant information available up to the said date of this MD&A. The Trust’s consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators (“CSA”) website at www.sedarplus.ca and on our website at www.btbreit.com.

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

Securities regulations require that non-IFRS financial measures be clearly defined and that they not be assigned greater weight than IFRS measures. The referred non-IFRS financial measures, which are reconciled to the most similar IFRS measure in the 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 December 31, 2024, it owned 75 properties, being industrial, suburban office and necessity-based retail properties located in primary markets of the provinces of Québec, Ontario, Alberta, and Saskatchewan. Since its inception, the Trust has become an important property owner in the province of Québec, in Eastern Ontario and since December 2021, in Western Canada. The units and Series H convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN” 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 December 31, 2024	75	6,125,735	1,233,282

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 properties if they no longer meet the Trust's investment criteria.

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

Highlights of the Fourth Quarter and Year Ended December 31, 2024

Rental revenue: Stood at $32.7 million for the current quarter, which represents an increase of 2.3% compared to the same quarter of 2023. For the year 2024, rental revenue totalled $130.0 million which represents an increase of 1.7% 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 the year 2024 compared to the same period in 2023 would have increased by 2.9%.

Net operating income (NOI): Totalled $19.1 million for the current quarter, which represents a decrease of 0.9% compared to the same quarter of 2023. The decrease for the quarter is due to the bankruptcy of two tenants: (1) Énergie Cardio in Quebec City ($0.2 million), which space was rapidly leased to the group that purchased the assets of the business of the bankrupt tenant and (2) Nuera Air, a tenant occupying 132,665 square feet in an industrial property in Laval ($0.5 million) partially offset by operating improvements, higher rent renewal rates, and increases in rental spreads for in-place leases ($0.5 million). For the year 2024, the NOI totalled $75.1 million which represents a decrease of 0.4% compared to 2023. Excluding the One-Time Adjustment, NOI for the year compared to the same period in 2023 would have increased by 1.4%.

Net income and comprehensive income: Totalled $18.8 million for the quarter compared to $1.7 million for the same period in 2023, representing an increase of $17.1 million. The result for the quarter is affected by a $14.5 million non-cash net increase of the fair value of investment properties and $3.2 million non-cash gain in the fair value of derivative financial instruments. For the year 2024, net income and comprehensive income totalled $38.7 million, representing an increase of $2.1 million. Excluding the One-Time Adjustment, the increase for the year compared to the same period in 2023 would have been $3.5 million.

Same-property NOI[1]: For the quarter, the same-property NOI decreased by 2.8% compared to the same period in 2023. The decrease is due to the two previously outlined bankruptcies. For the year 2024, the same-property NOI increased by 2.6% compared to 2023. The increase for the year 2024 is due to higher rent renewal rates of 8.3% across all three segments of the portfolio. For the year, the Trust achieved increases of rent renewal rates of 10.3% for the industrial segment, 5.5% for the suburban office segment and 12.9% for the necessity-based retail segment.

FFO adjusted per unit[1]: Was 10.9¢ per unit for the quarter compared to 11.1¢ per unit for the same period in 2023, representing a decrease of 0.2¢ per unit. The decrease is explained by an increase in weighted average number of units outstanding of 1.7 million units, due to the unitholder's participation in the distribution reinvestment plan. For the year 2024, the FFO adjusted was 42.2¢ per unit compared to 45.1¢ per unit for the same period in 2023, representing a decrease of 2.9¢ per unit. The decrease of FFO adjusted per unit for the year is explained by a decrease in NOI of $0.3 million and an increase in interest expenses net of financial income of $1.5 million. Excluding the One-Time Adjustment, the FFO adjusted per unit for the year 2024 compared to the same period in 2023 would have decreased by 1.3¢ per unit.

FFO adjusted payout ratio[1]: Was 68.8% for the quarter compared to 67.2% for the same period in 2023, an increase of 1.6%. For the year 2024, the FFO adjusted payout ratio was 71.1% compared to 66.5% for the same period in 2023, an increase of 4.6%. Excluding the One-Time Adjustment, the FFO adjusted payout ratio for year 2024 compared to the same period in 2023 would have increased by 2.1%.

AFFO adjusted per unit[1]: Was 10.1¢ per unit for the quarter compared to 10.3¢ per unit for the same period in 2023, representing a decrease of 0.2¢ per unit, in line with the decrease of FFO adjusted explained above. For the year 2024, the AFFO adjusted per unit was 38.1¢ per unit compared to 40.5¢ per unit for the same period in 2023, representing a decrease of 2.4¢ per unit compared to the same period in 2023. Excluding the One-Time Adjustment, the AFFO adjusted per unit would have decreased by 0.8¢ per unit. AFFO adjusted per unit was also negatively impacted by the increase in weighted average number of units outstanding of 1.7 million units, due to the unitholder's participation in the distribution reinvestment plan.

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

AFFO adjusted payout ratio[1]: Was 74.5% for the quarter compared to 72.6% for the same period in 2023, an increase of 1.9%. For the year 2024, the AFFO adjusted payout ratio was 78.7% compared to 74.1% for the same period in 2023, an increase of 4.6%. Excluding the One-Time Adjustment, the AFFO Adjusted payout ratio for the year 2024 compared to the same period in 2023 would have increased by 1.5%.

Leasing activity: During the quarter, the Trust completed lease renewals totaling 160,717 square feet and new leases totaling 68,726 square feet. For the year, the Trust completed lease renewals totaling 727,772 square feet and new leases totaling 231,451 square feet, which includes the lease with Winners/Home Sense in Lévis, Québec. The increase in the average rent renewal rate for the current quarter and for the year was respectively 18.7% and 8.3%.The occupancy rate stood at 92.7%, a 40 basis points increase compared to the prior quarter and a 150 basis points decrease compared to the same period in 2023. The decrease in the occupancy rate is primarily due to the bankruptcy of Nuera Air. The Trust has retained the services of a national commercial brokerage firm specialized in the industrial segment to lease that property.

Liquidity position: The Trust held $2.5 million of cash at the end of the quarter and $15.2 million is available under its credit facilities.[2]

Debt metrics: BTB ended the quarter with a total debt ratio[1] of 57.9%, recording a decrease of 70 basis points compared to December 31, 2023. The Trust ended the quarter with a mortgage debt ratio[1] of 52.8%, an increase of 60 basis points compared to December 31, 2023.

Debentures: During the quarter, the Trust fully redeemed and paid at maturity the Series G unsecured subordinated convertible debentures at their nominal value of $24.0 million plus accrued interest of $0.7 million using proceeds sourced from mortgage loans refinancings.

Subsequent events

- On January 23, 2025, the Trust issued Series I convertible, unsecured, subordinated debentures bearing 7.25% interest payable semi-annually and maturing on February 28, 2030, in the amount of $40.25 million. The Serie I debentures are convertible at the holder's option at any time before February 28, 2030, at a conversion price of $4.10 per unit.
- On February 24, 2025, the Trust fully redeemed and paid at maturity the Series H convertible debentures at their nominal value of $19,917.
- On February 24, 2025, the Trust undertook the initiative to strengthen its capital structure and unitholder value strategy by suspending the distribution reinvestment plan ("DRIP"). The suspension of the DRIP is intended to nullify unfavorable unitholder dilution, and this decision is aligned with the Trust's objective to maximize total return to unitholders. Until further notice, unitholders who were enrolled in the DRIP will automatically receive distribution payments in the form of cash. Computershare Trust Company of Canada, as administrator of the DRIP, will forward a notice and related documentation to all current DRIP participants in the coming days.

Summary of significant items as at December 31, 2024

- Total number of properties: 75
- Total leasable area: 6.1 million square feet
- Total asset value: $1.3 billion
- Market capitalization: $296 million (unit trading price of $3.36 as at December 31, 2024)

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

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for ratios and per unit data)		Quarter		Year	
		2024	2023	2024	2023
	Reference (page)	$	$	$	$
Financial information					
Rental revenue	48	32,671	31,922	130,030	127,826
Net operating income (NOI)	48	19,082	19,255	75,051	75,379
Net income and comprehensive income	48	18,847	1,734	38,742	36,598
Adjusted net income[1]	52	7,938	8,605	30,708	34,937
Adjusted EBITDA[1]	53	17,556	18,065	70,162	69,719
NOI from the same-property portfolio[1]	54	18,351	18,882	69,709	67,926
Distributions	55	6,648	6,547	26,463	26,003
FFO Adjusted[1]	56	9,656	9,688	37,157	38,946
AFFO Adjusted[1]	57	8,923	8,966	33,554	34,956
Cash flow from operating activities	58	18,482	21,560	66,004	70,852
Total assets	40			1,256,003	1,227,648
Investment properties	59			1,233,282	1,207,522
Mortgage loans	63			662,913	638,080
Convertible debentures	64			19,346	42,460
Credit facilities	64			44,298	36,359
Mortgage debt ratio[1]	64			52.8%	52.2%
Total debt ratio[1]	64			57.9%	58.6%
Weighted average interest rate on mortgage debt	49			4.35%	4.37%
Market capitalization				295,761	254,048
Financial information per unit					
Units outstanding (000)	66			88,024	86,706
Class B LP units outstanding (000)	66			697	697
Weighted average number of units outstanding (000)	66	87,896	86,591	87,308	85,858
Weighted average number of units and Class B LP units outstanding (000)	66	88,593	87,288	88,005	86,289
Net income and comprehensive income	48	21.3¢	2.0¢	44.0¢	42.4¢
Adjusted net income[1]	52	9.0¢	9.9¢	34.9¢	40.5¢
Distributions	55	7.5¢	7.5¢	30.0¢	30.0¢
FFO Adjusted[1]	56	10.9¢	11.1¢	42.2¢	45.1¢
Payout ratio on FFO Adjusted[1]	56	68.8%	67.2%	71.1%	66.5%
AFFO Adjusted[1]	57	10.1¢	10.3¢	38.1¢	40.5¢
Payout ratio on AFFO Adjusted[1]	57	74.5%	72.6%	78.7%	74.1%
Market price of units				3.36	2.93
Operational information					
Number of properties	35			75	77
Leasable area (thousands of sq. ft.)	35			6,126	6,121
Committed occupancy rate	43			92.7%	94.2%
Increase in average lease renewal rate	45	18.7%	14.3%	8.3%	9.2%

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

Selected Annual Information

The following table summarizes the Trust's selected financial information for the last three years:

Periods ended December 31 (in thousands of dollars, except for ratios and per unit data)	2024	2023	2022
	$	$	$
Financial information			
Rental revenue	**130,030**	127,826	119,495
Net operating income (NOI)	**75,051**	75,379	70,430
Fair value adjustment on investment properties	**10,264**	2,001	(8,201)
Net income (loss) and comprehensive income (loss)	**38,742**	36,598	38,154
Cash flow from operating activities	**66,004**	70,852	66,240
FFO Adjusted(1)	**37,157**	38,946	37,879
AFFO Adjusted(1)	**33,554**	34,956	34,137
Distributions	**26,463**	26,003	25,032
Total assets	**1,256,003**	1,227,648	1,179,340
Long-term debt	**682,259**	680,540	678,053
Financial information per unit			
Net income and comprehensive income	**44.0¢**	42.4¢	45.7¢
FFO Adjusted(1)	**42.2¢**	45.1¢	45.4¢
AFFO Adjusted(1)	**38.1¢**	40.5¢	40.9¢
Distributions	**30.0¢**	30.0¢	30.0¢

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

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-4	2024 Q-3	2024 Q-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1
	$	$	$	$	$	$	$	$
Rental revenue	**32,671**	32,505	32,218	32,636	31,922	31,285	31,708	32,911
Net operating income (NOI)	**19,082**	18,753	18,856	18,360	19,255	18,075	19,041	19,008
Net income and comprehensive income	**18,847**	5,470	7,272	7,153	1,734	15,216	10,846	8,802
Net income and comprehensive income per unit	**21.3¢**	6.2¢	8.3¢	8.2¢	2.0¢	17.5¢	12.5¢	10.2¢
Cash flow from operating activities	**18,482**	16,418	18,759	12,345	21,560	16,317	17,320	15,657
FFO Adjusted(1)	**9,656**	9,426	9,149	8,925	9,688	9,030	10,195	10,033
FFO Adjusted per unit(1)	**10.9¢**	10.7¢	10.4¢	10.2¢	11.1¢	10.4¢	11.8¢	11.7¢
AFFO Adjusted(1)	**8,923**	8,581	8,230	7,819	8,966	7,675	9,433	8,882
AFFO Adjusted per unit(1)	**10.1¢**	9.7¢	9.4¢	8.9¢	10.3¢	8.8¢	10.9¢	10.3¢
Distributions(2)	**6,648**	6,627	6,605	6,581	6,547	6,524	6,489	6,443
Distributions per unit(2)	**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 35.
(2) 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 investment properties, to revenues and to net operating income (NOI) for the three-month periods and years ended December 31, 2024, and December 31, 2023:

Periods ended December 31 (in thousands of dollars)	Industrial		Suburban office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended December 31, 2024							
Investment properties	452,559	36.7	512,829	41.6	267,894	21.7	1,233,282
Rental revenue	8,318	25.5	16,636	50.9	7,717	23.6	32,671
Net operating income (NOI)	5,822	30.5	8,809	46.2	4,451	23.3	19,082
Quarter ended December 31, 2023							
Investment properties	440,120	36.4	518,345	43.0	249,057	20.6	1,207,522
Rental revenue	8,470	26.5	16,226	50.9	7,226	22.6	31,922
Net operating income (NOI)	6,130	31.8	8,739	45.4	4,386	22.8	19,255

Years ended December 31 (in thousands of dollars)	Industrial		Suburban office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Year ended December 31, 2024							
Rental revenue	33,368	25.7	66,026	50.8	30,636	23.6	130,030
Net operating income (NOI)	23,981	32.0	33,203	44.2	17,867	23.8	75,051
Year ended December 31, 2023							
Rental revenue	32,682	25.6	65,943	51.7	29,201	22.8	127,826
Net operating income (NOI)	23,837	31.6	34,209	45.4	17,333	23.0	75,379

Industrial performance

The proportional fair value of industrial properties slightly increased from 36.4% to 36.7% compared to the same period last year, due to a net increase of $8.6 million from fair value adjustments and $3.8 million additions to capital expenditures, leasing fees and capitalized lease incentives. The proportional percentage of rental revenue and of net operating income decreased by 1.0% and 1.3% respectively compared to the same period last year due to the Nuera Air bankruptcy. The bankruptcy also impacted the occupancy rate for the segment which decreased by 640 basis points to 93.5%, compared to the same period in 2023.

Suburban office performance

The proportional fair value of the suburban office properties decreased from 43.0% to 41.6% compared to the same period last year. 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 $5.4 million, offset by a $6.1 million increase due to capital expenditures, leasing fees and capitalized lease incentives. The proportional share of rental revenue for the quarter generated by the suburban office segment stood at 50.9%. 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 year lease renewals for a total of 353,539 square feet in the suburban office segment with an average rent increase of 5.5%), increasing the occupancy rate for this segment by 80 basis points to 88.5%, 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 year stood at 99.0%. For the year, the Trust concluded lease renewals for a total of 181,665 square feet in the necessity-based retail segment with an average rent increase of 12.9%. For the quarter, the proportional share of rental revenue and of net operating income (NOI) increased respectively by 1.0% and 0.5% 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 its rental revenue for a given period.

Real Estate Portfolio

At the end of the fourth quarter of 2024, BTB owned 75 properties, representing a total fair value of approximately $1.2 billion 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 December 31, 2024

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Industrial	32	2,085,319	93.5	93.5	34.0
Suburban office	32	2,609,571	88.5	86.8	42.6
Necessity-based retail	11	1,430,845	99.0	94.7	23.4
Total portfolio	**75**	**6,125,735**	**92.7**	**90.9**	**100.0**

Geographic sector	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)	% of portfolio
Montreal	38	3,261,893	92.2	90.8	53.2
Québec City	10	1,276,939	87.9	82.9	20.8
Trois-Rivières	2	149,077	75.2	75.2	2.5
Ottawa	11	809,115	99.7	99.7	13.2
Edmonton	10	405,239	100.0	100.0	6.6
Saskatoon	4	223,472	100.0	100.0	3.7
Total portfolio	**75**	**6,125,735**	**92.7**	**90.9**	**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

The Trust did not acquire any property during the year 2024.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in sq. ft.)	Quarter		Year	
	2024	2023	2024	2023
Occupied area at the beginning of the period(1)	5,655,758	5,729,119	5,762,652	5,455,798
Purchased (sold) assets	-	-	(24,963)	260,111
Signed new leases	68,726	78,340	185,581	296,240
Tenant departures	(48,469)	(45,839)	(293,126)	(250,529)
Other(2)	-	1,032	45,871	1,032
Occupied leasable area at the end of the period(1)	5,676,015	5,762,652	5,676,015	5,762,652
Vacant leasable area at the end of the period(3)	449,720	358,034	449,720	358,034
Total leasable area at the end of the period	6,125,735	6,120,686	6,125,735	6,120,686

(1) The occupied area includes in place and committed agreements.
(2) Other adjustments on the occupied area represent mainly area remeasurements and new leases related to a development project.
(3) The vacant leasable area and total leasable area were adjusted by 7,200 square feet affecting an existing property in the necessity-based retail segment in Dollard-Des-Ormeaux, Québec.

Compared to the same period last year, the Trust saw a decrease in its occupancy rate by 150 basis points from 94.2% to 92.7%, primarily due to the previously mentioned bankruptcy of Nuera Air, a tenant that occupied 132,665 square feet in an industrial property located in Laval, Québec.

As a result of the construction of a necessity-based retail property located in Lévis, Quebec, leased on a long-term basis to Winners/Home Sense, the Trust added, during this quarter, 45,870 square feet to the Trust's total leasable area.

Leasing activities

The following table summarizes the lease renewal activity for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in sq. ft.)	Quarter		Year	
	2024	2023	2024	2023
Leases expired at term	144,540	172,266	539,363	616,746
Renewed leases at term	96,071	126,427	393,416	384,558
Lease renewal rate	66.5%	73.4%	72.9%	62.4%

In addition to the above summary, approximately 16,604 square feet of leases that matured during the quarter were in advanced lease renewal discussions or were pending execution.

The most significant lease renewals concluded during the quarter were attributed to E2IP Technologies (an industrial tenant), located in the Saint-Laurent borough of Montreal, Québec, representing 20,178 square feet and to the Government of Québec (in the suburban office segment), located in Saint-Jean-sur-Richelieu, Québec representing 20,774 square feet.

In addition, the Trust also renewed leases with existing tenants, where their leases came to maturity in 2025 or thereafter, representing a total of 64,646 square feet for the quarter and a total of 334,356 square feet for the year. The most significant early lease renewals during the quarter were concluded with the City of Laval (in the suburban office segment), located in Laval, Québec, representing 25,828 square feet and with Giatec Scientific Inc. (suburban office segment), located in Ottawa, Ontario representing 15,598 square feet.

In all, the Trust's total lease renewal activity amounted to 160,717 square feet for the quarter and 727,772 square feet for the year.

Average lease renewal rate

	Quarter		Year	
Operating segment	Renewals (Sq. ft.)	Increase (%)	Renewals (Sq. ft.)	Increase (%)
Industrial	31,888	43.6%	192,568	10.3%
Suburban office	111,697	9.5%	353,539	5.5%
Necessity-based retail	17,132	51.0%	181,665	12.9%
Total	160,717	18.7%	727,772	8.3%

New leases

During the quarter, the Trust leased a total of 68,726 square feet to new tenants, including a long-term lease representing 16,786 square feet (recorded as "committed" in the suburban office segment) with Belden, in the Saint-Laurent borough of Montréal, Québec in addition to a long-term lease representing 12,000 square feet (recorded as "committed" in the necessity-based retail segment) with L'Équipeur (a subsidiary of Canadian Tire), located in Lévis, Québec. The remaining 39,940 square feet represent a combination of new "in place" tenants and "committed" tenants, thereby leaving 449,720 square feet of leasable area available for lease at the end of the quarter.

For the year 2024, a total of 150,017 square feet or 80.8% of new leases were concluded in the suburban office segment, 2,000 square feet or 1.1% of new leases were concluded in the industrial segment and a total of 33,564 square feet or 18.1% of new leases were concluded in the necessity-based retail segment. In addition, as previously disclosed in the third quarter of 2024, the Trust finalized a lease with Winners/Home Sense lease for a new store located in Lévis, Québec, representing 45,870 square feet. Therefore, the total new lease activity for the year totalled 231,451 square feet.

Occupancy rates

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

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Operating segment	%	%	%	%	%
Industrial	93.5	93.5	100.0	100.0	99.9
Suburban office	88.5	88.3	88.8	88.6	87.7
Necessity-based retail	99.0	97.9	97.4	97.3	97.8
Total portfolio	92.7	92.3	94.6	94.5	94.2

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Geographic sector	%	%	%	%	%
Montréal	92.2	92.6	96.7	96.6	96.2
Québec City	87.9	85.2	85.6	85.7	85.2
Trois-Rivières	75.2	75.4	75.5	73.2	74.6
Ottawa	99.7	99.4	98.8	99.1	98.8
Edmonton	100.0	100.0	100.0	100.0	100.0
Saskatoon	100.0	100.0	100.0	100.0	100.0
Total portfolio	92.7	92.3	94.6	94.5	94.2

Lease maturities

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

	2025	2026	2027	2028	2029
Industrial					
Leasable area (sq. ft.)	170,586	298,878	94,051	221,941	86,014
Average lease rate/square foot ($)(1)	$10.48	$13.00	$12.21	$16.25	$16.24
% of industrial portfolio	8.18%	14.33%	4.51%	10.64%	4.12%
Suburban office					
Leasable area (sq. ft.)	293,077	419,304	348,628	222,100	266,502
Average lease rate/square foot ($)(1)	$20.70	$14.85	$17.05	$15.79	$16.44
% of office portfolio	11.23%	16.07%	13.36%	8.51%	10.21%
Necessity-based retail					
Leasable area (sq. ft.)	178,227	111,729	116,370	49,905	255,182
Average lease rate/square foot ($)(1)	$15.55	$13.61	$16.81	$19.67	$13.23
% of retail portfolio	12.46%	7.81%	8.13%	3.49%	17.83%
Total portfolio					
Leasable area (sq. ft.)	**641,890**	**829,911**	**559,049**	**493,946**	**607,698**
Average lease rate/square foot ($)(1)	**$16.55**	**$14.02**	**$16.18**	**$16.39**	**$15.06**
% of total portfolio	**10.48%**	**13.55%**	**9.13%**	**8.06%**	**9.92%**

(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 December 31, 2024, the weighted average lease term stood at 5.6 years compared to 5.9 years for the same period in 2023. In addition, to secure future revenue for the Trust and to solidify its tenant base, the Trust's lease renewal strategy is also focused on renewing leases prior to their maturities to increase the average outstanding lease terms.

Top 10 tenants

The Trust's three largest tenants are the Government of Québec, and the Government of Canada (both in the suburban office segment), and Nors (previously known as Strongco) (in the industrial segment), representing respectively 5.9%, 5.3%, and 2.0% of rental revenue.

46.3% of the Trust's total revenue is generated by leases signed with federal, provincial and municipal governments and publicly traded entities.

The following table shows the Top 10 tenants' contribution to total revenue as a percentage of revenue for the year 2024. Their contribution accounts for 24.2% of rental revenue and represents 22.9% of the Trust's total leasable area:

Client	% of rental revenue	% of leasable area	leasable area (sq. ft.)
Government of Québec	5.9	4.9	299,578
Government of Canada	5.3	4.1	251,850
Nors (previously known as Strongco)	2.0	1.9	118,585
Wal-Mart Canada Inc.	2.0	4.3	264,550
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	1.4	1.0	61,576
Intrado Life & Safety Canada, Inc.	1.3	0.9	53,767
WSP Canada Inc.	1.2	0.8	48,478
	24.2	**22.9**	**1,405,507**

Operating Results

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

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Rental revenue	32,671	31,922	130,030	127,826
Operating expenses	13,589	12,667	54,979	52,447
Net operating income (NOI)	19,082	19,255	75,051	75,379
Net financial expenses and financial income	7,678	10,894	36,671	33,203
Administration expenses	2,531	2,110	9,433	7,496
Transaction costs	-	37	468	83
Fair value adjustment on investment properties	(9,974)	4,480	(10,263)	(2,001)
Net income and comprehensive income	18,847	1,734	38,742	36,598

Rental revenue

For the quarter, rental revenue increased by $0.7 million or 2.3% compared to the same period last year. For the year 2024, rental revenue increased by $2.2 million or 1.7%. Excluding the One-Time Adjustment of $1.4 million, the rental revenue for the year 2024 compared to 2023 would have shown an increase of 2.9% or $3.6 million due to higher lease renewal rates, and higher average lease rates.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Operating expenses				
Maintenance, repairs and other operating costs	4,892	4,252	19,591	18,025
Energy	1,307	1,146	5,956	5,868
Property taxes and insurance	7,390	7,269	29,432	28,554
Total operating expenses	13,589	12,667	54,979	52,447
% of rental revenue	41.6%	39.7%	42.3%	41.0%

Operating expenses increased due to an overall increase in maintenance costs as well as an increase in municipal taxes due to an increase in property values. The operating expenses, as a percentage of revenues, increased by 1.9% and 1.3% respectively for the quarter and for the year compared to the same periods last year. Excluding the One-Time Adjustment, the increase would be reduced to 0.8%.

Financial expenses and income

The following table summarizes financial expenses for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Financial income	(584)	(611)	(2,329)	(1,833)
Interest on mortgage loans	7,335	7,149	28,880	27,426
Interest on convertible debentures	468	708	2,594	2,835
Interest on credit facilities	704	730	3,203	2,478
Other interest expense	135	110	499	418
Interest expense net of financial income	8,058	8,086	32,847	31,324
Distributions on Class B LP units	52	52	209	172
Net financial expenses before non-monetary items	8,110	8,138	33,056	31,496
Accretion of effective interest on mortgage loans and convertible debentures	402	310	1,462	1,095
Accretion of non-derivative liability component of convertible debentures	100	92	391	355
Net financial expenses before the following items:	8,612	8,540	34,909	32,946
Fair value adjustment on derivative financial instruments	(760)	2,396	1,462	1,233
Fair value adjustment on Class B LP units	(174)	(42)	300	(976)
Net financial expenses net of financial income	7,678	10,894	36,671	33,203

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 stood at $8.1 million for the quarter. For the year 2024, Interest expense, net of financial income increased by $1.5 million compared to the same period last year. The increase is explained by (i) an increase of $0.7 million for the interest expense payable on the revolving credit facilities explained by a greater utilization, (ii) an increase of $1.5 million of the interest expense payable on mortgage loans due to the higher weighted average mortgage interest rates. These increases were offset by (iii) a decrease of $0.2 million for the interest expense payable on the convertible debentures due to the repayment of the Series G debenture on October 31, 2024 and (iv) an increase in financial income of $0.5 million due to the reclassification of the finance lease previously outlined.

As at December 31, 2024, the weighted average mortgage interest rate was 4.35%, 18 basis points higher than the average rate as at December 31, 2023 which stood at 4.17%. The increase is mainly due to the refinancing of fixed-rate mortgages and mortgages subject to floating-for-fixed interest rate swap at a higher interest rate.

The weighted average interest rate for fixed mortgage loans increased by 13 basis points to 4.16% (4.03% as at December 31, 2023). Interest rates on first-ranking mortgage loans ranged from 2.37% to 7.07% as at December 31, 2024, (2.37% to 8.95% as at December 31, 2023). The cumulative balance of the Trust's loans subject to a fixed interest rate is $544.5 million.

The weighted average contractual interest rate for mortgages subject to variable interest rates was 7.07%, a decrease of 136 basis points compared to the same period in 2023 which was 8.43%. The cumulative balance of the Trust's loans subject to a variable rate is $17.8 million. The weighted average contractual interest rate for mortgages subject to floating-for-fixed interest rate swap was 6.06% (4.86% net of finance income), a decrease of 35 basis points compared to the same period in 2023 which was 6.41% (4.05% net of finance income).

The cumulative balance of the Trust's loans subject to a floating-for-fixed interest rate swap is $103.3 million.

The weighted average term of mortgage loans in place as at December 31, 2024, was 2.8 years (3.2 years as at December 31, 2023).

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

Administration expenses

The following table summarizes the Trust's administration expenses for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Corporate expenses	2,079	2,038	7,606	6,832
Expected credit losses	244	(76)	890	219
Unit-based compensation	208	148	937	445
Trust administration expenses	2,531	2,110	9,433	7,496

Corporate expenses remained stable for the quarter compared to the same period last year. For the year 2024, corporate expenses increased by $0.8 million or 11.0% due to personnel recruitment costs ($0.3 million) and higher overall corporate expenses ($0.5 million).

Expected credit losses increased by $0.3 million for the quarter compared to the same period last year. For the year 2024, expected credit losses increased by $0.7 million compared to the same period last year due to the 2 previously outlined bankruptcies.

Unit-based compensation stood at $0.2 million for the quarter. For the year 2024, unit-based compensation expense increased due to the significant rise in the market price of units, which increased to $3.36 from $2.93 in the same period last year.

Fair value adjustment of investment properties

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

On an annual basis, the Trust retains the services of independent external appraisers to evaluate the fair value of a significant portion of its portfolio. 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. As at December 31, 2024, the Trust externally appraised 56% of its properties, for an aggregate amount of $687.6 million. For the year, a gain of $10.3 million in net changes in fair value has been recorded, reflecting stability in capitalization rates across all 3 asset classes as well as the updated cash flows assumptions.

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.

The following tables summarize the changes in fair value of investment properties by segment for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Industrial	5,627	(7,427)	8,553	32,503
Suburban office	1,907	(1,208)	(5,426)	(27,508)
Necessity-based retail	2,440	4,155	7,136	(2,994)
Total change in fair value	9,974	(4,480)	10,263	2,001

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

As at December 31, 2024	Industrial	Suburban office	Necessity-based retail
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%	6.25% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.11%	7.00%	7.03%
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 December 31, 2024, was 6.68% (6.67% as at December 31, 2023), stable compared to December 31, 2023.

As at December 31, 2024, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate were applied to the overall portfolio, this variation would affect the fair value of its investment properties respectively by a reduction of $45.0 million or an increase of $48.5 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 December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Net income and comprehensive income	18,847	1,734	38,742	36,598
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	-	37	468	83
Fair value adjustment on investment properties	(9,975)	4,480	(10,264)	(2,001)
Fair value adjustment on derivative financial instruments	(760)	2,396	1,462	1,233
Fair value adjustment on Class B LP units	(174)	(42)	300	(976)
Adjusted net income[1]	7,938	8,605	30,708	34,937
Per unit	9.0¢	9.9¢	34.9¢	40.5¢

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

Adjusted net income decreased by $0.7 million for the quarter compared to the same quarter last year mainly due to (1) an NOI decrease of $0.2 million and (2) an increase in administrative expenses of $0.4 million.

Adjusted net income decreased by $4.2 million for the year 2024 compared to the same period last year mainly due to (1) an NOI decrease of $0.3 million; (2) an increase of net financial expenses before fair value adjustments of $2.0 million and (3) an increase of administration expenses of $1.9 million.

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

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

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and Adjusted EBITDA[1] for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Net income being total comprehensive income for the period	18,847	1,734	38,742	36,598
Interest expense	8,642	8,697	35,176	33,157
Accretion of effective interest on mortgage loans and convertible debentures	402	310	1,462	1,095
Amortization of property and equipment	21	20	72	99
Lease incentive amortization	966	641	3,167	2,783
Fair value adjustment on investment properties	(9,975)	4,480	(10,264)	(2,001)
Fair value adjustment on derivative financial instruments	(760)	2,396	1,462	1,233
Fair value adjustment on Class B LP units	(174)	(42)	300	(976)
Unit-based compensation (Unit price remeasurement)	(39)	(11)	775	(389)
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	-	37	468	83
Straight-line lease adjustment	(374)	(197)	(1,198)	(1,963)
Adjusted EBITDA[1]	17,556	18,065	70,162	69,719

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

For the quarter, the Adjusted EBITDA[1] decreased by $0.5 million compared to the same period last year mainly due to a decrease in NOI of $0.2 million and an increase in administration expenses of $0.4 million offset by a slight reduction in interest expense net of financial income and other minor items totalling $0.1 million. For the year 2024, the Adjusted EBITDA[1] increased by $1.0 million.

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

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 December 31, 2024. Therefore, it excludes all the acquired[2][3] and disposed[2][3] properties during the years 2023 and 2024 and straight-line rent.

The following table summarizes the results of the same-property NOI[1] for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter			Year		
	2024	2023	Δ %	2024	2023	Δ %
	$	$		$	$	
Net operating income (NOI) as reported in the financial statements	19,082	19,255	-0.9%	75,051	75,379	-0.4%
Straight line rent	374	197		1,198	1,963	
NOI less straight line rent	18,708	19,058	-1.8%	73,853	73,416	0.6%
NOI sourced from:						
Acquisitions	-	-		(4,137)	(3,681)	
Dispositions	1	(43)		(123)	(421)	
Corporation	(358)	(133)		116	42	
Non-cash adjustment related to a change in accounting estimate and other specific items	-	-		-	(1,430)	
Same Property NOI[1]	18,351	18,882	-2.8%	69,709	67,926	2.6%
Same Property NOI[1] sourced from:						
Industrial	5,619	5,886	-4.5%	19,099	18,769	1.8%
Suburban office	8,341	8,452	-1.3%	33,005	32,000	3.1%
Necessity-based retail	4,391	4,544	-3.4%	17,605	17,157	2.6%
Same Property NOI[1]	18,351	18,882	-2.8%	69,709	67,926	2.6%

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

Compared to the same quarter last year, the same-property net operating income (NOI)[1] decreased by 2.8% and for the year 2024, same-property net operating income (NOI)[1] increased by 2.6%.

For the quarter, the SPNOI for the industrial segment decreased by $0.3 million or -4.5% compared to the same quarter last year, due to the previously outlined bankruptcy of Nuera Air negatively impacting the NOI by $0.5 million, offset by organic increases in lease rates for in-place leases. For the year 2024, the SPNOI of the industrial segment increased by $0.3 million or 1.8%.

For the quarter, the SPNOI for the suburban office segment decreased by $0.1 million or 1.3% compared to the same quarter last year, due to the previously outlined bankruptcy of Énergie Cardio impacting the NOI by $0.2 million. The space has been leased to a group that purchased the asset from the bankrupt tenant. The decrease was offset by an increase of $0.1 million due to leasing efforts resulting in higher average lease rates and an increase of the in-place occupancy rate of 80 basis points compared to the same period in 2023. For the year 2024, the SPNOI of the suburban office segment increased by $1.0 million or 3.1%.

Finally, for the quarter, the SPNOI for the necessity-based retail segment decreased by $0.2 million or 3.4% compared to the same quarter last year. For the year 2024, the SPNOI of the necessity-based retail segment increased by $0.4 million or 2.6%.

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) Refer to the Trust's consolidated financial statements dated February 24, 2025, note 3, section a) for the acquired properties details.
(3) Refer to the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, for the acquisitions and dispositions of the year 2023.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for per unit data)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Distributions				
Cash distributions	5,719	5,610	22,695	22,376
Cash distributions – Class B LP units	52	52	209	172
Distributions reinvested under the distribution reinvestment plan	877	885	3,559	3,455
Total distributions to unitholders	6,648	6,547	26,463	26,003
Percentage of reinvested distributions[1][2]	13.2%	13.5%	13.4%	13.3%
Per unit[2]				
Distributions	7.5¢	7.5¢	30.0¢	30.0¢

(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 year 2024, the monthly distributions totalled 30.0¢ 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 December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Net income and comprehensive income (IFRS)	18,847	1,734	38,742	36,598
Fair value adjustment on investment properties	(9,975)	4,480	(10,264)	(2,001)
Fair value adjustment on Class B LP units	(174)	(42)	300	(976)
Amortization of lease incentives	966	641	3,167	2,783
Fair value adjustment on derivative financial instruments	(760)	2,396	1,462	1,233
Leasing payroll expenses	739	401	2,298	1,443
Distributions - Class B LP units	52	52	209	172
Unit-based compensation (Unit price remeasurement)(5)	(39)	(11)	775	(389)
FFO(1)	9,656	9,651	36,689	38,863
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	37	468	83
FFO Adjusted(1)	9,656	9,688	37,157	38,946
FFO per unit(1)(2)(3)	10.9¢	11.1¢	41.7¢	45.0¢
FFO Adjusted per unit(1)(2)(4)	10.9¢	11.1¢	42.2¢	45.1¢
FFO payout ratio(1)	68.8%	67.5%	72.0%	66.6%
FFO Adjusted payout ratio(1)	68.8%	67.2%	71.1%	66.5%

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The 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 10.9¢ per unit, compared to 11.1¢ per unit for the same quarter last year representing a decrease of 0.2¢ per unit. The decrease is explained by an increase in weighted average number of units outstanding of 1.7 million units, due to the unitholder's participation in the distribution reinvestment plan.

For the year 2024, the FFO Adjusted(1) was 42.2¢ per unit compared to 45.1¢ per unit for the same period in 2023, representing a decrease of 2.9¢ per unit. The decrease of FFO adjusted per unit for the year is explained by a decrease in NOI of $0.3 million and an increase in interest expenses net of financial income of $1.5 million. Excluding the One-Time Adjustment of $1.4 million, the FFO adjusted per unit for the year 2024 compared to the same period in 2023 would have recorded a decrease of 1.3¢ per unit.

(1) This is a non-IFRS financial measure, refer to page 2 and 35.

Adjusted Funds from Operations (AFFO)(1)

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

Periods ended December 31 (in thousands of dollars, except for per unit data)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
FFO(1)	9,656	9,651	36,689	38,863
Straight-line rental revenue adjustment	(374)	(197)	(1,198)	(1,963)
Accretion of effective interest	402	310	1,462	1,095
Amortization of other property and equipment	21	20	72	99
Unit-based compensation expenses	247	159	162	836
Provision for non-recoverable capital expenditures(1)	(654)	(639)	(2,601)	(2,557)
Provision for unrecovered rental fees(1)	(375)	(375)	(1,500)	(1,500)
AFFO(1)	8,923	8,929	33,086	34,873
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	37	468	83
AFFO Adjusted(1)	8,923	8,966	33,554	34,956
AFFO per unit(1)(2)(3)	10.1¢	10.2¢	37.6¢	40.4¢
AFFO Adjusted per unit(1)(2)(4)	10.1¢	10.3¢	38.1¢	40.5¢
AFFO payout ratio(1)	74.5%	72.9%	79.8%	74.2%
AFFO Adjusted payout ratio(1)	74.5%	72.6%	78.7%	74.1%

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The 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 10.1¢ per unit, compared to 10.3¢ per unit for the same quarter last year, a decrease of 0.2¢ per unit, in line with the decrease of the FFO adjusted explained above.

For the year 2024, the AFFO adjusted per unit was 38.1¢ per unit compared to 40.5¢ per unit for the same period in 2023, representing a decrease of 2.4¢ per unit compared to the same period in 2023. Excluding the One-Time Adjustment, the AFFO adjusted per unit would have decreased by 0.8¢ per unit. AFFO adjusted per unit was also negatively impacted by the increase in weighted average number of units outstanding of 1.7 million units, due to the unitholder's participation in the distribution reinvestment plan.

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 35.
(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 last three years:

Years ended December 31 (in thousands of dollars)	December 31, 2024	December 31, 2023	December 31, 2022
	$	$	$
Provision for non-recoverable capital expenditures[1]	2,601	2,557	2,390
Non-recoverable capital expenditures	2,878	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:

Years ended December 31 (in thousands of dollars)	2024	2023	2022
	$	$	$
Net cash flows from operating activities	66,004	70,852	66,240
Interest paid	(32,594)	(31,324)	(27,925)
Net cash flows from operating activities less interest paid	33,410	39,528	38,315
Net distributions to unitholders	22,638	22,292	21,573
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	10,772	17,236	16,742

(1) This is a non-IFRS financial measure as defined in this page.

The following table summarizes the reconciliation of net cash flows from operating activities presented in the financial statements, AFFO[1] and FFO[1] for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Cash flows from operating activities	18,482	21,560	66,004	70,852
Leasing payroll expenses	739	401	2,297	1,443
Transaction costs on purchase and disposition of investment properties and early repayment fees	-	(37)	(468)	(83)
Adjustments for changes in other working capital items	(1,112)	(3,803)	2,592	(1,605)
Financial income	584	611	2,329	1,833
Interest expenses	(8,642)	(8,697)	(35,176)	(33,157)
Provision for non-recoverable capital expenditures[2]	(654)	(639)	(2,601)	(2,557)
Provision for non-recovered rental fees[2]	(375)	(375)	(1,500)	(1,500)
Accretion of non-derivative liability component of convertible debentures	(99)	(92)	(391)	(353)
AFFO[1]	8,923	8,929	33,086	34,873
Provision for non-recoverable capital expenditures[2]	654	639	2,601	2,557
Provision for non-recovered rental fees[2]	375	375	1,500	1,500
Straight-line rental revenue adjustment	374	197	1,198	1,963
Unit-based compensation expenses	(247)	(159)	(162)	(836)
Accretion of effective interest	(402)	(310)	(1,462)	(1,095)
Amortization of property and equipment	(21)	(20)	(72)	(99)
FFO[1]	9,656	9,651	36,689	38,863

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(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 35.

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

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Balance, beginning of period	1,215,717	1,207,090	1,207,522	1,164,881
Additions:				
Initial recognition of right-of-use assets	1,343	-	1,343	3,133
Acquisitions	(0)	-	-	36,306
Dispositions	-	-	(6,206)	-
Construction on investment property	3,590	-	10,359	-
Capital expenditures	1,524	3,800	4,510	7,510
Leasing fees and capitalized lease incentives	1,726	1,556	7,460	4,910
Fair value adjustment on investment properties	9,974	(4,480)	10,263	2,001
Other non-monetary changes[(1)]	(592)	(444)	(1,969)	(11,219)
Balance, end of period	1,233,282	1,207,522	1,233,282	1,207,522

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

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 December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Recoverable capital expenditures	1,086	1,672	1,632	2,600
Non-recoverable capital expenditures	438	1,076	2,878	3,858
Total capital expenditures	1,524	2,748	4,510	6,458
Leasing fees and leasehold improvements	1,726	1,556	7,460	4,910
Construction on investment property	3,590	-	10,359	-
Total	6,840	4,304	22,329	11,368

For the year of December 31, 2024, there is an increase of $11.0 million of improvements in investment properties, as a result of the construction of a necessity-based retail property located in Lévis, Quebec, leased on a long-term basis to Winners/Home Sense.

Finance Lease Receivable

In August 2023, a tenant exercised a purchase option of an industrial property in Edmonton, Alberta. The purchase price is $10,25 million and the closing date is December 1, 2026. The Trust derecognized the property from investment properties to classify it as a finance lease receivable.

When the Trust classified the lease as a finance lease, it recognized the net investment in the lease as a finance lease receivable on the balance sheet. The Trust subsequently recognizes financial income as earned.

The following table summarizes the finance lease for the year ended December 31, 2024, and sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Finance lease receivable	Undiscounted finance lease at inception	Unearned finance income at inception	Implicit interest rate	Interest payments	Purchase option
	$	$	$	%		
Beginning balances	10,399	13,379	(2,980)	8.44	Monthly	December 2026

As at December 31, 2024	
Beginning balance undiscounted finance lease	13,379
Received lease payments	1,298
	12,081
Beginning balance unearned finance income at inception	(2,980)
Earned finance income	1,314
	(1,666)
Finance lease receivable	10,415

	Lease payments
	$
2025	916
2026[(1)]	11,166
Total	12,082
Unearned finance income	1,666
Finance lease receivable	10,415

(1) Includes purchase option price of $10,250

Receivables

(in thousands of dollars)	December 31, 2024	December 31, 2023
	$	$
Rent receivable	2,554	2,201
Allowance for expected credit losses	(901)	(731)
Net rent receivable	1,653	1,470
Unbilled recoveries	2,793	1,572
Other receivables	410	230
Receivables	4,856	3,272

Prepaid expenses, Deposits and Property and equipment

(in thousands of dollars)	December 31, 2024	December 31, 2023
	$	$
Property and equipment	1,493	1,484
Accumulated depreciation	(1,285)	(1,213)
Net property and equipment	208	271
Prepaid expenses	1,215	1,185
Deposits	1,878	1,337
Other assets	3,301	2,793

Capital Resources

Long-term debt

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

As at December 31, 2024 (in thousands of dollars)	Balance of convertible debentures(1)	Balance of mortgages payable(1)	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2025	19,576	116,697	5.01
2026	-	167,901	4.23
2027	-	127,687	4.37
2028	-	93,759	4.68
2029	-	83,481	4.33
2030 and thereafter	-	76,082	3.65
Total	19,576	665,607	4.42

(1) Gross amounts.

The Trust has $116.7 million of mortgages that are maturing in the year. The Trust as of the date of this report has received commitment letters or letters of intent from financial institutions for the refinancing of $36.3 million and is in the process of negotiating the remaining 2024 mortgages coming to maturity.

Weighted average contractual interest rate

As at December 31, 2024, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.42% (4.35% for mortgage loans and 7.00% for convertible debentures), representing an increase of 10 basis points compared to the same period last year which was 4.32% (4.17% for mortgage loans and 6.45% for convertible debentures).

Mortgage loans

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

Periods ended December 31, 2024 (in thousands of dollars)	Quarter	Year
	$	$
Balance at beginning(1)	655,686	640,426
Mortgage loans contracted or assumed(2)	23,492	117,855
Balance repaid at maturity or upon disposition(3)	(8,600)	(73,353)
Monthly principal repayments(4)	(4,971)	(19,321)
Balance as at December 31, 2024(1)	665,607	665,607

(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 Consolidated 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 Consolidated 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 Consolidated Statements of Cash Flows within *Repayment of mortgage loans.*
(5) *The balance repaid upon disposition of 3.0M$ during the year 2024 is included in the net proceeds from disposition of investment properties in the cash flow.*

The weighted average term of existing mortgage loans was 2.8 years as at December 31, 2024, compared to 3.2 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 December 31, 2024 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2025	17,473	114,553	132,026	19.8
2026	14,220	159,734	173,954	26.1
2027	9,821	117,281	127,102	19.1
2028	5,811	85,377	91,188	13.7
2029	3,415	73,280	76,695	11.5
2030 and thereafter	7,879	56,763	64,642	9.8
Total	58,619	606,988	665,607	100.0
Unamortized fair value assumption adjustments			8	
Unamortized financing expenses			(2,702)	
Balance as at December 31, 2024			662,913	

As at December 31, 2024, the Trust was in compliance with all the contractual mortgage covenants to which it is subject.

Convertible debentures

The following table summarizes the convertible debentures for the period ended December 31, 2024:

(in thousands of dollars)	Series H(1)(2)
Par value	19,917(3)
Contractual interest rate	7%
Effective interest rate	8%
Date of issuance	September 2020
Per-unit conversion price	3.64
Date of interest payment	April 30 and October 31
Maturity date	October 2025
Balance as at December 31, 2024	19,346

(1) 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.
(2) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series H debentures by issuing tradable units freely to Series H debenture holders.
(3) Conversion of $10,083 of the Series H debenture since issuance. Conversion of $0 during the year 2024.

On October 31, 2024, the Trust fully redeemed and paid at maturity the Series G convertible debentures at their nominal value of $24.0 million.

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 December 31, 2024 and December 31, 2023:

(in thousands of dollars)	December 31, 2024	December 31, 2023
	$	$
Cash and cash equivalents	(2,471)	(912)
Mortgage loans outstanding(1)	665,607	640,425
Convertible debentures(1)	19,576	43,185
Credit facilities	44,298	36,359
Total long-term debt less cash and cash equivalents(2)(3)	727,010	719,057
Total gross value of the assets of the Trust less cash and cash equivalents(2)(4)	1,254,818	1,227,949
Mortgage debt ratio (excluding convertible debentures and credit facilities)(2)(5)	52.8%	52.2%
Debt ratio – convertible debentures(2)(6)	1.6%	3.5%
Debt ratio – credit facilities(2)(7)	3.5%	3.0%
Total debt ratio(2)	57.9%	58.6%

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS financial measure, refer to page 2 and 35.
(3) Long-term debt less free cash flow is a non-IFRS financial measure, calculated as total of: (i) fixed rate mortgage loans payable; (ii) floating rate mortgage loans payable; (iii) Series H debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (iv) 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.

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.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Adjusted EBITDA(1)	17,556	18,065	70,162	69,719
Interest expenses net of financial income(2)	8,058	8,086	32,847	31,324
Interest coverage ratio(3)	2.18	2.23	2.14	2.23

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) This is a non-IFRS financial measure. Interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units.
(3) This is a non-IFRS financial measure. Interest coverage ratio is calculated by dividing the Adjusted EBITDA(1) by Interest expenses net of financial income (as previously defined).

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2024	2023	2024	2023
	$	$	$	$
Adjusted EBITDA(1)	17,556	18,065	70,162	69,719
Interest expenses net of financial income(2)	8,058	8,086	32,847	31,324
Principal repayments	4,971	4,906	19,321	19,425
Debt service requirements	13,029	12,992	52,168	50,749
Debt service coverage ratio(3)	1.35	1.39	1.34	1.37

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) This is a non-IFRS financial measure. Interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units.
(3) This is a non-IFRS financial measure. Debt service coverage ratio is calculated by dividing the Adjusted EBITDA(1) by Debt service requirements.

Class B LP units

The following table summarizes the Class B LP units for the period ended December 31, 2024:

Period ended December 31, 2024 (in number of units)	Quarter		Year	
	Units	$	Units	$
Class B LP units outstanding, beginning of period	697,265	2,517	697,265	2,043
Fair value adjustment	-	(174)	-	300
Class B LP units outstanding, end of period	697,265	2,343	697,265	2,343

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 Québec 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 December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in number of units)	Quarter		Year	
	2024	2023	2024	2023
Units outstanding, beginning of the period	87,767,499	86,371,361	86,705,901	85,238,279
Distribution reinvestment plan	256,610	304,009	1,132,079	1,083,135
Issued - employee unit purchase plan	-	2,680	26,660	11,635
Issued - restricted unit compensation plan	-	27,851	159,479	73,127
Issued – deferred unit compensation plan	-	-	-	-
Class B LP units exchanged into Trust units	-	-	-	200,000
Issued – conversion of convertible debentures	-	-	-	99,725
Units outstanding, end of the period	88,024,109	86,705,901	88,024,109	86,705,901
Weighted average number of units outstanding	87,895,804	86,590,971	87,307,540	85,857,847
Weighted average number of Class B LP units and units outstanding	88,593,069	87,288,236	88,004,805	86,289,487

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 December 31, 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 December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in number of units)	Quarter		Year	
	2024	2023	2024	2023
Deferred units outstanding, beginning of the period	191,634	138,334	151,412	121,727
Trustees’ compensation	18,099	9,497	46,748	17,684
Distributions paid in units	4,059	3,581	15,632	12,001
Deferred units outstanding, end of the period	213,792	151,412	213,792	151,412

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 December 31, 2024, and December 31, 2023, as well as the years ended 2024 and 2023:

Periods ended December 31 (in number of units)	Quarter		Year	
	2024	2023	2024	2023
Restricted units outstanding, beginning of the period	301,249	243,841	220,306	138,583
Granted	-	7,230	268,634	157,766
Cancelled	-	(2,914)	(28,212)	(2,914)
Settled	-	(27,851)	(159,479)	(73,129)
Restricted units outstanding, end of the period	301,249	220,306	301,249	220,306

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 “non portfolio 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 December 31, 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 2025 or any other subsequent year.

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, 2024, and 2023.

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.

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, and those described in the “Risk Factors” section of BTB’s Prospectus Supplement filed on January 16, 2025 on www.sedarplus.ca which is hereby incorporated by reference.

BTB is vulnerable to global economic conditions and their impact on Canada, including but not limited to general global economic uncertainty. The impacts or effects of recent announcements made by the United States regarding potential tariffs imposed on Canadian exports, and any retaliatory tariffs imposed on the United States by Canada, remain unknown and could have significant effects on the economy, which in turn could impact BTB’s tenants and BTB’s cash flows, financial condition and results of operations.

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 Vice-President and Financial Officer concluded that the DC&P were effective as at December 31, 2024. Since December 31, 2023, Mathieu Bolté left his position as Executive Vice-President and Chief Operating & Financial Officer and 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 December 31, 2024, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

During the fourth 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 $665.6 million as at December 31, 2024, compared to $644.1 million as at December 31, 2023.
- Series H convertible debentures for a total par value of $19.9 million as at December 31, 2024.
- Credit facilities used as needed.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

Administration expenses

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

Fair value adjustment on investment properties

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

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

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

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust as at January 1, 2023 and still owned as at December 31, 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 operating income (NOI) from the same-property portfolio

Net operating 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 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-4	2024 Q-3	2024 Q-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
Net income and comprehensive income (IFRS)	18,847	5,470	7,272	7,153	1,734	15,216	10,846	8,802
Fair value adjustment on investment properties	(9,975)	(283)	-	(6)	4,480	(6,481)	-	-
Fair value adjustment on Class B LP units	(174)	335	(21)	160	(42)	(159)	(775)	-
Amortization of lease incentives	966	807	704	690	641	664	750	728
Fair value adjustment on derivative financial instruments	(760)	2,168	379	(325)	2,396	(584)	(763)	184
Leasing payroll expenses[6]	739	535	433	591	401	359	327	356
Distributions – Class B LP units	52	52	53	52	52	56	42	22
Unit-based compensation (Unit price remeasurement)[5]	(39)	342	63	409	(11)	(87)	(232)	(59)
FFO[1]	9,656	9,426	8,883	8,724	9,651	8,984	10,195	10,033
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	-	267	202	37	46	-	-
FFO Adjusted[1]	9,656	9,426	9,149	8,926	9,688	9,030	10,195	10,033
FFO per unit[1][2][3]	10.9¢	10.7¢	10.1¢	10.0¢	11.1¢	10.3¢	11.8¢	11.7¢
FFO Adjusted per unit[1][2][4]	10.9¢	10.7¢	10.4¢	10.2¢	11.1¢	10.4¢	11.8¢	11.7¢
FFO payout ratio[1]	68.8%	70.0%	74.3%	75.2%	67.5%	72.9%	63.8%	64.1%
FFO Adjusted payout ratio[1]	68.8%	70.3%	72.2%	73.5%	67.2%	72.5%	63.8%	64.1%

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The 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 35.

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-4	2024 Q-3	2024 Q-2	2024 Q-1	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
FFO[1]	9,656	9,426	8,883	8,724	9,651	8,984	10,195	10,033
Straight-line rental revenue adjustment	(374)	(247)	(183)	(394)	(197)	(842)	(291)	(633)
Accretion of effective interest	402	391	361	308	310	271	278	236
Amortization of other property and equipment	21	17	17	17	20	33	23	23
Unit-based compensation expenses	247	19	(95)	(9)	159	184	237	256
Provision for non-recoverable capital expenditures[1]	(654)	(650)	(644)	(653)	(639)	(626)	(634)	(658)
Provision for unrecovered rental fees[1]	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO[1]	8,923	8,581	7,964	7,618	8,929	7,629	9,433	8,882
Transaction costs on disposition of investment properties and mortgage early repayment fees	-	-	267	201	37	46	-	-
AFFO Adjusted[1]	8,923	8,581	8,231	7,819	8,966	7,675	9,433	8,882
AFFO per unit[1][2][3]	10.1¢	9.7¢	9.1¢	8.7¢	10.2¢	8.8¢	10.9¢	10.3¢
AFFO Adjusted per unit[1][2][4]	10.1¢	9.7¢	9.4¢	8.9¢	10.3¢	8.8¢	10.9¢	10.3¢
AFFO payout ratio[1]	74.5%	76.8%	82.9%	86.2%	72.9%	85.8%	69.0%	72.4%
AFFO Adjusted payout ratio[1]	74.5%	77.2%	80.2%	83.9%	72.6%	85.3%	69.0%	72.4%

(1) This is a non-IFRS financial measure, refer to page 2 and 35.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The 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 35.

Audited Consolidated *Financial Statements*

Year ended December 31, 2024

245 Menten Place, Ottawa, ON

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of BTB Real Estate Investment Trust ("BTB") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must of necessity be based on estimates and judgments. These consolidated financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Financial information appearing throughout our MD&A is consistent with these consolidated financial statements. In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are authorized, assets are safeguarded, and proper records are maintained.

As at December 31, 2024, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of BTB had an evaluation carried out, under their direct supervision, of the effectiveness of the controls and procedures used for the preparation of filings, as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators. Based on that evaluation, they concluded that the disclosure controls and procedures were effective.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee, which is composed entirely of Trustees who are not members of BTB's management or personnel. This Audit Committee reviews our consolidated financial statements and recommends them to the Board of Trustees for approval. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures and advising the Trustees on auditing matters and financial reporting issues.

KPMG LLP, independent auditors appointed by the unitholders of BTB upon the recommendation of the Board, have performed an independent audit of the Consolidated Financial Statements as at December 31, 2024 and 2023 and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Michel Léonard
President and Chief Executive Officer

Marc-André Lefebvre
Vice President and Chief Financial Officer

Montreal, February 24, 2025

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Telephone 514 840 2100
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of BTB Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of BTB Real Estate Investment Trust (the «Entity»), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the «financial statements»).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***«Auditor's Responsibilities for the Audit of the Financial Statements»*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the fair value of investment properties

Description of the matter

We draw attention to Note 2 (d) (ii) and Note 4 to the financial statements. Investment properties are stated at fair value at each reporting date. The Entity has recorded investment properties at fair value for an amount of $1,233,282 thousand.

Fair value is determined by the Entity using internally generated valuation models and by independent expert appraisers using recognized valuation techniques. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets. The significant inputs used to determine the fair value of investment properties are capitalization rate, terminal capitalization rate and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investment properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of investment properties and the high degree of estimation uncertainty in determining the fair value of investment properties. In addition, significant auditor judgment and specialized skills and knowledge were required in performing, and evaluating the results of our audit procedures due to the sensitivity to the Entity's determination fair value of investment properties to minor changes to significant inputs.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the design and tested the operating effectiveness of certain controls over the Entity's process for determining the fair values of investment properties, including controls related to the development of the estimates of future cash flows from assets and significant inputs.

For a selection of investment properties, we compared the estimate of future cash flows from assets to the actual historical cash flows. We assessed the adjustments, or lack of adjustments, made in arriving at the estimate of future cash flows from assets by taking into account changes in conditions and events affecting the investment properties and the Entity.

For a selection of investment properties, we involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the capitalization rates, terminal capitalization rates and discount rates. These rates were evaluated by comparing them to published reports of real estate industry commentators and considering the features of the specific investment property.

We evaluated the competence, capabilities and objectivity of the independent expert appraisers by:

- inspecting evidence that the appraisers are in good standing with the Appraisal Institute;
- considering whether the appraisers have appropriate knowledge in relation to the specific type of investment properties; and
- reading the reports of the external independent appraisers which refers to their independence.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions;
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled «Annual Report».

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled «Annual Report» is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Philippe Grubert.

KPMG LLP*

Montréal, Canada
February 24, 2025

*CPA auditor, public accountancy permit No. A120220

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023 (in thousands of CAD dollars)

	Notes	2024	2023
		$	$
Assets			
Investment properties	4	1,233,282	1,207,522
Property and equipment		208	271
Derivative financial instruments	11	1,678	2,693
Prepaid expenses and deposits		3,093	2,522
Finance lease receivable	7	10,415	10,456
Receivables	5	4,856	3,272
Cash and cash equivalents		2,471	912
Total assets		**1,256,003**	**1,227,648**
Liabilities and unitholders' equity			
Mortgage loans payable	6	662,913	638,080
Convertible debentures	8	19,346	42,460
Bank loans	9	44,298	36,359
Lease liabilities	23	8,681	7,332
Class B LP units	10	2,343	2,043
Unit-based compensation	12	2,081	1,715
Derivative financial instruments	11	737	288
Trade and other payables		19,121	19,549
Distribution payable to unitholders		2,201	2,168
Total liabilities		**761,721**	**749,994**
Unitholders' equity		**494,282**	**477,654**
		1,256,003	**1,227,648**

See accompanying notes to consolidated financial statements.

Approved by the Board on February 24, 2025.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023 (in thousands of CAD dollars)

	Notes	2024	2023
		$	$
Operating revenues			
Rental revenue	14	130,030	127,826
Operating expenses			
Public utilities and other operating expenses		25,547	23,893
Property taxes and insurance		29,432	28,554
		54,979	52,447
Net operating income		**75,051**	**75,379**
Financial income		2,329	1,833
Expenses			
Financial expenses		37,029	34,607
Distributions - Class B LP Units	10	209	172
Fair value adjustment – Class B LP Units	10	300	(976)
Net adjustment to fair value of derivative financial instruments		1,462	1,233
Net financial expenses	15	39,000	35,036
Administration expenses		9,433	7,496
Net change in fair value of investment properties and disposition expenses	4	(9,795)	(1,918)
Net income and comprehensive income for the year		**38,742**	**36,598**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2024 and 2023 (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	13	4,140	-	-	4,140
Distribution to unitholders	13	-	(26,254)	-	(26,254)
		404,914	(254,319)	304,945	455,540
Comprehensive income		-	-	38,742	38,742
Balance as at December 31, 2024		**404,914**	**(254,319)**	**343,687**	**494,282**
Balance as at January 1, 2023		**395,960**	**(202,235)**	**268,347**	**462,072**
Issuance of units, net of issuance expenses	13	4,814	-	-	4,814
Distribution to unitholders	13	-	(25,830)	-	(25,830)
		400,774	(228,065)	268,347	441,056
Comprehensive income		-	-	36,598	36,598
Balance as at December 31, 2023		**400,774**	**(228,065)**	**304,945**	**477,654**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023 (in thousands of CAD dollars)

	Notes	2024	2023
		$	$
Operating activities			
Net income for the year		38,742	36,598
Adjusted for:			
Net change in fair value of investment properties and disposition expenses	4	(9,795)	(1,918)
Depreciation of property and equipment		72	99
Unit-based compensation	12	937	445
Straight-line lease adjustment	14	(1,198)	(1,963)
Lease incentive amortization	14	3,167	2,783
Financial income		(2,329)	(1,833)
Net financial expenses	15	39,000	35,036
		68,596	69,247
Adjustment for changes in other working capital items		(2,592)	1,605
Net cash from operating activities		**66,004**	**70,852**
Investing activities			
Acquisitions of investment properties net of mortgage loans assumed	4	-	(33,825)
Additions to investment properties and others	4	(11,989)	(12,474)
Construction on investment property	4	(10,359)	-
Net proceeds from dispositions of investment properties and transaction cost	4	2,772	(83)
Net cash (used in) from investing activities		**(19,576)**	**(46,382)**
Financing activities			
Mortgage loans, net of financing expenses	21	116,703	48,866
Repayment of mortgage loans	21	(89,706)	(47,364)
Bank loans		7,776	26,352
Lease liability payments		(201)	(4)
Repayment of convertible debenture		(24,000)	-
Net distribution to unitholders		(22,638)	(22,292)
Net distribution – Class B LP units	10	(209)	(171)
Interest paid		(32,594)	(31,324)
Net cash (used in) from financing activities		**(44,869)**	**(25,962)**
Net change in cash and cash equivalents		**1,559**	**(1,492)**
Cash and cash equivalents, beginning of year		**912**	**2,404**
Cash and cash equivalents, end of year		**2,471**	**912**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023
(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 consolidated financial statements of BTB for the years ended December 31, 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Trustees on February 24, 2025.

(b) Basis of presentation and measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position which are measured at fair value:

- Investment properties (including right-of-use assets);
- Derivative financial instruments;
- Unit-based compensation;
- Class B LP Units.

The Trust presents its consolidated statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity.

(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.

(i) Critical judgements in applying accounting policies

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Trust as lessor

The Trust enters into commercial property leases on its investment properties. The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, in particular for long-term leases in single tenant properties, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for those leases as operating leases.

The Trust has determined that all leases are operating leases except for one classified as a finance lease, where the Trust had determined that it had transferred substantially all the risks and rewards of ownership to the lessee.

(ii) Significant sources of estimation uncertainty

The following are significant assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Valuation of investment properties

Investment properties are stated at fair value at each reporting date. Gains or losses arising from changes in the fair values are included in profit or loss in the period in which they arise. Fair value is determined by management using internally generated valuation models and by independent external appraisers using recognized valuation techniques. These models and techniques comprise the discounted cash flow method and the direct capitalization method and, in some cases, the Comparable method.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lease income and costs, future revenue streams, capital expenditures of fixtures and fittings, any environmental matters and the overall repair and condition of the property or stabilized net operating income) and discount, capitalization and terminal capitalization rates applicable to those cash flows. These estimates are based on local market conditions existing at the reporting date. The carrying value for the Trust's investment properties reflects its best estimate for the highest and best use as at December 31, 2024 (see Note 4).

The significant methods and assumptions used by management and the independent external appraisers in estimating the fair value of investment properties are set out below:

Techniques used for valuing investment properties

The Discounted Cash Flow method involves the projection of a series of periodic cash flows either to an operating investment property or a development investment property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the investment property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating income along with an estimate of the reversion/terminal/exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the estimated fair value of the investment property.

The direct capitalization method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires estimation of normalized annual future cash inflows and application of investor yield or return requirements in the form of capitalization rates.

The Comparable method involves the comparison of the Trust's investment properties to similar investment properties that have transacted within a recent time frame from which a fair value is estimated based on the price per square foot of these comparable sales.

Derivative financial instruments

Derivative financial instruments, including embedded derivatives, are recognized on the consolidated statement of financial position at fair value. Subsequent to initial recognition, these derivatives are measured at fair value. The fair value of derivative instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. Changes in estimated fair value at each reporting date are included in profit and loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related and if the entire contract is not measured at fair value with changes in fair value recognized in profit and loss.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Trust. Control exists when the Trust has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. Subsidiaries are consolidated from the date that control commences until the date that control ceases.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. The consolidated financial statements include the Trust's proportionate share of the joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(b) Financial instruments

(i) Recognition and initial measurement

Financial assets and liabilities are recognized when the Trust becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. If a financial asset or liability is not subsequently measured at fair value through profit or loss (FVTPL), the initial measurement includes transaction costs that are directly attributable to its acquisition or issue.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(ii) Classification and subsequent measurement

The Trust classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL; and
- those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows, and on the Trust's designation of such instruments. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL.

Financial instruments are not reclassified subsequent to their initial recognition, unless the Trust identifies changes in its business model in managing financial assets and would reassess the classification of financial instruments.

The Trust's business model objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and/or interest, and as such financial assets are generally subsequently measured at amortized cost using the effective interest method net of any impairment loss. All other financial assets, including derivatives, are subsequently measured at FVTPL.

Financial assets measured at amortized cost comprise cash and cash equivalents, restricted cash, receivables and deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with original maturities of three months or less.

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are generally subsequently measured at amortized cost using the effective interest method unless they are held for trading, they are derivatives, or they have been designated as those to be measured subsequently at FVTPL.

Financial liabilities measured at amortized cost comprise mortgage loans payable, convertible debentures, bank loans, trade and other payables and distributions payable to unitholders.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Derivative financial instruments are subsequently measured at fair value, and changes therein are recognized immediately in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Embedded derivatives in financial liabilities are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

The following table summarizes the classification under IFRS 9 Financial Instruments (''IFRS 9''):

Asset/Liability	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Mortgage loans payable	Amortized cost
Convertible debentures	Amortized cost
Bank loans	Amortized cost
Trade and other payables	Amortized cost
Distribution payable to unitholders	Amortized cost
Derivative financial instruments	Fair value through profit and loss
Class B LP Units	Fair value through profit and loss

(iii) Impairment

The Trust uses the expected credit loss (ECL) model for calculating impairment and recognizes expected credit losses as a loss allowance in the consolidated statement of financial position if they relate to a financial asset measured at amortized cost. For trade receivables, the Trust applies the simplified approach as permitted by IFRS 9 which requires lifetime expected credit losses be recognized from initial recognition of receivables. The carrying amount of these assets in the consolidated statement of financial position is stated net of any loss allowance.

Impairment losses are recorded in the Trust administration expenses in the consolidated statement of comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

(iv) Trust units

Trust units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 Financial Instruments: Presentation ("IAS 32"), in which case, the puttable instruments may be presented as equity.

BTB's trust units meet the conditions of IAS 32 and are therefore presented as equity.

(v) Convertible debentures

The convertible debentures, which are considered financial liabilities, are convertible into Trust units. Since BTB's trust units meet the definition of a financial liability, the conversion and redemption options are considered embedded derivatives. As the conversion and redemption options are not considered closely related to the debt contract host, the non-derivative and derivative components of the convertible debentures are separated upon initial recognition using the residual fair value approach. Subsequently, the non-derivative liability component is measured at amortized cost.

(vi) Class B LP Units

The Class B LP Units issued by one of the limited partnerships that the Trust controls, are classified as "financial liabilities", as they 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 measured at fair value and presented as part of the liabilities in the statement of financial position, with changes in fair value recorded in the statement of comprehensive income. The fair value of the Class B LP Units is determined with reference to the market price of the Trust units on the date of measurement. Distributions on the Class B LP Units are recognized in the statement of comprehensive income when declared.

(c) Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. The Trust capitalizes the costs incurred to increase capacity, replace certain components and make improvements after the acquisition date. The Trust also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. Investment properties includes income properties, properties under development and land held for future development if necessary.

Cost includes expenditures that are directly attributable to the acquisition of the investment properties.

The Trust makes payments to agents for services in connection with negotiating lease contracts with the Trust's lessees. These leasing fees are capitalized within the carrying amount of the related investment properties and then considered in the fair value adjustment of the investment properties at the next reporting period.

Should the use of an investment property change and be reclassified as property and equipment, its fair value at the date of reclassification would become its cost for subsequent accounting.

(d) Leases

At contract inception, the Trust assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16 Leases (''IFRS 16''), a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Trust allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(i) As a lessor

The Trust leases out its investment properties, including right-of-use assets. These leases are classified by the Trust as either operating or finance leases. For operating leasing, the Trust applies IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component. For finance leasing, the Trust applies IFRS 16 and recognized the net investment in the lease as a finance lease receivable on the balance sheet. The Trust subsequently recognizes financial income as earned.

(ii) As a lessee

The Trust recognizes a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets that meet the definition of investment property are presented within investment properties. These right-of-use assets are initially measured at cost, and subsequently measured at fair value, in accordance with the Trust's accounting policies.

However, the Trust has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g., equipment). The Trust recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Trust's incremental borrowing rate for similar assets. Generally, the Trust uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(e) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(f) Revenue recognition

(i) Rental revenue – lease components

Rental revenue for lease components is recognized when the service has been rendered and the amount of expected consideration can be reliably estimated, which is over the term of the related lease.

In most cases, revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date, or when the Trust is required to make additions to the leased property in the form of tenant improvements, upon substantial completion of the additions. Certain leases provide for tenant occupancy during periods for which no rent is due (“free rent period”) or where minimum rent payments change during the term of the lease. Accordingly, rental revenue is recognized in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which user’s benefit derived from the leased asset is diminished. Any deferred amounts related to straight-line lease adjustments are recognized within investment properties. Lease incentives which are mostly leasehold improvements and payments of monetary allowances to tenants, are amortized over the lease term as a reduction of rental revenue and are recognized as adjustments to the carrying amount of investment properties. The lease term is the non-cancellable period of the lease together with any further extension for which the tenant has the option to continue the lease, where, at the inception of the lease, the Trust is reasonably certain that the tenant will exercise that option.

Cancellation fees or premiums received to terminate leases are recognized in profit and loss at the effective date of the lease termination and when the Trust no longer has any performance obligations under the related lease.

(ii) Rental revenue – non-lease components

Leases generally provide for the tenants’ payment of maintenance expenses of common elements and other operating costs. These services are considered to be a single performance obligation rendered to tenants over time. These recoveries are accounted for as variable consideration and are recognized as operating revenues in the periods in which the services are provided.

(g) Earnings per unit

The Trust presents basic earnings per unit data for its Trust units. Basic earnings per unit are calculated by dividing the profit or loss attributable to unit holders of the Trust by the weighted average number of Trust units outstanding during the period.

(h) Financial income and financial expenses

Financial income comprises interest income on funds invested and balance of sale. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest on mortgage loans payable, convertible debentures, bank loans, lease liabilities and other payables, as well as accretion of the non-derivative liability component of convertible debentures, and accretion of effective interest on mortgage loans payable and convertible debentures.

Net financial expenses comprise financial expenses, distributions to Class B LP unitholders, fair value adjustment on Class B LP Units and changes in the fair value of derivative financial instruments.

(i) Operating segment

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Trust’s other components. All operating segments’ operating results are reviewed regularly by the Trust’s Chief Executive Officer (“CEO”) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(j) Unit-based compensation

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

Compensation costs related to the deferred unit compensation plan for trustees and certain executive officers are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss.

(ii) Employee unit purchase plan

Compensation costs related to the employee unit purchase plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units and are revalued at settlement date. Any changes in fair value are recognized as compensation expense in profit or loss.

(iii) Restricted unit compensation plan

Compensation costs related to the restricted unit compensation plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss. The compensation expense is amortized using the graded vesting method.

(iv) Cash settled share-based retirement compensation plan

Compensation costs related to the RA Plan are recognized as the phantom units are granted and subsequently remeasured at each reporting period date at fair value. The plan is considered cash-settled share-based payments. The phantom units are recognized as a liability and remeasured at fair value based on the trading price of the Trust units at each reporting date with the change in profit or loss.

(k) Income taxes

BTB is a mutual fund trust and a Real Estate Investment Trust (''REIT'') pursuant to the Income Tax Act (Canada). Under current tax legislation, a REIT is entitled to deduct distributions of taxable income such that, it is not liable to pay income tax provided that its taxable income is fully distributed to unitholders. BTB has reviewed the proscribed conditions under the Income Tax Act (Canada) and has determined that it qualifies as a REIT for the year. BTB intends to continue to qualify as a REIT and to make distributions not less than the amount necessary to ensure that BTB will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements.

(l) Fair value measurement

The Trust measures financial instruments, such as derivatives, and non-financial assets, such as investment properties (including right-of-use assets), at fair value at each reporting date. Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. Investment Properties

For the years ended December 31,	2024	2023
	$	$
Balance beginning of year	1,207,522	1,164,881
Initial recognition of right-of-use assets	1,343	3,133
Acquisitions of investment properties (note 4(a))	-	36,306
Dispositions of investment properties (note 4(b))	(6,206)	-
Construction on investment property	10,359	-
Capital expenditures	4,510	7,510
Capitalized leasing fees	1,350	2,247
Capitalized lease incentives	6,110	2,663
Lease incentives amortization	(3,167)	(2,783)
Straight-line lease adjustment	1,198	1,963
Net transfer to finance lease	-	(10,399)
Net changes in fair value of investment properties	10,263	2,001
Balance end of year	**1,233,282**	**1,207,522**

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. 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. Management may also select properties based on its assessment of circumstances that in its view would require an independent external appraisal. These appraisers have appropriate professional qualifications and use recognized valuation techniques, comprising the discounted cash flow, the direct capitalization and comparable methods.

At December 31, 2024, independent external appraisals were obtained for investment properties with an aggregate fair value of $687,580, equivalent to 56% of the fair value of the investment properties. For the full year 2024, a gain of $10,263 of net changes in fair value has been recorded, reflecting stability in capitalization rates across all 3 asset classes as well as updated cash flows assumptions.

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.

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 December 31, 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%	6.25% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.11%	7.00%	7.03%
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 December 31, 2024, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at December 31, 2024.

Capitalization rate sensitivity **Increase (decrease)**	Fair Value	Change in fair value
	$	$
(0.50)%	1,334,425	101,143
(0.25)%	1,281,834	48,552
Base rate	1,233,282	-
0.25%	1,188,315	(44,967)
0.50%	1,146,546	(86,736)

(a) Acquisitions

There were no acquisitions during the year ended December 31, 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 were as follows:

Disposal date	Property type	Location	Gross proceeds	Mortgage reimbursement	Disposition expenses	Net proceeds
			$	$	$	$
February 2024	Suburban office	Montréal, QC	3,089	(1,563)	(234)	1,292
February 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

For the years ended December 31,	2024	2023
	$	$
Net changes in fair value of investment properties	10,263	2,001
Disposition expenses	(468)	(83)
	9,795	**1,918**

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 years ended December 31, 2024 and December 31, 2023:

Years ended December 31 (in thousands of dollars)	Year	
	2024	2023
	$	$
Industrial	8,553	32,503
Suburban office	(5,426)	(27,508)
Necessity-based retail	7,136	(2,994)
Total change in fair value	**10,263**	**2,001**

5. Receivables

As at December 31,	2024	2023
	$	$
Rents receivable	2,554	2,201
Allowance for expected credit losses	(901)	(731)
Net rents receivable	1,653	1,470
Unbilled recoveries	2,793	1,572
Other receivables	410	230
Total	**4,856**	**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, staggering its lease terms and avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues. Management conducts due diligence on new tenants and if deemed necessary credit assessments for certain 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.

6. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $1,192,196 as at December 31, 2024 (December 31, 2023 – $1,168,069).

As at December 31,	2024	2023
	$	$
Fixed rate mortgage loans payable	544,474	565,519
Floating rate mortgage loans payable	121,133	74,906
Unamortized fair value assumption adjustments	8	160
Unamortized financing expenses	(2,702)	(2,505)
Mortgage loans payable	**662,913**	**638,080**
Short-term portion	132,026	160,278
Weighted average interest rate	4.35%	4.37%
Weighted average term to maturity (years)	2.79	3.24
Range of annual rates	2.37% - 7.07%	2.37% - 8.95%

As at December 31, 2024, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2025	17,473	114,553	132,026
2026	14,220	159,734	173,954
2027	9,821	117,281	127,102
2028	5,811	85,377	91,188
2029	3,415	73,280	76,695
Thereafter	7,879	56,763	64,642
	58,619	**606,988**	**665,607**
Unamortized fair value assumption adjustments			8
Unamortized financing expenses			(2,702)
			662,913

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 11). 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 December 31, 2024	As at December 31, 2023
	$	%			$	$
June 2016	13,000	3.45	Quarterly	June 2026	9,865	10,257
November 2017	23,075	3.93	Monthly	December 2027	18,694	19,392
May 2024	16,860	6.31	Monthly	May 2029	16,704	-
June 2024	25,400	6.02	Monthly	June 2029	25,220	-
August 2024	23,132	3.98	Monthly	November 2027	21,860	-
September 2024	11,000	4.54	Monthly	September 2029	10,916	-
Total	**112,467**				**103,259**	**29,649**

7. Finance Lease Receivable

The following table summarizes the finance lease for the period ended December 31, 2024 and sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Finance lease receivable	Undiscounted finance lease at inception	Unearned finance income at inception	Implicit interest rate	Interest payments	Purchase option
	$	$	$	%		
Beginning balances	10,399	13,379	(2,980)	8.44	Monthly	December 2026

As at December 31, (in thousands of dollars)	2024	2023
	$	$
Beginning balance undiscounted finance lease	13,379	13,379
Received lease payments	1,298	382
	12,081	12,997
Beginning balance unearned finance income at inception	(2,980)	(2,980)
Earned finance income	1,314	439
	(1,666)	(2,541)
Finance lease receivable	10,415	10,456

As at December 31, 2024, the undiscounted lease payments to be received are as follows:

	Lease payments
	$
2025	915
2026[1]	11,166
Total	12,081
Unearned finance income	1,666
Finance lease receivable	10,415

(1) Includes purchase option price of $10,250.

8. Convertible Debentures

As at December 31, 2024, the Trust had the following subordinated, unsecured, debenture outstanding.

		Interest rates				
	Capital	Coupon	Effective	Unit conversion price	Interest payments	Maturity
		%	%	$		
Series H	19,917	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at December 31, 2024			
Non-derivative liability component upon issuance	-	27,309	27,309
Accretion of non-derivative liability component	-	1,446	1,446
	-	28,755	28,755
Conversion options exercised by holders	-	(9,179)	(9,179)
	-	19,576	19,576
Unamortized financing expenses	-	(230)	(230)
Non-derivative liability component	**-**	**19,346**	**19,346**
Conversion and redemption options liability (asset) component at fair value		**(1,678)**	**(1,678)**

	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

On October 31, 2024, the Trust fully redeemed and paid at maturity the Series G convertible debentures at their nominal value of $24,000.

Series H

During the year ended December 31, 2024, no conversion options have been exercised by holders of debentures. Since issuance, a nominal amount of $10,083 has been exercised by holders of debentures.

9. Bank Loans

The Trust has access to three 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 December 31, 2024, $42,798 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 $37,276 and by negative pledge of a selection of borrowing base properties having a fair value of $329,782.

The second facility is 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 December 31, 2024, $ 1,500 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 $90,562.

The third facility is a revolving line of credit, unsecured in the amount of $2,000. This line of credit bears interest at a rate of 1% above the prime rate. At December 31, 2024, no amount was due under the operating line of credit (December 31, 2023 – $0).

10. Class B LP Units

Years ended	December 31, 2024		December 31, 2023	
	Units	$	Units	$
Units outstanding, beginning of year	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	-	300	-	(976)
Units outstanding, end of year	**697,265**	**2,343**	**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.

As at December 31,	2024	2023
	$	$
Distribution to Class B LP unitholders	209	171
Distribution per Class B LP unit	0.300	0.300

11. 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 December 31, 2024, because of their short-term maturity or because they bear interest at current market rates.

As at December 31, 2024	Carrying amount		Fair value	
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures asset (note 8)	(1,678)	-	-	(1,678)
Interest rate swap liability	737	-	737	-
Class B LP Units (note 10)	2,343	2,343	-	-
For which fair values are disclosed				
Mortgage loans payable (note 6)	665,607	-	649,345	-
Convertible debentures, including their conversion and redemption features (note 8)	17,668	20,375	-	-
Bank loans (note 9)	44,298	-	44,298	-

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 carrying amount of the bank loans approximates their fair value due to their short-term maturity.

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 interest rate swaps, 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
	$
Year ended December 31, 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	(1,966)
Balance end of year	**(1,678)**

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 December 31, 2024:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	(1,679)	13.70
December 31, 2024	(1,678)	14.20
0.50%	(1,677)	14.70

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.

12. 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 years ended December 31,	2024	2023
	Deferred units	Deferred units
Outstanding, beginning of year	151,412	121,727
Trustees' compensation	46,748	17,684
Distributions paid in units	15,632	12,001
Outstanding, end of year	**213,792**	**151,412**

As at December 31, 2024, the liability related to the plan was $723 (December 31, 2023 - $438). The related figures recorded in profit and loss amounted to an expense of $286 for the year ended December 31, 2024 (for the year ended December 31, 2023 – revenue of $8).

(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 December 31, 2024, the liability related to the plan was $78 (December 31, 2023 - $87). The related expense recorded in profit and loss amounted to $64 for the year ended December 31, 2024 (for the year ended December 31, 2023 - expense of $67). The 26,650 units related to 2023 purchases were issued in the year 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:

For the years ended December 31,	2024	2023
	Restricted units	Restricted units
Outstanding, beginning of period	220,306	138,583
Granted	268,634	157,766
Cancelled	(28,212)	(2,914)
Settled	(159,479)	(73,129)
Outstanding, end of year	**301,249**	**220,306**

As at December 31, 2024, the liability related to the plan was $563 (December 31, 2023 - $597). The related expense recorded in profit and loss amounted to $461 for the year ended December 31, 2024 (for the year ended December 31, 2023 – expense of $390).

(d) Cash settled share-based retirement compensation plan

As at December 31, 2024, the long-term obligation related to the plan was $717 (December 31, 2023 - $593). The related expense recorded in profit and loss amounted to $126 for the year ended December 31, 2024 (for the year ended December 31, 2023 – revenue of $4).

13. 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:

Year ended December 31,	2024		2023	
	Units	$	Units	$
Trust units outstanding, beginning of year	86,705,901	400,774	85,238,279	395,960
Issue pursuant to the distribution reinvestment plan (a)	1,132,079	3,570	1,083,135	3,441
Issue pursuant to the employee unit purchase plan (note 12 (b))	26,650	75	11,635	33
Issue pursuant to the restricted unit compensation plan (note 12 (c))	159,479	495	73,127	239
Class B LP units exchanged into Trust units	-	-	200,000	760
Issue pursuant to conversion of convertible debentures (note 8)	-	-	99,725	341
Trust units outstanding, end of year	**88,024,109**	**404,914**	**86,705,901**	**400,774**

(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, the unitholders can elect to have the cash distributions reinvested in 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

For the years ended December 31,	2024	2023
	$	$
Distribution to unitholders	26,254	25,830
Distribution per Trust unit	0.300	0.300

(c) Normal course issuer bid (“NCIB”)

As of December 31, 2024, no units have been repurchased for cancellation.

14. Rental Revenues

For the years ended December 31,	2024	2023
	$	$
Base rent and other lease generated revenues	79,676	80,322
Lease cancellation fees	45	-
Property tax and insurance recoveries	26,651	25,449
	106,372	105,771
Operating expenses recoveries and other revenues	25,627	22,875
Lease incentive amortization	(3,167)	(2,783)
Straight-line lease adjustment	1,198	1,963
	130,030	**127,826**

The Trust as lessor enters into leases on its investment properties. Initial lease terms are generally between three and ten years and generally include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to terminate before the end of the lease term. The Trust has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Future minimum base rentals receivable under non-cancellable operating leases as at December 31, 2024 are as follows:

	2024
	$
Within one year	116,459
Beyond one year but within two years	96,366
Beyond two years but within three years	80,368
Beyond three years but within four years	68,616
Beyond four years but within five years	56,227
Beyond five years	180,444
	598,480

15. Net Financial Expenses

For the years ended December 31,	2024	2023
	$	$
Interest on mortgage loans payable	28,880	27,426
Interest on convertible debentures	2,594	2,835
Interest on bank loans	3,203	2,478
Interest on lease liabilities	392	354
Other interest expense	107	65
Accretion of non-derivative liability component of convertible debentures	391	355
Accretion of effective interest on mortgage loans payable and convertible debentures	1,462	1,095
Distributions - Class B LP Units	209	171
Fair value adjustment – Class B LP Units	300	(976)
Net adjustment to fair value of derivative financial instruments	1,462	1,233
	39,000	**35,036**

16. Expenses by Nature

For the years ended December 31,	2024	2023
	$	$
Depreciation	72	99
Employee compensation and benefits expense	11,733	9,516

17. 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:

For the years ended December 31,	2024	2023
	$	$
Net income	38,742	36,598
Weighted average number of trust units outstanding – basic	88,004,805	86,289,487
Earnings per unit – basic	**0.44**	**0.42**

18. Capital and Financial Risk Management

This note presents information about the Trust's management of capital and the Trust's exposure to financial risk and its objectives, policies and processes for measuring and managing risk.

(a) Capital Management

The Trust's capital consists of contributions by unitholders, convertible debentures, mortgage loans and bank loans, excluding issuance costs. In managing its capital, the Trust's objectives are to ensure that it has adequate resources for its operations and development, while maximizing returns for unitholders and maintaining a balance between debt and equity.

The Trust manages its capital structure based on changes in its operations, the economic climate and the availability of capital.

The Trust's capital is as follows:

As at December 31,	2024	2023
	$	$
Cash and cash equivalents	(2,471)	(912)
Mortgage loans payable[1]	665,607	640,425
Convertible debentures[1]	19,576	43,185
Bank loans	44,298	36,359
Mortgage loans payables, Convertible debentures and Bank loans adjusted for Cash and cash equivalents	**727,010**	**719,057**
Total assets	1,256,003	1,227,648
Accumulated depreciation on Property and equipment	1,286	1,213
Cash and cash equivalents	(2,471)	(912)
Total assets adjusted for accumulated depreciation and cash and cash equivalents	**1,254,818**	**1,227,949**

(1) Excluding issue costs

As at December 31,	2024	2023
	%	%
Mortgage loans payable, Convertible debentures and Bank loans adjusted for Cash and cash equivalents / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	57.9	58.6
Mortgage loans payable / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	53.0	52.2

(b) Financial Risk Management

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- fair value risk (see note 11)

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk

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, staggering its lease terms and avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues. Management conducts due diligence on new tenants and if deemed necessary credit assessments for certain new tenants. The Trust analyzes its trade receivable 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. As at December 31, 2024, overdue rent receivable amounted to $1,189 (December 31, 2023 - $785). An allowance for expected credit losses of $901 (December 31, 2023 - $731) has been recorded. This allowance contains overdue rent receivable and other specific isolated trade receivable provisions. Management expects to recover the amounts not provisioned as all lease agreements are signed, and they are in continuous discussions for collections with the tenants.

The Trust places its cash and cash equivalents with Canadian financial institutions with high credit ratings. Credit ratings are actively monitored and these financial institutions are expected to meet their obligations.

The Trust is also exposed to credit risk with respect to derivative financial instruments that are in an unrealized gain position, for which the credit exposure is equal to the positive fair value of the outstanding contracts. The Trust only enters into derivative financial instruments with Canadian financial institutions with high credit ratings.

(ii) Interest rate risk

Interest rate risk reflects the risk of changes in the fair value or future cash flows of a financial instrument because of fluctuations in market interest rates.

Except for one mortgage loan outstanding of $17,874 as at December 31, 2024 bearing interest at variable rates and six mortgages loans outstanding of $103,259 as at December 31, 2024 covered by a floating-to-fixed interest rate swap agreement, all other mortgage loans payable and convertible debentures bear interest at fixed rates. Accordingly a 100-basis point increase or decrease in the average interest rates for the fiscal year, assuming that all other variables remain constant, would have an impact of approximately $1,211 on the Trust's comprehensive income for the year ended December 31, 2024.

(iii) Liquidity risk

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

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

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

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios. As at December 31, 2024, the Trust was in compliance with all the covenants to which it was subject.

The Trust's cash position is regularly monitored by management. The following are the contractual maturities of financial liabilities, including estimated interest payments:

As at December 31, 2024			Estimated payment schedule					
	Carrying amount	Total contractual cash flows	2025	2026	2027	2028	2029	2030 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	19,121	19,240	19,184	56	-	-	-	-
Distributions payable to unitholders	2,201	2,201	2,201	-	-	-	-	-
Lease liabilities	8,681	19,307	477	471	479	502	510	16,868
Bank loans	44,298	44,298	44,298	-	-	-	-	-
Mortgage loans payable and convertible debentures	682,259	758,668	176,920	193,777	140,182	98,169	80,492	69,128
	756,560	843,714	243,080	194,304	140,661	98,671	81,002	85,996

As at December 31, 2023			Estimated payment schedule					
	Carrying amount	Total contractual cash flows	2024	2025	2026	2027	2028	2029 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	19,549	19,851	19,732	63	56	-	-	-
Distributions payable to unitholders	2,168	2,168	2,168	-	-	-	-	-
Lease liabilities	7,332	17,475	372	378	384	387	404	15,550
Bank loans	36,359	36,359	36,359	-	-	-	-	-
Mortgage loans payable and convertible debentures	680,540	765,338	208,818	106,269	136,032	119,776	87,242	107,201
	745,948	841,714	267,449	106,710	136,472	120,163	87,646	122,751

19. Subsidiaries and Joint Arrangements

(a) Subsidiaries

The principal wholly owned subsidiaries included in the Trust's consolidated financial statements are as follows:

Entity	Type
BTB, Acquisition and operating Trust ("BTB A&OT")	Trust
BTB Real Estate Management Inc.	Corporation
Immeuble BTB Crescent Sainte-Catherine Inc	Corporation
Cagim Real Estate Corporation ("CREC")	Corporation
BTB Real Estate Limited Partnership	Limited Partnership
Lombard	Limited Partnership
Place d'affaire Lebourgneuf Phase II ("PAL II")	General Partnership
Société immobilière Cagim	Limited Partnership

(b) Joint arrangements

The Trust has investments in joint arrangements whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangements. Therefore, the joint arrangements are classified as joint operations. The joint operations included in the Trust's consolidated financial statement are as follows:

As at December 31,		2024	2023
Property	Location	%	%
Immeuble BTB/Laplaine	Terrebonne, QC	50	50
Huntington/BTB Montclair	Gatineau, QC	50	50

The consolidated financial statements include the Trust's proportionate share of the assets, liabilities, revenues and expenses of these joint arrangements. Summarised financial information is as follows:

As at and for the years ended December 31,	2024	2023
	$	$
Assets	22,847	22,038
Liabilities	(10,291)	(12,791)
Revenues	2,412	2,021
Expenses	1,870	2,120
Net change in fair value of investment properties	485	289

20. Operating Segments

For investment properties, discrete financial information is provided to the Chief Executive Officer and Chief Financial Officer on an aggregated investment property basis. The information provided is net rentals (including gross rent and property expenses) and fair value of investment properties. The individual investment properties are aggregated into segments with similar economic characteristics. The Chief Executive Officer and Chief Financial Officer 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
	$	$	$	$
Year ended December 31, 2024				
Investment properties	452,559	512,829	267,894	**1,233,282**
Rental revenue from properties	33,368	66,026	30,636	**130,030**
Net operating income	23,981	33,203	17,867	**75,051**
Year ended December 31, 2023				
Investment properties	440,120	518,345	249,057	**1,207,522**
Rental revenue from properties	32,682	65,943	29,201	**127,826**
Net operating income	23,837	34,209	17,333	**75,379**

21. Supplemental Cash Flow Information

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities:

	Convertible debentures	Mortgage loans payable
Year ended December 31, 2024	$	$
Balance beginning of year	42,460	638,080
Mortgage loans, net of financing costs	-	116,703
Repayment of mortgage loans	-	(89,706)
Repayment of mortgage loans from dispositions of investment properties(1)	-	(2 966)
Repayment of convertible debentures	(24,000)	-
Fair value assumption adjustments and financing costs amortization	495	802
Accretion of non-derivative liability component	391	-
Balance end of year	**19,346**	**662,913**

(1) Included in net proceeds from dispositions of investment properties and transaction cost in cash flow.

22. Compensation of Key Management Personnel and Trustees

Key management personnel and Trustees compensation is as follows:

For the years ended December 31,	2024	2023
	$	$
Salaries and short-term benefits	2,678	2,425
Unit-based compensation	937	445
Total	3,615	2,870

Key management personnel are comprised of the Trust's President & Chief Executive Officer, Vice President & Chief Financial Officer and Vice President Operations.

23. Leases Commitments and Contingencies

(a) Leases

Lease liabilities

As at December 31,	2024	2023
Maturity analysis - contractual undiscounted cash flows	$	$
Within one year	477	372
Beyond one year but within five years	1,962	1,553
Beyond five years	16,868	15,550
Total undiscounted lease liabilities	**19,307**	**17,475**
Lease liabilities included in the statement of financial position	8,681	7,332
Current	44	6
Non-current	8,637	7,326

Amounts recognised in profit and loss and statement of cashflows

As at December 31,	2024	2023
Profit and loss	$	$
Interest on lease liabilities (note 15)	392	354
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	410	443
Statement of cash flow		
Total cash outflow for leases	802	797

(b) 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.

24. Subsequent events

On January 23, 2025, the Trust issued Series I convertible, unsecured, subordinated debentures bearing 7.25% interest payable semi-annually and maturing on February 28, 2030, in the amount of $40,250. The debentures are convertible at the holder's option at any time before February 28, 2030, at a conversion price of $4.10 per unit.

On February 24, 2025, the Trust fully redeemed and paid at maturity the Series H convertible debentures at their nominal value of $19,576.

Corporate *Information*

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

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Annual General Meeting
June 10th, 2025
Location and time TBA