Building on an Industrious Strategy

2022 Annual Report

BTB

Our Mission

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

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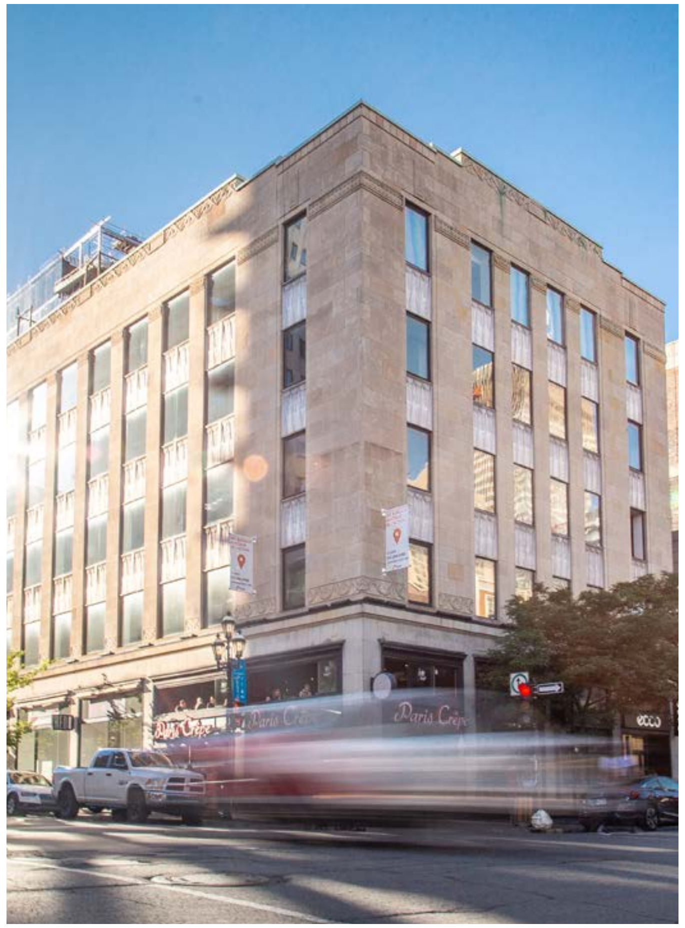


A Word from our CEO and Chair of the Board

Michel Léonard,
President and CEO

Despite 2022 being a globally challenging year, BTB showed its resistance and solidity after 17 years of operations. Our well-established position in the Canadian landscape makes our investment trust one of the most important in Québec.

For BTB, 2022 was marked by the formal implementation of its strategic repositioning announced in 2021, aimed at accentuating its growth focused on industrial properties (60% by 2026) and geographic diversification across Canada. The main objective behind this transformation is to create significant value for our shareholders, mitigate risks during this period of economic instability and improve the overall performance of our portfolio. From this perspective, BTB has carried out a number of important transactions and initiatives as part of this strategic alignment in 2022. We are talking about more than $94.4M invested in six new buildings, the integration of new business intelligence system at the operational level, the launch of a website in line with our ambitious brand identity and the general achievement of our objectives for the year.

A well-grounded strategy

We started 2022 auspiciously with the integration of the acquisition of an industrial portfolio comprising nine industrial properties located in Western Canada at the end of 2021. A springboard in the implementation of BTB's strategic vision.

During the year, BTB disposed of eight properties, or 535,000 square feet, and purchased six, representing 354,000 square feet and $94.4 million in terms of acquisitions. In total, four of the six properties acquired in 2022 are industrial properties and located in Ottawa and Edmonton. Consequently, 67% of the properties acquired since 2021 are concentrated in the industrial sector, 30% of which are located in Edmonton and 20% in Saskatoon. This year, we have also invested in two class A office buildings in one of the liveliest neighbourhoods of Ottawa, Ontario. It is important to note that the dispositions negatively affected our rental income by $3.5 million. On the other hand, the acquisitions contributed positively by $22.2 million, which is why we see a significant increase in rental income of 19.1% compared to 2021.

BTB continues to invest in the industrial properties segment and reduces its investments in office properties while continuing its geographic expansion. As a reference, BTB increased its percentage of ownership of industrial buildings by 10% and reduced its detention of office buildings by 6% compared to 2021. At the end of 2022, BTB's portfolio is diversified with 30% of assets located outside the province of Québec with the following composition: 29.6% industrial buildings, 49.0% office properties and 21.4% necessity-based retail properties. One more step that brings us closer to our 2026 goals.

Our clients: our main source of satisfaction

There is nothing more rewarding than the trust that our clients place in us. Over time, they have shown their support to us, and this is still the case today, since we have reached a rent collection rate of 99.3% for the year and finish 2022 with an occupancy rate of 93.2%.

We have thus renewed 505,189 square feet of leases and signed 167,602 square feet of new leases for a total of 672,791 square feet. Our top ten clients, including the Government of Québec, the Government of Canada, Walmart, WSP Canada, and Desjardins, among others, generate more than 24% of our income. A proportion of 28.9% of the Trust's total income therefore comes from leases signed with government organizations from the federal, provincial and municipal sectors and public companies, ensuring high stability and quality for our operating cash flows.

Finally, it is interesting to note that BTB managed to increase the average rent by 12.2% this year. The most striking rent increase is in the office building segment, up by 14.1%. These rent increases, coupled with other factors such as a decrease of $3.5 million linked to the dispositions concluded since the fourth quarter of 2021, an increase of $22.2 million linked to new acquisitions, and an increase in the physical occupancy rate, result in a rental income of $119.5 million, a level never previously reached by BTB (+19.1 % compared to the corresponding period of the previous financial year).

As always, we must highlight the work of our leasing teams who have redoubled their efforts to target new clients, maintain a privileged relationship with our existing clients and adequately meet their needs to solidify the foundations of BTB.

An overview of the results of the fourth quarter of 2022 and of our annual performance

Our financial results for the fourth quarter have considerably improved throughout our asset classes and the different geographic regions. In 2022, our net operating income (NOI) increased by 25.0% and our same-property portfolio increased by 3.4% compared to the corresponding period of 2021. With regards to our rental income, it is up by 17.5% for the quarter, around $120 M on an annual basis, a first in the history of BTB.

Recurring FFO payout ratio was 66.1% compared to 71.2% for the year 2021. The recurring AFFO payout ratio was 73.3% compared to 77.9% for the year 2021. It is essential to note that these ratios had never been reached before the end of the financial year 2022.

Our debt ratio testifies to the diligence and dedication of our teams, who have been busy maintaining this rate below 60.0%. Indeed, the quarter ends with a total debt ratio of 58.5%, an improvement of 2.0% compared to December 31, 2021. BTB also implemented a strategy as to the acquisition of a series of debentures maturing next year. Regarding the mortgages of BTB, only $50M in loans come to maturity this year. Although an increase in interest rates is envisaged, these renewals will not significantly affect BTB's results in the coming months.

Sustainability and governance: our priorities for the coming year

We know how important concerns related to ESG criteria are in investment decision-making and can also contribute to the well-being of our clients. Given the nature of our activities, and because we are a public company, we are responsible for aligning ourselves to market standards and maintaining undeniable transparency with regards to the impact our company has on the environment. This is why we are committed to defining key ESG criteria and targets that will allow us to publish our first ESG report by the end of 2023. With the support of experts in the matter, we intend to raise awareness on these questions in all departments at BTB in order to optimize our practices and the performance of our buildings while contributing to a lasting future.

It is important to underline the departure of Daniel Fournier who sat on our Board of Trustees. We are extremely grateful for his contribution to BTB's growth in the past two years. We wish him the greatest success in his future endeavours.

It is also necessary to underline the commitment and contribution of the members of the Board. Their vast experience, good judgment and sense of responsibility are an important asset to our company.

We are responsible for aligning ourselves to market standards and maintaining undeniable transparency with regards to the impact our company has on the environment.

What to expect in 2023?

The year 2022 proved the importance of diversifying one's portfolio, a point on which BTB has been emphasizing for almost three years. The quality of our portfolio and the selection of solid assets have preserved our results and secured the revenue of our investors by finishing the financial year of 2022 on a positive note. This year again, our Trust has demonstrated its robustness and its desire to go even further. We are proud to build our future on an industrious strategy, and we are approaching 2023 serenely. It goes without saying that our teams are ready to take up the challenges of this new year.

We wanted to end by thanking our investors who continue, year after year, to believe in our plan and our commitment to manage this business in a prudent, but profitable way. We are grateful for this trust and work hard to make this relationship last.

We also wanted to thank all our teams without whom such results would not be possible and ultimately our Board of Trustees whose commitment to BTB is total.

Jocelyn Proteau,
Chair of the Board
of Trustees

Our History

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

2005–2006

-

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

2006–2008

-

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

2010

-

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

2011–2012

-

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

2017–2019

-

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

2021

-

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

2022

-

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

Highlights

$1.2B
Total assets

73
Properties

5.9M sq. ft.
Total leasable area

93.2%
Occupancy rate

Rental income

Q4 2022:
$31.5M
Q4 2021: $26.8M

2022:
$119.5M
2021: $100.3M

Same-property NOI

Q4 2022:
$13.8M
Q4 2021: $12.9M

2022:
$52.5M
2021: $50.7M

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

Q4 2022:
11.8¢
Q4 2021: 11.0¢

2022:
45.4¢
2021: 42.1¢

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

Q4 2022:
74.9%
Q4 2021: 80.0%

2022:
73.3%
2021: 77.9%

(1) This is a non-IFRS financial measure, refer to page 45.

2022 has had its share of challenges, yet our teams have never weakened. On the contrary, they demonstrated flexibility, dedication and resilience throughout the year. Once again, all our energy was directed towards achieving and exceeding our annual objectives, offering quality service to our clients and the ambition to always go further.

Our results for the fourth quarter of 2022 are record-breaking and representative of our perseverance. Compared to the corresponding period of 2021, we see a 3.4% increase in the same property net operating income (NOI), a 19.1% improvement in rental income and a recurring AFFO payout ratio amounting to 73.3%, for a difference of 4.6%.

As such, we are proud to close the year with the following highlights. Our business strategy has proven itself. We need only continue our efforts in this direction and keep on building on our industrious strategy.

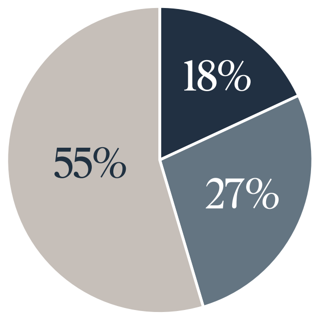
Asset Types

BTB's presence in Canada's primary markets such as the Greater Montréal Area, Quebec City, Ottawa, Edmonton and Saskatoon has continued to grow this year.

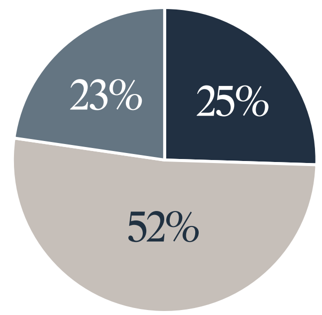
Our investment strategy has focused on industrial and office assets with the acquisition of two industrial properties in Edmonton (AB), one industrial property in Montreal (QC) and another in Ottawa (ON), as well as two office properties in Ottawa (ON) for a total of 354,637 square feet of leasable area.

We are taking advantage of this momentum to get closer to our 2026 objectives and end the year with a total of 73 properties and 5.9 M square feet of leasable area. Here is the breakdown by total leasable area of our asset portfolio by region as well as a comparison with the last two years.

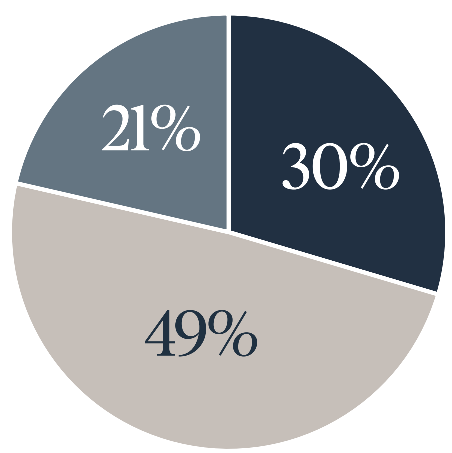
Q4 2020



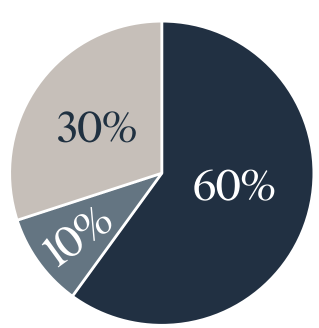
Q4 2021



Q4 2022



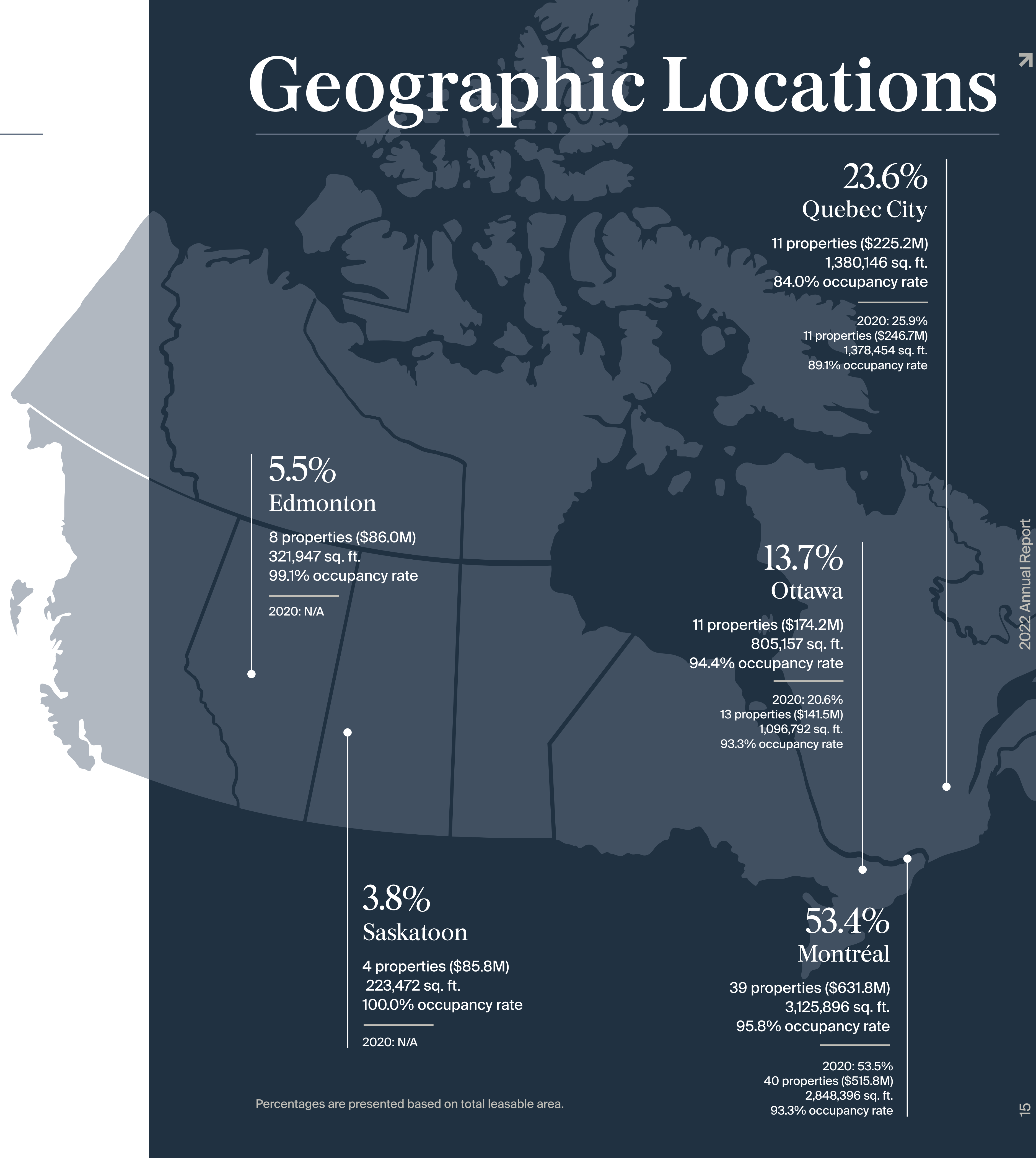
2026 Objective



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

Percentages are presented based on property value.

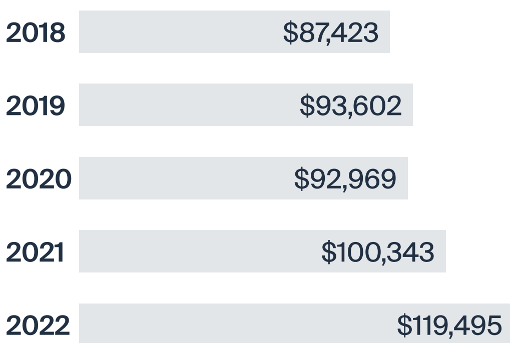
Geographic Locations



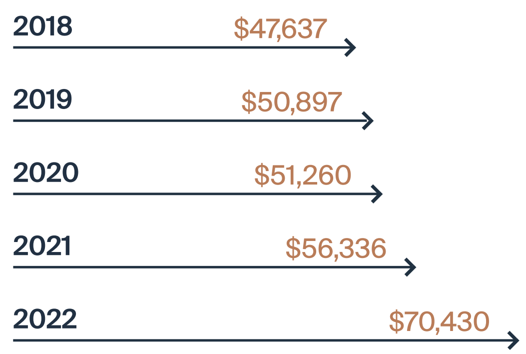
Percentages are presented based on total leasable area.

Key Metric Evolution*

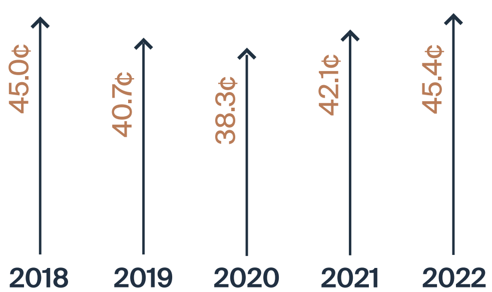
Rental revenue



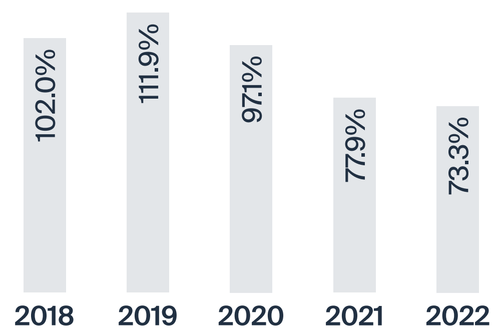
NOI



Recurring FFO per unit[(1)]

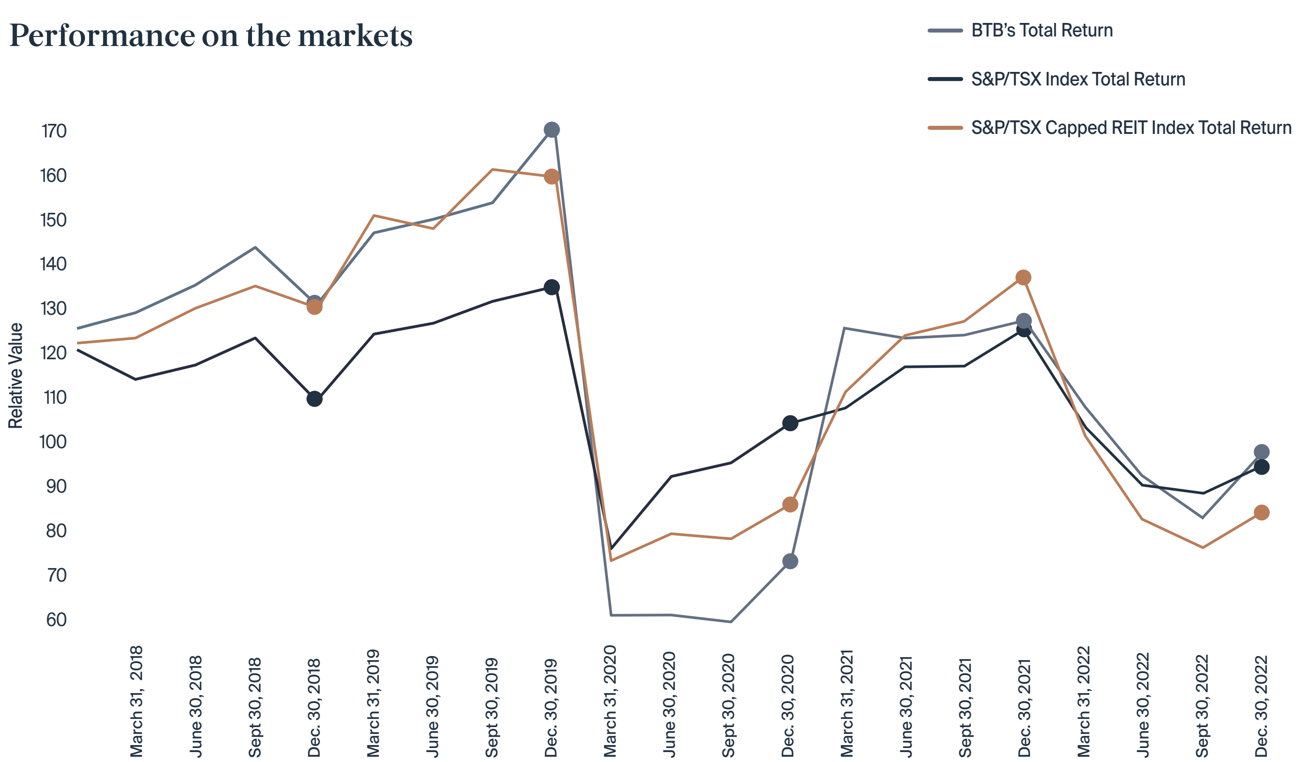


Recurring AFFO payout ratio[(1)]



*For the years ending on December 31, in thousands of dollars. (1) This is a non-IFRS financial measure, refer to page 45.

Performance on the markets



Approachable

Top 10 Clients

Above is a list of our top 10 clients based on revenue and leased area. They make up 24.0% of our total revenue and 21.8% of our total leased area, equalling 1,277,364 square feet.

2023 ESG Priorities

This year, BTB teams will be mobilized to centralize existing sustainable development efforts, improve them, and identify new opportunities to minimize our environmental footprint. The main objective for 2023 lies in the drafting and preparation of a first ESG report, and consequently in the definition of the environmental, social and governance targets that we will have set. We will strive to disclose quantifiable and transparent information.

To accomplish this, we are currently focusing on managing the renewal of expiring BOMA BEST® certifications. At the same time, we are looking to increase the number of hives installed on the roof of our properties in partnership with Alvéole, which now total fourteen (14). The addition of new BOMA BEST® and LEED® certified buildings is also part of our longer-term strategy.

The main objective for 2023 lies in the drafting and preparation of a first ESG report, and consequently in the definition of the environmental, social and governance targets that we will have set.

BTB's ambition to move towards acquiring more industrial properties involves a fundamental understanding of each asset class. Office, commercial or industrial buildings typically have very different activities, and therefore do not all have the same issues in terms of ESG. Industrial properties usually face more challenges regarding resource consumption, pollutant emissions and hazardous waste management. It is therefore essential that each of our teams be made aware of ESG criteria in order to act accordingly and offer our clients working environments that meet the best performance standards.

14

Alvéole beehives

22

BOMA BEST® certified properties

46%

of BTB directors are women

Client Spotlights

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

Pure Wellness Studio

1921, 91st Street, Edmonton AB

Pure Wellness Studio is an Edmonton-based business founded on the belief that all people deserve to be healthy. With more than 2,850 square feet available in one of our Edmonton properties, their team will be offering professional registered massage therapy, acupuncture, as well as personal training and a variety of small group training classes.

NCSG Crane & Heavy Haul

28765, Acheson Road, Acheson AB

NCSG provides mobile crane rental and heavy haul services throughout Western Canada. With approximately 400 employees in 10 branch locations throughout the energy corridor of Canada, NCSG's headquarters have been located in BTB's property since 2015.

Saputo Foodservice

3927-3931, Wanuskewin Road, Saskatoon SK

Ideally located near the South Saskatchewan River and Marquis Drive, in the northeast part of Saskatoon since 2013, Saputo's goal is to serve and support local restaurants, pizzerias and foodservice operators with excellent customer service and expert guidance.

A Dedicated Team

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

Our Legal Team

Integrity, cooperation, commitment and rigor

The role of our legal department is to limit the risk of external litigation by writing all the different agreements between BTB and our tenants and potential customers. They are also responsible for the compliance of all the company's leasing activities with applicable laws and they contribute to the documentation of acquisition and disposition activities. Our team needs to ensure that the terms of the lease are clear, without ambiguity or interpretation discrepancies between parties.

Team members:

André Barr, Ève Charbonneau, Tania El-Helou, Chanel Lev, Henry Jeff Marcel, Paola Torres

Their challenges

TE: The biggest challenge so far is adapting to the new reality of the real estate market following the pandemic.

EC: The constant adaptation to the real estate market, new procedures and new recruits.

AB: In the legal department, there are often emergencies that happen. It's never routine. You have to be creative to find solutions.

What they like about their job

AB: My favorite part is when issues arise and I have to figure out a solution. I have to read through the entire lease and its amendments and read all the clauses – I get to play detective a bit and I find it interesting.

HJM: I like the fact that we occupy a pivotal role in the company. There isn't a client or a file that goes without our review.

Their accomplishments

HJM: We managed to build a really solid team. We help each other, we are very cooperative with each other and that is reflected in our work.

Legal

Account-ing

Our Accounting Team

Respect, quality, communication, transparency and patience

There are two main functions to the accounting department. Corporate accounting and accounts payable, which guarantee the financial obligations of the Trust and maintain cash flow up to date; and property accounting, which organizes the different profit centers of the company, separated by property, all while connecting the policy of senior management with the legal department and operational managers.

Their challenges

DA: Ensuring that all information reflects reality and complying with accounting principles to present accurate results in a timely manner.

PT: We have to prioritize quality. Given that we are listed on the stock exchange, the requirements are very high.

What they like about their job

RM: Engaging with others and seeing the kindness of all departments. This is the reason why I get up in the morning. BTB is an inclusive and diverse company. The contribution of each employee is recognized and valued.

DB: People! The work environment at BTB is very inviting.

PT: Learning. Every day I learn something new and I am continuously improving.

NH: The teamwork is very motivating. We collaborate and communicate effectively.

Their accomplishments

NJ: The greatest accomplishment is all the teamwork in the accounting department. We are always improving our working methods and optimizing our processes.

RM: The implementation of a new business intelligence system that allows for more effective monitoring of operations and the optimization of accounts payable.

Team members:

Elie Artine, Dora Ascoycancino, Deborah Blakeley, Ounissa Bouaraba, Nabila Hantous, Nathalie Jacques, Irena Liu, Ramatou Maiga, Maryam Majidi, Katy Sedaghatian, Iryna Somich, Plamen Todorov, Laetitia Viho

Authentic

Our Properties

Montréal

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

5810 Sherbrooke Street East, Montréal(1)

2101 Sainte-Catherine Street West, Montréal

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

11590-11800 de Salaberry Blvd, Dollard-des-Ormeaux(1)

1325 Hymus Blvd, Dorval

4105 Sartelon Street, St-Laurent

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

7777 Transcanada Highway, St-Laurent

2250 Alfred-Nobel Blvd, St-Laurent

2600 Alfred-Nobel Blvd, St-Laurent(2)

2344 Alfred-Nobel Blvd, St-Laurent(2)

7150 Alexander-Fleming Street, St-Laurent

6000 Kieran Street, St-Laurent

2425 Pitfield Blvd, St-Laurent

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

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

North Shore of Montréal

2900 Jacques-Bureau Street, Laval

4535 Louis B. Mayer Street, Laval

3695 Des Laurentides (Highway-15), Laval

3111 Saint-Martin Blvd West, Laval(2)

3131 Saint-Martin Blvd West, Laval

5791 Laurier Blvd, Terrebonne

2175 Des Entreprises Blvd, Terrebonne

2205-2225 Des Entreprises Blvd, Terrebonne

2005 Le Chatelier Street, Laval(2)

South Shore of Montréal

4890-4898 Taschereau Blvd, Brossard(1)

204 De Montarville Blvd, Boucherville(1)

32 Saint-Charles Street West, Longueuil(1)

50 Saint-Charles Street West, Longueuil

85 Saint-Charles Street West, Longueuil(1)

2111 Fernand-Lafontaine Blvd, Longueuil

2350 Chemin du Lac, Longueuil

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

145 Saint-Joseph Blvd, St-Jean-sur-Richelieu(1)

315-325 MacDonald Street, St-Jean-sur-Richelieu(1)

1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu(1)

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

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

Quebec City Area

6655 Pierre-Bertrand Blvd, Quebec City(1)

6700 Pierre-Bertrand Blvd, Quebec City(1)

909-915 Pierre-Bertrand Blvd, Quebec City

825 Lebourgneuf Blvd, Quebec City(1)

815 Lebourgneuf Blvd, Quebec City(1)

1170 Lebourgneuf Blvd, Quebec City(1)

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

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

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

505 Des Forges Street and 1500 Royale Street, Trois-Rivières(1)

Ottawa Area

80 Aberdeen Street, Ottawa(1)

245 Menten Place, Ottawa(1)

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

400 Hunt Club Rd, Ottawa

2200 Walkley Street, Ottawa(1)

2204 Walkley Street, Ottawa(1)

2611 Queensview Drive, Ottawa(2)

979 & 1031 Bank Street, Ottawa(2)

7 and 9 Montclair Blvd, Gatineau(1)

1100 Algoma Road, Ottawa

Edmonton

6909 - 42 Street, Leduc

1921 - 91 Street, Edmonton

18410 - 118A Avenue NW, Edmonton

18028 - 114 Avenue NW, Edmonton

28765 Acheson Road, Acheson

25616 - 117 Avenue NW, Acheson

3905 Allard Avenue, Edmonton

8743 50 Avenue NW, Edmonton

Saskatoon

3542 Millar Avenue, Saskatoon

318 - 68th Street, Saskatoon

3911 Millar Avenue, Saskatoon

3927 and 3931 Wanuskewin Road, Saskatoon

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

Driven

Our Recent Acquisitions

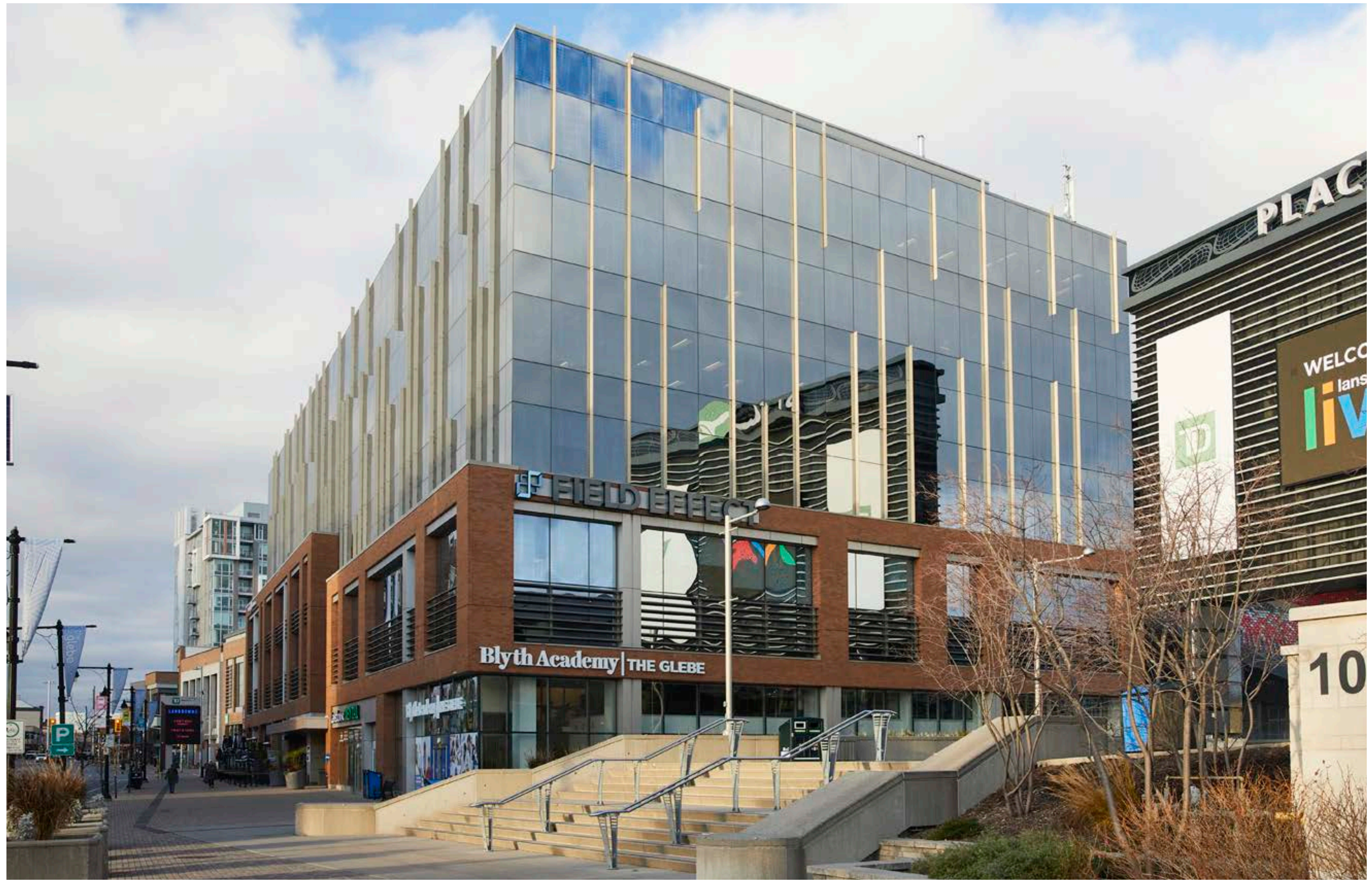
In total, 60% of the properties we acquired in 2022 were industrial properties, located in Ottawa and Edmonton. We also invested in two Class A office properties in one of the liveliest neighborhoods of Ottawa, Ontario. We disposed of 5 industrial properties and 3 office properties located in the provinces of Ontario and Québec.

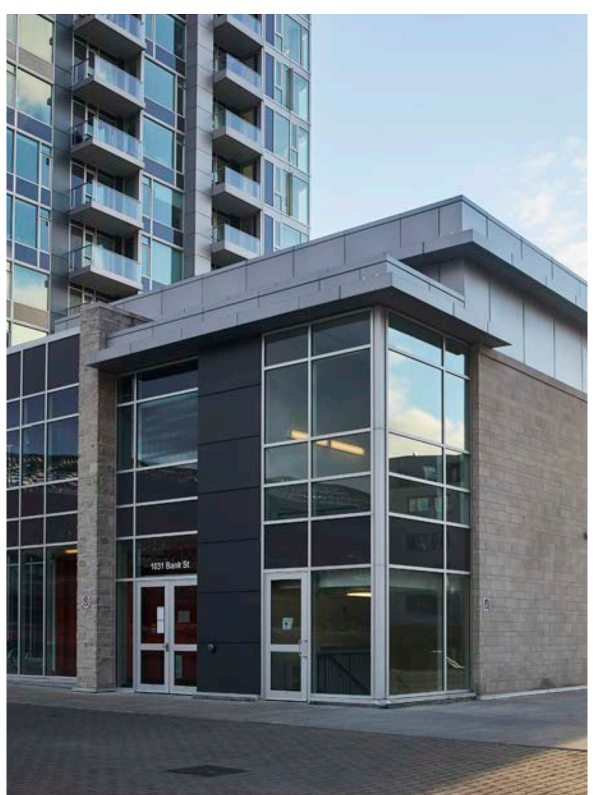
We continue to be active, targeting properties that correspond with our investment strategy. We are approaching 2023 serenely and are ready to continue our growth and to geographically diversify our portfolio.

979 & 1031 Bank Street Ottawa, ON

On January 7th, 2021, we finalized the acquisition of two Class A office properties located in the Glebe neighbourhood, one of Ottawa's trendy neighbourhoods just south of the downtown core. Both properties were built in 2015 and showcase breathtaking architectural designs with glass curtain walls, attractive and modern elevators, and a lobby with contemporary finishes.

Purchase price: $38.1M*
Property types: office
Total leasable area: 116,226 sq.ft.
Major tenants: The Royal College of Physicians and Surgeons of Canada, BMO Nesbitt Burns, CIRA, Field Effect Software, CPCS solutions





*Purchase price excluding transaction costs and adjustments.

1100 Algoma Road Ottawa, ON

On April 5th, 2022 we finalized the acquisition of this industrial property, which is fully leased to Ontario Medical Supply, a subsidiary of Medical Pharmacies Group. They operate 25 pharmacies located in medical buildings in Ontario and are the Ontarian leaders in long-term care, including nursing services and retirement communities.

Purchase price: $12.5M*
Property type: industrial
Total leasable area: 46,400 sq.ft.

*Purchase price excluding transaction costs and adjustments.

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

On June 17th, 2022 we finalized the acquisition of this Class A industrial property, which is fully leased to Amylior, a leader in the design, development and manufacturing of high-end motorized wheelchairs, seating and positioning systems and accessories.

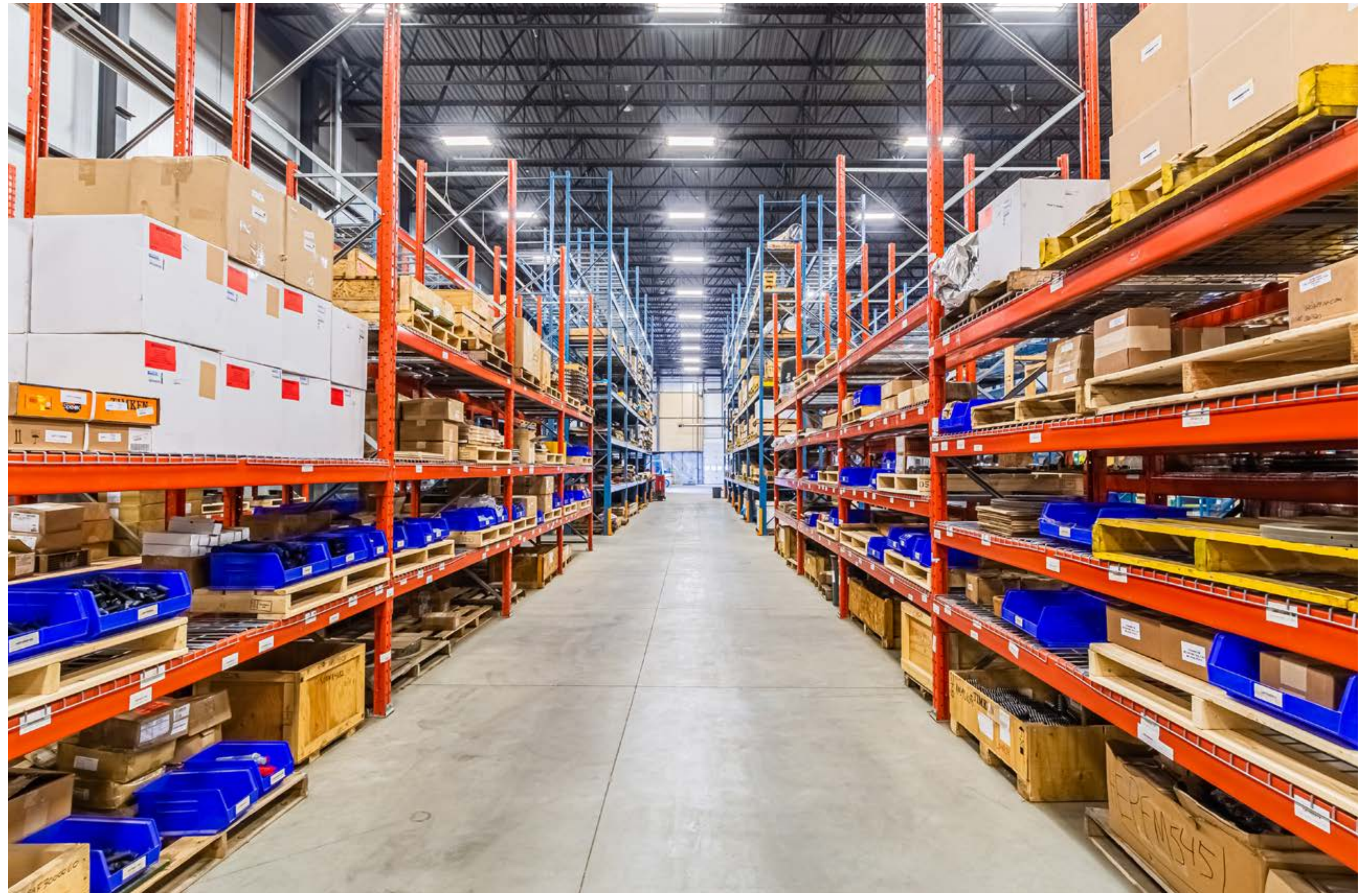
Purchase price: $15M*
Property type: industrial
Total leasable area: 67,162 sq.ft.

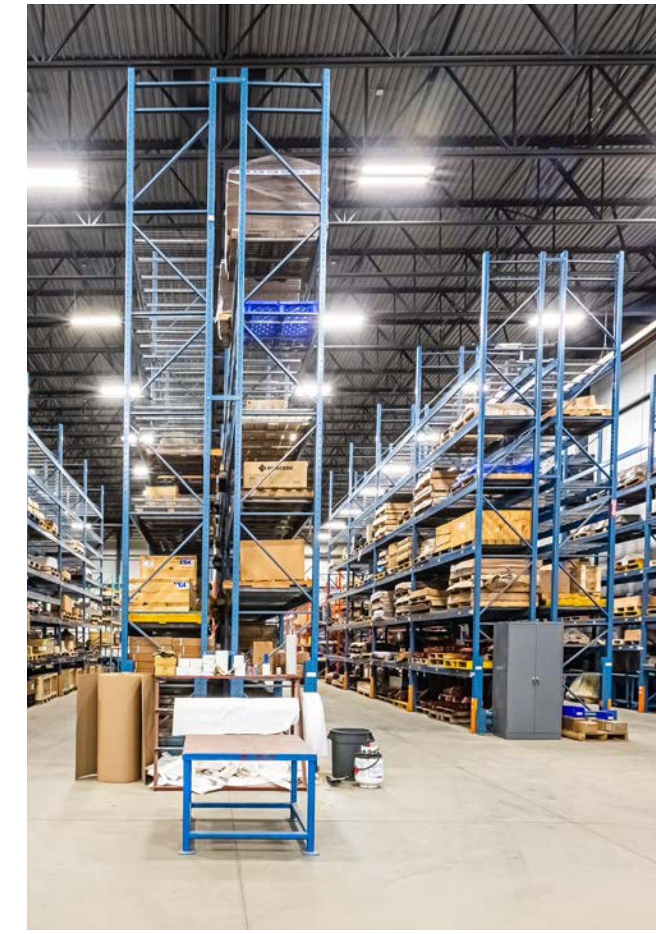
*Purchase price excluding transaction costs and adjustments.

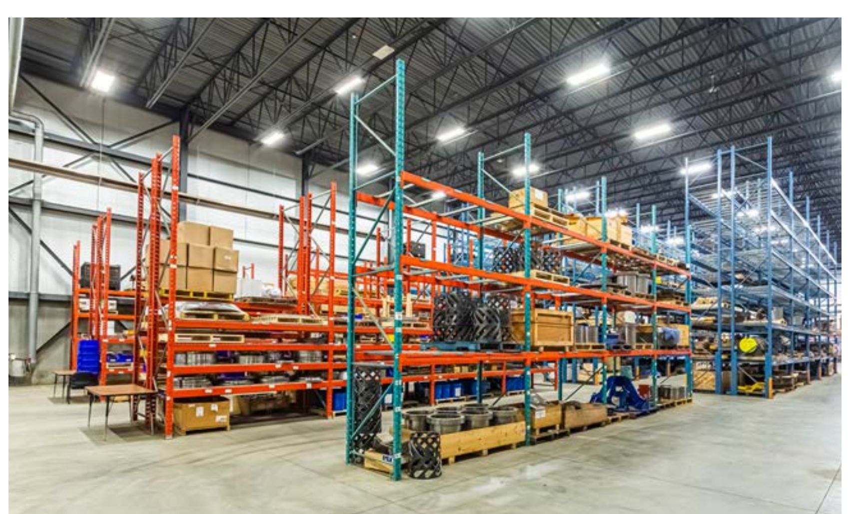
3905 Allard Avenue Edmonton, AB

On June 29th, 2022 we finalized the acquisition of this industrial property, which is fully leased to H.E. Parts International. Their mission is to provide customers with the highest quality spare parts, components and services that improve performance, extend life cycles, and reduce costs.

Purchase price: $13.0M*
Property type: industrial
Total leasable area: 51,747 sq.ft.







*Purchase price excluding transaction costs and adjustments.

8743 50th Avenue NW Edmonton, Alberta

On September 8th, 2022, we finalized the acquisition of this industrial property, which is fully leased to the Redco Equipment Sales Group, one of the major players in the wellhead completion tools sector in the Canadian fossil energy market. Over the past twenty years, Redco has experienced unparalleled growth, continually picking up market share and diversifying with new product offerings and strategic acquisitions of proprietary technologies. The company now has more than 250 employees, and its operations extend across Western Canada, from British Columbia to Saskatchewan.

Purchase price: $15.8M*
Property type: industrial
Total leasable area: 72,088 sq.ft.

*Purchase price excluding transaction costs and adjustments.

Who We Are

Open-minded

Management Discussion & Analysis

Year ended December 31, 2022

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, 2022 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, 2023, should be read together with the consolidated financial statements and accompanying notes for the year ended December 31, 2022. It discusses significant information available up to the said date of this MD&A. The Trust's consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators ("CSA") website at www.sedar.com and on our website at www.btbreit.com.

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

Forward-Looking Statements – Caveat

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

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

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

Non-IFRS Financial Measures

Certain terms and measures used in this MD&A are listed and defined in the table, thereafter, 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 thereafter. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

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

Non-IFRS measure	Definition	Reconciliation
Adjusted net income	Adjusted net income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of: (i) fair value adjustment of investment properties; (ii) fair value adjustment of derivative financial instruments; (iii) fair value adjustment of Class B LP units; and (iv) transaction costs incurred for acquisitions and dispositions of investment properties and early repayment fees. The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the real estate market and transaction costs are non-recurring in nature.	**Operating results – Adjusted net income**
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)	Adjusted EBITDA income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of certain adjustments, on a proportionate basis, including: (i) interest expense; (ii) taxes; (iii) depreciation of property and equipment; (iv) amortization of intangible assets; (v) fair value adjustments (including adjustments of investment properties, of financial instruments, of Class B LP units and of unit price adjustments related to unit-based compensation); (vi) transaction costs for acquisitions and dispositions of investment properties and early repayment fees; and (vii) straight-line rental revenue adjustments. The most directly comparable IFRS measure to Adjusted EBITDA is net income and comprehensive income. The Trust believes Adjusted EBITDA is a useful metric to determine its ability to service debt, to finance capital expenditures and to provide distributions to its Unitholders.	**Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”);** **Capital Resources – Interest coverage ratio; and** **Capital Resources – Debt service coverage ratio**
Same-Property NOI	Same-Property NOI is a non-IFRS financial measure defined as net operating income (“NOI”) for the properties that the Trust owned and operated for the entire duration of both the current year and the previous year. The most directly comparable IFRS measure to same-property NOI is Operating Income. The Trust believes this is a useful measure as NOI growth can be assessed on its portfolio by excluding the impact of property acquisitions and dispositions of both the current year and previous year. The Trust uses the Same-Property NOI to indicate the profitability of its existing portfolio operations and the Trust’s ability to increase its revenues, reduce its operating costs and generate organic growth.	**Operating results – Same-Property Portfolio**
Funds from Operations (“FFO”) **and** **Recurring FFO**	FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its January 2022 White Paper (“White Paper”). FFO is defined as net income and comprehensive income less certain adjustments, on a proportionate basis, including: (i) fair value adjustments on investment properties, class B LP units and derivative financial instruments; (ii) amortization of lease incentives; (iii) incremental leasing costs; and (iv) distribution on class B LP units. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. FFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. Recurring FFO is also a non-IFRS financial measure that starts with FFO and remove the impact of non-recurring items such as transaction cost on acquisitions and dispositions of investment properties and early repayment fees. The Trust believes FFO and recurring FFO are key measures of operating performance and allow the investors to compare its historical performance.	**Funds from Operations (FFO);** **Cash Flows;** **Appendix 2; and** **Appendix 3**

Non-IFRS measure	Definition	Reconciliation
Adjusted Funds from Operations (“AFFO”) **and** **Recurring AFFO**	AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. AFFO is defined as FFO less: (i) straight-line rental revenue adjustment; (ii) accretion of effective interest; (iii) amortization of other property and equipment; (iv) unit-based compensation expenses; (v) provision for non-recoverable capital expenditures; and (vi) provision for unrecovered rental fees (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. AFFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. Recurring AFFO is also a non-IFRS financial measure that starts with AFFO and removes the impact of non-recurring items such as transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust considers AFFO and recurring AFFO to be useful measures of recurring economic earnings and relevant in understanding its ability to service its debt, fund capital expenditures and provide distributions to unitholders.	**Adjusted Funds from Operations (AFFO);** **Cash Flows;** **Appendix 2; and** **Appendix 3**
FFO and AFFO payout ratios **and** **Recurring FFO and recurring AFFO payout ratios**	FFO and AFFO payout ratios and recurring FFO and recurring AFFO payout ratios are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and recurring FFO and recurring AFFO per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.	**Funds from Operations (FFO);** **Adjusted Funds from Operations (AFFO);** **Appendix 2; and** **Appendix 3**
Total debt ratio	Total debt ratio is a non-IFRS financial measure of the Trust financial leverage, which is calculated by taking the total long-term debt less cash divided by total gross value of the assets of the Trust less cash. The Trust considers this metric useful as it indicates its ability to meet its debt obligations and its capacity for future additional acquisitions.	**Capital Resources – Debt ratio**
Interest Coverage Ratio	Interest coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.	**Capital Resources – Interest coverage ratio**
Debt Service Coverage Ratio	Debt service coverage ratio is a non-IFRS financial measure which is calculated by taking the Adjusted EBITDA divided by the Debt Service Requirements, which consists of principal repayments and interest expenses net of financial income (interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units). The Trust considers this metric useful as it indicates its ability to meet its interest cost obligations for a given period.	**Capital Resources – Debt service coverage ratio**

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, 2022, it owned 73 properties, being industrial, off-downtown core office and necessity-based retail properties located in primary markets of the provinces of Québec, Ontario, Alberta, and Saskatchewan. Since its inception, the Trust has become an important property owner in the province of Québec, in Eastern Ontario and since December 2021, in Western Canada. The units and Series G and H convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN”, “BTB.DB. G” and “BTB.DB.H”, respectively.

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

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

	Number of properties	Leasable area (sq. ft.)	Fair value (thousands of $)
As at December 31, 2022	73	5,856,617	1,164,881

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

Objectives and Business Strategies

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

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

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

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

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

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

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

Highlights of the Fourth Quarter and Year Ended December 31, 2022

Rental revenue: Stood at $31.5 million for the current quarter, which represents an increase of 17.5% compared to the same quarter of 2021. For the year 2022, the rental revenue totalled $119.5 million, which represents an increase of 19.1% compared to the same period in 2021.

Net operating income (NOI): Stood at $18.6 million for the current quarter, which represents an increase of 26.0% compared to the same quarter of 2021. For the year 2022, the total NOI was $70.4 million, which represents an increase of 25.0% compared to the same period in 2021.

Same-property NOI(1): Increased by 7.1% for the fourth quarter of 2022 compared to the same period in 2021 mainly due to a combination of important leasing efforts made during the previous quarters resulting in an increase in the occupancy rate compared to the same quarter last year and the increase in the average lease renewal rates. For the year 2022, the same-property NOI(1) increased by 3.4% compared to last year.

Net income and comprehensive income: Totalled $1.8 million for the quarter compared to $23.2 million for the same period in 2021, representing a decrease of $21.4 million that is attributed to the net adjustment to the fair value of investment properties. For the year, the net income and comprehensive income totalled $38.2 million compared to $41.6 million for the same period in 2021.

Recurring FFO(1): Was 11.8¢ per unit for the quarter compared to 11.0¢ per unit for the same period in 2021. For the year 2022, the recurring FFO(1) was 45.4¢ per unit compared to 42.1¢ per unit for the year 2021. Excluding the $1.4 million of additional recoveries related to prior years recorded during the year 2021, the recurring FFO(1) per unit would have increased by 5.2¢ or 13.0% for the year 2022 compared to the same period in 2021.

Recurring FFO payout ratio(1): Was 63.6% for the quarter compared to 68.0% for the same period in 2021. For the year 2022, the recurring FFO payout ratio(1) was 66.1% compared to 71.2% for the year 2021.

Recurring AFFO(1): Was 10.0¢ per unit for the quarter compared to 9.4¢ per unit for the same period in 2021. For the year 2022, the recurring AFFO(1) was 40.9¢ per unit compared to 38.5¢ per unit for the year 2021. Excluding the $1.4 million of additional recoveries related to prior years recorded during the year 2021, the recurring AFFO(1) per unit would have increased by 4.3¢ or 11.9% for the year 2022 compared to the same period in 2021.

Recurring AFFO payout ratio(1): Was 74.9% for the quarter compared to 80.0% for the same period in 2021. For the year 2022, the recurring AFFO payout ratio(1) was 73.3% compared to 77.9% for the year 2021.

Leasing activity: The Trust completed a total of 154,032 square feet of leases renewals and 49,568 square feet of new leases for the quarter. Due to the sustained leasing activity, the occupancy rate was at 93.2% at the end of the quarter. The increase in the average renewal rate for the quarter was 8.0% and for the cumulative 12-month period was 12.2%. For the year 2022, the Trust completed a total of 505,189 square feet of leases renewals and 167,602 square feet of new leases. Therefore, the total leasing activity for the year was 672,791 square feet.

Collection rate: was 99.3% of invoiced rent on a cumulative basis for 2022, which shows the strong fundamentals of the Trust’s portfolio.

Dispositions: On December 8, 2022, the Trust disposed of an office property located at 81-83 Turgeon Street, in Sainte-Thérèse, Québec, for total proceeds of $4.6 million, excluding transaction costs and adjustments. On December 14, 2022, the Trust disposed of an office property located at 7001-7035, Saint-Laurent boulevard, in Montréal, Québec, for total proceeds of $5.9 million, excluding transaction costs and adjustments. This is in line with the Trust’s plan to further concentrate its’ investments in the industrial asset class.

Liquidity position: The Trust held $2.4 million of cash at the end of the quarter and $38.1 million is available under its credit facilities(1)(2). The Trust has the option to increase its capacity under the credit facilities by $20.0 million.

Debt metrics: The Trust concluded the quarter with a total debt ratio(1) of 58.5%, recording an improvement of 2.0% compared to December 31, 2021.

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Credit facilities is a term used that reconciles with the bank loans as presented and defined in the Trust interim condensed consolidated financial statements.

Subsequent events

On February 2, 2023, the Trust concluded the acquisition of a Class A industrial property located at 9900 rue Irénée-Vachon, Mirabel (within the greater Montreal area), Québec. Acquired for the aggregate purchase price of $28.0 million, excluding transaction costs. This acquisition was funded from the existing undrawn capacity on the Trust's bank loan and available liquidity. This fully leased property increased the total leasable area by 176,819 square feet.

On February 14, 2023, at the request of the holders, 150,000 Class B LP units were exchanged for the Trust units.

Summary of significant items as at December 31, 2022

- Total number of properties: 73
- Total leasable area: 5.9 million square feet
- Total asset value: $1,179 million
- Market capitalization: $311 million (unit price of $3.65 as at December 31, 2022)

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for ratios and per unit data)		Quarter		Year	
		2022	2021	2022	2021
	Reference (page)	$	$	$	$
Financial information					
Rental revenue	52	31,486	26,789	119,495	100,343
Net operating income (NOI)	52	18,624	14,776	70,430	56,336
Net income and comprehensive income	52	1,769	23,219	38,154	41,568
Adjusted net income(1)	62	8,366	7,075	33,601	25,771
Adjusted EBITDA(1)	63	16,347	13,435	64,409	51,999
NOI from the same-property portfolio(1)	64	13,840	12,924	52,462	50,737
Distributions	65	6,413	5,578	25,032	21,464
Recurring funds from operations (FFO)(1)	66	10,059	8,194	37,879	30,144
Recurring adjusted funds from operations (AFFO)(1)	67	8,550	6,962	34,137	27,568
Cash flow from operating activities	68	18,961	25,137	66,240	56,538
Total assets	71			1,179,340	1,129,901
Investment properties	54			1,164,881	1,110,971
Total long-term debt				691,508	687,070
Mortgage loans	73			636,111	605,210
Convertible debentures	74			41,942	42,819
Mortgage debt ratio(2)	75			54.2%	54.0%
Total debt ratio(1)	75			58.5%	60.5%
Weighted average interest rate on mortgage debt				4.09%	3.49%
Unitholders' equity				462,072	404,425
Market capitalization				311,120	302,438
Financial information per unit					
Units outstanding (000)	77			85,238	74,127
Class B LP units outstanding (000)	76			347	347
Weighted average number of units outstanding (000)	77	85,158	74,022	83,091	71,188
Weighted average number of units and Class B LP units outstanding (000)	77	85,506	74,370	83,439	71,547
Net income and comprehensive income	52	2.1¢	31.2¢	45.7¢	58.1¢
Adjusted net income(1)	62	9.8¢	9.5¢	40.3¢	36.0¢
Distributions	65	7.5¢	7.5¢	30.0¢	30.0¢
Recurring FFO(1)	66	11.8¢	11.0¢	45.4¢	42.1¢
Payout ratio on recurring FFO(1)	66	63.6%	68.0%	66.1%	71.2%
Recurring AFFO(1)	67	10.0¢	9.4¢	40.9¢	38.5¢
Payout ratio on recurring AFFO(1)	67	74.9%	80.0%	73.3%	77.9%
Market price				3.65	4.08
Tax on distributions					
Tax deferral	80	100.0%	100.0%	100.0%	100.0%
Operational information					
Number of properties	48			73	75
Leasable area (thousands of sq. ft.)	48			5,857	6,037
Occupancy rate	57			93.2%	93.4%
Increase in average lease renewal rate	64	8.0%	7.4%	12.2%	5.5%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) This is a non-IFRS financial measure. The mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the total gross value of the assets of the Trust less cash and cash equivalents.

Selected 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)	2022	2021	2020
	$	$	$
Financial information			
Rental revenue	**119,495**	100,343	92,969
Net operating income	**70,430**	56,336	51,260
Fair value adjustment on investment properties	**(8,201)**	19,571	(8,375)
Net income (loss) and comprehensive income (loss)	**38,154**	41,568	2,919
Net cash from operating activities	**66,240**	56,538	46,145
Recurring FFO(1)	**37,879**	30,144	24,229
Recurring AFFO(1)	**34,137**	27,568	22,145
Distributions	**25,032**	21,464	21,513
Total assets	**1,179,340**	1,129,901	926,666
Long-term debt	**678,053**	648,029	532,955
Financial information per unit			
Net income and comprehensive income	**45.7¢**	58.1¢	4.6¢
Recurring FFO(2)	**45.4¢**	42.1¢	38.3¢
Recurring AFFO(3)	**40.9¢**	38.5¢	35.0¢
Distributions	**30.0¢**	30.0¢	34.0¢

(1) This is a non-IFRS financial measure, refer to page 45.
(2) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(3) This is a non-IFRS financial measure. The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

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)	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1
	$	$	$	$	$	$	$	$
Rental revenue	**31,486**	29,962	28,979	29,068	26,789	23,988	26,034	23,532
Net operating income	**18,624**	17,974	17,598	16,234	14,776	13,572	15,574	12,414
Net income and comprehensive income	**1,769**	11,693	18,243	6,449	23,219	8,678	7,161	2,510
Net income and comprehensive income per unit	**2.1¢**	13.7¢	21.5¢	8.3¢	31.2¢	11.7¢	9.8¢	3.9¢
Cash from operating activities	**18,961**	20,359	15,516	11,404	25,137	10,090	8,162	13,149
Recurring funds from operations (FFO)(1)	**10,059**	9,785	9,718	8,317	8,194	7,018	9,202	5,730
Recurring FFO per unit(1)(2)	**11.8¢**	11.5¢	11.4¢	10.7¢	11.0¢	9.5¢	12.5¢	8.9¢
Recurring adjusted funds from operations (AFFO)(1)	**8,550**	8,674	9,311	7,602	6,962	6,453	8,647	5,506
Recurring AFFO per unit(1)(3)	**10.0¢**	10.2¢	11.0¢	9.7¢	9.4¢	8.7¢	11.8¢	8.6¢
Distributions(4)	**6,413**	6,394	6,374	5,851	5,578	5,551	5,508	4,828
Distributions per unit(4)	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢

(1) This is a non-IFRS financial measure, refer to page 45.
(2) The recurring FFO per unit ratio is calculated by dividing the recurring FFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(3) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

Operating Performance Indicators

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

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

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

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

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

Real Estate Portfolio

At the end of 2022, BTB owned 73 properties, for a total fair value of $1,165 million and representing a total leasable area of approximately 5.9 million square feet. A description of all the properties owned by the Trust can be found in the Trust's Annual Information Form available at www.sedar.com.

Summaries of investment properties held as at December 31, 2022

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Industrial	27	1,645,319	100.0	100.0
Off-downtown core office	35	2,819,124	86.7	86.0
Necessity-based retail	11	1,392,175	98.2	97.9
Total portfolio	**73**	**5,856,617**	**93.2**	**92.7**

Geographic	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Montreal	39	3,125,896	95.8	95.7
Québec City	11	1,380,146	84.0	83.5
Ottawa	11	805,157	94.4	92.5
Edmonton	8	321,947	99.1	99.1
Saskatoon	4	223,472	100.0	100.0
Total portfolio	**73**	**5,856,617**	**93.2**	**92.7**

Dispositions of investment properties

On January 27, 2022, the Trust disposed of four industrial properties located at 705 Boundary Road, 725 Boundary Road, 805 Boundary Road and 2901 Marleau Avenue in Cornwall, Ontario, for total proceeds of $26.0 million, excluding transaction costs and adjustments.

On June 16, 2022, the Trust disposed of a small industrial property located at 2059 René-Patenaude Street in Magog (Eastern Townships), Québec, for total proceeds of $1.8 million, excluding transaction costs and adjustments. This property occupancy rate was less than 50% at the time of the disposition.

On September 19, 2022, the Trust disposed of a small office property located at 5878-5882 Sherbrooke Street East in Montréal, Québec, for total proceeds of $4.4 million, excluding transaction costs and adjustments.

On December 8, 2022, the Trust disposed of an office property located at 81-83 Turgeon Street, in Sainte-Thérèse, Québec, for total proceeds of $4.6 million, excluding transaction costs and adjustments.

On December 14, 2022, the Trust disposed of an office property located at 7001-7035, Saint-Laurent boulevard, in Montréal, Québec, for total proceeds of $5.9 million, excluding transaction costs and adjustments.

Since the beginning of the year, the Trust has disposed of eight properties, totalling 535,406 square feet, being three off-downtown core office properties (55,278 square feet) and five industrial properties (480,128 square feet).

Acquisitions of investment properties

On January 7, 2022, the Trust acquired two class A office properties located at 979 Bank Street and 1031 Bank Street in the Glebe borough of Ottawa, Ontario, for the total consideration of $38.1 million, excluding transaction costs and adjustments. The two properties increased the Trust's total leasable area by 116,226 square feet.

On April 5, 2022, the Trust acquired an industrial property located at 1100 Algoma Road in Ottawa, Ontario, for a total consideration of $12.5 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 46,433 square feet.

On June 15, 2022, the Trust acquired an industrial property located at 3190 F.-X. Tessier Street in Vaudreuil-Dorion, Québec, for a total consideration of $15.0 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 67,162 square feet.

On June 27, 2022, the Trust acquired an industrial property located at 3905 Allard Avenue in Edmonton, Alberta, for a total consideration of $13.0 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 51,747 square feet.

On September 8, 2022, the Trust acquired an industrial property located at 8743 50 Avenue NW in Edmonton, Alberta, for a total consideration of $15.8 million, excluding transaction costs and adjustments. The property increased the Trust's total leasable area by 72,088 square feet.

Since the beginning of the year, the Trust has acquired six properties adding a total of 354,637 square feet to its leasable area comprised of two office properties (116,226 square feet) and four industrial properties (237,597 square feet). BTB is continuing to execute on its strategy of investing in the industrial segment where 67% of its acquisitions in the year were concluded.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in sq. ft.)	Quarter		Year	
	2022	2021	2022	2021
Occupied area at the beginning of the period[1]	5,520,092	4,969,471	5,639,778	4,910,877
Purchased (sold) assets	(30,821)	648,914	(118,022)	747,914
Signed new leases	49,568	77,049	167,602	182,275
Tenant departures	(83,041)	(53,696)	(231,718)	(176,621)
Other[2]	-	(1,961)	(1,842)	(24,668)
Occupied leasable area at the end of the period[1]	5,455,798	5,639,777	5,455,798	5,639,777
Vacant leasable area at the end of the period	400,819	397,609	400,819	397,609
Total leasable area at the end of the period	5,856,617	6,037,386	5,856,617	6,037,386

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

Renewal activities

The following table summarizes the renewal rate for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in sq. ft.)	Quarter		Year	
	2022	2021	2022	2021
Leases expired at term	165,034	74,094	566,217	297,664
Renewed leases at term	87,399	41,799	356,454	211,918
Renewal rate	53.0%	56.4%	63.0%	71.2%

The Trust renewed 53.0% or 87,399 square feet out of the 165,034 square feet expiring during this quarter. Additionally, the Trust leased 13,690 square feet of the remaining 77,635 square feet that were not renewed this quarter. The recorded vacancy is mainly explained by the departure during the fourth quarter of 2022 of Investia Services Financiers Inc. (28,868 square feet) in Québec City and Bouthillette Parizeau Inc. (11,000 square feet) in Longueuil.

For the cumulative 12-month period, the Trust renewed 63.0% of the leases at the end of their term. Therefore, leases representing 209,763 square feet were not renewed during the year. The following is a list of the main departures: in Ottawa, Optelian Access Networks Corporation (23,204 square feet) departed during the first quarter; in Montréal, Réseau Admission ULC (13,684 square feet) departed during the second quarter (the Saint-Laurent boulevard property was sold on December 14, 2022); in Edmonton, Drive Products Inc. (30,297 square feet) departed during the third quarter; and, in Québec City, Investia Services Financiers Inc. (28,868 square feet) departed during the fourth quarter. There are on-going efforts by the Trust to replace tenants that didn't renew their leases.

In addition to the renewed leases at the expiration of their term during the quarter, the Trust renewed 66,633 square feet with existing tenants where their lease terms were to expire in 2023 or in later years, representing a total of 148,736 square feet of leases that were renewed in anticipation of their expiry during the year 2022.

The Trust renewed leases totalling 154,032 square feet during this quarter for a total of 505,189 square feet for the year.

Average lease renewal rate

The following table summarizes the average increase of rental rates for each operating segment for the periods ended December 31, 2022:

	Quarter		Year	
Operating segment	Renewals (Sq. ft.)	Increase (%)	Renewals (Sq. ft.)	Increase (%)
Industrial	-	0.0%	98,158	9.9%
Off-downtown core office	96,877	6.2%	306,567	14.1%
Necessity-based retail	57,154	11.3%	100,464	8.3%
Total	**154,032**	**8.0%**	**505,189**	**12.2%**

Since the beginning of the year, the Trust achieved a cumulative average increase of 12.2% in lease renewal rates across all its business segments. The off-downtown core office operating segment showed an increase in lease renewal rates of 14.1%, which is essentially attributable to leases at below market rent that were renewed at market rate.

Concluded new leases

During the quarter, the Trust leased 49,568 square feet to new tenants, leaving 400,819 square feet of leasable area available for lease at the end of the quarter. Of the concluded leases for 49,568 square feet, 7,673 square feet are "committed" lease agreements and tenants are in occupancy for 41,895 square feet.

During the quarter, leases for 15,461 square feet or 31.2% were concluded with off-downtown core office tenants and 34,107 square feet or 68.8% of the new leases were concluded in the necessity-based retail segment. For the year, the Trust concluded transactions with new tenants totaling 167,602 square feet.

Occupancy rates

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

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Operating segment	%	%	%	%	%
Industrial	**100.0**	100.0	100.0	99.0	97.0
Off-downtown core office	**86.7**	88.6	89.3	89.3	90.3
Necessity-based retail	**98.2**	96.2	96.2	95.0	95.1
Total portfolio	**93.2**	93.5	93.8	93.1	93.4

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Geographic sector	%	%	%	%	%
Montréal	**95.8**	95.1	95.1	94.1	94.4
Québec City[1]	**84.0**	87.0	88.2	88.4	88.9
Ottawa	**94.4**	94.8	94.8	93.8	93.7
Edmonton	**99.1**	99.1	100.0	100.0	100.0
Saskatoon	**100.0**	100.0	100.0	100.0	100.0
Total portfolio	**93.2**	93.5	93.8	93.1	93.4

(1) Excluding the Trois-Rivières property, the occupancy rate of the Québec City portfolio would have been 86.9%.

The occupancy rate at the end of the fourth quarter of 2022 stood at 93.2%, representing a 0.3% decrease compared to the prior quarter, and a 0.2% decrease compared to the same period in 2021. Furthermore, the in-place occupancy rate at the end of the year stood at 92.7%, representing a decrease of 0.4% compared to the prior quarter, and representing an increase of 1.2% compared to the same period in 2021.

Lease maturities

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

	2023	2024	2025	2026	2027
Industrial					
Leasable area (sq. ft.)	66,680	30,199	130,414	206,464	86,304
Average lease rate/square foot ($)[1]	$11.01	$13.84	$11.15	$7.99	$9.31
% of industrial portfolio	4.05%	1.84%	7.93%	12.55%	5.25%
Off-downtown core office					
Leasable area (sq. ft.)	317,398	308,050	261,727	396,386	293,341
Average lease rate/square foot ($)[1]	$14.55	$15.08	$15.32	$14.69	$17.68
% of office portfolio	11.26%	10.93%	9.28%	14.06%	10.41%
Necessity-based retail					
Leasable area (sq. ft.)	206,831	82,430	123,398	107,676	132,036
Average lease rate/square foot ($)[1]	$7.33	$16.00	$20.09	$16.25	$15.92
% of retail portfolio	14.86%	5.92%	8.86%	7.73%	9.48%
Total portfolio					
Leasable area (sq. ft.)	**590,910**	**420,679**	**515,538**	**710,526**	**511,681**
Average lease rate/square foot ($)[1]	**$11.62**	**$15.17**	**$15.41**	**$12.98**	**$15.82**
% of total portfolio	**10.09%**	**7.18%**	**8.80%**	**12.13%**	**8.74%**

(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, 2022, the Trust recorded a weighted average lease term of 5.9 years, compared to 5.9 years for the same period in 2021. In addition to securing future revenues for the Trust and solidifying its tenant base, the Trust's lease renewal strategy is also focused on ensuring longevity in the lease terms when appropriate. Moreover, the weighted average lease term was positively impacted by the acquisition of the four industrial properties leased on a long-term basis.

Top 10 clients

The Trust's three largest clients are the Government of Québec (off-downtown core office segment), the Government of Canada (off-downtown core office segment), and Walmart Canada inc. (necessity-based retail segment), representing respectively 5.8%, 5.3%, and 2.2% of rental revenue. The Trust's rental revenues are generated by multiple leases with these clients whose maturities are spread over time.

28.9% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and public companies, thus generating stable and high-quality cash flow for the Trust's operating activities.

The following table shows the contribution of the Trust's top 10 clients as a percentage of revenue as at December 31, 2022. Their contribution accounts for 24.0% of rental revenue for the cumulative 12-month period and 21.8% of leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Government of Québec	5.8	5.1	299,578
Government of Canada	5.3	4.3	251,850
Walmart Canada inc.	2.2	4.5	264,550
WSP Canada Inc.	2.0	2.0	118,585
Mouvement Desjardins	1.9	1.0	61,034
Intrado Life & Safety Canada, Inc.	1.4	1.1	61,576
Groupe BBA Inc.	1.4	0.8	48,478
Strongco	1.3	0.9	53,767
Germain Larivière Laval Inc.	1.3	1.2	69,270
Satcom Direct Avionics	1.3	0.8	48,676
	24.0	**21.8**	**1,277,364**

Operating Results

The following table summarizes the financial results for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021. 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	
	2022	2021	**2022**	2021
	$	$	**$**	$
Rental revenue	**31,486**	26,789	**119,495**	100,343
Operating expenses	**12,862**	12,013	**49,065**	44,007
Net operating income (NOI)	**18,624**	14,776	**70,430**	56,336
Net financial expenses and financial income	**6,347**	9,489	**15,542**	27,388
Administration expenses	**2,331**	1,530	**7,437**	6,842
Transaction costs	**396**	109	**1,096**	109
Fair value adjustment on investment properties	**7,781**	(19,571)	**8,201**	(19,571)
Net income and comprehensive income	**1,769**	23,219	**38,154**	41,568

Rental revenue

For the quarter, rental revenue increased by $4.7 million or 17.5% compared to the same period last year. The increase consisted of the following:

i. $1.1 million decrease related to the dispositions made since Q4 2021;

ii. $0.7 million increase due to a combination of a higher in place occupancy rate (+1.2% compared to last year) and higher average lease rate;

iii. $5.1 million increase related to the acquisitions.

For the year 2022, rental revenue increased by $19.2 million or 19.1% compared to the same period last year. The increase consisted of the following:

i. $3.5 million decrease related to the dispositions made since Q4 2021;

ii. $1.4 million decrease related to the retrospective additional recoveries recognized during the second quarter in 2021;

iii. $1.9 million increase due to a combination of a higher in place occupancy rate and higher average lease rate;

iv. $22.2 million increase related to the acquisitions.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	**2022**	2021
	$	$	**$**	$
Operating expenses				
Maintenance, repairs and other operating costs	**4,857**	4,825	**17,160**	16,175
Energy	**1,511**	1,216	**5,660**	5,246
Property taxes and insurance	**6,494**	5,972	**26,245**	22,586
Total operating expenses	**12,862**	12,013	**49,065**	44,007
% of rental revenue	**40.8%**	44.8%	**41.1%**	43.9%

Operating expenses increased on a quarterly and cumulative basis mainly due to the new acquisitions and the increase of the cost of living. In addition, property taxes were affected by an increase in property values. Overall, the operating expenses as a percentage of revenues are lower as the Trust is increasing its investment in industrial properties (mostly triple net leases).

Financial expenses and income

The following table summarizes financial expenses for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Financial income	(225)	(158)	(624)	(739)
Interest on mortgage loans	6,515	4,881	23,947	18,742
Interest on convertible debentures	606	832	2,796	3,220
Interest on credit facilities	519	165	1,421	484
Other interest expense	66	62	286	247
Interest expense net of financial income	7,481	5,782	27,826	21,954
Distributions on Class B LP units	26	30	104	108
Mortgage early repayment fees	231	-	515	188
Net financial expenses before non-monetary items	7,738	5,812	28,445	22,250
Accretion of effective interest on mortgage loans and convertible debentures	336	275	1,127	1,301
Accretion of non-derivative liability component of convertible debentures	84	84	335	360
Net financial expenses before the following items:	8,158	6,171	29,907	23,911
Fair value adjustment on derivative financial instruments	(1,971)	3,297	(14,216)	3,246
Fair value adjustment on Class B LP units	160	21	(149)	231
Net financial expenses net of financial income	6,347	9,489	15,542	27,388

Financial income mainly consists of interest income generated from interest rate swap agreements and from a balance of sale granted by the Trust for a principal amount of $3.0 million pursuant to the sale in 2019 of a retail property (the balance of sale was fully repaid by the borrower on August 16, 2022) and the cash on hand during the quarter.

Interest expense, net of financial income, increased by $1.7 million for the quarter and by $5.9 million for the year compared with the same period last year. This is mainly due to the net increase in mortgage loans attributable to acquisitions, net of dispositions, of investment properties and the increase in the prime lending rate impacting floating interest rates of mortgages contracted in recent quarters and interest paid on the revolving credit facility.

On December 31, 2022, the average weighted contractual rate of interest on mortgage loans outstanding was 4.09%, 60 basis points higher than the average rate as at December 31, 2021 (3.49%). This increase is mainly due to the variable interest on mortgage loans for which the weighted average contractual rate increased by 357 basis points to 6.38% (2.81% as at December 31, 2021). The weighted average for fixed interest rate mortgage loans increased by 12 basis points to 3.73% (3.61% as at December 31, 2021). Interest rates on first-ranking mortgage loans ranged from 2.30% to 8.20% as at December 31, 2022, (2.37% to 6.80% as at December 31, 2021).

The weighted average term of mortgage loans in place as at December 31, 2022, was 4.0 years (4.7 years as at December 31, 2021).

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, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Corporate expenses	1,803	1,352	6,609	5,545
Expected credit losses	123	12	287	231
Unit-based compensation	405	166	541	1,066
Trust administration expenses	2,331	1,530	7,437	6,842

Corporate expenses increased by $0.5 million or 33% for the quarter compared to the same period last year. For the year 2022, the increase consisted of the following: (i) the Trust incurred an additional $0.5 million in performance compensation; and (ii) the total annual compensation of the CIO, hired during the second quarter of 2022. The Trust managed to maintain a stable level of corporate expenses at 5.5% of rental revenue, due to continuous cost control efforts although the Trust may make investments to support its growth.

Expected credit losses increased by $0.1 million for the quarter and by $0.1 million for the year 2022 compared to the same period last year. The steady amount of credit losses expense is due to higher collections, which is also reflected in the receivables balance at the end of the quarter.

Unit-based compensation increased by $0.2 million for the quarter but decreased by $0.5 million for the year 2022 compared to the same period last year. The increase for the quarter is due to the vesting of units under the restricted unit compensation plan. The decrease for the year is mainly explained by a reduction of the Trust's unit price, from $4.09 on December 31, 2021 to $3.64 on December 31, 2022, resulting in a reduction of $0.5 million related to the cash-settled share-based retirement compensation plan compared to 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. Pursuant to its policy, the Trust annually appraises a minimum of 60% of its portfolio, which includes the 15 most valuable properties, and the remaining ones are externally appraised on three-year rotation basis. In addition, as part of acquisitions, financing or refinancing transactions, or at the request of lenders, other properties are also independently appraised during the year. As at December 31, 2022, the Trust externally appraised 70.4% of its properties representing an aggregate amount of $821.3 million.

For the properties not independently appraised during a given year, the Trust receives quarterly market data regarding capitalization rates and discount rates reflecting real estate market conditions from independent external appraisers or independent experts. The capitalization rate reports provide a range of rates for various geographic regions where the Trust operates and for various types and qualities of properties within each said region. The Trust utilizes capitalization and discount rates within ranges provided by these external experts. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

The following tables summarize the changes in fair value of investment properties by segment for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Industrial	11,477	13,889	29,854	13,889
Off-downtown core office	(18,639)	(1,894)	(31,842)	(1,894)
Necessity-based retail	(618)	7,576	(6,213)	7,576
Total change in fair value	(7,781)	19,571	(8,201)	19,571

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals for the years ended 2022 and 2021:

As at December 31, 2022	Industrial	Off-downtown core office	Necessity-based retail
Capitalization rate	4.75% -6.75%	5.75% - 8.25%	5.50% - 8.00%
Terminal capitalization rate	4.75% - 7.50%	5.75% - 8.00%	5.50% - 8.00%
Discount rate	5.50% - 8.25%	6.25% - 8.75%	6.25% - 8.75%
Weighted average capitalization rate	5.75%	6.76%	6.84%
As at December 31, 2021			
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.75% - 7.50%	5.50% - 8.25%	6.50% - 7.50%
Weighted average capitalization rate	5.72%	6.41%	6.62%

The weighted average capitalization rate for the entire portfolio as at December 31, 2022, was 6.48% (6.33% as at December 31, 2021), 15 basis points higher compared to the same period last year.

Since December 31, 2021, BTB sold 8 properties at a weighted average capitalization rate of 6.78%. In addition, the trust acquired 6 properties (fair value of $100.4 million as at December 31, 2022) at a weighted average capitalization rate of 5.80%.

As at December 31, 2022, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate were applied to the overall portfolio, this variation would affect the fair value of its investment properties respectively by a reduction of $43.9 million or an increase of $47.4 million. The change in the capitalization rates is an appropriate proxy of the changes for the discount and terminal capitalization rates.

Adjusted net income[1]

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

The following table summarizes the adjusted net income[1] before these non-recurring and volatile non-monetary items for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Net income and comprehensive income	1,769	23,219	38,154	41,568
Non-recurring items:				
Transaction costs on dispositions of investment properties and mortgage early repayment fees	627	109	1,611	297
Fair value adjustment on investment properties	7,781	(19,571)	8,201	(19,571)
Fair value adjustment on derivative financial instruments	(1,971)	3,297	(14,216)	3,246
Fair value adjustment on Class B LP units	160	21	(149)	231
Adjusted net income[1]	8,366	7,075	33,601	25,771
Per unit	9.8¢	9.5¢	40.3¢	36.0¢

(1) This is a non-IFRS financial measure, refer to page 45.

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, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Net income being total comprehensive income for the period	1,769	23,219	38,154	41,568
Interest expense	7,706	5,940	28,450	22,693
Accretion of effective interest on mortgage loans and convertible debentures	336	275	1,127	1,301
Amortization of property and equipment	31	22	122	87
Lease incentive amortization	787	858	3,113	3,292
Fair value adjustment on investment properties	7,781	(19,571)	8,201	(19,571)
Fair value adjustment on derivative financial instruments	(1,971)	3,297	(14,216)	3,246
Fair value adjustment on Class B LP units	160	21	(149)	231
Unit-based compensation (Unit price remeasurement)	198	23	(182)	189
Transaction costs on dispositions of investment properties and mortgage early repayment fees	627	109	1,611	297
Straight-line lease adjustment	(1,077)	(758)	(1,822)	(1,334)
Adjusted EBITDA[1]	16,347	13,435	64,409	51,999

(1) This is a non-IFRS financial measure, refer to page 45.

For the quarter, the Adjusted EBITDA[1] was $16.3 million compared to $13.4 million for the same quarter last year, representing an increase of 21.7%. For the year 2022, the Adjusted EBITDA[1] was $64.4 million for the year 2022 compared to $52.0 million for the year 2021, representing an increase of 23.9%. Both increases are mainly explained by the accretive acquisitions made since last year and a combination of a higher in place occupancy rate and higher average lease rate.

(1) This is a non-IFRS financial measure, refer to page 45.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on January 1, 2021, and that are still owned by the Trust on December 31, 2022. Therefore, it excludes all the acquired[2] and disposed[3] properties during the years 2021 and 2022.

The following table summarizes the results of the same-property NOI[1] for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter			Year		
	2022	2021	Δ %	2022	2021	Δ %
	$	$		$	$	
Net operating income (NOI) as reported in the financial statements	18,624	14,776	26.0%	70,430	56,336	25.0%
NOI sourced from:						
Acquisitions	(4,753)	(1,358)		(17,242)	(1,597)	
Dispositions	(31)	(494)		(726)	(2,602)	
Retrospective additional recovery[2]	-	-		-	(1,400)	
Same Property NOI[1]	13,840	12,924	7.1%	52,462	50,737	3.4%
Same Property NOI[1] sourced from:						
Industrial	2,066	2,058	0.4%	8,350	7,973	4.7%
Off-downtown core office	7,299	6,482	12.6%	28,114	26,819	4.8%
Necessity-based retail	4,475	4,384	2.1%	15,998	15,945	0.3%
Same Property NOI[1]	13,840	12,924	7.1%	52,462	50,737	3.4%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) As mentioned in the Trust's Q2 2021 MD&A (dated August 6, 2021), section Operating Results – Rental Revenue, the Trust had retrospective additional recoveries of $1.4 million. The same-property portfolio analysis excluded these elements for the 2021 figures.

For the quarter, same-property net operating income (NOI)[1] increased by $0.9 million or 7.1%. The important leasing efforts made during the previous quarters resulted in an increase in occupancy rate compared to the same quarter last year and therefore generated additional revenues.

For the year 2022, same-property NOI[1] increased by $1.7 million or 3.4% compared to the same period last year, which is explained by a combination of a higher in-place occupancy rates (1.2% increase compared to the same period for 2021) and an increase in average lease renewal rates of 12.2% for the period. For the cumulative period, the same-property NOI[1] sourced from industrial properties increased by 4.7%, off-downtown core office properties increased by 4.8% and necessity-based retail increased by 0.3%.

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Refer to the Trust's consolidated financial statements dated February 24, 2023, note 3, section a) for the acquired properties details.
(3) Refer to the Trust's consolidated financial statements dated February 24, 2023, note 3, section b) for the disposed properties details.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for per unit data)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Distributions				
Cash distributions	5,535	4,774	21,700	18,378
Cash distributions – Class B LP units	26	26	104	108
Distributions reinvested under the distribution reinvestment plan	852	778	3,228	2,978
Total distributions to unitholders	6,413	5,578	25,032	21,464
Percentage of reinvested distributions[1][2]	13.3%	13.9%	12.9%	13.9%
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 for the quarterly total of 7.5¢ per unit, unchanged from the same quarter of 2021.

For the year 2022, the monthly distributions paid to unitholders totalled 30.0¢ per unit, unchanged from 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, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Net income and comprehensive income (IFRS)	1,769	23,219	38,154	41,568
Fair value adjustment on investment properties	7,781	(19,571)	8,201	(19,571)
Fair value adjustment on Class B LP units	160	21	(149)	231
Amortization of lease incentives	787	858	3,113	3,292
Fair value adjustment on derivative financial instruments	(1,971)	3,297	(14,216)	3,246
Leasing payroll expenses[6]	682	208	1,243	784
Distributions - Class B LP units	26	30	104	108
Unit-based compensation (Unit price remeasurement)[5]	198	23	(182)	189
FFO[1]	9,432	8,085	36,268	29,847
Non-recurring item				
Transaction costs on disposition of investment properties and mortgage early repayment fees	627	109	1,611	297
Recurring FFO[1]	10,059	8,194	37,879	30,144
FFO per unit[1][2][3]	11.0¢	10.9¢	43.5¢	41.7¢
Recurring FFO per unit[1][2][4]	11.8¢	11.0¢	45.4¢	42.1¢
FFO payout ratio[1]	67.9%	68.9%	69.0%	71.9%
Recurring FFO payout ratio[1]	63.6%	68.0%	66.1%	71.2%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring FFO per unit ratio is calculated by dividing the recurring FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO[1] and AFFO[1] starting Q2 2021.
(6) The impact of the CIO compensation, hired in Q2 2022, was added to the Leasing payroll expenses during Q4 2022 as his duties were mainly leasing activities throughout the year.

For the quarter, recurring FFO[1] was 11.8¢ per unit, compared to 11.0¢ per unit for the same quarter last year. The increase for the quarter is explained by: (i) the improvement of in-place occupancy rates across all business segments; (ii) the increase in average lease renewal rates by 8.0%; and (iii) the effect of accretive acquisitions concluded since the fourth quarter of last year.

For the year 2022, the recurring FFO[1] was 45.4¢ per unit, compared to 42.1¢ per unit for the year 2021. Moreover, excluding the retrospective $1.4 million additional recovery recognized during the second quarter in 2021, the recurring FFO[1] would have increased by 5.2¢ or 13.0% per unit as compared to the same period in 2021.

The recurring FFO payout ratio[1] for the quarter stood at 63.6%, compared to 68.0% for the same quarter in 2021. For the year 2022, the recurring FFO payout ratio[1] stood at 66.1%, compared to 71.2% for the year 2021.

(1) This is a non-IFRS financial measure, refer to page 45.

Adjusted Funds from Operations (AFFO)[1]

The following table provides a reconciliation of FFO[1] and AFFO[1] for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for per unit data)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
FFO[1]	9,432	8,085	36,268	29,847
Straight-line rental revenue adjustment	(1,077)	(758)	(1,822)	(1,334)
Accretion of effective interest	336	275	1,127	1,301
Amortization of other property and equipment	31	22	122	87
Unit-based compensation expenses	206	143	721	877
Provision for non-recoverable capital expenditures[1]	(630)	(539)	(2,390)	(2,007)
Provision for unrecovered rental fees[1]	(375)	(375)	(1,500)	(1,500)
AFFO[1]	7,923	6,853	32,526	27,271
Transaction costs on disposition of investment properties and mortgage early repayment fees	627	109	1,611	297
Recurring AFFO[1]	8,550	6,962	34,137	27,568
AFFO per unit[1][2][3]	9.3¢	9.2¢	39.0¢	38.1¢
Recurring AFFO per unit[1][2][4]	10.0¢	9.4¢	40.9¢	38.5¢
AFFO payout ratio[1]	80.8%	81.3%	77.0%	78.7%
Recurring AFFO payout ratio[1]	74.9%	80.0%	73.3%	77.9%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

For the quarter, recurring AFFO[1] was 10.0¢ per unit, compared to 9.4¢ per unit for the same quarter last year.

For the year 2022, recurring AFFO[1] was 40.9¢ per unit, compared to 38.5¢ per unit for the year 2021. Moreover, excluding the retrospective $1.4 million additional recovery recognized during the second quarter in 2021, the recurring AFFO[1] would have increased by 4.3¢ or 11.9% per unit as compared to the same period in 2021.

The recurring AFFO payout ratio[1] for the quarter stood at 74.9% compared to 80.0% for the same quarter last year. For the year 2022, the recurring AFFO payout ratio[1] stood at 73.3% compared to 77.9% for the year 2021.

In calculating AFFO[1], the Trust deducts a provision for non-recoverable capital expenditures[2] to consider capital expenditures invested to maintain the condition of its properties and to preserve rental revenue. The provision for non-recoverable capital expenditures is calculated based on 2% of rental revenues. This provision is based on management's assessment of industry practices and its investment forecasts for the coming years.

The Trust also deducts a provision for unrecovered rental fees[2] in the amount of approximately 25¢ per square feet on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly presents, in the long term, the average disbursements not recovered directly in establishing the rent that the Trust will undertake. These disbursements consist of inducements paid or granted when leases are signed that are generally amortized over the term of the lease and are subject to an equivalent increase in rent per square foot, and of brokerage commissions and leasing payroll expenses.

(1) This is a non-IFRS financial measure, refer to page 45.
(2) This is a non-IFRS financial measure as defined in this page.

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

Years ended December 31 (in thousands of dollars)	2022 (12 months)	2021 (12 months)	2020 (12 months)
	$	$	$
Provision for non-recoverable capital expenditures(1)	2,390	2,007	1,859
Non-recoverable capital expenditures	1,735	1,297	2,055

(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 net distributions to unitholders compared to net cash flows from operating activities less interest paid for the years 2022, 2021 and 2020:

Years ended December 31 (in thousands of dollars)	2022 (12 months)	2021 (12 months)	2020 (12 months)
	$	$	$
Net cash flows from operating activities	66,240	56,538	46,145
Interest paid	(27,925)	(21,755)	(21,787)
Net cash flows from operating activities less interest paid	38,315	34,783	24,358
Net distributions to unitholders	21,573	18,171	21,513
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	16,742	16,612	2,845

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO(1) and FFO(1) for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Cash flows from operating activities	18,961	25,137	66,240	56,538
Leasing payroll expenses	682	208	1,243	784
Transaction costs on purchase and disposition of investment properties and early repayment fees	(627)	(109)	(1,611)	(297)
Adjustments for changes in other working capital items	(2,523)	(11,604)	(1,293)	(3,934)
Financial income	225	158	624	739
Interest expenses	(7,706)	(5,940)	(28,450)	(22,693)
Provision for non-recoverable capital expenditures(2)	(630)	(539)	(2,390)	(2,007)
Provision for non-recovered rental fees(2)	(375)	(375)	(1,500)	(1,500)
Accretion of non-derivative liability component of convertible debentures	(84)	(84)	(337)	(360)
AFFO(1)	7,923	6,853	32,526	27,271
Provision for non-recoverable capital expenditures(2)	630	539	2,390	2,007
Provision for non-recovered rental fees(2)	375	375	1,500	1,500
Straight-line rental revenue adjustment	1,077	758	1,822	1,334
Unit-based compensation expenses	(206)	(143)	(721)	(877)
Accretion of effective interest	(336)	(275)	(1,127)	(1,301)
Amortization of property and equipment	(31)	(22)	(122)	(87)
FFO(1)	9,432	8,085	36,268	29,847

(1) This is a non-IFRS financial measure, refer to page 45.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

Segmented Information

The Trust's operations are generated from three segments of properties located in the provinces of Québec, Ontario, Alberta and Saskatchewan. The following tables summarize each operating segment's contribution to revenues and to net operating income (NOI) for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Industrial		Off-downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended December 31, 2022							
Investment properties	344,998	29.6	570,527	49.0	249,356	21.4	1,164,881
Rental revenue from properties	6,612	21.0	17,598	55.9	7,276	23.1	31,486
Net operating income (NOI)	5,045	27.1	9,104	48.9	4,475	24.0	18,624
Quarter ended December 31, 2021							
Investment properties	283,568	25.5	575,216	51.8	252,187	22.7	1,110,971
Rental revenue from properties	3,246	12.1	15,900	59.4	7,643	28.5	26,789
Net operating income (NOI)	2,077	14.1	8,109	54.8	4,590	31.1	14,776

Periods ended December 31 (in thousands of dollars)	Industrial		Off downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Year ended December 31, 2022							
Rental revenue from properties	22,910	19.2	68,794	57.5	27,791	23.3	119,495
Net operating income (NOI)	17,565	24.9	36,863	52.4	16,002	22.7	70,430
Year ended December 31, 2021							
Rental revenue from properties	13,672	13.6	58,034	57.9	28,637	28.5	100,343
Net operating income (NOI)	9,235	16.4	30,244	53.7	16,857	29.9	56,336

Industrial performance

The industrial segment continues to show good performance. The proportional fair value of industrial properties increased from 25.5% to 29.6% compared to the same period last year, due to the net acquisitions of industrial properties for $31.5 million concluded since the same period in 2021 and the increase of $30.2 million in fair value adjustment for the operating segment. The acquired properties are all fully occupied and have a positive impact on the occupancy rate, which stood at 100.0% at the end of the quarter, a 3.0% increase compared to the same period last year. For the year 2022, the proportional rental revenue from industrial properties increased by 5.6% compared to the same period last year, which is explained by a combination of the 9.9% increase in average renewal rate for the year and by the higher occupancy rate.

Off-downtown core office performance

The performance of the segment has been stable across the year, and it has been supported by the quality of its tenants. For the year 2022, the Trust concluded lease renewals for a total of 306,567 square feet with an increase in the average renewal rate of 14.1%. The percentage of net operating income (NOI) generated by the off-downtown core office segment was positively affected by the acquisitions of the two Alfred Nobel properties in Montréal and the two Bank Street properties in Ottawa. These acquisitions were accretive from a NOI standpoint, resulting in an increase compared to the same period last year from $30.2 million to $36.9 million. For the year 2022, the proportion of the net operating income (NOI) generated by the off-downtown core office segment decreased from 53.7% to 52.4% compared to the same period last year.

Necessity-based retail performance

The necessity-based retail segment continues to show good performance for the year as most of the properties are anchored or leased by necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the year 2022 stood at 98.2%, an increase of 3.1% compared to the same period last year. The Trust was able to obtain 8.3% of increase in the average renewal rate for the year 2022. The proportion of the net operating income (NOI) generated by the necessity-based retail segment decreased from 29.9% to 22.7% compared to the same period last year, mainly due to the Trust not concluding any acquisitions within the necessity-based retail segment while acquiring properties in the industrial and off-downtown core office segments which increased the proportion of net operating income (NOI) of their respective segments.

Assets

Investment properties

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

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

The following table summarizes the changes in the fair value of investment properties for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	**2022**	2021
	$	$	**$**	$
Balance, beginning of period	**1,179,869**	923,638	**1,110,971**	903,870
Additions:				
Acquisitions	**33**	170,130	**96,155**	185,864
Dispositions	**(10,502)**	(4,450)	**(42,679)**	(4,450)
Capital expenditures	**667**	1,436	**3,370**	3,672
Leasing fees and capitalized lease incentives	**2,305**	746	**6,551**	4,402
Fair value adjustment on investment properties	**(7,780)**	19,571	**(8,199)**	19,571
Other non-monetary changes(1)	**289**	(100)	**(1,288)**	(1,958)
Balance, end of period	**1,164,881**	1,110,971	**1,164,881**	1,110,971

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

The fair value of its investment properties stood at $1,165 million as at December 31, 2022, compared to $1,111 million as at December 31, 2021. The increase of $54.3 million is explained by: i) the previously mentioned acquisitions and dispositions for which the net impact increased the portfolio of investment properties by $53.5 million (acquisitions of investment properties, including capitalized transactions cost, of $96.2 million netted by dispositions of investment properties, excluding disposition costs, of $42.7 million); (ii) additions of capital expenditures of $3.4 million; (iii) the net impact of leasing fees and capitalized lease incentives of $6.6 million; (iv) loss on other non-monetary changes of $1.3 million; and (v) the loss on net changes in fair value of investment properties of $8.2 million.

Improvements in investment properties

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

The following table summarizes capital expenditures, incentives, and leasing fees, for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2022	2021	**2022**	2021
	$	$	**$**	$
Recoverable capital expenditures	**350**	1,357	**1,635**	2,375
Non-recoverable capital expenditures	**317**	79	**1,735**	1,297
Total capital expenditures	**667**	1,436	**3,370**	3,672
Leasing fees and leasehold improvements	**2,305**	746	**6,551**	4,402
Total	**2,972**	2,182	**9,921**	8,074

Receivables

The following table summarizes receivables for the periods ended December 31, 2022, and December 31, 2021:

(in thousands of dollars)	December 31, 2022	December 31, 2021
	$	$
Rent receivable	3,431	4,497
Allowance for expected credit losses	(1,011)	(944)
Net rent receivable	2,420	3,553
Unbilled recoveries	1,142	1,388
Other receivables	1,254	587
Receivables	4,816	5,528

Receivables reduced from $5.5 million as at December 31, 2021, to $4.8 million as at December 31, 2022. The reduction is mainly caused by a decrease of rent receivables impacted by the increase in efficiency with regards to collection.

Prepaid expenses, Deposits and Property and equipment

The following table summarizes the prepaid expenses, deposits and property and equipment for the periods ended December 31, 2022, and December 31, 2021:

(in thousands of dollars)	December 31, 2022	December 31, 2021
	$	$
Property and equipment	1,436	1,438
Accumulated depreciation	(1,114)	(992)
Net property and equipment	322	446
Prepaid expenses	1,234	1,811
Deposits	1,929	936
Other assets	3,485	3,193

Prepaid expenses, deposits and property and equipment increased from $3.2 million as at December 31, 2021, to $3.5 million as at December 31, 2022, which is explained by the increase in deposits related to future potential acquisitions (refer to the subsequent events section of this MD&A for more information).

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on December 31, 2022, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at December 31, 2022 (in thousands of dollars)	Balance of convertible debentures(1)	Balance of mortgages payable(1)	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2023	-	68,253	5.69
2024	24,000	109,991	4.52
2025	20,280	58,789	4.30
2026	-	118,913	3.32
2027	-	117,770	4.85
2028 and thereafter	-	164,725	3.62
Total	44,280	638,441	4.24

(1) Gross amounts.

The Trust has $68.3 million of mortgages coming to maturity during the next year and is in process of refinancing. Historically, the Trust has always been able to refinance its existing mortgages and there is no indication that this would change.

Weighted average contractual interest rate

As at December 31, 2022, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.24% (4.09% for mortgage loans and 6.46% for convertible debentures), representing an increase of 54 basis points compared to the same period last year. As at December 31, 2021, the weighted average contractual interest rate of the Trust's long-term debt stood at 3.70% (3.49% for mortgage loans and 6.48% for convertible debentures).

Mortgage loans

As at December 31, 2022, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $638.4 million compared to $607.0 million as at December 31, 2021. The net increase of $31.4 million includes $59.8 million that relates to previously mentioned acquisitions where the Trust contracted or assumed mortgages and $2.6 million on refinanced mortgages, reduced by $10.8 million for mortgage reimbursement on previously mentioned dispositions and $20.2 million of monthly principal repayments.

The following table summarizes the changes in mortgage loans payable for the periods ended December 31, 2022:

Period ended December 31, 2022 (in thousands of dollars)	Quarter	Year
	$	$
Balance at beginning(1)	631,808	607,038
Mortgage loans contracted or assumed(2)	35,456	88,422
Balance repaid at maturity or upon disposition(3)	(23,750)	(36,809)
Monthly principal repayments(4)	(5,073)	(20,210)
Balance as at December 31, 2022(1)	638,441	638,441

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

As at December 31, 2022, the weighted average mortgage interest rate was 4.09% compared to 3.49% for the same period last year, an increase of 60 basis points. This increase is mainly due to the increase in the average weighted contractual rate of variable interest on mortgage loans outstanding, which increased by 357 basis points to 6.38% (2.81% as at December 31, 2021). In comparison, the weighted average for fixed interest rate increased by 12 basis point to 3.73% (3.61% as at December 31, 2021).

As at December 31, 2022, the majority of the Trust's mortgages payable bear interest at fixed rates (cumulative principal amount of $552.3 million) or are subject to floating-to-fixed interest rate swaps (cumulative principal amount of $52.0 million). However, the Trust has three loans that bear interest at floating rates (cumulative principal balance of $34.1 million).

The weighted average term of existing mortgage loans was 4.0 years as at December 31, 2022, compared to 4.7 years for the same period last year. The Trust attempts to spread the maturities of its mortgages over many years to mitigate the risk associated with renewals.

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

As at December 31, 2022 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2023	18,507	67,587	86,094	13.5
2024	15,961	103,795	119,756	18.8
2025	13,626	52,853	66,479	10.4
2026	11,278	105,191	116,469	18.2
2027	7,472	108,932	116,404	18.2
2028 and thereafter	15,110	118,129	133,239	20.9
Total	**81,954**	**556,487**	**638,441**	**100.0**
Unamortized fair value assumption adjustments			564	
Unamortized financing expenses			(2,894)	
Balance as at December 31, 2022			**636,111**	

As at December 31, 2022, 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 periods ended December 31, 2022:

(in thousands of dollars)	Series G[(1)(3)]	Series H[(2)(3)]	Total
Par value	24,000	20,280[(4)]	44,280
Contractual interest rate	6.00%	7.00%	
Effective interest rate	7.30%	8.28%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	5.42	3.64	
Date of interest payment	April 30 and October 31	April 30 and October 31	
Maturity date	October 2024	October 2025	
Balance as at December 31, 2022	**23,443**	**18,499**	**41,942**

(1) Redeemable by the Trust, under certain conditions, as of October 31, 2022, but before October 31, 2023, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series G conversion price and, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(2) Redeemable by the Trust, under certain conditions, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series H conversion price and, as of October 31, 2024, but before October 31, 2025, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(3) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G and H debentures by issuing tradable units freely to Series G and H debenture holders.
(4) Conversion of $9,720 of the Series H debenture since issuance. No conversion during the quarter and $1,863 for the year 2022.

Debt ratio

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

The following table summarizes the Trust's debt ratios as at December 31, 2022, and December 31, 2021:

(in thousands of dollars)	December 31, 2022	December 31, 2021
	$	$
Cash and cash equivalents	(2,404)	(7,191)
Mortgage loans outstanding[(1)]	638,441	607,038
Convertible debentures[(1)]	43,170	44,564
Credit facilities	9,897	35,468
Total long-term debt less cash and cash equivalents[(2)(3)]	689,104	679,879
Total gross value of the assets of the Trust less cash and cash equivalents[(2)(4)]	1,178,049	1,124,690
Mortgage debt ratio (excluding convertible debentures and credit facilities)[(2)(5)]	54.2%	54.0%
Debt ratio – convertible debentures[(2)(6)]	3.7%	4.0%
Debt ratio – credit facilities[(2)(7)]	0.8%	3.2%
Total debt ratio[(2)]	58.5%	60.5%

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS financial measure, refer to page 45.
(3) Long-term debt less free cash flow is a non-IFRS financial measure, calculated as total of: (i) fixed rate mortgage loans payable; (ii) floating rate mortgage loans payable; (iii) Series G debenture capital amount; (iv) Series F debenture capital adjusted with non-derivative component less conversion options exercised by holders; and (v) credit facilities, less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt.
(4) Gross value of the assets of the Trust less cash and cash equivalent ("GVALC") is a non-IFRS financial measure defined as the Trust total assets adding the cumulated amortization property and equipment and removing the cash and cash equivalent. The most directly comparable IFRS measure to GVALC is total assets.
(5) Mortgage debt ratio is calculated by dividing the mortgage loans outstanding by the GVALC.
(6) Debt ratio – convertible debentures is calculated by dividing the convertible debentures by GVALC.
(7) Debt ratio – credit facilities is calculated by dividing the credit facilities by the GVALC.

As of December 31, 2022, the mortgage debt ratio[(1)] excluding the convertible debentures and credit facilities totalled 54.2%, an increase of 0.2% since December 31, 2021. As of December 31, 2022, the total debt ratio[(2)], including the convertible debentures and credit facilities, net of cash and cash equivalents, decreased to 58.5%, a decrease of 2.0% since December 31, 2021. The decrease is driven by a partial repayment of the revolving credit facility in December 2022 with the funds received from the sale of two properties in the last quarter of the year.

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

(1) This is a non-IFRS financial measure as defined in this page.
(2) This is a non-IFRS financial measure, refer to page 45.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Adjusted EBITDA(1)	16,347	13,435	64,409	51,999
Interest expenses net of financial income(2)	7,481	5,782	27,826	21,954
Interest coverage ratio(3)	2.19	2.32	2.31	2.37

(1) This is a non-IFRS financial measure, refer to page 45.
(2) This is a non-IFRS financial measure. Interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units.
(3) This is a non-IFRS financial measure. Interest coverage ratio is calculated by dividing the Adjusted EBITDA(1) by Interest expenses net of financial income (as previously defined).

For the year ended December 31, 2022, the interest coverage ratio stood at 2.31, a decrease of 6 basis points from the same period last year.

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2022	2021	2022	2021
	$	$	$	$
Adjusted EBITDA(1)	16,347	13,435	64,409	51,999
Interest expenses net of financial income(2)	7,481	5,782	27,826	21,954
Principal repayments	5,073	3,984	20,210	12,270
Debt service requirements	12,554	9,766	48,036	34,224
Debt service coverage ratio(3)	1.30	1.38	1.34	1.52

(1) This is a non-IFRS financial measure, refer to page 45.
(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 periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Period ended December 31, 2022 (in number of units)	Quarter		Year	
	Units	$	Units	$
Class B LP units outstanding, beginning of period	347,265	1,108	347,265	1,417
Fair value adjustment	-	160	-	(149)
Class B LP units outstanding, end of period	347,265	1,268	347,265	1,268

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

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

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, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in number of units)	Quarter		Year	
	2022	2021	2022	2021
Units outstanding, beginning of the period	84,985,440	73,797,811	74,126,971	63,439,435
Units issued pursuant to a public issue	-	-	9,584,100	7,809,650
Distribution reinvestment plan	252,839	195,100	872,983	752,280
Issued - employee unit purchase plan	-	-	11,915	14,351
Issued - restricted unit compensation plan	-	-	130,506	71,722
Issued – deferred unit compensation plan	-	-	-	-
Class B LP units exchanged into Trust units	-	-	-	50,000
Issued – conversion of convertible debentures	-	134,060	511,804	1,989,533
Units outstanding, end of the period	85,238,279	74,126,971	85,238,279	74,126,971
Weighted average number of units outstanding	84,900,129	73,664,818	82,402,375	70,242,615
Weighted average number of Class B LP units and units outstanding	85,247,394	74,012,083	82,749,640	70,600,991

On November 7, 2022, the Toronto Stock Exchange (the "TSX") approved the normal course issuer bid ("NCIB") program authorized by the Trust's Board of Trustees to repurchase for cancellation up to 5,838,023 units, from November 10,2022 to November 9,2023, representing approximately 7% of the Trust's outstanding units and of its public float. As of December 31,2022, no units have been repurchased for cancellation under the NCIB.

Deferred unit compensation plan

The Trust has implemented a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, beneficiaries may elect to receive their compensation in cash, deferred units or a combination of both.

The following table summarizes deferred units outstanding for the periods ended December 31, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in number of units)	Quarter		Year	
	2022	2021	2022	2021
Deferred units outstanding, beginning of the period	117,001	99,248	103,116	87,920
Trustees' compensation	2,377	2,162	9,558	8,484
Distributions paid in units	2,349	1,706	9,053	6,712
Deferred units outstanding, end of the period	121,727	103,116	121,727	103,116

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, 2022, and December 31, 2021, as well as the years ended 2022 and 2021:

Periods ended December 31 (in number of units)	Quarter		Year	
	2022	2021	2022	2021
Restricted units outstanding, beginning of the period	138,583	161,536	161,536	139,724
Granted	-	-	93,576	95,058
Cancelled	-	-	-	(1,524)
Settled	-	-	(116,529)	(71,722)
Restricted units outstanding, end of the period	138,583	161,536	138,583	161,536

Employee unit purchase plan

The Trust offers its employees an optional unit purchase plan. Under this plan, the employees may contribute, each year, from 3% to a maximum of 7% of their base salary depending on their years of tenure with the Trust. Subject to the plan's conditions, for each two units purchased by an employee, the Trust shall issue one unit from treasury to the employee.

Off-balance sheet arrangements and contractual commitments

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

Income Taxes

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

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

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

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

As at December 31, 2022, BTB met all these conditions and qualified as a REIT. As a result, the SIFT trust tax rules don't apply to BTB. BTB's management intends to take the necessary steps to meet the conditions for the REIT Exception on an ongoing basis in the future.

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

Taxation of Unitholders

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

Years ended December 31	2022	2021
	%	%
Taxable as other income	-	-
Tax deferred	100	100
Total	100	100

Accounting Policies and Estimates

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

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

Inflation and Interest Rates

The increase of the Bank of Canada policy interest rate has created a heightened level of uncertainty on the economy. The rise of the policy rate has not had a significant impact on the Trust's operations and ability to negotiate new or renew mortgages. Given the situation, there could be certain repercussions on the mortgage refinancing activities, the fair value of the investment properties, certain investment decisions and the level of transactions in the market. The Trust will continue to monitor the effects of the rise of the policy rate on its investment activities and valuation of the investment properties.

Risks and Uncertainties

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

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The President and Chief Executive Officer and the 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 Chief Financial Officer concluded that the DC&P were effective as at December 31, 2022, and that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the quarter in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of BTB concluded that ICFR was effective as at December 31, 2022, 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 2022, 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 $638.4 million as at December 31, 2022, compared to $495.8 as December 31, 2021.
- Series G and H convertible debentures for a total par value of $44.3 million.
- Credit facilities used as needed.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

Administration expenses

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

Fair value adjustment on investment properties

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

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

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

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust as at January 1, 2021 and still owned as at December 31, 2022, but does not include the financial impacts from dispositions, acquisitions and developments completed in 2021 and 2022, as well as the results of subsequently sold properties.

Net operating income (NOI) from the same-property portfolio

Net operating income (NOI) 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 – Annual Reconciliations

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 years ended December 31, 2022, 2021 and 2020:

Years ended December 31 (in thousands of dollars, except for per unit)	2022	2021	2020
	$	$	$
Net income and comprehensive income (IFRS)	38,154	41,568	2,919
Fair value adjustment on investment properties	8,201	(19,571)	8,375
Fair value adjustment on Class B LP units	(149)	231	(778)
Amortization of lease incentives	3,113	3,292	3,068
Fair value adjustment on derivative financial instruments	(14,216)	3,246	7,642
Leasing payroll expenses[6]	1,243	784	616
Distributions – Class B LP units	104	108	157
Unit-based compensation (Unit price remeasurement)[5]	(182)	189	-
FFO[1]	36,268	29,847	21,999
Non-recurring item			
Transaction costs on disposition of investment properties and mortgage early repayment fees	1,611	297	2,230
Recurring FFO[1]	37,879	30,144	24,229
FFO per unit[1][2][3]	43.5¢	41.7¢	34.8¢
Recurring FFO per unit[1][2][4]	45.4¢	42.1¢	38.3¢
FFO payout ratio[1]	69.0%	71.9%	97.7%
Recurring FFO payout ratio[1]	66.1%	71.2%	88.7%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring FFO per unit ratio is calculated by dividing the recurring FFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO[1] and AFFO[1] starting Q2 2021. As a reference, the cumulative impact for the 12 months cumulative period in 2020 was positive $373 or 0.1¢ per unit.
(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 45.

Adjusted Funds from Operations (AFFO)[1]

The following table provides a reconciliation of FFO[1] and AFFO[1] for the years ended December 31, 2022, 2021 and 2020:

Years ended December 31 (in thousands of dollars except for per unit)	Year		
	2022	2021	2020
	$	$	$
FFO[1]	36,268	29,847	21,999
Straight-line rental revenue adjustment	(1,822)	(1,334)	(249)
Accretion of effective interest	1,127	1,301	1,244
Amortization of other property and equipment	122	87	100
Unit-based compensation expenses	721	877	181
Provision for non-recoverable capital expenditures[1]	(2,390)	(2,007)	(1,859)
Provision for unrecovered rental fees[1]	(1,500)	(1,500)	(1,500)
AFFO[1]	32,526	27,271	19,916
Non-recurring item			
Transaction costs on disposition of investment properties and mortgage early repayment fees	1,611	297	2,230
Recurring AFFO[1]	34,137	27,568	22,146
AFFO per unit[1][2][3]	39.0¢	38.1¢	31.5¢
Recurring AFFO per unit[1][2][4]	40.9¢	38.5¢	35.0¢
AFFO payout ratio[1]	77.0%	78.7%	108.0%
Recurring AFFO payout ratio[1]	73.3%	77.9%	97.1%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 45.

Cash Flows

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO[1], and FFO[1]:

Years ended December 31 (in thousands of dollars)	Year		
	2022	2021	2020
	$	$	$
Cash flows from operating activities	66,240	56,538	46,145
Leasing payroll expenses	1,243	784	616
Transaction costs on disposition of investment properties and mortgage early repayment fees	(1,611)	(297)	(2,230)
Adjustments for changes in other working capital items	(1,293)	(3,934)	1,465
Financial income	624	739	564
Interest expenses	(28,450)	(22,693)	(23,467)
Provision for non-recoverable capital expenditures[2]	(2,390)	(2,007)	(1,859)
Provision for non-recovered rental fees[2]	(1,500)	(1,500)	(1,500)
Accretion of non-derivative liability component of convertible debentures	(337)	(360)	(263)
AFFO[1]	32,526	27,270	19,471
Provision for non-recoverable capital expenditures[2]	2,390	2,007	1,859
Provision for non-recovered rental fees[2]	1,500	1,500	1,500
Straight-line rental revenue adjustment	1,822	1,334	249
Unit-based compensation expenses	(721)	(877)	(181)
Accretion of effective interest	(1,127)	(1,301)	(1,244)
Amortization of property and equipment	(122)	(87)	(100)
FFO[1]	36,268	29,846	21,554

(1)This is a non-IFRS financial measure, refer to page 45.
(2) Refer to AFFO section for detailed explanations.

(1)This is a non-IFRS financial measure, refer to page 45.

APPENDIX 3 – Non-IFRS Financial Measures – Quarterly Reconciliation

Funds from Operations (FFO)(1)

The following table provides a reconciliation of net income and comprehensive income established in accordance with IFRS and FFO(1) for the last eight quarters:

	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1
(in thousands of dollars, except for per unit)	**$**	$	$	$	$	$	$	$
Net income and comprehensive income (IFRS)	**1,769**	11,693	18,243	6,449	23,219	8,678	7,161	2,510
Fair value adjustment on investment properties	**7,781**	1,230	197	(1,007)	(19,571)	-	-	-
Fair value adjustment on Class B LP units	**160**	(142)	(233)	66	21	(18)	(52)	280
Amortization of lease incentives	**787**	773	818	735	858	780	777	877
Fair value adjustment on derivative financial instruments	**(1,971)**	(3,898)	(9,344)	997	3,297	(2,598)	733	1,814
Leasing payroll expenses(6)	**682**	182	158	221	208	173	184	219
Distributions – Class B LP units	**26**	26	26	26	30	22	26	30
Unit-based compensation (Unit price remeasurement)(5)	**198**	(172)	(285)	77	23	(19)	185	-
FFO(1)	**9,432**	9,692	9,580	7,564	8,085	7,018	9,014	5,730
Non-recurring item								
Transaction costs on disposition of investment properties and mortgage early repayment fees	**627**	93	138	753	109	-	188	-
Recurring FFO(1)	**10,059**	9,785	9,718	8,317	8,194	7,018	9,202	5,730
FFO per unit(1)(2)(3)	**11.0¢**	11.4¢	11.3¢	9.7¢	10.9¢	9.5¢	12.3¢	8.9¢
Recurring FFO per unit(1)(2)(4)	**11.8¢**	11.5¢	11.4¢	10.7¢	11.0¢	9.5¢	12.5¢	8.9¢
FFO payout ratio(1)	**67.9%**	65.9%	66.4%	77.2%	68.9%	79.0%	61.1%	84.0%
Recurring FFO payout ratio(1)	**63.6%**	65.2%	65.5%	70.2%	68.0%	79.0%	59.9%	84.0%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Including Class B LP units.
(3) This is a non-IFRS financial measure. 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) This is a non-IFRS financial measure. The recurring FFO per unit ratio is calculated by dividing the recurring FFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the recurring FFO(1) and AFFO(1) 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 45.

Adjusted Funds from Operations (AFFO)(1)

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

	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1	2021 Q-4	2021 Q-3	2021 Q-2	2021 Q-1
(in thousands of dollars, except for per unit)	**$**	$	$	$	$	$	$	$
FFO(1)	**9,432**	9,692	9,580	7,564	8,085	7,018	9,014	5,730
Straight-line rental revenue adjustment	**(1,077)**	(521)	(74)	(150)	(758)	(88)	(91)	(397)
Accretion of effective interest	**336**	219	284	288	275	239	428	359
Amortization of other property and equipment	**31**	35	26	30	22	23	27	15
Unit-based compensation expenses	**206**	130	312	73	143	114	(24)	644
Provision for non-recoverable capital expenditures(1)	**(630)**	(599)	(580)	(581)	(539)	(478)	(519)	(471)
Provision for unrecovered rental fees(1)	**(375)**	(375)	(375)	(375)	(375)	(375)	(376)	(374)
AFFO(1)	**7,923**	8,581	9,173	6,849	6,853	6,453	8,459	5,506
Non-recurring item								
Transaction costs on disposition of investment properties and mortgage early repayment fees	**627**	93	138	753	109	-	188	-
Recurring AFFO(1)	**8,550**	8,674	9,311	7,602	6,962	6,453	8,647	5,506
AFFO per unit(1)(2)(3)	**9.3¢**	10.1¢	10.8¢	8.8¢	9.2¢	8.7¢	11.5¢	8.6¢
Recurring AFFO per unit(1)(2)(4)	**10.0¢**	10.2¢	11.0¢	9.7¢	9.4¢	8.7¢	11.8¢	8.6¢
AFFO payout ratio(1)	**80.8%**	74.4%	69.4%	85.3%	81.3%	85.9%	65.1%	87.4%
Recurring AFFO payout ratio(1)	**74.9%**	73.6%	68.3%	76.8%	80.0%	85.9%	63.7%	87.4%

(1) This is a non-IFRS financial measure, refer to page 45.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The recurring AFFO per unit ratio is calculated by dividing the recurring AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 45.

Audited Consolidated Financial Statements

Year Ended December 31, 2022

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 International Financial Reporting Standards ("IFRS").

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, 2022, 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 Committee reviews our consolidated financial statements and recommends them to the Board 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, 2022 and 2021 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

Mathieu Bolté
Vice President and Chief Financial Officer

Montreal, February 24, 2023

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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, 2022 and 2021
- 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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, 2022. 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(e)(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 $1,164,881 thousand.

Fair value is determined by management 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, 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.

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

KPMG LLP*

Montréal, Canada

February 24, 2023

*CPA auditor, public accountancy permit No. A120220

Consolidated Statements of Financial Position

As at December 31, 2022 and 2021 (in thousands of CAD dollars)

	Notes	2022	2021
		$	$
Assets			
Investment properties	4	1,164,881	1,110,971
Property and equipment		322	446
Derivative financial instruments	10	3,754	-
Prepaid expenses and deposits		3,163	2,747
Balance of sale		-	3,018
Receivables	5	4,816	5,528
Cash and cash equivalents		2,404	7,191
Total assets		**1,179,340**	**1,129,901**
Liabilities and unitholders' equity			
Mortgage loans payable	6	636,111	605,210
Convertible debentures	7	41,942	42,819
Bank loans	8	9,897	35,468
Lease liabilities	22	4,203	4,219
Class B LP Units	9	1,268	1,417
Unit-based compensation	11	1,542	1,513
Derivative financial instruments	10	116	11,246
Trade and other payables		20,058	21,731
Distribution payable to unitholders		2,131	1,853
Total liabilities		**717,268**	**725,476**
Unitholders' equity		**462,072**	**404,425**
		1,179,340	**1,129,901**

See accompanying notes to consolidated financial statements.

Approved by the Board on February 24, 2023.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021 (in thousands of CAD dollars)

	Notes	2022	2021
		$	$
Operating revenues			
Rental revenue	13	119,495	100,343
Operating expenses			
Public utilities and other operating expenses		22,820	21,421
Property taxes and insurance		26,245	22,586
		49,065	44,007
Net operating income		**70,430**	**56,336**
Financial income		624	739
Expenses			
Financial expenses		30,427	24,542
Distribution - Class B LP Units	9	104	108
Fair value adjustment – Class B LP Units	9	(149)	231
Net adjustment to fair value of derivative financial instruments		(14,216)	3,246
Net financial expenses	14	16,166	28,127
Administration expenses		7,437	6,842
Net change in fair value of investment properties and disposition expenses	4	9,297	(19,462)
Net income and comprehensive income for the year		**38,154**	**41,568**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2022 and 2021 (in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2022		**351,540**	**(177,308)**	**230,193**	**404,425**
Issuance of units, net of issuance expenses	12	44,420	-	-	44,420
Distribution to unitholders	12	-	(24,927)	-	(24,927)
		395,960	(202,235)	230,193	423,918
Comprehensive income		-	-	38,154	38,154
Balance as at December 31, 2022		**395,960**	**(202,235)**	**268,347**	**462,072**
Balance as at January 1, 2021		**309,394**	**(155,952)**	**188,625**	**342,067**
Issuance of units, net of issuance expenses	12	42,146	-	-	42,146
Distribution to unitholders	12	-	(21,356)	-	(21,356)
		351,540	(177,308)	188,625	362,857
Comprehensive income		-	-	41,568	41,568
Balance as at December 31, 2021		**351,540**	**(177,308)**	**230,193**	**404,425**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021 (in thousands of CAD dollars)

	Notes	2022	2021
		$	$
Operating activities			
Net income for the year		38,154	41,568
Adjustment for:			
Net change in fair value of investment properties and disposition expenses	4	9,297	(19,462)
Depreciation of property and equipment		122	87
Unit-based compensation	11	541	1,065
Straight-line lease adjustment	13	(1,822)	(1,334)
Lease incentive amortization	13	3,113	3,292
Financial income		(624)	(739)
Net financial expenses	14	16,166	28,127
		64,947	52,604
Adjustment for changes in other working capital items		1,293	3,934
Net cash from (used in) operating activities		**66,240**	**56,538**
Investing activities			
Acquisitions of investment properties net of mortgage loans assumed	4	(86,681)	(66,220)
Additions to investment properties	4	(9,816)	(7,020)
Net proceeds from dispositions of investment properties	4	30,787	1,709
Acquisition of property and equipment		2	(199)
Net cash (used in) from investing activities		**(65,708)**	**(71,730)**
Financing activities			
Mortgage loans, net of financing expenses		77,760	93,654
Repayment of mortgage loans		(46,229)	(90,457)
Bank loans		12,667	35,468
Repayment of bank loans		(38,335)	(15,300)
Lease liability payments		(16)	(13)
Net proceeds from unit issue		38,436	30,003
Net distribution to unitholders		(21,573)	(18,171)
Net distribution – Class B LP units	9	(104)	(108)
Interest paid		(27,925)	(21,755)
Net cash (used in) from financing activities		**(5,319)**	**13,321**
Net change in cash and cash equivalents		**(4,787)**	**(1,871)**
Cash and cash equivalents, beginning of year		**7,191**	**9,062**
Cash and cash equivalents, end of year		**2,404**	**7,191**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021
(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, 2022 and 2021 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 International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Trustees on February 24, 2023.

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

The increase of the Bank of Canada policy interest rate has created a heightened level of uncertainty on the economy. The rise of the policy rate has not had a significant impact on the Trust's operations and ability to negotiate new or renew mortgages. Given the situation, there could be certain repercussions on the mortgage refinancing activities, the fair value of the investment properties, certain investment decisions and the level of transactions in the market. The Trust will continue to monitor the effects of the rise of the policy rate on its investment activities and valuation of the investment properties.

(d) 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.

(e) 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:

Operating lease contracts – 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, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the leases as operating leases.

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, 2022 (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. Significant 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) Property and equipment

(i) Recognition and measurement

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized within profit or loss on a net basis.

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Equipment, furniture and fixtures	3 - 10 years
Rolling stock	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted when appropriate.

(iii) Impairment

The carrying amount of the Trust's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(e) 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. The Trust has classified these leases as operating leases. The Trust has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

(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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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,	2022	2021
	$	$
Balance beginning of year	1,110,971	903,870
Acquisitions of investment properties (note 4(a))	96,155	185,864
Dispositions of investment properties (note 4(b))	(42,674)	(4,450)
Capital expenditures	3,370	3,672
Capitalized leasing fees	1,531	936
Capitalized lease incentives	5,020	3,466
Lease incentives amortization	(3,113)	(3,292)
Straight-line lease adjustment	1,822	1,334
Net changes in fair value of investment properties	(8,201)	19,571
Balance end of year	1,164,881	1,110,971

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

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

At December 31, 2022, independent external appraisals were obtained in 2022 for investment properties with an aggregate fair value of $821,315 (December 31, 2021 - $672,109).

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

	Industrial	Off downtown core office	Necessity-based retail
As at December 31, 2022			
Capitalization rate	4.75% -6.75%	5.75% - 8.25%	5.50% - 8.00%
Terminal capitalization rate	4.75% - 7.50%	5.75% - 8.00%	5.50% - 8.00%
Discount rate	5.50% - 8.25%	6.25% - 8.75%	6.25% - 8.75%
Weighted average capitalization rate	5.75%	6.76%	6.84%
As at December 31, 2021			
Capitalization rate	4.50% - 8.50%	5.25% - 8.50%	5.25% - 7.75%
Terminal capitalization rate	4.75% - 7.00%	5.50% - 7.50%	6.00% - 7.00%
Discount rate	5.75% - 7.50%	5.50% - 8.25%	6.50% - 7.50%
Weighted average capitalization rate	5.72%	6.41%	6.62%

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, 2022, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at December 31, 2022.

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	$	$
(0.50) %	1,263,849	98,968
(0.25) %	1,212,292	47,412
Base rate	1,164,881	-
0.25 %	1,121,004	(43,877)
0.50 %	1,080,390	(84,491)

(a) Acquisitions

The fair value of the assets and liabilities recognized in the consolidated statement of financial position on the date of the acquisition during the year ended December 31, 2022, were as follows:

(i) Acquisitions in 2022

Fair value recognized on acquisition

Acquisition date	Property type	Location	Interest acquired	Investment properties, including acquisition costs	Mortgage loan assumed	Acquisition costs	Net consideration
			%	$	$	$	$
January 2022	Office	Ottawa, ON	100	34,908	-	-	34,908
January 2022	Office	Ottawa, ON	100	3,192	-	-	3,192
April 2022	Industrial	Ottawa, ON	100	12,410	-	-	12,410
June 2022	Industrial	Montreal, QC	100	15,000	-	-	15,000
June 2022	Industrial	Leduc, AB	100	13,150	(9,474)	-	3,676
September 2022	Industrial	Edmonton, AB	100	15,750	-	-	15,750
Acquisition costs				-	-	1,745	1,745
Total				**94,410**	**(9,474)**	**1,745**	**86,681**

ii) Acquisitions in 2021

Fair value recognized on acquisition

Acquisition date	Property type	Location	Interest acquired	Investment properties, including acquisition costs	Mortgage loan assumed	Acquisition costs	Net consideration
			%	$	$	$	$
June 2021	Industrial	Montreal, QC	100	15,250	(9,913)	-	5,337
November 2021	Office	Montreal, QC	100	35,818	(23,400)	-	12,418
November 2021	Office	Montreal, QC	100	37,807	(24,700)	-	13,107
December 2021	Industrial	Leduc, AB	100	6,500	(4,225)	-	2,275
December 2021	Office	Edmonton, AB	100	4,500	(2,925)	-	1,575
December 2021	Industrial	Edmonton, AB	100	6,500	(4,225)	-	2,275
December 2021	Industrial	Edmonton, AB	100	8,900	(5,785)	-	3,115
December 2021	Industrial	Edmonton, AB	100	14,100	(9,150)	-	4,950
December 2021	Industrial	Edmonton, AB	100	12,400	(8,066)	-	4,334
December 2021	Industrial	Saskatoon, SK	100	4,600	(3,182)	-	1,418
December 2021	Industrial	Saskatoon, SK	100	20,700	(13,441)	-	7,259
December 2021	Industrial	Saskatoon, SK	100	5,000	(3,246)	-	1,754
December 2021	Industrial	Saskatoon, SK	100	10,500	(6,818)	-	3,682
Acquisition costs				-	-	3,289	3,289
Total				**182,575**	**(119,076)**	**3,289**	**66,788**

(b) Dispositions

(i) Dispositions in 2022

Disposal date	Property type	Location	Gross proceeds	Mortgage reimbursement	Disposition expenses	Net proceeds
			$	$	$	$
January 2022	Industrial	Cornwall, ON	8,056	(2,590)	-	5,466
January 2022	Industrial	Cornwall, ON	8,275	(2,959)	-	5,316
January 2022	Industrial	Cornwall, ON	7,885	-	-	7,885
January 2022	Industrial	Cornwall, ON	1,775	-	-	1,775
June 2022	Industrial	Magog, QC	1,798	-	-	1,798
September 2022	Office	Montreal, QC	4,384	(2,745)	-	1,639
December 2022	Office	Montreal, QC	5,901	(2,497)	-	3,404
December 2022	Office	Sainte-Therese, QC	4,600	-	-	4,600
Disposition expenses			-	-	(1,096)	(1,096)
Total			**42,674**	**(10,791)**	**(1,096)**	**30,787**

(ii) Dispositions in 2021

Disposal date	Property type	Location	Gross proceeds	Mortgage reimbursement	Disposition expenses	Net proceeds
			$	$	$	$
December 2021	Retail	Montreal, QC	4,450	(2,632)	-	1,818
Disposition expenses			-	-	(109)	(109)
Total			**4,450**	**(2,632)**	**(109)**	**1,709**

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

For the years ended December 31,	2022	2021
	$	$
Net changes in fair value of investment properties (note 4)	(8,201)	19,571
Disposition expenses (note 4 (b))	(1,096)	(109)
	(9,297)	**19,462**

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

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

5. Receivables

As at December 31,	2022	2021
	$	$
Rents receivable	3,431	4,497
Allowance for expected credit losses	(1,011)	(944)
Net rents receivable	2,420	3,553
Unbilled recoveries	1,142	1,388
Other receivables	1,254	587
Total	**4,816**	**5,528**

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

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

6. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $1,140,753 as at December 31, 2022 (December 31, 2021 – $1,079,554).

As at December 31,	2022	2021
	$	$
Fixed rate mortgage loans payable	552,275	507,401
Floating rate mortgage loans payable	86,166	99,637
Unamortized fair value assumption adjustments	564	755
Unamortized financing expenses	(2,894)	(2,583)
Mortgage loans payable	**636,111**	**605,210**
Short-term portion	86,094	91,185
Weighted average interest rate	4.09%	3.49%
Weighted average term to maturity (years)	3.97	4.66
Range of annual rates	2.30% - 8.20%	2.30% - 6.80%

As at December 31, 2022, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2023	18,507	67,587	86,094
2024	15,961	103,795	119,756
2025	13,626	52,853	66,479
2026	11,278	105,191	116,469
2027	7,472	108,932	116,404
Thereafter	15,110	118,129	133,239
	81,954	**556,487**	**638,441**
Unamortized fair value assumption adjustments			564
Unamortized financing expenses			(2,894)
			636,111

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 10). 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, 2022	As at December 31, 2021
	$	%			$	$
March 2013[1]	7,150	4.12	Monthly	April 2023	4,250	4,850
June 2016	13,000	3.45	Quarterly	June 2026	10,649	11,074
November 2017	23,200	3.88	Monthly	November 2027	21,331	22,015
November 2017	23,075	3.90	Monthly	December 2027	20,068	20,718
Total	**66,425**				**56,298**	**58,657**

(1) The mortgage associated to this swap agreement has been repaid with the revolving credit facility (note 8).

7. Convertible Debentures

As at December 31, 2022, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates: Coupon	Interest rates: Effective	Unit conversion price	Interest payments	Maturity
		%	%	$		
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024
Series H	20,280	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at December 31, 2022			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	709	709
	24,000	28,018	52,018
Conversion options exercised by holders	-	(8,848)	(8,848)
	24,000	19,170	43,170
Unamortized financing expenses	(557)	(671)	(1,228)
Non-derivative liability component	**23,443**	**18,499**	**41,942**
Conversion and redemption options liability (asset) component at fair value	**88**	**28**	**116**

	Series G	Series H	Total
	$	$	$
As at December 31, 2021			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	407	407
	24,000	27,716	51,716
Conversion options exercised by holders	-	(7,152)	(7,152)
	24,000	20,564	44,564
Unamortized financing expenses	(807)	(938)	(1,745)
Non-derivative liability component	**23,193**	**19,626**	**42,819**
Conversion and redemption options liability component at fair value	**44**	**10,649**	**10,693**

Series G

In October 2019, the Trust issued Series G subordinated convertible, redeemable, unsecured debentures bearing 6.00% interest payable semi-annually and maturing in October 2024, in the amount of $24,000. The debentures are convertible at the holder's option at any time before October 2024, at a conversion price of $5.42 per unit ("Series G Conversion Price").

These debentures are not redeemable before October 31, 2024, except in the case of a change in control. As of October 31, 2022, but before October 31, 2023, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price.

As of October 31, 2023, but before October 31, 2024, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

As of December 31, 2022, no conversion options have been exercised by holders on debentures.

Series H

In September 2020, the Trust issued Series H subordinated convertible, redeemable, unsecured debentures bearing 7.00% interest payable semi-annually and maturing on October 31, 2025, in the amount of $30,000. The debentures are convertible at the holder's option at any time before October 31, 2025, at a conversion price of $3.64 per unit ("Series H Conversion Price").

These debentures are not redeemable before October 31, 2023, except in the case of a change in control. As of October 31, 2023, but before October 31, 2024, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price.

As of October 31, 2024, but before October 31, 2025, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

As of December 31, 2022, conversion options have been exercised by holders on debentures representing a nominal amount of $9,720 (December 31, 2021 – $7,857).

8. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of $8,000, with a possible capacity of up to $23,000. This line of credit bears interest at a rate of 1% above the prime rate. As at December 31, 2022, $900 was due under the acquisition line of credit (December 31, 2021 – $0). The line of credit is secured by an immoveable second rank hypothec on five properties having a fair value of $93,406.

The second is a revolving credit facility in the amount of $40,000 with an accordion option of up to an additional $20,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Bankers' Acceptance rate. As at December 31, 2022, $8,997 was due under the revolving credit facility (December 31, 2021 - $35,468).

The revolving credit facility is secured by an immoveable first rank hypothec on one property having a fair value of $18,275 and by negative pledge of a selection of borrowing base properties having a fair value of $137,499.

9. Class B LP Units

Years ended	December 31, 2022		December 31, 2021	
	Units	$	Units	$
Units outstanding, beginning of year	347,265	1,417	397,265	1,402
Exchange into Trust units	-	-	(50,000)	(216)
Fair value adjustment	-	(149)	-	231
Units outstanding, end of year	**347,265**	**1,268**	**347,265**	**1,417**

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,	2022	2021
	$	$
Distribution to Class B LP unitholders	104	108
Distribution per Class B LP unit	0.30	0.30

10. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at December 31, 2022 and December 31, 2021 because of their short-term maturity or because they bear interest at current market rates.

As at December 31, 2022	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 7)	116	-	-	116
Interest rate swap asset	(3,754)	-	(3,754)	-
Class B LP Units (note 9)	1,268	1,268	-	-
For which fair values are disclosed				
Mortgage loans payable (note 6)	638,441	-	600,844	-
Convertible debentures, including their conversion and redemption features (note 7)	42,058	44,007	-	-
Bank loans (note 8)	9,897	-	9,897	-

As at December 31, 2021	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 7)	10,693	-	-	10,693
Interest rate swap liability	553	-	553	-
Class B LP Units (note 9)	1,417	1,417	-	-
For which fair values are disclosed				
Mortgage loans payable (note 6)	607,038	-	614,158	-
Convertible debentures, including their conversion and redemption features (note 7)	53,512	48,376	-	-
Bank loans (note 8)	35,468	-	35,468	-

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

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

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

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

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

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

	Conversion and redemption options of convertible debentures
	$
Year ended December 31, 2022	
Balance beginning of period	10,693
Conversion options exercised by holders	(667)
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	(9,910)
Balance end of year	**116**

	Conversion and redemption options of convertible debentures
	$
Year ended December 31, 2021	
Balance beginning of year	6,486
Conversion options exercised by holders	(2,018)
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	6,225
Balance end of year	**10,693**

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, 2022:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	23	28.96
December 31, 2022	116	29.46
0.50%	181	29.96

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.

11. 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,	2022	2021
	Deferred units	Deferred units
Outstanding, beginning of year	103,116	87,920
Trustees' compensation	9,558	8,484
Distributions paid in units	9,053	6,712
Outstanding, end of year	**121,727**	**103,116**

As at December 31, 2022, the liability related to the plan was $446 (December 31, 2021 - $410). The related revenue recorded in profit or loss amounted to $72 and $36, for the three months and year ended December 31, 2022 (for the three months and year ended December 31, 2021 – expense of $14 and an expense of $99).

(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 3% to 7% of their base salary depending on their years of service with the Trust. For each two units purchased by an employee, the Trust issues one unit from treasury.

As at December 31, 2022, the liability related to the plan was $54 (December 31, 2021 -$61). The related expense and revenue recorded in profit and loss amounted to respectively $54 and $41 for the three months and year December 31, 2022 (for the three months and year ended December 31, 2021 -$0 and $0). The 11,915 units related to 2021 purchases were issued in February 2022 (14,351 units related to 2020 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,	2022	2021
	Restricted units	Restricted units
Outstanding, beginning of period	161,536	139,724
Granted	93,576	95,058
Cancelled	-	(1,524)
Settled	(116,529)	(71,722)
Outstanding, end of year	**138,583**	**161,536**

As at December 31, 2022, the liability related to the plan was $446 (December 31, 2021 - $552). The related revenue and expense recorded in profit and loss amounted to respectively $244 and $357 for the three months and year ended December 31, 2022 (for the three months and year ended December 31, 2021 – expense of $52 and $336).

(d) Cash settled share-based retirement compensation plan

On February 9, 2021, the Board of Trustees retroactively approved a cash settled phantom share-based retirement allowance plan (RA Plan) for the President and Chief Executive Officer with a start date of July 1, 2020, to form part of a long-term incentive compensation plan until retirement. Under this plan, phantom units are granted at set dates to July 1, 2026, based on a predetermined cash value. The number of phantom units granted at each vest date is based on the average closing trading price of the last 5 days prior to granting. The granted RA Plan units are to be paid out on retirement based on the average closing trading price of the last 20 days. As at December 31, 2022, the long-term obligation related to the plan was $596. The related expense recorded in profit and loss amounted to $33 and $107 for the three months and year ended December 31, 2022 (for the three months and year ended December 31, 2021 – expense of $29 and $465).

12. 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:

For the years ended December 31,	2022		2021	
	Units	$	Units	$
Trust units outstanding, beginning of year	74,126,971	351,540	63,439,435	309,394
Issue pursuant to a public issue	9,584,100	38,545	7,809,650	30,266
Trust unit issuance costs	-	(269)	-	(263)
	83,711,071	389,816	71,249,085	339,397
Issue pursuant to the distribution reinvestment plan (a)	872,983	3,182	752,280	2,943
Issue pursuant to the employee unit purchase plan (note 11 (b))	11,915	48	14,351	52
Issue pursuant to the restricted unit compensation plan (note 11 (c))	130,506	518	71,722	256
Class B LP units exchange into Trust units	-	-	50,000	227
Issue pursuant to conversion of convertible debentures (note 7)	511,804	2,396	1,989,533	8,665
Trust units outstanding, end of year	**85,238,279**	**395,960**	**74,126,971**	**351,540**

(a) Distribution reinvestment plan

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

(b) Distributions

For the years ended December 31,	2022	2021
	$	$
Distribution to unitholders	24,927	21,356
Distribution per Trust unit	0.30	0.30

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

On November 7, 2022, the Toronto Stock Exchange (TSX) approved a normal course issuer bid ("NCIB"), permitting BTB to repurchase for cancellation up to 5,838,023 units from November 10, 2022 to November 9, 2023, representing approximately 7% of the Trust's issued and outstanding units. As of December 31, 2022, no units have been repurchased for cancellation.

13. Rental Revenues

For the years ended December 31,	2022	2021
	$	$
Base rent and other lease generated revenues	73,992	59,904
Lease cancellation fees	-	74
Property tax and insurance recoveries	24,831	20,482
	98,823	80,460
Operating expenses recoveries and other revenues	21,963	21,841
Lease incentive amortization	(3,113)	(3,292)
Straight-line lease adjustment	1,822	1,334
	119,495	**100,343**

The Trust as lessor enters into leases on its investment properties. Initial lease terms are generally between three and ten years and 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, 2022 are as follows:

	2022
	$
Within one year	121,101
Beyond one year but within two years	107,675
Beyond two years but within three years	95,231
Beyond three years but within four years	82,263
Beyond four years but within five years	67,086
Beyond five years	227,768
	701,124

14. Net Financial Expenses

For the years ended December 31,	2022	2021
	$	$
Interest on mortgage loans payable	23,947	18,742
Interest on convertible debentures	2,796	3,220
Interest on bank loans	1,421	484
Interest on lease liabilities	211	211
Other interest expense	75	36
Accretion of non-derivative liability component of convertible debentures	335	360
Accretion of effective interest on mortgage loans payable and convertible debentures	1,127	1,301
Distribution - Class B LP Units	104	108
Fair value adjustment – Class B LP Units	(149)	231
Early repayment fees of a mortgage loan	515	188
Net adjustment to fair value of derivative financial instruments	(14,216)	3,246
	16,166	**28,127**

15. Expenses by Nature

For the years ended December 31,	2022	2021
	$	$
Depreciation	122	87
Employee compensation and benefits expense	9,452	8,287

16. 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,	2022	2021
	$	$
Net income	38,154	41,568
Weighted average number of trust units outstanding – basic	83,438,658	71,547,334
Earnings per unit – basic	**0.46**	**0.58**

17. 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,	2022	2021
	$	$
Cash and cash equivalents	(2,404)	(7,191)
Mortgage loans payable[(1)]	638,441	607,038
Convertible debentures[(1)]	43,170	44,564
Bank loans	9,897	35,468
Mortgage loans payables, Convertible debentures and Bank loans adjusted for Cash and cash equivalents	**689,104**	**679,879**
Total assets	1,179,340	1,129,901
Accumulated depreciation on Property and equipment	1,114	992
Cash and cash equivalents	(2,404)	(7,191)
Total assets adjusted for accumulated depreciation and cash and cash equivalents	**1,178,050**	**1,123,702**

(1) Excluding issue costs

As at December 31,	2022	2021
	%	%
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	58.5	60.5
Mortgage loans payable / total assets adjusted for accumulated depreciation andcash and cash equivalents ratio	54.2	54.0

(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 10)

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 and staggering lease terms; avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues and conducting credit assessments for all major new tenants. The Trust analyzes its trade 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, 2022, overdue rent receivable amounted to $962 (December 31, 2021 - $1,022). An allowance for expected credit losses of $1,011 (December 31, 2021 - $944) 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 three mortgage loans outstanding of $34,118 as at December 31, 2022 bearing interest at variable rates and three mortgages loans outstanding of $52,028 as at December 31, 2022 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 $862 on the Trust's comprehensive income for the year ended December 31, 2022.

(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, 2022, 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, 2022								Estimated payment schedule
	Carrying amount	Total contractual cash flows	2023	2024	2025	2026	2027	2028 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	20,058	20,581	20,279	183	63	56	-	-
Distributions payable to unitholders	2,131	2,131	2,131	-	-	-	-	-
Lease liabilities	4,203	9,882	228	231	236	242	245	8,700
Bank loans	9,897	9,897	9,897	-	-	-	-	-
Mortgage loans payable and convertible debentures	678,053	775,870	112,205	140,300	106,623	150,914	124,496	141,332
	714,342	**818,361**	**144,740**	**140,714**	**106,922**	**151,212**	**124,741**	**150,032**

As at December 31, 2021								Estimated payment schedule
	Carrying amount	Total contractual cash flows	2022	2023	2024	2025	2026	2027 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	21,731	22,393	21,930	194	157	56	56	-
Distributions payable to unitholders	1,853	1,853	1,853	-	-	-	-	-
Lease liabilities	4,219	10,107	226	228	231	236	242	8,944
Bank loans	35,468	35,468	35,468	-	-	-	-	-
Mortgage loans payable and convertible debentures	648,029	751,065	113,817	70,937	151,790	99,385	125,890	189,246
	711,300	**820,886**	**173,294**	**71,359**	**152,178**	**99,677**	**126,188**	**198,190**

18. 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,		2022	2021
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,	2022	2021
	$	$
Assets	19,973	22,064
Liabilities	(9,276)	(9,827)
Revenues	1,869	1,836
Expenses	870	1,147
Net change in fair value of investment properties	2,741	2,831

19. Operating Segments

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

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

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

	Industrial	Off-downtown core office	Necessity-based retail	Total
	$	$	$	$
Year ended December 31, 2022				
Investment properties	344,998	570,527	249,356	**1,164,881**
Rental revenue from properties	22,910	68,794	27,791	**119,495**
Net operating income	17,565	36,863	16,002	**70,430**
Year ended December 31, 2021				
Investment properties	283,856	574,928	252,187	**1,110,971**
Rental revenue from properties	13,672	58,034	28,637	**100,343**
Net operating income	9,235	30,244	16,857	**56,336**

20. 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, 2022	$	$
Balance beginning of year	42,819	605,210
Mortgage loans, net of financing costs	-	27,364
Capitalized interest on mortgage loans	-	192
Repayment of mortgage loans	-	(46,228)
Asset acquisitions mortgage assumption	-	59,774
Asset dispositions mortgage assumption	-	(10,790)
Net proceeds from issuance of convertible debentures	-	-
Initial recognition of conversion and redemption options liability component	-	-
Repayment of convertible debentures	-	-
Conversion of convertible debentures	(1,696)	-
Fair value assumption adjustments and financing costs amortization	517	589
Accretion of non-derivative liability component	302	-
Balance end of year	**41,942**	**636,111**

21. Compensation of Key Management Personnel and Trustees

Key management personnel and trustees compensation is as follows:

For the years ended December 31,	2022	2021
	$	$
Salaries and short-term benefits	2,377	2,812
Unit-based compensation	539	1,066
Total	2,916	3,878

Key management personnel are comprised of the Trust's executive officers.

22. Leases Commitments and Contingencies

(i) Leases

Lease liabilities

As at December 31,	2022	2021
Maturity analysis - contractual undiscounted cash flows	$	$
Within one year	228	226
Beyond one year but within five years	954	937
Beyond five years	8,700	8,944
Total undiscounted lease liabilities	**9,882**	**10,107**
Lease liabilities included in the statement of financial position	4,203	4,219
Current	19	16
Non-current	4,184	4,203

Amounts recognized in profit and loss and statement of cash flows

As at December 31,	2022	2021
Profit and loss	$	$
Interest on lease liabilities (note 15)	211	211
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	491	292
Statement of cash flows		
Total cash outflow for leases	717	516

(ii) 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.

23. Subsequent Events

On February 2, 2023, the Trust completed the purchase of a fully leased industrial property in Mirabel (Quebec) for $28,000. As part of the transaction the Trust contracted a mortgage loan of $16,000.

On February 14, 2023, the holder of Class B LP units exchanged 150,000 into Trust units.

Executive Team & Board of Trustees

Michel Léonard
President, Chief Executive Officer & Trustee

Mathieu Bolté
Vice President & Chief Financial Officer

Jocelyn Proteau
Chair of the Board & Trustee(2)

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

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

Luc Martin
President, Audit Committee & Trustee(1)

Fernand Perreault
President, Investment Committee & Trustee(3)

Christine Marchildon
Trustee(2)

Sylvie Lachance
Trustee(3)

(1) Member of the Audit Committee
(2) Member of the Human Resources and Governance Committee
(3) Member of the Investments Committee

Unitholders Information

Head office
BTB Real Estate Investment Trust
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Montréal, Québec, H3G 2B3
T 514 286-0188
www.btbreit.com

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

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F 514 982-7850
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Taxability of distributions
In 2022, for all Canadian unitholders, the distributions were fiscally treated as follow:

- Other revenues: 0%
- Fiscal Deferral: 100%

Auditors
KPMG LLP.
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De Grandpré Chait LLP.
800 Rene-Lévesque Blvd West
Suite 2600
Montréal, Québec, H3B 1X9

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

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