Balancing Growth and Responsibility

2023 Annual Report

Non-IFRS Financial Measures – Definitions

Non-IFRS Measure	Definition	Reconciliation
Adjusted net income	Adjusted net income is a non-IFRS financial measure that starts with net income and comprehensive income and removes the effects of: (i) fair value adjustment of investment properties; (ii) fair value adjustment of derivative financial instruments; (iii) fair value adjustment of Class B LP units; and (iv) transaction costs incurred for acquisitions and dispositions of investment properties and early repayment fees. The Trust considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the real estate market 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 FFO Adjusted**	FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its January 2022 White Paper ("White Paper"). FFO is defined as net income and comprehensive income less certain adjustments, on a proportionate basis, including: (i) fair value adjustments on investment properties, class B LP units and derivative financial instruments; (ii) amortization of lease incentives; (iii) incremental leasing costs; and (iv) distribution on class B LP units. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. FFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. FFO Adjusted is also a non-IFRS financial measure that starts with FFO and 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 FFO Adjusted are key measures of operating performance and allow the investors to compare its historical performance.	Funds from Operations (FFO and Cash Flows

Non-IFRS Measure	Definition	Reconciliation
Adjusted Funds from Operations ("AFFO") **and** **AFFO Adjusted**	AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. AFFO is defined as FFO less: (i) straight-line rental revenue adjustment; (ii) accretion of effective interest; (iii) amortization of other property and equipment; (iv) unit-based compensation expenses; (v) provision for non-recoverable capital expenditures; and (vi) provision for unrecovered rental fees (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. AFFO is also reconciled with the cash flows from operating activities, which is an IFRS measure. AFFO Adjusted is also a non-IFRS financial measure that starts with AFFO and removes the impact of non-recurring items such as transaction costs on acquisitions and dispositions of investment properties and early repayment fees. The Trust considers AFFO and AFFO Adjusted to be useful measures of 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) and Cash Flows
FFO and AFFO per unit **and** **FFO adjusted and AFFO adjusted per unit**	FFO and AFFO per unit and FFO adjusted and AFFO adjusted per unit are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These ratios are calculated by dividing the FFO, AFFO, FFO adjusted and AFFO adjusted by the Weighted average number of units and Class B LP units outstanding. The Trust believes these metrics to be key measures of operating performances allowing the investors to compare its historical performance in relation to an individual per unit investment in the Trust.	Funds from Operations (FFO); Adjusted Funds from Operations (AFFO)
FFO and AFFO payout ratios **and** **FFO Adjusted and AFFO Adjusted payout ratios**	FFO and AFFO payout ratios and FFO Adjusted and AFFO Adjusted payout ratios are non-IFRS financial measures used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. These payout ratios are calculated by dividing the actual distributions per unit by FFO, AFFO and FFO Adjusted and AFFO Adjusted per unit in each period. The Trust considers these metrics a useful way to evaluate its distribution paying capacity.	Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)
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

Our Mission

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

Our Values

Open-minded

Approachable

Driven

Dynamic

Authentic

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Our Year in Review

A Word from our President and CEO, Michel Léonard

I am delighted to reflect upon the remarkable journey that was 2023 for BTB. The past twelve months have been marked by record-breaking financial performance, strategic advancements, and a steadfast commitment to responsible growth. 2023 was a year that propelled us further along our strategic journey and I would like to express my sincere gratitude to each and every one of you who have played a pivotal role in making 2023 a resounding success.

A Record Year for BTB

Our 2023 financial performance has been nothing short of stellar. The rental revenues, a cornerstone of our financial success, reached an all-time high of $127.8 million for the year, showcasing a remarkable 7.0% increase compared to the same period in 2022. This achievement is a testament to the effectiveness of our leasing strategies and the robustness of our portfolio.

Our leasing strategies demonstrated exceptional efficacy solidifying our position as a leader in the real estate sector. In the last quarter alone, BTB completed 158,790 square feet of lease renewals, coupled with an additional 78,340 square feet of new leases. These figures underscore the vitality of our leasing efforts and our ability to attract and retain clients in a dynamic market environment. On an annual basis, BTB's leasing accomplishments for 2023 were also impressive: a total of 485,751 square feet of lease renewals were successfully completed, complemented by 296,240 square feet of new leases. These figures affirm our sustained leasing momentum, underpinned by strategic initiatives that resonate with the evolving needs of our clients. As a direct result of these strong leasing endeavors, our occupancy rate surged to an impressive 94.2%, marking a significant 49 basis points increase compared to the prior quarter and an outstanding 99 basis points increase compared to the same period in 2022. The leasing achievements echo our promise to optimizing the use of our spaces, ensuring our properties remain vibrant and integral components of their respective communities. The average lease renewal rental rate for the quarter demonstrated a substantial 14.3% increase, contributing to the overall growth trajectory.

On the operating side of our business, the Net Operating Income (NOI), a key indicator of our operational excellence, totaled $75.4 million for the year, reflecting a 7.0% increase compared to the previous year. This growth is a direct result of our priority to value creation across our assets and our strategic focus on optimizing operational efficiencies. Our same-property NOI demonstrated resilience and growth as we witnessed a 2.1% increase. Our leasing efforts in the necessity-based retail segment, coupled with enhanced rental spreads in the industrial sector, contributed significantly to this positive performance. For the off-downtown core office segment, we concluded the year with a notable 7.7% increase in the fourth quarter of the same-property NOI and an impressive increase in the lease renewal rental rate of 5.3%. It reaffirms our commitment to adaptability and strategic repositioning in response to market dynamics.

Strategic Repositioning and Industrial Assets

Since 2018, BTB made significant strides in the strategic repositioning of its portfolio. In 2023, we concluded the acquisitions of three industrial properties – one in Mirabel, QC, and two in Edmonton, AB, bringing our total industrial properties to 36.4% of our portfolio, from 18.1% in 2020. These endeavors embody our deliberate shift towards a future where industrial assets form the bedrock of our sustained success.

Reflecting on 2023, it is evident that our focus of investing in industrial properties is a strategic beacon guiding us through a dynamic market environment. The acquired properties are not just transactions; they represent a deliberate move towards creating enduring value for our unitholders and a holistic approach to shaping a resilient and dynamic future.

Commitment to Responsible Growth

Amidst our financial improvements and strategic advancements, we stand proudly at the pinnacle of a transformative journey marked by the publication of our inaugural Environmental, Social, and Governance (ESG) report in January 2024. This milestone represents more than a document; it symbolizes our commitment to responsible growth, sustainability, and the highest standards of ethical business practices.

Our ESG report was not merely a procedural task, it was a meticulous and comprehensive process that engaged every facet of our organization. From Finance to Operations, from Human Resources to Leasing, every department played a crucial role in shaping an ESG narrative that mirrors our dedication to transparency and accountability.

As we actively integrate ESG initiatives into our daily practices, we are aligning our business strategies with broader environmental and social responsibilities. This is a pledge embedded in the fabric of our corporate culture. The positive impact of our ESG initiatives is already discernible.

Heading into 2024

As we bid farewell to 2023, I am filled with gratitude for the collective efforts that have propelled BTB to new heights. The year was a demonstration of our resilience, adaptability, and unyielding devotion to excellence. As we stand on the cusp of 2024, I am pleased to declare that we enter the new year with serenity and confidence. Our financial foundations are robust, our strategic vision is clear, and our commitment to responsible growth is relentless. We have weathered uncertainties and embraced challenges as opportunities for growth and innovation. The lessons learned in 2023 have fortified our resolve to navigate the ever-evolving real estate landscape with agility and foresight.

I would also like to take a moment to acknowledge the significant contributions of our departing Executive Vice President, CFO, and COO, Mathieu Bolté. His leadership has been instrumental in driving positive changes within the company, particularly in terms of process improvements. Mathieu's strategic vision not only streamlined our operations but also contributed to enhanced efficiency and effectiveness across various departments. His commitment to excellence has left an indelible mark on our organizational culture, fostering a spirit of innovation and continuous improvement. The robust financial foundations and clear vision we currently enjoy are a testament to his transformative influence. His ability to navigate challenges with foresight has played a critical role in shaping our resilient and forward-thinking approach. While Mathieu will be greatly missed, we understand and respect his decision to move on to new challenges. We wish him all the best, confident that his skills and insights will continue to contribute to success wherever his path may lead.

Looking ahead, our focus remains strong on creating sustainable value for our unitholders. We are optimistic about the opportunities that 2024 will present, and we are well-positioned to capitalize on them. Our strategic repositioning efforts, coupled with conscientious growth, will guide us in shaping a future that is not only financially rewarding but also socially and environmentally responsible.

In conclusion, I extend my deepest appreciation to our dedicated employees, devoted trustees, valued clients, and unitholders who have been instrumental in our success. Together, we have laid a solid foundation for the future, and I am sure that the coming year will be marked by continued success. As we embark on this exciting journey into 2024, let us do so with the collective spirit that has defined BTB throughout its remarkable history – a spirit of innovation, resilience, and a shared commitment to building a better, more sustainable future.

Thank you for your continued trust and support.

Michel Léonard, President & CEO

Highlights

In 2023, BTB delivered a never-before-seen performance, with increased net operating income and rental revenue. Strategic portfolio expansion and efficient financial management contributed to steady returns for unitholders. BTB remains well-positioned for sustained growth in the dynamic real estate market.

$1.2B
Asset value

6.1M sq. ft.
Total leasable area

77
Properties

94.2%
Occupancy rate

$127.8M
Rental revenue
2022: $119.5M

$75.4M
Net operating income (NOI)
2022: $70.4M

45.1¢
FFO adjusted per unit(1)
2022: 45.4¢

74.1%
AFFO adjusted payout ratio(1)
2022: 73.3%

42.4¢
Net earnings per unit

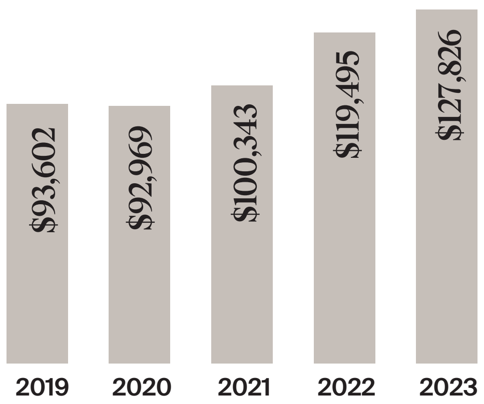
30.0¢
Distributions per unit

$66.5M
Same-property NOI(1)
2022: $65.2M (Increase of +2.1%)

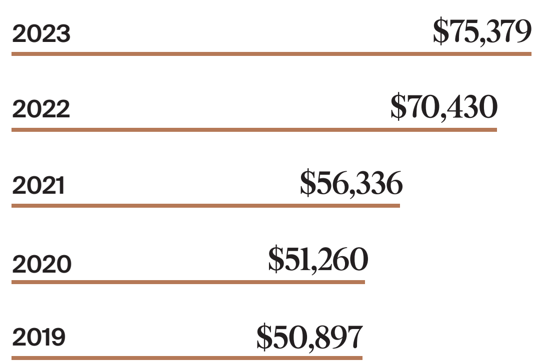
*Highlights are presented for the 2023 calendar year or as at December 31st, 2023, unless otherwise specified.
(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Key Metric Evolution*

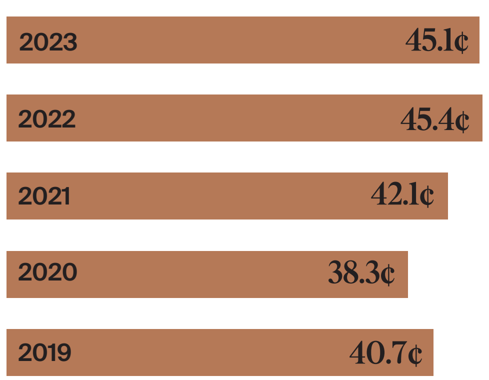
Rental revenue



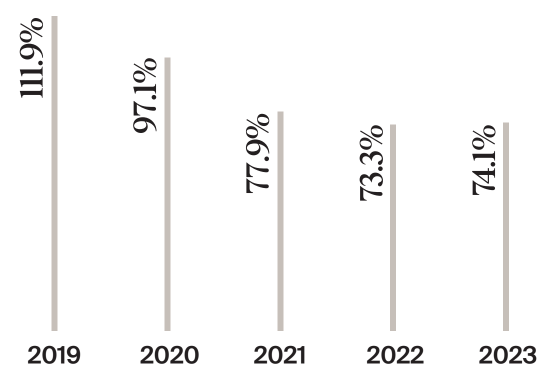
Net Operating Income (NOI)



FFO adjusted per unit[(1)]

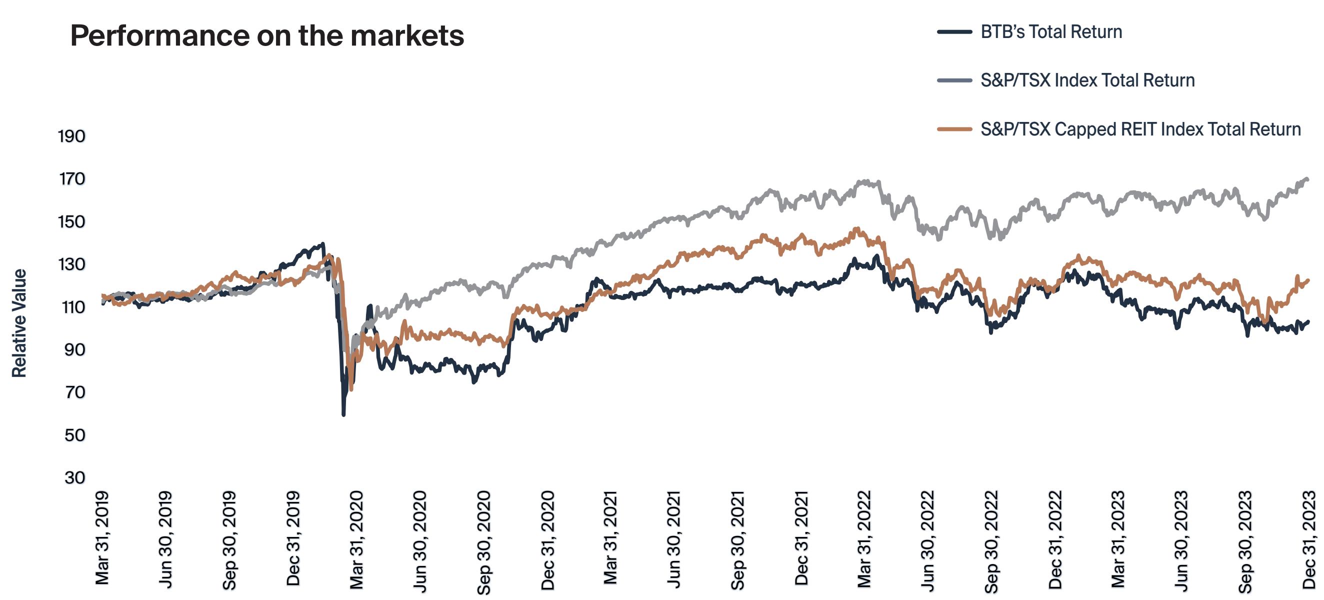


AFFO adjusted payout ratio[(1)]



*For the years ending on December 31, in thousands of dollars. (1) This is a non-IFRS financial measure, refer to page 2 and 37.

Performance on the markets



2611 Queensview Drive, Ottawa, ON

Asset Types

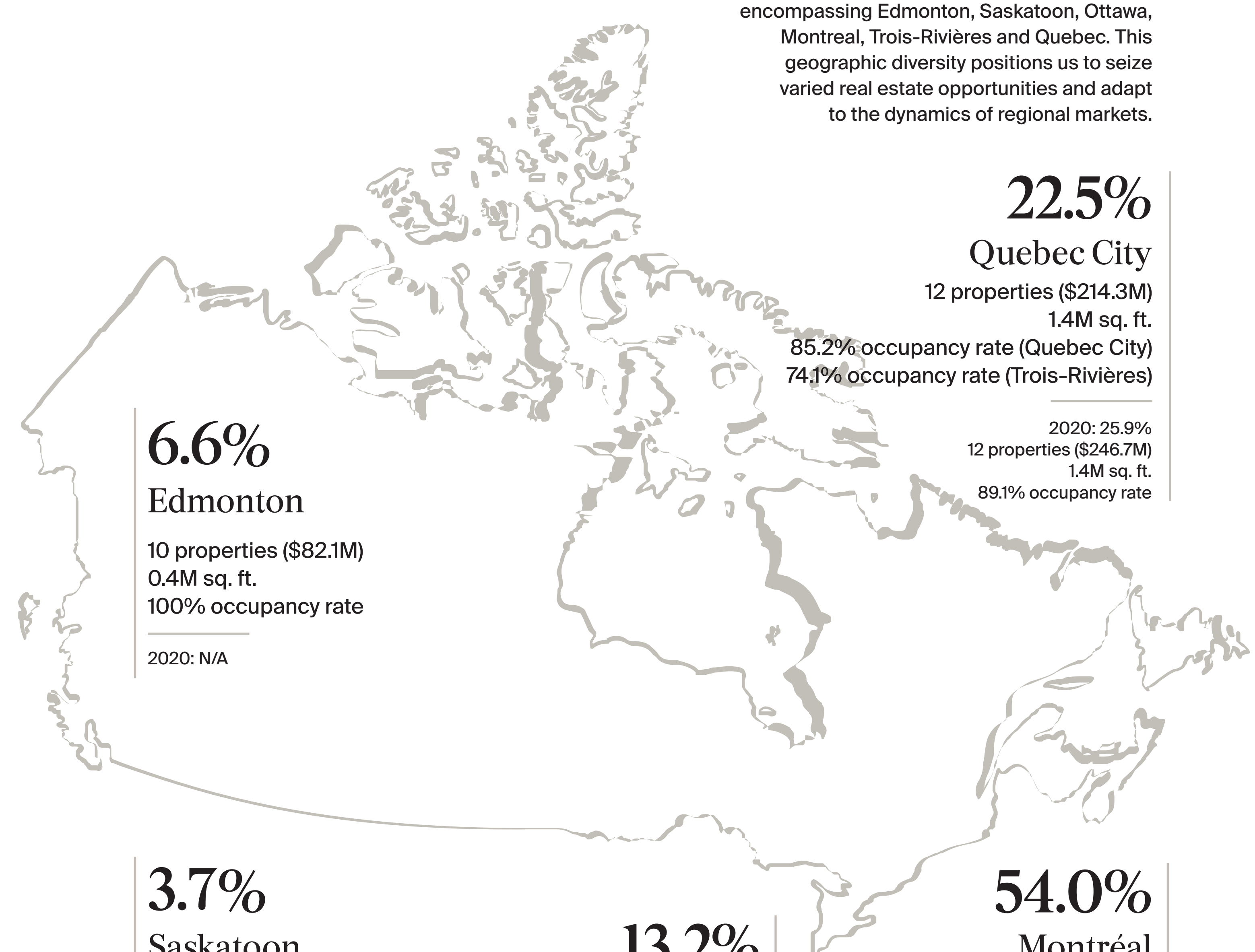
In 2023, BTB continued to strategically move towards the industrial sector while maintaining a diversified portfolio with three types of key assets: 20.6% in necessity-based retail for stability (vs. 27.3% in 2020), 43.0% in off-downtown core office for prime spaces (vs. 54.6% in 2020) and 36.4% in industrial for growth in logistics and distribution (vs. 18.1% in 2020). This deliberate allocation underscores our commitment to maximizing returns through a well-calibrated asset mix.

	2023	2020
Industrial	36.4%	18.1%
Off-downtown core office	43.0%	54.6%
Necessity-based retail	20.6%	27.3%

Percentages on this page are presented based on property value.

Geographic Locations

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



22.5%
Quebec City
12 properties ($214.3M)
1.4M sq. ft.
85.2% occupancy rate (Quebec City)
74.1% occupancy rate (Trois-Rivières)

2020: 25.9%
12 properties ($246.7M)
1.4M sq. ft.
89.1% occupancy rate

6.6%
Edmonton
10 properties ($82.1M)
0.4M sq. ft.
100% occupancy rate

2020: N/A

3.7%
Saskatoon
4 properties ($44.6M)
0.2M sq. ft.
100% occupancy rate

2020: N/A

13.2%
Ottawa
11 properties ($164.2M)
0.8M sq. ft.
98.8% occupancy rate

2020: 20.6%
13 properties ($141.5M)
1.1M sq. ft.
93.3% occupancy rate

54.0%
Montréal
40 properties ($702.4M)
3.3M sq. ft.
96.2% occupancy rate

2020: 53.5%
40 properties ($515.8M)
2.9M sq. ft.
93.3% occupancy rate

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

Our Portfolio

Our Properties

We closed the year with a total of 77 properties and 6.1 million square feet of leasable area across Canada in the regions of Montréal, Quebec City, Trois-Rivières, Ottawa, Edmonton and Saskatoon.

Industrial

1325 Hymus Blvd, Dorval

4105 Sartelon Street, St-Laurent

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

7777 Transcanada Highway, St-Laurent

6000 Kieran Street, St-Laurent

2005 Le Chatelier Street, Laval

4535 Louis B. Mayer Street, Laval

3695 des Laurentides (Highway-15), Laval

2175 des Entreprises Blvd, Terrebonne

2205-2225 des Entreprises Blvd, Terrebonne

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

9900 Irénée-Vachon Street, Mirabel

2350 Chemin du Lac, Longueuil

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

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

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

400 Hunt Club Rd, Ottawa

1100 Algoma Road, Ottawa

6909 - 42 Street, Leduc

18410 - 118A Avenue NW, Edmonton

18028 - 114 Avenue NW, Edmonton

28765 Acheson Road, Acheson

25616 - 117 Avenue NW, Acheson

3905 Allard Avenue, Edmonton

8743 50 Avenue NW, Edmonton

8810 (8818-8846) 48 Avenue NW, Edmonton

8810 (8856) 48 Avenue NW, Edmonton

3542 Millar Avenue, Saskatoon

318 - 68th Street, Saskatoon

3911 Millar Avenue, Saskatoon

3927 and 3931 Wanuskewin Road, Saskatoon

Off-downtown core office

5810 Sherbrooke Street East, Montréal[1]

2101 Sainte-Catherine Street West, Montréal

2250 Alfred-Nobel Blvd, St-Laurent

2600 Alfred-Nobel Blvd, St-Laurent[1][3]

2344 Alfred-Nobel Blvd, St-Laurent[1]

7150 Alexander-Fleming Street, St-Laurent

2425 Pitfield Blvd, St-Laurent

3111 Saint-Martin Blvd West, Laval[2][3]

3131 Saint-Martin Blvd West, Laval[2]

204 De Montarville Blvd, Boucherville[1]

32 Saint-Charles Street West, Longueuil

50 Saint-Charles Street West, Longueuil

85 Saint-Charles Street West, Longueuil

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

4890-4898 Taschereau Blvd, Brossard

145 Saint-Joseph Blvd, St-Jean-sur-Richelieu

315-325 MacDonald Street, St-Jean-sur-Richelieu[2]

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

80 Aberdeen Street, Ottawa

245 Menten Place, Ottawa

2200 Walkley Street, Ottawa[1]

2204 Walkley Street, Ottawa[1]

2611 Queensview Drive, Ottawa[3]

979[3] & 1031 Bank Street, Ottawa

7 and 9 Montclair Blvd, Gatineau[1]

6655 Pierre-Bertrand Blvd, Quebec City[1]

6700 Pierre-Bertrand Blvd, Quebec City[1]

825 Lebourgneuf Blvd, Quebec City

815 Lebourgneuf Blvd, Quebec City[1]

1170 Lebourgneuf Blvd, Quebec City[1]

505 Des Forges Street, Trois-Rivières[1]

1500 Royale Street, Trois-Rivières[1]

1921 - 91 Street, Edmonton

Necessity-based retail

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

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

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

2900 Jacques-Bureau Street, Laval

5791 Laurier Blvd, Terrebonne

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

2111 Fernand-Lafontaine Blvd, Longueuil

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

1000 Du Séminaire Blvd North, St-Jean-sur-Richelieu

909-915 Pierre-Bertrand Blvd, Quebec City

625-675 De la Concorde Street, Lévis

1200-1252 De la Concorde Street, Lévis

(1) BOMA BEST certified property
(2) BOMA BEST certification in progress
(3) LEED certified property

Our 2023 Acquisitions

In 2023, we acquired three industrial properties, bringing our total industrial properties to 36.4% of our portfolio, an improvement of 10.9% since our strategic repositioning to the industrial sector in 2021.

9900 Irénée-Vachon Street, Mirabel, QC

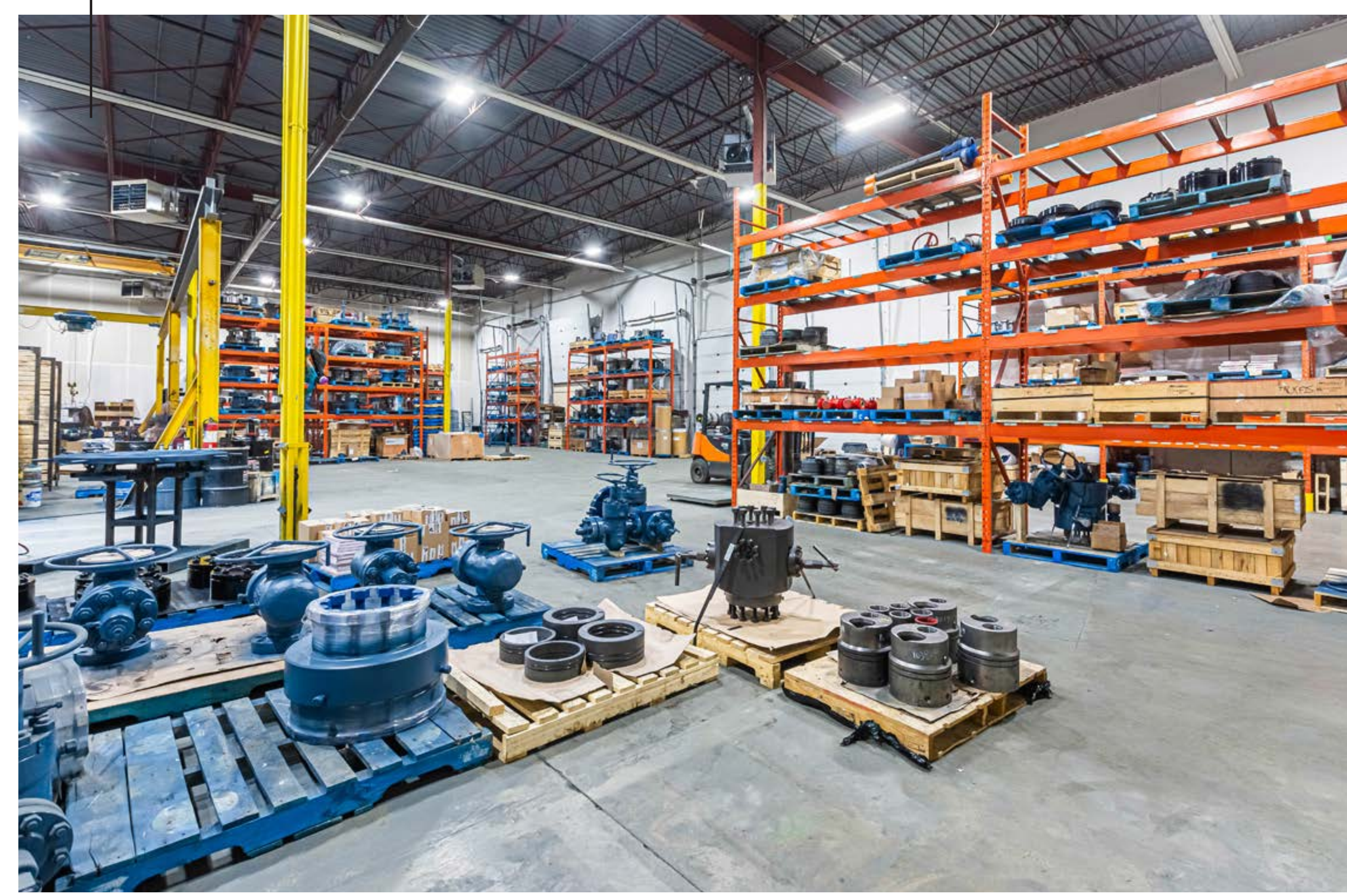
On February 2, 2023, we finalized the acquisition of this Class A industrial property, which is fully leased to Lion Electric, an innovative manufacturer of electric school buses, minibuses and commercial trucks.

Purchase price: $28M*
Property type: industrial
Total leasable area: 176,819 sq.ft.

8810 48 Avenue NW, Edmonton, AB

On May 3, 2023, we finalized the acquisition of these industrial properties located in the heart of the McIntyre Industrial Park in Edmonton, Alberta. Built in 1978, these properties are currently leased to four tenants, including Redco Equipment Sales Group.

Purchase price: $7.35M*
Property type: industrial
Total leasable area: 83,292 sq.ft.



*Purchase price excluding transaction costs and adjustments.

Our Clients

Client Portrait: *Amylior*

Amylior is a manufacturer of power wheelchairs and a distributor of mobility aid products. Our mission is to improve the mobility and quality of life of our customers by developing superior products and providing exceptional service, adapted to the specific needs of users.

Can you summarize the history of your company for us?

Our company started modestly in 1997 with only 4 employees in the Canadian market. Over the years, we progressed, expanding our operations to the United States a few years later, then to Australia, New Zealand and Europe in 2016. Through the development of several innovative products, we were able to boost our sales and conquer different international markets. At the same time, we consolidated our operations by operating four different factories, expanding our facilities at each stage. Today, our company continues to grow and prosper thanks to our constant commitment to innovation, quality and strategic expansion into global markets.

What are your principal markets?

Canada, United States, Australia/New Zealand, and Europe.

What are you most proud of accomplishing as a business?

As a company, we are most proud of our exceptional team at Amylior, which is the driving force behind our continued growth and success.

What are the main challenges you face as a business?

Our main challenges relate to effectively managing our rapid and continued growth. This involves maintaining the quality of our products and services, responding to changing market needs, strengthening our infrastructure and human resources, as well as remaining competitive while preserving our corporate culture and core values.

Does your business have environmental and/or social implications?

Our social impact is significant because we operate in the medical mobility aid industry, thus directly responding to an essential social need.

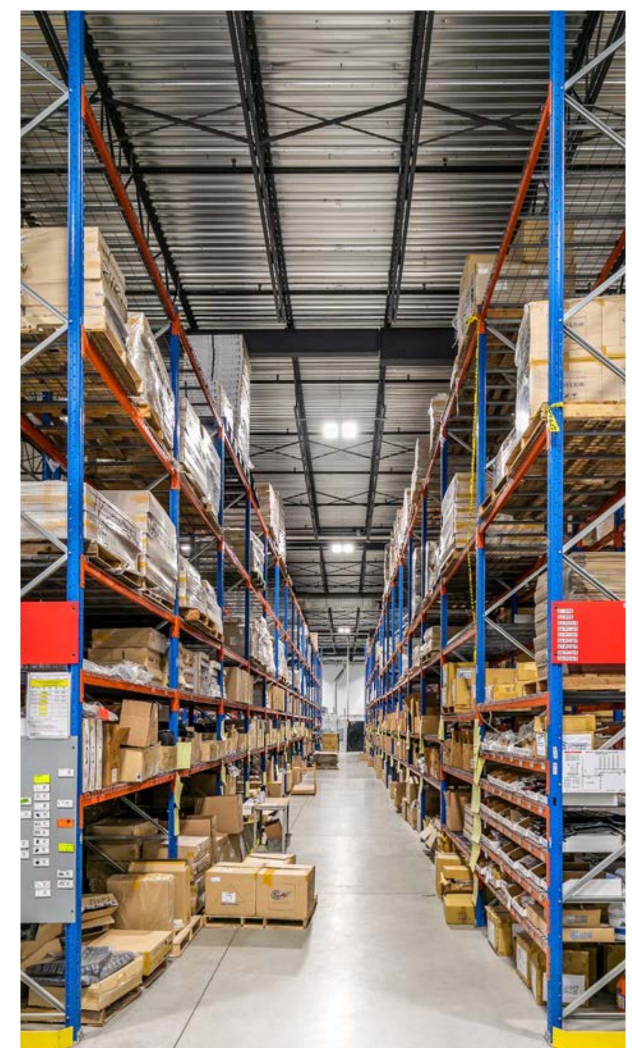
What are the next steps or projects for your business?

Next steps for our company include expanding our operations in the United States. We are actively working on this project to expand our presence and increase our impact in this key market.

Can you tell us what you appreciate about BTB?

What I appreciate most about BTB is the ability to offer a personalized strategy that perfectly meets the specific needs of each partner.

Learn more about Amylior: amylior.com | |



Amylior building and team

3190 FX Tessier Street, Vaudreuil-Dorion, QC

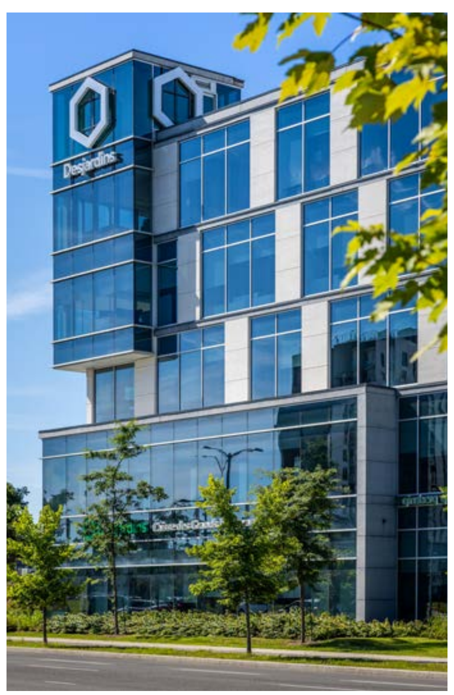
Top 10 Clients

Our top 10 clients make up 23.5% of our total revenue and 22.9% of our total leased area, equaling 1,400,416 square feet.

Government of Québec
5810 Sherbrooke Street East, Montréal, QC

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

WSP Canada Inc.
2611 Queensview Drive, Ottawa, ON



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

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

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

Government of Canada
2204 Walkley Road, Ottawa, ON

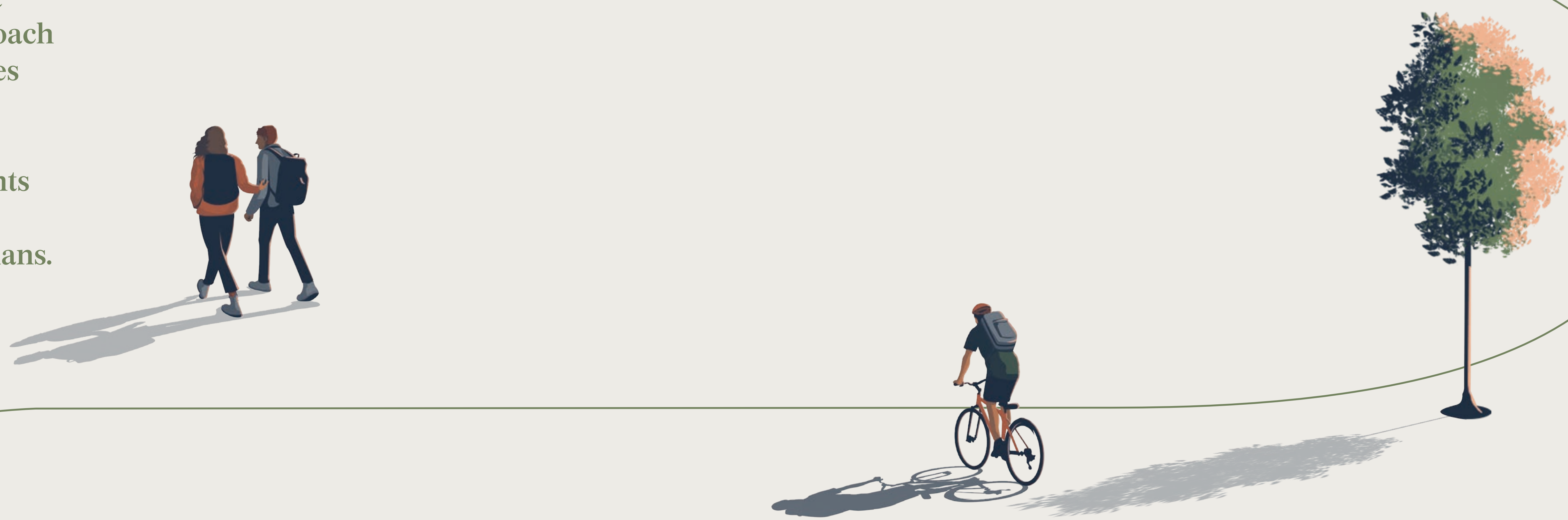
Groupe BBA Inc.
375 Sir-Wilfrid-Laurier Blvd, Mont-Saint-Hilaire, QC

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

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

Committed to Responsible Growth

Our inaugural ESG report discloses information about our ESG management approach and performance, establishes our ambition, describes our approach to managing ESG across the business, highlights our accomplishments, and communicates our future plans.



To learn more about our environmental, social, and governance initiatives, visit our Impact page at btbreit.com/impact.

Management Discussion and Analysis

Year ended December 31, 2023

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, 2023, 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 21, 2024, should be read together with the consolidated financial statements and accompanying notes for the year ended December 31, 2023. It discusses significant information available up to the said date of this MD&A. The Trust's consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Additional information about the Trust is available on the Canadian Security Administrators ("CSA") website at www.sedarplus.ca and on our website at www.btbreit.com.

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

Forward-Looking Statements – Caveat

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

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

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

Non-IFRS Financial Measures

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

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

The Trust

The Trust is an unincorporated open-ended real estate trust formed under and governed by the laws of the province of Québec pursuant to a trust agreement (as amended). The Trust began its real estate operations on October 3, 2006, and as of December 31, 2023, it owned 77 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 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, 2023	77	6,120,686	1,207,522

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

Objectives and Business Strategies

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

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

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

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

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

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

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

Highlights of the Fourth Quarter and Year Ended December 31, 2023

Rental revenue: Stood at $31.9 million for the current quarter, which represents an increase of 1.4% compared to the same quarter of 2022. For the year 2023, rental revenue totalled $127.8 million which represents an increase of 7.0% compared to the same period in 2022.

Net operating income (NOI): Totalled $19.3 million for the current quarter, which represents an increase of 3.4% compared to the same quarter of 2022. For the year 2023, the NOI totalled $75.4 million which represents an increase of 7.0% compared to the same period in 2022.

Net income and comprehensive income: Totalled $1.7 million for the quarter compared to $1.8 million for the same period in 2022. For the year 2023, Net income and comprehensive income totalled $36.6 million compared to $38.2 million for the same period in 2022, representing a decrease of $1.6 million. The decrease for the year 2023 is primarily driven by an increase in net financial expenses of $18.9 million offset by an increase in NOI of $5.0 million; an increase in financial income of $1.2 million and a positive variance of $10.2 million driven by net change in fair value of investment properties (Gain of $2.0 million for the year 2023 compared to a loss of $8.2 million for the year 2022).

Same-property NOI(1): For the quarter the same-property NOI increased by 6.6% compared to the same period in 2022, and for the year 2023 increased by 2.1% compared to the same period last year. The increase is primarily due to increase in renewal rates of 21.4% for the year in the necessity-based retail segment, an increase in rental spreads for in-place leases in the industrial segment and recent strong leasing efforts for the off-downtown core office segment with a same-property NOI increase of 7.7% for the quarter.

FFO adjusted per unit(1): Was 11.1¢ per unit for the quarter compared to 11.8¢ per unit for the same period in 2022, representing a decrease of 0.7¢ per unit. For the year 2023, the FFO adjusted was 45.1¢ per unit compared to 45.4¢ per unit for the same period in 2022, representing a decrease of 0.3¢ per unit. The $1.1 million increase of FFO adjusted for the year is driven by an NOI increase of $2.7 million due to acquisitions net of dispositions; NOI increase of $1.4 million due to leasing efforts and stability of occupancy rates offset by an increase in financial expenses net of financial income of $3.0 million. Despite the increase of FFO adjusted for the year 2023, the FFO adjusted per unit has decreased by 0.3¢ due to 3.2 million additional weighted average number of units outstanding reducing the per unit value compared to the same period in 2022.

FFO adjusted payout ratio(1): Was 67.2% for the quarter compared to 63.6% for the same period in 2022. For the year 2023, the FFO adjusted payout ratio was 66.5% compared to 66.1% for the same period in 2022.

AFFO adjusted per unit(1): Was 10.3¢ per unit for the quarter compared to 10.0¢ per unit for the same period in 2022, representing an increase of 0.3¢ per unit. For the year 2023, the AFFO adjusted per unit was 40.5¢ per unit compared to 40.9¢ per unit for the same period in 2022, representing a decrease of 0.4¢ per unit compared to the same period in 2022. Despite an increase of AFFO adjusted for the year of $0.8 million the FFO adjusted per unit has decreased due to an increase of 3.2 million in weighted average number of units outstanding reducing the per unit value.

AFFO adjusted payout ratio(1): Was 72.6% for the quarter compared to 74.9% for the same period in 2022. For the year 2023, the AFFO adjusted payout ratio was 74.1% compared to 73.3% for the same period in 2022.

Leasing activity: The Trust completed a total of 158,790 square feet of lease renewals and 78,340 square feet of new leases for the quarter. Due to strong leasing efforts, the occupancy rate increased to 94.2%, representing a 49 basis points increase compared to the prior quarter and a 99 basis points increase compared to the same period in 2022. The increase in the average renewal rate for the quarter was 14.3% and 9.2% for the year. The Trust completed a total of 485,751 square feet of lease renewals and 296,240 square feet of new leases for the year.

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Liquidity position: The Trust held $0.9 million of cash at the end of the quarter and $21.6 million is available under its credit facilities. The Trust has the option to increase its capacity under credit facilities by $10.0 million.

Debt metrics: The Trust ended the quarter with a total debt ratio(1) of 58.6%, recording an increase of 8 basis points compared to December 31, 2022. The Trust ended the quarter with a mortgage debt ratio(1) of 52.2%, a decrease of 202 basis points compared to December 31, 2022.

Summary of significant items as at December 31, 2023

- Total number of properties: 77
- Total leasable area: 6.1 million square feet
- Total asset value: $1,228 million
- Market capitalization: $254 million (unit price of $2.93 as at December 31, 2023)

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Selected Financial Information

The following table presents highlights and selected financial information for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for ratios and per unit data)		Quarter		Year	
		2023	2022	2023	2022
	Reference (page)	$	$	$	$
Financial information					
Rental revenue	51	31,922	31,486	127,826	119,495
Net operating income (NOI)	50	19,255	18,624	75,379	70,430
Net income and comprehensive income	50	1,734	1,769	36,598	38,154
Adjusted net income(1)	55	8,605	8,366	34,937	33,601
Adjusted EBITDA(1)	56	18,065	16,347	69,719	64,409
NOI from the same-property portfolio(1)	57	17,636	16,552	66,533	65,152
Distributions	58	6,547	6,413	26,003	25,032
FFO Adjusted(1)	59	9,688	10,059	38,946	37,879
AFFO Adjusted(1)	60	8,966	8,550	34,956	34,137
Cash flow from operating activities	61	21,560	18,961	70,852	66,240
Total assets	63			1,227,648	1,179,340
Investment properties	62			1,207,522	1,164,881
Mortgage loans	66			638,080	636,111
Convertible debentures	68			42,460	41,942
Mortgage debt ratio(2)	68			52.2%	54.2%
Total debt ratio(1)	68			58.6%	58.5%
Weighted average interest rate on mortgage debt	52			4.37%	4.09%
Market capitalization				254,048	311,120
Financial information per unit					
Units outstanding (000)	71			86,706	85,238
Class B LP units outstanding (000)	70			697	347
Weighted average number of units outstanding (000)	71	86,591	85,158	85,858	83,091
Weighted average number of units and Class B LP units outstanding (000)	71	87,288	85,506	86,289	83,439
Net income and comprehensive income	50	2.0¢	2.1¢	42.4¢	45.7¢
Adjusted net income(1)	55	9.9¢	9.8¢	40.5¢	40.3¢
Distributions	58	7.5¢	7.5¢	30.0¢	30.0¢
FFO Adjusted(1)	59	11.1¢	11.8¢	45.1¢	45.4¢
Payout ratio on FFO Adjusted(1)	59	67.2%	63.6%	66.5%	66.1%
AFFO Adjusted(1)	60	10.3¢	10.0¢	40.5¢	40.9¢
Payout ratio on AFFO Adjusted(1)	60	72.6%	74.9%	74.1%	73.3%
Market price of units				2.93	3.65
Tax on distributions					
Tax deferral	73	100.0%	100.0%	100.0%	100.0%
Operational information					
Number of properties	37			77	74
Leasable area (thousands of sq. ft.)	37			6,121	5,857
Occupancy rate	46			94.2%	93.2%
Increase in average lease renewal rate	48	14.3%	8.8%	9.2%	12.2%

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(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)	2023	2022	2021
	$	$	$
Financial information			
Rental revenue	**127,826**	119,495	100,343
Net operating income	**75,379**	70,430	56,336
Fair value adjustment on investment properties	**2,001**	(8,201)	19,571
Net income (loss) and comprehensive income (loss)	**36,598**	38,154	41,568
Net cash from operating activities	**70,852**	66,240	56,538
FFO Adjusted[1]	**38,946**	37,879	30,144
AFFO Adjusted[1]	**34,956**	34,137	27,568
Distributions	**26,003**	25,032	21,464
Total assets	**1,227,648**	1,179,340	1,129,901
Long-term debt	**680,540**	678,053	648,029
Financial information per unit			
Net income and comprehensive income	**42.4¢**	45.7¢	58.1¢
FFO Adjusted [2]	**45.1¢**	45.4¢	42.1¢
AFFO Adjusted [3]	**40.5¢**	40.9¢	38.5¢
Distributions	**30.0¢**	30.0¢	30.0¢

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) This is a non-IFRS financial measure. The FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(3) This is a non-IFRS financial measure. The AFFO Adjusted per unit ratio is calculated by dividing the AFFO Adjusted[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

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)	2023	2023	2023	2023	2022	2022	2022	2022
	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1
	$	$	$	$	$	$	$	$
Rental revenue	**31,922**	31,285	31,708	32,911	31,486	29,962	28,979	29,068
Net operating income	**19,255**	18,075	19,041	19,008	18,624	17,974	17,598	16,234
Net income and comprehensive income	**1,734**	15,216	10,846	8,802	1,769	11,693	18,243	6,449
Net income and comprehensive income per unit	**2.0¢**	17.5¢	12.5¢	10.2¢	2.1¢	13.7¢	21.5¢	8.3¢
Cash from operating activities	**21,560**	16,317	17,320	15,657	18,961	20,359	15,516	11,404
FFO Adjusted[1]	**9,688**	9,030	10,195	10,033	10,059	9,785	9,718	8,317
FFO Adjusted per unit[1][2]	**11.1¢**	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢	11.4¢	10.7¢
AFFO Adjusted[1]	**8,966**	7,675	9,433	8,882	8,550	8,674	9,311	7,602
AFFO Adjusted per unit[1][3]	**10.3¢**	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢	11.0¢	9.7¢
Distributions[4]	**6,547**	6,524	6,489	6,443	6,413	6,394	6,374	5,851
Distributions per unit[4]	**7.5¢**	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢	7.5¢

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) The FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(3) The AFFO Adjusted per unit ratio is calculated by dividing the AFFO Adjusted[1] by the Trust's unit outstanding at the end of the period (including the Class B LP units outstanding at the end of the period).
(4) Includes distributions on Class B LP units.

Segmented Information

The Trust's operations are generated from three segments of properties located in the provinces of Québec, Ontario, Alberta and Saskatchewan. The following tables summarize each operating segment's contribution to revenues and to net operating income (NOI) for the periods ended December 31, 2023, and December 31, 2022:

Periods ended December 31 (in thousands of dollars)	Industrial		Off-downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Quarter ended December 31, 2023							
Investment properties	440,120	36.4	518,345	43.0	249,057	20.6	1,207,522
Rental revenue from properties	8,470	26.5	16,226	50.9	7,226	22.6	31,922
Net operating income (NOI)	6,130	31.8	8,739	45.4	4,386	22.8	19,255
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

Periods ended December 31 (in thousands of dollars)	Industrial		Off-downtown core office		Necessity-based retail		Total
	$	%	$	%	$	%	$
Year ended December 31, 2023							
Rental revenue from properties	32,682	25.6	65,943	51.6	29,201	22.8	127,826
Net operating income (NOI)	23,837	31.6	34,209	45.4	17,333	23.0	75,379
Year ended December 31, 2022							
Rental revenue from properties	22,910	19.2	68,794	57.7	27,791	23.3	119,495
Net operating income (NOI)	17,565	24.9	36,863	52.3	16,002	22.7	70,430

Industrial performance

In line with the Trust's strategy to increase it's industrial footprint, the proportional fair value of industrial properties increased from 29.6% to 36.4% compared to the same period last year, due to the acquisitions of industrial properties totalling $36.3 million concluded since the said period, a net increase of $32.5 million from fair value adjustments in 2023, and the reclassification of 2 office properties (both flex industrial properties with higher industrial footprint) in the industrial segment representing a total of $26.3 million. The acquired properties are all fully occupied and have a positive impact on the occupancy rate, which stood at 99.9% at the end of the quarter, a 0.1% increase compared to the same period last year. The proportional rental revenue from industrial properties increased by 5.5% compared to the same period last year, which is explained by a combination of the higher occupancy rate and previously mentioned acquisitions increasing the proportional share of revenue from the industrial segment. For the quarter, the proportional net operating income for the industrial segment increased by 4.7% and for the year 2023 increased by 6.7% compared to the same periods last year.

Off-downtown core office performance

The proportional fair value of the off-downtown core office properties decreased from 49.0% to 43.0% compared to the same period last year as the proportional faire value of industrial properties increased in line with the Fund's strategic plan. The variance is due to the reclassification of 2 properties ($26.3 million), and a net decrease of $27.5 million from fair value adjustments in 2023. The rental revenue for the quarter generated by the off-downtown core office segment decreased by $1.4 million compared to the same period last year which is explained by the previously mentioned reclassifications. Despite the decrease in rental revenue, the properties in this segment are supported by quality tenants (the Trust's top two tenants are Federal and Québec government agencies) and strong leasing activities (the Trust concluded for the year 2023 lease renewals for a total of 324,832 square feet in the office segment with an average rent increase of 5.3% and concluded for the year new leases for a total of 155,184 square feet).

Necessity-based retail performance

The necessity-based retail segment continues to show good performance as most of the properties are anchored by necessity-based tenants. The occupancy rate in the necessity-based retail segment at the end of the fourth quarter 2023 stood at 97.8%. For the year 2023, the Trust concluded lease renewals for a total of 150,087 square feet in the necessity-based retail segment with an average rent increase of 21.4%. The proportional share of the net operating income (NOI) generated by the necessity-based retail segment decreased by 1.2% 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 segment which increased the proportion of net operating income (NOI) of that respective segment.

Operating Performance Indicators

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

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

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

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

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

Real Estate Portfolio

At the end of the fourth quarter of 2023, BTB owned 77 properties, representing a total fair value of $1.2 billion and a total leasable area of approximately 6.1 million square feet. A description of all the properties owned by the Trust can be found in the Trust's Annual Information Form available at www.sedar.com.

Summaries of investment properties held as at December 31, 2023

Operating segment	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Industrial	32	2,085,319	99.9	99.1
Off-downtown core office	34	2,643,192	87.7	85.2
Necessity-based retail	11	1,392,175	97.8	97.8
Total portfolio	**77**	**6,120,686**	**94.2**	**92.8**

Geographic sector	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate (%)	In Place occupancy rate (%)
Montreal	40	3,302,715	96.2	95.8
Québec City	10	1,231,069	85.2	83.6
Trois-Rivières	2	149,076	74.6	54.4
Ottawa	11	809,115	98.8	96.7
Edmonton	10	405,239	100.0	100.0
Saskatoon	4	223,472	100.0	100.0
Total portfolio	**77**	**6,120,686**	**94.2**	**92.8**

Acquisitions of investment properties

In 2023, the Trust did not dispose of any properties.

On February 2, 2023, the Trust acquired a class A industrial property located at 9900, Irénée Vachon Street in the industrial sector of the Mirabel airport, Québec, for a total consideration of $28.0 million, excluding transaction costs and adjustments. Following the acquisition of the property, the Trust's total leasable area increased by 176,819 square feet.

On May 1, 2023, the Trust acquired two fully leased industrial properties located at 8856 48th avenue NW and 8818-8846 48th avenue NW, in Edmonton, Alberta, for a total consideration of $7.4 million, excluding transaction costs and adjustments. As part of the transaction the Trust satisfied a portion of the purchase price through the issuance to the vendor of 550,000 Class B LP units at a price of $4.50 per unit and the balance of the purchase price was funded with a mortgage. Following the acquisition of the properties, the Trust's total leasable area increased by 83,292 square feet.

On August 22, 2023, the industrial tenant Tirecraft (55,849 square feet) that leased the entirety of the property 18028, 114th Avenue NW, in Edmonton, Alberta, exercised the option to purchase the property with a closing date of December 1, 2026, for a purchase price of $10.3 million. Consequently, the Trust derecognized the property from investment properties to classify it as a finance lease.

Real Estate Operations

Portfolio occupancy

The following table summarizes the changes in occupied area for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in sq. ft.)	Quarter		Year	
	2023	2022	**2023**	2022
Occupied area at the beginning of the period(1)	**5,729,119**	5,520,092	**5,455,798**	5,639,778
Purchased (sold) assets	**-**	(30,821)	**260,111**	(118,022)
Signed new leases	**78,340**	49,568	**296,240**	167,602
Tenant departures	**(45,839)**	(83,041)	**(250,529)**	(231,718)
Other(2)	**1,032**	-	**1,032**	(1,842)
Occupied leasable area at the end of the period(1)	**5,762,652**	5,455,798	**5,762,652**	5,455,798
Vacant leasable area at the end of the period	**358,034**	400,819	**358,034**	400,819
Total leasable area at the end of the period	**6,120,686**	5,856,617	**6,120,686**	5,856,617

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

Compared to the same period last year, the Trust increased its committed occupancy rate 99 basis points from 93.2% to 94.2%.

Leasing activities

The following table summarizes the percentage rate of lease renewals for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in sq. ft.)	Quarter		Year	
	2023	2022	**2023**	2022
Leases expired at term	**172,266**	165,034	**616,746**	566,217
Renewed leases at term	**126,427**	87,399	**384,558**	356,454
Renewal rate	**73.4%**	53.0%	**62.4%**	63.0%

The Trust renewed 73.4% or 126,427 square feet out of the 172,266 square feet expiring during this quarter.

The most significant renewal during the quarter is a lease representing 68,003 square feet to a Government of Québec integrated health center in the retail segment with a rent increase of 51.5%.

For the year, the Trust renewed 62.4% or 384,558 square feet out of the 616,746 square feet expiring during the year.

In addition to the renewed leases at the expiration of their term, the Trust renewed, prior to the end of their respective term, 32,363 square feet during the quarter and a total of 101,193 square feet for the year with existing tenants where their lease were to expire in the year 2024 or thereafter.

Therefore, the Trust's lease renewal activity totaled 158,790 square feet for this quarter and totaled 485,751 square feet for the year 2023.

Average lease renewal rate

The following table summarizes the average increase of rental rates for each operating segment for the periods ended December 31, 2023:

	Quarter		Year	
Operating segment	Renewals (Sq. ft.)	Increase (%)	Renewals (Sq. ft.)	Increase (%)
Industrial	-	-	10,831	15.7%
Off-downtown core office	89,032	3.6%	324,832	5.3%
Necessity-based retail	69,758	43.3%	150,087	21.4%
Total	**158,790**	**14.3%**	**485,750**	**9.2%**

Since the beginning of the year, the Trust achieved a cumulative average rent increase of 9.2% in the lease renewal rates across its three business segments. The increases in all three segments are essentially attributable to leases that were below market rent.

New leases

During the quarter, the Trust leased a total of 78,340 square feet to new tenants, mainly attributed to a major Québec based accounting firm ("in place" 28,000 square feet) in the office segment in Trois-Rivières, Bouthillette Parizeau Inc. (an increase of 5,053 square feet for a total of 20,000 square feet) in the office segment in Québec City; Jabil Canada Corporation (an increase of 16,763 square feet for a total of 42,744 square feet) in the industrial segment in Ottawa and the grocery store Val-Mont (7,433 square feet) in a mixed-use office/retail property in Montreal, classified in the office segment. The remaining 10,058 square feet represent a combination of new "in place" tenants and "committed" tenants, thereby leaving 358,034 square feet of leasable area available for lease at the end of the quarter.

For the year 2023, the Trust leased a total of 296,240 square feet to new tenants. Leases representing 155,184 square feet or 52.4% of the leasing activity, were concluded in the off-downtown core office segment with new tenants, 99,798 square feet or 33.7% of the new leases were concluded in the industrial segment and 41,258 square feet or 13.9% in the necessity-based retail segment.

Occupancy rates

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

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Operating segment	%	%	%	%	%
Industrial	**99.9**	99.7	99.7	100.0	100.0
Off-downtown core office	**87.7**	86.6	87.4	87.5	86.7
Necessity-based retail	**97.8**	97.8	98.3	95.9	98.2
Total portfolio	**94.2**	93.7	94.1	93.2	93.2

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Geographic sector	%	%	%	%	%
Montréal	**96.2**	96.3	96.3	95.1	95.8
Québec City	**85.2**	84.6	85.8	86.0	86.9
Trois-Rivières	**74.6**	58.6	62.5	62.2	60.1
Ottawa	**98.8**	98.4	99.0	97.5	94.4
Edmonton	**100.0**	100.0	100.0	100.0	99.1
Saskatoon	**100.0**	100.0	100.0	100.0	100.0
Total portfolio	**94.2**	93.7	94.1	93.2	93.2

The committed occupancy rate at the end of the fourth quarter of 2023 stood at 94.2%, representing a 49 basis points increase compared to the prior quarter, and a 99 basis points increase compared to the same period in 2022. Furthermore, the in-place occupancy rate at the end of the quarter stood at 92.8%, representing a decrease of 46 basis points compared to the prior quarter, and an increase of 6 basis points compared to the same period in 2022.

Lease maturities

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

	2024	2025	2026	2027	2028
Industrial					
Leasable area (sq. ft.)	78,427	170,586	287,168	86,304	201,763
Average lease rate/square foot ($)(1)	$11.38	$10.44	$9.73	$10.14	$16.97
% of industrial portfolio	3.76%	8.18%	13.77%	4.14%	9.68%
Off-downtown core office					
Leasable area (sq. ft.)	267,751	291,116	456,799	305,494	185,762
Average lease rate/square foot ($)(1)	$14.16	$16.32	$14.93	$17.75	$16.65
% of office portfolio	10.13%	11.01%	17.28%	11.56%	7.03%
Necessity-based retail					
Leasable area (sq. ft.)	229,169	148,870	106,697	134,750	37,644
Average lease rate/square foot ($)(1)	$11.73	$17.39	$16.59	$16.02	$20.16
% of retail portfolio	16.46%	10.69%	7.66%	9.68%	2.70%
Total portfolio					
Leasable area (sq. ft.)	**575,347**	**610,573**	**850,664**	**526,548**	**425,169**
Average lease rate/square foot ($)(1)	**$12.81**	**$14.94**	**$13.38**	**$16.06**	**$17.11**
% of total portfolio	**9.40%**	**9.98%**	**13.90%**	**8.60%**	**6.95%**

(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, 2023, the weighted average lease term is 5.94 years, an increase compared to 5.87 years for the same period in 2022. 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.

Top 10 tenants

The Trust's three largest tenants remain 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 5.7%, 5.1%, and 2.0% of rental revenue. The Trust's rental revenues are generated by multiple leases with these tenants whose maturities are spread over time.

45.42% of the Trust's total revenue is generated by leases signed with government agencies (federal, provincial, and municipal) and public companies, thus generating stable and high-quality cash flow for the Trust's operating activities.

The following table shows the contribution of the Trust's top 10 tenants as a percentage of revenue as at December 31, 2023. Their contribution accounts for 23.5% of rental revenue for the year 2023 and 22.9% of leased area:

Client	% of revenue	% of leased area	Leased area (sq. ft.)
Government of Québec	5.7	4.9	299,578
Government of Canada	5.1	4.1	251,850
Walmart Canada inc.	2.0	4.3	264,550
The Lion Electric Company	2.0	1.9	118,585
Bristol-Myers Squibb Canada Co	1.9	1.0	61,034
Groupe BBA Inc.	1.6	1.1	69,270
Strongco	1.6	2.9	176,819
WSP Canada Inc.	1.4	1.0	61,576
Mouvement Desjardins	1.3	0.8	48,478
ICU Medical Canada Inc.	1.2	0.8	48,676
	23.5	**22.9**	**1,400,416**

Operating Results

The following table summarizes the financial results for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022. 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	
	2023	2022	**2023**	2022
	$	$	**$**	$
Rental revenue	**31,922**	31,486	**127,826**	119,495
Operating expenses	**12,667**	12,862	**52,447**	49,065
Net operating income (NOI)	**19,255**	18,624	**75,379**	70,430
Net financial expenses and financial income	**10,894**	6,347	**33,203**	15,542
Administration expenses	**2,110**	2,331	**7,496**	7,437
Transaction costs	**37**	396	**83**	1,096
Fair value adjustment on investment properties	**4,480**	7,781	**(2,001)**	8,201
Net income and comprehensive income	**1,734**	1,769	**36,598**	38,154

Rental revenue

For the quarter, rental revenue increased by $0.4 million or 1.4% compared to the same period last year, with an increase of $1.0 million related to acquisitions made in 2023 net of dispositions made in 2022; a decrease in straight line rent of $0.9 million and the remaining $0.3 million increase related to operating improvements mainly consisting of higher lease renewal rates, stability of its occupancy rate and higher average lease rates.

For the year 2023, rental revenue increased by $8.3 million or 7.0% compared to the same period last year, which is predominantly due to the cumulative impact of acquisitions made in 2023 and important leasing efforts throughout the year.

Operating expenses

The following table summarizes the Trust's operating expenses for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	**2023**	2022
	$	$	**$**	$
Operating expenses				
Maintenance, repairs and other operating costs	**4,252**	4,857	**18,025**	17,160
Energy	**1,146**	1,511	**5,868**	5,660
Property taxes and insurance	**7,269**	6,494	**28,554**	26,245
Total operating expenses	**12,667**	12,862	**52,447**	49,065
% of rental revenue	**39.7%**	40.8%	**41.0%**	41.1%

Operating expenses increased mainly due to the new acquisitions and the property taxes that were affected by an increase in property values. The operating expenses as a percentage of revenues decreased by 0.1% for the year compared to the same period last year, the decrease is mainly due to the Trust increasing its investment in industrial properties, which are in most cases triple net leases.

Financial expenses and income

The following table summarizes financial expenses for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Financial income	(611)	(225)	(1,833)	(624)
Interest on mortgage loans	7,149	6,515	27,426	23,947
Interest on convertible debentures	708	606	2,835	2,796
Interest on credit facilities	730	519	2,478	1,421
Other interest expense	110	66	418	286
Interest expense net of financial income	8,086	7,481	31,324	27,826
Distributions on Class B LP units	52	26	172	104
Mortgage early repayment fees	-	231	-	515
Net financial expenses before non-monetary items	8,138	7,738	31,496	28,445
Accretion of effective interest on mortgage loans and convertible debentures	310	336	1,095	1,127
Accretion of non-derivative liability component of convertible debentures	92	84	355	335
Net financial expenses before the following items:	8,540	8,158	32,946	29,907
Fair value adjustment on derivative financial instruments	2,396	(1,971)	1,233	(14,216)
Fair value adjustment on Class B LP units	(42)	160	(976)	(149)
Net financial expenses net of financial income	10,894	6,347	33,203	15,542

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

Interest expense net of financial income increased by $0.6 million for the quarter and by $3.5 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, the increase in the prime lending rate impacting floating interest rates of mortgages contracted in the year, and the interest paid on the revolving credit facility impacted by the increase in the prime lending rate.

On December 31, 2023, the weighted average mortgage interest rate was 4.37%, 28 basis points higher than the average rate as at December 31, 2022 (4.09%). This increase is mainly due to the variable interest on mortgage loans for which the weighted average contractual rate increased by 53 basis points to 6.91% (6.38% as at December 31, 2022). The cumulative balance of the Trust's loans subject to a variable interest rate was $74.9 million. The weighted average for fixed interest rate mortgage loans increased by 30 basis points to 4.03% (3.73% as at December 31, 2022). Interest rates on first-ranking mortgage loans ranged from 2.37% to 8.95% as at December 31, 2023, (2.30% to 8.20% as at December 31, 2022).

The weighted average term of mortgage loans in place as at December 31, 2023, was 3.2 years (4.0 years as at December 31, 2022).

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, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Corporate expenses	2,038	1,804	6,832	6,611
Expected credit losses	(76)	123	219	287
Unit-based compensation	148	404	445	539
Trust administration expenses	2,110	2,331	7,496	7,437

Corporate expenses increased by $0.2 million or 13% for the quarter and for the year 2023 compared to the same period last year. The Trust managed to reduce the level of corporate expenses to 5.3% of rental revenue on a cumulative 12-month period, a reduction of 0.2 % compared to the same period last year.

Expected credit losses decreased by $0.2 million for the quarter and decreased by $0.1 million for the year 2023 compared to the same period last year. The decrease in expected credit losses expense is due to an overall reduction in accounts receivable balance which decreased by $1.5 million compared to the same period last year.

Unit-based compensation decreased by $0.3 million for the quarter and $0.1 million for the year 2023, the decrease is due to a decrease in the Trust's unit price. The unit price as of December 31, 2023 was $2.93 compared to $3.65 as of December 31, 2022.

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 of December 31st 2023, the Trust externally appraised 75% of its properties, for an aggregate amount of $905 million. For the year, a gain of $2 million in net changes in fair value has been recorded reflecting an increase in capitalization rates across the 3 asset classes netted by the updated cash flow assumptions which were impacted by an increase in market rents for industrial assets and increased renewal rates for specific properties.

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

The following tables summarize the changes in fair value of investment properties by segment for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Industrial	(7,427)	11,477	32,503	29,854
Off-downtown core office	(1,208)	(18,639)	(27,508)	(31,842)
Necessity-based retail	4,155	(618)	(2,994)	(6,213)
Total change in fair value	**(4,480)**	**(7,781)**	**2,001**	**(8,201)**

The following tables summarize the significant assumptions used in the modelling process for both internal and external appraisals for the years ended 2023 and 2022:

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

The weighted average capitalization rate for the entire portfolio as at December 31, 2023, was 6.67% (6.48% as at December 31, 2022), 19 basis points higher compared to December 31, 2022.

As at December 31, 2023, the Trust has estimated that if an increase / decrease of 0.25% in the capitalization rate were applied to the overall portfolio, this variation would affect the fair value of its investment properties respectively by a reduction of $44.0 million or an increase of $47.5 million. The change in the capitalization rates is an appropriate proxy of the changes for the discount and terminal capitalization rates.

Adjusted net income

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

The following table summarizes the adjusted net income[1] before these volatile non-monetary items and transaction costs for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Net income and comprehensive income	**1,734**	1,769	**36,598**	38,154
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	**37**	627	**83**	1,611
Fair value adjustment on investment properties	**4,480**	7,781	**(2,001)**	8,201
Fair value adjustment on derivative financial instruments	**2,396**	(1,971)	**1,233**	(14,216)
Fair value adjustment on Class B LP units	**(42)**	160	**(976)**	(149)
Adjusted net income[1]	**8,605**	8,366	**34,937**	33,601
Per unit	**9.9¢**	9.8¢	**40.5¢**	40.3¢

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Adjusted net income increased by $0.2 million for the quarter and $1.3 million for the year compared to the same periods last year mainly due to a decrease in transaction costs and positive variance of $10.2 million driven by net change in fair value of investment properties (gain of $2.0 million for the year 2023 compared to a loss of $8.2 million for the year 2022.)

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

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, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Net income being total comprehensive income for the period	1,734	1,769	36,598	38,154
Interest expense	8,697	7,706	33,157	28,450
Accretion of effective interest on mortgage loans and convertible debentures	310	336	1,095	1,127
Amortization of property and equipment	20	31	99	122
Lease incentive amortization	641	787	2,783	3,113
Fair value adjustment on investment properties	4,480	7,781	(2,001)	8,201
Fair value adjustment on derivative financial instruments	2,396	(1,971)	1,233	(14,216)
Fair value adjustment on Class B LP units	(42)	160	(976)	(149)
Unit-based compensation (Unit price remeasurement)	(11)	198	(389)	(182)
Transaction costs on acquisitions and dispositions of investment properties and early repayment fees	37	627	83	1,611
Straight-line lease adjustment	(197)	(1,077)	(1,963)	(1,822)
Adjusted EBITDA(1)	18,065	16,347	69,719	64,409

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

For the quarter, the Adjusted EBITDA(1) increased to $18.1 million compared to $16.3 million for the same quarter last year. For the year 2023, Adjusted EBITDA was $69.7 million compared to $64.4 million for the same period in 2022, representing an increase of 8.24%.

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by the Trust on January 1, 2022, and that are still owned by the Trust on December 31, 2023. Therefore, it excludes all the acquired(2)(3) and disposed(2)(3) properties during the years 2022 and 2023 and straight-line rent.

The following table summarizes the results of the same-property NOI(1) for the periods, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter			Year		
	2023	2022	Δ %	2023	2022	Δ %
	$	$		$	$	
Net operating income (NOI) as reported in the financial statements	19,255	18,624	3.4%	75,379	70,430	7.0%
Straight line rent	197	1,077		1,963	1,822	
NOI less straight line rent	19,058	17,547	8.6%	73,416	68,608	7.0%
NOI sourced from:						
Acquisitions	(1,343)	(296)		(5,685)	(1,670)	
Dispositions	54	(166)		(12)	(1,336)	
Corporation	(133)	(263)		42	(27)	
Non-cash adjustment related to a change in accounting estimate and other specific items	-	(270)		(1,229)	(423)	
Same Property NOI(1)	17,636	16,552	6.6%	66,533	65,152	2.1%
Same Property NOI(1) sourced from:						
Industrial	4,543	4,506	0.8%	16,757	16,385	2.3%
Off-downtown core office	8,519	7,906	7.7%	32,503	33,219	-2.2%
Necessity-based retail	4,574	4,138	10.5%	17,273	15,549	11.1%
Same Property NOI(1)	17,636	16,550	6.6%	66,533	65,152	2.1%

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Compared to the same quarter last year, same-property net operating income (NOI)(1) increased by 6.6% and for the year, same-property net operating income (NOI)(1) increased by 2.1%.

For the quarter, the increase of 0.8% in the industrial segment compared to the same quarter last year is due to an increase in rental spreads for in-place leases. For the year, the industrial segment increased by 2.3%.

For the quarter, the increase of 7.7% in the off-downtown core office segment compared to the same quarter last year has been positively affected by the average lease renewal rate of 3.5% for the quarter. For the year, the off-downtown core office segment decreased by -2.2% due to a reduction of 150 bps of the in-place occupancy rate for the segment, mainly driven by a decrease in the in-place occupancy for the Quebec City office properties. The Trust is actively increasing the leasing efforts and strategy for this geographic sector. During the quarter, due to increased leasing efforts in the Québec city region, the Trust leased 28,000 square feet to a major Quebec based accounting firm, increasing the Québec city region committed occupancy rate to 83.9%.

For the quarter, the increase of 10.5% in the necessity-based retail segment compared to the same quarter last year is due to strong leasing efforts. For the year, the necessity-based retail segment increased by 11.1%. due to an increase in renewal rates of 9.9% for the year.

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) Refer to the Trust's consolidated financial statements dated February 21, 2024, note 3, section a) for the acquired properties details.
(3) Refer to the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022, for the acquisitions and dispositions of the year 2022.

Distributions

Distributions and per unit

The following table summarizes the distributions for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for per unit data)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Distributions				
Cash distributions	5,610	5,535	22,376	21,700
Cash distributions – Class B LP units	49	26	172	104
Distributions reinvested under the distribution reinvestment plan	885	852	3,455	3,228
Total distributions to unitholders	6,547	6,413	26,003	25,032
Percentage of reinvested distributions[(1)(2)]	13.5%	13.3%	13.3%	12.9%
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 2022.

For the year 2023, 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, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for per unit)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Net income and comprehensive income (IFRS)	1,734	1,769	36,598	38,154
Fair value adjustment on investment properties	4,480	7,781	(2,001)	8,201
Fair value adjustment on Class B LP units	(42)	160	(976)	(149)
Amortization of lease incentives	641	787	2,783	3,113
Fair value adjustment on derivative financial instruments	2,396	(1,971)	1,233	(14,216)
Leasing payroll expenses[(6)]	401	682	1,443	1,243
Distributions - Class B LP units	52	26	172	104
Unit-based compensation (Unit price remeasurement)[(5)]	(11)	198	(389)	(182)
FFO[(1)]	9,651	9,432	38,863	36,268
Transaction costs on disposition of investment properties and mortgage early repayment fees	37	627	83	1,611
FFO Adjusted[(1)]	9,688	10,059	38,946	37,879
FFO per unit[(1)(2)(3)]	11.1¢	11.0¢	45.0¢	43.5¢
FFO Adjusted per unit[(1)(2)(4)]	11.1¢	11.8¢	45.1¢	45.4¢
FFO payout ratio[(1)]	67.5%	67.9%	66.6%	69.0%
FFO Adjusted payout ratio[(1)]	67.2%	63.6%	66.5%	66.1%

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) Including Class B LP units.
(3) The FFO per unit ratio is calculated by dividing the FFO[(1)] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted[(1)] by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the FFO Adjusted and AFFO Adjusted starting Q2 2021.
(6) The impact of the CIO compensation, hired in Q2 2022, was added to the Leasing payroll expenses during Q4 2022 as his duties were mainly leasing activities throughout the year.

For the quarter, FFO Adjusted[(1)] was 11.1¢ per unit, compared to 11.8¢ per unit for the same quarter last year representing a decrease of 5.9%.

For the year, FFO Adjusted[(1)] was 45.1¢ per unit, compared to 45.4¢ per unit for the year 2022 representing a decrease of 0.1%. FFO Adjusted increased by $1.1 million which was driven by an NOI increase of $2.7 million due to acquisitions net of dispositions; NOI increase of $1.4 million due to leasing efforts and stability of occupancy rates offset by an increase in financial expenses net of financial income of $3.0 million. Despite the increase of FFO adjusted for the year 2023, the FFO adjusted per unit has decreased by 0.3¢ due to 3.2 million additional weighted average number of units outstanding reducing the per unit value compared to the same period in 2022.

The FFO Adjusted payout ratio[(1)] for the quarter stood at 67.2%, compared to 63.6% for the same quarter in 2022. For the year 2023, the FFO Adjusted[(1)] payout ratio[(1)] stood at 66.5%, compared to 66.1% for the year 2022.

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Adjusted Funds from Operations (AFFO)(1)

The following table provides a reconciliation of FFO(1) and AFFO(1) for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for per unit data)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
FFO(1)	9,651	9,432	38,863	36,268
Straight-line rental revenue adjustment	(197)	(1,077)	(1,963)	(1,822)
Accretion of effective interest	310	336	1,095	1,127
Amortization of other property and equipment	20	31	99	122
Unit-based compensation expenses	159	206	836	721
Provision for non-recoverable capital expenditures(1)	(639)	(630)	(2,557)	(2,390)
Provision for unrecovered rental fees(1)	(375)	(375)	(1,500)	(1,500)
AFFO(1)	8,929	7,923	34,873	32,526
Transaction costs on disposition of investment properties and mortgage early repayment fees	37	627	83	1,611
AFFO Adjusted(1)	8,966	8,550	34,956	34,137
AFFO per unit(1)(2)(3)	10.2¢	9.3¢	40.4¢	39.0¢
AFFO Adjusted per unit(1)(2)(4)	10.3¢	10.0¢	40.5¢	40.9¢
AFFO payout ratio(1)	72.9%	80.8%	74.2%	77.0%
AFFO Adjusted payout ratio(1)	72.6%	74.9%	74.1%	73.3%

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The AFFO Adjusted per unit ratio is calculated by dividing the AFFO Adjusted(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

For the quarter, AFFO Adjusted(1) was 10.3¢ per unit, compared to 10.0¢ per unit for the same quarter last year, an increase of 2.7%

For the year 2023, the AFFO Adjusted(1) was 40.5¢ per unit, compared to 40.9¢ per unit, a decrease of 0.1% compared to the year 2022. Despite an increase of AFFO adjusted for the year of 0.8$ million, the FFO Adjusted(1) per unit has decreased due to an increase of 3.2 million in weighted average number of units outstanding reducing the per unit value.

The AFFO Adjusted payout ratio(1) for the quarter stood at 72.6% compared to 74.9% for the same quarter last year. For the year 2023, the AFFO Adjusted payout ratio(1) stood at 74.1% compared to 73.3% for the year 2022.

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

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) This is a non-IFRS financial measure as defined in this page.

The Trust also deducts a provision for unrecovered rental fees(1) 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.

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)	December 31, 2023	December 31, 2022	December 31, 2021
	$	$	$
Provision for non-recoverable capital expenditures(1)	2,557	2,007	1,859
Non-recoverable capital expenditures	3,858	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's net distributions to unitholders compared to net cash flows from operating activities less interest paid for the years 2023, 2022 and 2021:

Years ended December 31 (in thousands of dollars)	2023	2022	2021
	$	$	$
Net cash flows from operating activities	70,852	66,240	66,240
Interest paid	(31,324)	(27,925)	(27,925)
Net cash flows from operating activities less interest paid	39,528	38,315	38,315
Net distributions to unitholders	22,292	21,573	21,573
Surplus of net cash flows from operating activities less interest paid compared to net distributions to unitholders	17,236	16,742	16,742

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

The following table summarizes the reconciliation of net cash from operating activities presented in the financial statements, AFFO[1] and FFO[1] for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Cash flows from operating activities	21,560	18,961	70,852	66,240
Leasing payroll expenses	401	682	1,443	1,243
Transaction costs on purchase and disposition of investment properties and early repayment fees	(37)	(627)	(83)	(1,611)
Adjustments for changes in other working capital items	(3,803)	(2,523)	(1,605)	(1,293)
Financial income	611	225	1,833	624
Interest expenses	(8,697)	(7,706)	(33,157)	(28,450)
Provision for non-recoverable capital expenditures[2]	(639)	(630)	(2,557)	(2,390)
Provision for non-recovered rental fees[2]	(375)	(375)	(1,500)	(1,500)
Accretion of non-derivative liability component of convertible debentures	(92)	(84)	(353)	(337)
AFFO[1]	8,929	7,923	34,873	32,526
Provision for non-recoverable capital expenditures[2]	639	630	2,557	2,390
Provision for non-recovered rental fees[2]	375	375	1,500	1,500
Straight-line rental revenue adjustment	197	1,077	1,963	1,822
Unit-based compensation expenses	(159)	(206)	(836)	(721)
Accretion of effective interest	(310)	(336)	(1,095)	(1,127)
Amortization of property and equipment	(20)	(31)	(99)	(122)
FFO[1]	9,651	9,432	38,863	36,268

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) This is a non-IFRS financial measure, refer to AFFO section for detailed explanations.

Assets

Investment properties

The Trust has grown through the acquisitions of 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.

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

The following table summarizes the changes in the fair value of investment properties for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Balance, beginning of period	1,207,090	1,179,869	1,164,881	1,110,971
Additions:				
Initial recognition of right-of-use assets	-	-	3,133	-
Acquisitions	-	33	36,306	96,155
Dispositions	-	(10,502)	-	(42,679)
Capital expenditures	3,800	667	7,510	3,370
Leasing fees and capitalized lease incentives	1,556	2,305	4,910	6,551
Fair value adjustment on investment properties	(4,480)	(7,780)	2,001	(8,199)
Net transfer to finance lease	-	-	(10,399)	-
Other non-monetary changes[1]	(444)	289	(820)	(1,288)
Balance, end of period	1,207,522	1,164,881	1,207,522	1,164,881

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

The fair value of investment properties stood at $1,208 million as at December 31, 2023, compared to $1,165 million as at December 31, 2022. The increase of $43 million is mainly explained by the previously mentioned acquisitions for which the net impact increased the portfolio of investment properties by $39 million (acquisitions of investment properties, including capitalized transactions cost, and initial recognition of right-of-use assets), and by the $2 million net change in fair value. It is also attributable to $8 million of capital expenditures and $4 million of leasing fees and capitalized lease incentives. The overall increase was partially offset by the net transfer of a $10 million investment property to a finance lease.

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, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Recoverable capital expenditures	1,672	350	2,600	1,635
Non-recoverable capital expenditures	1,076	317	3,858	1,735
Total capital expenditures	2,748	667	6,458	3,370
Leasing fees and leasehold improvements	1,556	2,305	4,910	6,551
Total	4,304	2,972	11,368	9,921

Finance Lease Receivable

In August 2023, a tenant exercised a purchase option of an industrial property in Edmonton, Alberta. The purchase price is $10,250 and the closing date is December 1, 2026. The Trust derecognized the property from investment properties to classify it as a finance lease receivable.

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

The following table summarizes the finance lease for the period ended December 31, 2023, and sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

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

As at December 31, 2023	
Beginning balance undiscounted finance lease	13,379
Received lease payments	382
	12,997
Beginning balance unearned finance income at inception	(2,980)
Earned finance income	439
	(2,541)
Finance lease receivable	10,456

	Lease payments
	$
2024	916
2025	916
2026	11,165
Total	12,997
Unearned finance income	2,541
Finance lease receivable	10,456

Receivables

The following table summarizes receivables for the years ended December 31, 2023 and December 31, 2022:

(in thousands of dollars)	**December 31, 2023**	December 31, 2022
	$	$
Rent receivable	**2,201**	3,431
Allowance for expected credit losses	**(731)**	(1,011)
Net rent receivable	**1,470**	2,420
Unbilled recoveries	**1,572**	1,142
Other receivables	**230**	1,254
Receivables	**3,272**	4,816

Receivables decreased from $4.8 million as at December 31, 2022, to $3.3 million as at December 31, 2023. The decrease in receivables is due to favorable collections, accounts receivables management and the positive impact of the reduction of the allowance for expected credit losses.

Prepaid expenses, Deposits and Property and equipment

The following table summarizes the prepaid expenses, deposits and property and equipment for the years ended December 31, 2023 and December 31, 2022:

(in thousands of dollars)	**December 31, 2023**	December 31, 2022
	$	$
Property and equipment	**1,484**	1,436
Accumulated depreciation	**(1,213)**	(1,114)
Net property and equipment	**271**	322
Prepaid expenses	**1,185**	1,234
Deposits	**1,337**	1,929
Other assets	**2,793**	3,485

Prepaid expenses, deposits and property and equipment decreased from $3.5 million as at December 31, 2022, to $2.8 million as at December 31, 2023, which is explained by a decrease in deposits related to future potential acquisitions.

Capital Resources

Long-term debt

The following table summarizes the balance of BTB's indebtedness on December 31, 2023, including mortgage loans and convertible debentures, based on the year of maturity and corresponding weighted average contractual interest rates:

As at December 31, 2023 (in thousands of dollars)	Balance of convertible debentures(1)	Balance of mortgages payable(1)	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2024	24,000	145,402	5.40
2025	19,917	56,575	4.31
2026	-	118,924	3.41
2027	-	114,309	5.26
2028	-	86,961	4.61
2029 and thereafter	-	118,254	3.62
Total	**43,917**	**640,425**	**4.50**

(1) Gross amounts.

The Trust has $145.4 million of mortgages coming to maturity in the next twelve months. The Trust as of the date of this report has commitment letters from financial institutions for the refinancing of $53.1 million and is in the process of negotiating the remaining 2024 mortgages coming to maturity. Furthermore, the Trust has always been able to refinance its existing mortgages and debentures. There is no indication that this would change.

Weighted average contractual interest rate

As at December 31, 2023, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.50% (4.37% for mortgage loans and 6.45% for convertible debentures), representing an increase of 26 basis points compared to the same period last year. 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 6.45% for convertible debentures).

Mortgage loans

As at December 31, 2023, the Trust's total mortgage loans (excluding unamortized fair value adjustments and unamortized financing expenses) amounted to $640.4 million compared to $638.4 million as at December 31, 2022. The net increase of $2.0 million includes $16.8 million that relates to contracted mortgages for previously mentioned acquisitions, $3.4 million of additional capital on refinanced existing mortgages, netted by $18.2 million of monthly principal repayments.

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

Periods ended December 31, 2023 (in thousands of dollars)	Quarter	Year
	$	$
Balance at beginning(1)	**644,147**	638,441
Mortgage loans contracted or assumed(2)	**13,500**	49,349
Balance repaid at maturity or upon disposition(3)	**(12,316)**	(27,940)
Monthly principal repayments(4)	**(4,906)**	(19,425)
Balance as at December 31, 2023(1)	**640,425**	640,425

(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 Consolidate Statements of Cash Flows within the *Mortgage loans, net of financing expenses*.
(3) This is a non-IFRS measure. Balance repaid at maturity or upon disposition are included in the Consolidated Statements of Cash Flows within the following: *Repayment of mortgage loans* and *Net proceeds from disposition of investment properties*.
(4) This is a non-IFRS measure. Principal monthly repayments are included in the Consolidated Statements of Cash Flows within *Repayment of mortgage loans*.

As at December 31, 2023, the weighted average mortgage interest rate was 4.37% compared to 4.09% for the same period last year, an increase of 28 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 53 basis points to 6.91% (6.38% as at December 31, 2022). In comparison, the weighted average for fixed interest rate increased by 30 basis point to 4.03% (3.73% as at December 31, 2022).

As at December 31, 2023, the majority of the Trust's mortgages payable bear interest at fixed rates (cumulative principal amount of $565.5 million) or are subject to floating-to-fixed interest rate swaps (cumulative principal amount of $50.3 million). However, the Trust has four loans that bear interest at floating rates (cumulative principal balance of $24.6 million).

The weighted average term of existing mortgage loans was 3.2 years as at December 31, 2023, compared to 3.97 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, 2023 (in thousands of dollars)	Principal repayment	Balance at maturity	Total	% of total
	$	$	$	
Maturity				
2024	17,037	143,241	160,278	25.0
2025	14,521	52,853	67,374	10.5
2026	12,358	108,601	120,959	18.9
2027	8,455	100,506	108,961	17.0
2028	4,690	77,485	82,175	12.8
2029 and thereafter	10,571	90,107	100,678	15.7
Total	**67,632**	**572,793**	**640,425**	**100.0**
Unamortized fair value assumption adjustments			160	
Unamortized financing expenses			(2,505)	
Balance as at December 31, 2023			**638,080**	

As at December 31, 2023, the Trust was in compliance with all the contractual mortgage covenants to which it is subject.

Convertible debentures

The following table summarizes the convertible debentures for the period ended December 31, 2023:

(in thousands of dollars)	Series G[1][3]	Series H[2][3]	Total
Par value	24,000	19,917[4]	43,917
Contractual interest rate	6%	7%	
Effective interest rate	7%	8%	
Date of issuance	October 2019	September 2020	
Per-unit conversion price	5.42	3.64	
Date of interest payment	April 30 and October 31	April 30 and October 31	
Maturity date	October 2024	October 2025	
Balance as at December 31, 2023	**23,731**	**18,729**	**42,460**

(1) Redeemable by the Trust, under certain conditions, as of October 31, 2022, but before October 31, 2023, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series G conversion price and, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(2) Redeemable by the Trust, under certain conditions, as of October 31, 2023, but before October 31, 2024, at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series H conversion price and, as of October 31, 2024, but before October 31, 2025, at a redemption price equal to their principal amount plus accrued and unpaid interest.
(3) The Trust may, at its option and under certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G and H debentures by issuing tradable units freely to Series G and H debenture holders.
(4) Conversion of $10,083 of the Series H debenture since issuance. Conversion of $383 during the year.

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, 2023, and 2022 and December 31 2022:

(in thousands of dollars)	December 31, 2023	December 31, 2022
	$	$
Cash and cash equivalents	(912)	(2,404)
Mortgage loans outstanding[1]	640,425	638,441
Convertible debentures[1]	43,185	43,170
Credit facilities	36,359	9,897
Total long-term debt less cash and cash equivalents[2][3]	719,057	689,104
Total gross value of the assets of the Trust less cash and cash equivalents[2][4]	1,227,949	1,178,049
Mortgage debt ratio (excluding convertible debentures and credit facilities)[2][5]	52.2%	54.2%
Debt ratio – convertible debentures[2][6]	3.5%	3.7%
Debt ratio – credit facilities[2][7]	3.0%	0.8%
Total debt ratio[2]	58.6%	58.5%

(1) Before unamortized financing expenses and fair value assumption adjustments.
(2) This is a non-IFRS financial measure, refer to page 2 and 37.
(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, 2023, the mortgage debt ratio[1] excluding the convertible debentures and credit facilities totalled 52.2%, a decrease of 202 basis points since December 31, 2022. As of December 31, 2023, the total debt ratio[2], including the convertible debentures and credit facilities, net of cash and cash equivalents, increased to 58.6%, an increase of 8 basis points since December 31, 2022, driven by property acquisitions made throughout the year which increased the use of the credit facilities.

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.

Interest coverage ratio

The following table summarizes the interest coverage ratio for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Adjusted EBITDA[1]	18,065	16,347	69,719	64,409
Interest expenses net of financial income[2]	8,086	7,481	31,324	27,826
Interest coverage ratio[3]	2.23	2.19	2.23	2.31

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(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, 2023, the interest coverage ratio stood at 2.23, a decrease of 8 basis points from the same period last year.

(1) This is a non-IFRS financial measure as defined in this page.
(2) This is a non-IFRS financial measure, refer to page 2 and 37.

Debt service coverage ratio

The following table summarizes the debt service coverage ratio for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in thousands of dollars, except for the ratios)	Quarter		Year	
	2023	2022	2023	2022
	$	$	$	$
Adjusted EBITDA(1)	18,065	16,347	69,719	64,409
Interest expenses net of financial income(2)	8,086	7,481	31,324	27,826
Principal repayments	4,906	5,073	19,425	20,210
Debt service requirements	12,992	12,554	50,749	48,036
Debt service coverage ratio(3)	1.39	1.30	1.37	1.34

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) This is a non-IFRS financial measure. Interest expenses exclude early repayment fees, accretion of effective interest, distribution on Class B LP units, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments and Class B LP units.
(3) This is a non-IFRS financial measure. Debt service coverage ratio is calculated by dividing the Adjusted EBITDA(1) by Debt service requirements.

For year ended December 31, 2023, the debt service coverage ratio stood at 1.37, an increase of 3 basis points from the same period last year.

Class B LP units

The following table summarizes the Class B LP units for the period and the year ended December 31, 2023:

Period ended December 31, 2023 (in number of units)	Quarter		Year	
	Units	$	Units	$
Class B LP units outstanding, beginning of period	697,265	2,085	347,265	1,268
Issuance of Class B LP Units - Acquisition	-	-	550,000	2,475
Exchange into Trust units	-	-	(200,000)	(724)
Fair value adjustment	-	(42)	-	(976)
Class B LP units outstanding, end of period	697,265	2,043	697,265	2,043

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

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

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

On May 1, 2023, 550,000 Class B LP units were issued as part of the payment for the acquisition of the property located at 8810, 48th Avenue NW in Edmonton.

Units outstanding

The following table summarizes the total number of units outstanding and the weighted number of units outstanding for the periods ended December 31, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in number of units)	Quarter		Year	
	2023	2022	2023	2022
Units outstanding, beginning of the period	86,371,361	84,985,440	85,238,279	74,126,971
Units issued pursuant to a public issue	-	-	-	9,584,100
Distribution reinvestment plan	304,009	252,839	1,083,135	872,983
Issued - employee unit purchase plan	2,680	-	11,635	11,915
Issued - restricted unit compensation plan	27,851	-	73,127	130,506
Issued – deferred unit compensation plan	-	-	-	-
Class B LP units exchanged into Trust units	-	-	200,000	-
Issued – conversion of convertible debentures	-	-	99,725	511,804
Units outstanding, end of the period	86,705,901	85,238,279	86,705,901	85,238,279
Weighted average number of units outstanding	86,590,971	85,158,447	85,857,847	83,091,393
Weighted average number of Class B LP units and units outstanding	87,288,236	85,505,712	86,289,487	83,438,658

As of December 31, 2023, no units have been repurchased for cancellation under the normal course issuer bid ("NCIB") which expired on November 9, 2023.

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, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in number of units)	Quarter		Year	
	2023	2022	2023	2022
Deferred units outstanding, beginning of the period	138,334	111,717	121,727	103,116
Trustees' compensation	9,497	5,133	17,684	9,558
Distributions paid in units	3,581	4,877	12,001	9,053
Deferred units outstanding, end of the period	151,412	121,727	151,412	121,727

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, 2023, and December 31, 2022, as well as the years ended 2023 and 2022:

Periods ended December 31 (in number of units)	Quarter		Year	
	2023	2022	2023	2022
Restricted units outstanding, beginning of the period	310,377	163,169	138,583	161,536
Granted	7,230	1,272	224,302	93,576
Cancelled	(2,914)	-	(2,914)	-
Settled	(27,851)	(25,858)	(73,129)	(116,529)
Restricted units outstanding, end of the period	286,842	138,583	286,842	138,583

Employee unit purchase plan

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

Off-balance sheet arrangements and contractual commitments

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

Income Taxes

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

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

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

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

As at December 31, 2023, 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	2023	2022
	%	%
Taxable as other income	-	-
Tax deferred	100	100
Total	100	100

Accounting Policies and Estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. The result of the continual review of these estimates is the basis for exercising judgment on the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from these estimates. Critical judgments made by BTB in applying significant accounting policies, the most significant of which is the fair value of investment properties, are described in the annual consolidated financial statements as at and for the years ended December 31, 2023, and 2022.

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

Inflation and Interest Rates

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

Risks and Uncertainties

Numerous risks and uncertainties could cause BTB's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Risk Factors" section of BTB's 2023 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 Executive Vice-President and Chief Operating & Financial Officer of BTB are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Canadian Securities Administrators Multilateral Instrument 52-109.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Operating & Financial Officer concluded that the DC&P were effective as at December 31, 2023, and that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the quarter in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Operating & Financial Officer of BTB concluded that ICFR was effective as at December 31, 2023, 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 2023, 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 $640.4 million as at December 31, 2023, compared to $619.6 million as December 31, 2022.
- Series G and H convertible debentures for a total par value of $43.9 million as at December 31, 2023.
- 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, 2022 and still owned as at December 31, 2023, but does not include the financial impacts from dispositions, acquisitions and developments completed in 2022 and 2023, 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 – 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:

	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
Net income and comprehensive income (IFRS)	1,734	15,216	10,846	8,802	1,769	11,693	18,243	6,449
Fair value adjustment on investment properties	4,480	(6,481)	-	-	7,781	1,230	197	(1,007)
Fair value adjustment on Class B LP units	(42)	(159)	(775)	-	160	(142)	(233)	66
Amortization of lease incentives	641	664	750	728	787	773	818	735
Fair value adjustment on derivative financial instruments	2,396	(584)	(763)	184	(1,971)	(3,898)	(9,344)	997
Leasing payroll expenses(6)	401	359	327	356	682	182	158	221
Distributions – Class B LP units	52	56	42	22	26	26	26	26
Unit-based compensation (Unit price remeasurement)(5)	(11)	(87)	(232)	(59)	198	(172)	(285)	77
FFO(1)	9,651	8,984	10,195	10,033	9,432	9,692	9,580	7,564
Transaction costs on disposition of investment properties and mortgage early repayment fees	37	46	-	-	627	93	138	753
FFO Adjusted(1)	9,688	9,030	10,195	10,033	10,059	9,785	9,718	8,317
FFO per unit(1)(2)(3)	11.1¢	10.3¢	11.8¢	11.7¢	11.0¢	11.4¢	11.3¢	9.7¢
FFO Adjusted per unit(1)(2)(4)	11.1¢	10.4¢	11.8¢	11.7¢	11.8¢	11.5¢	11.4¢	10.7¢
FFO payout ratio(1)	67.5%	72.9%	63.8%	64.1%	67.9%	65.9%	66.4%	77.2%
FFO Adjusted payout ratio(1)	67.2%	72.5%	63.8%	64.1%	63.6%	65.2%	65.5%	70.2%

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(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 FFO Adjusted per unit ratio is calculated by dividing the FFO Adjusted(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(5) The impact of the unit price remeasurement on the deferred unit-based compensation plan has been considered in the calculation of the FFO Adjusted and AFFO Adjusted starting Q2 2021.
(6) The impact of the CIO compensation, hired in Q2 2022, was added to the Leasing payroll expenses during Q4 2022 as his duties were mainly leasing activities throughout the year.

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Adjusted Funds from Operations (AFFO)(1)

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

	2023 Q-4	2023 Q-3	2023 Q-2	2023 Q-1	2022 Q-4	2022 Q-3	2022 Q-2	2022 Q-1
(in thousands of dollars, except for per unit)	$	$	$	$	$	$	$	$
FFO(1)	9,651	8,984	10,195	10,033	9,432	9,692	9,580	7,564
Straight-line rental revenue adjustment	(197)	(842)	(291)	(633)	(1,077)	(521)	(74)	(150)
Accretion of effective interest	310	271	278	236	336	219	284	288
Amortization of other property and equipment	20	33	23	23	31	35	26	30
Unit-based compensation expenses	159	184	237	256	206	130	312	73
Provision for non-recoverable capital expenditures(1)	(639)	(626)	(634)	(658)	(630)	(599)	(580)	(581)
Provision for unrecovered rental fees(1)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)
AFFO(1)	8,929	7,629	9,433	8,882	7,923	8,581	9,173	6,849
Transaction costs on disposition of investment properties and mortgage early repayment fees	37	46	-	-	627	93	138	753
AFFO Adjusted(1)	8,966	7,675	9,433	8,882	8,550	8,674	9,311	7,602
AFFO per unit(1)(2)(3)	10.2¢	8.8¢	10.9¢	10.3¢	9.3¢	10.1¢	10.8¢	8.8¢
AFFO Adjusted per unit(1)(2)(4)	10.3¢	8.8¢	10.9¢	10.3¢	10.0¢	10.2¢	11.0¢	9.7¢
AFFO payout ratio(1)	72.9%	85.8%	69.0%	72.4%	80.8%	74.4%	69.4%	85.3%
AFFO Adjusted payout ratio(1)	72.6%	85.3%	69.0%	72.4%	74.9%	73.6%	68.3%	76.8%

(1) This is a non-IFRS financial measure, refer to page 2 and 37.
(2) Including Class B LP units.
(3) The AFFO per unit ratio is calculated by dividing the AFFO(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).
(4) The AFFO adjusted per unit ratio is calculated by dividing the AFFO adjusted(1) by the Trust's unit outstanding at the end of the period (including the Class B LP units at outstanding at the end of the period).

(1) This is a non-IFRS financial measure, refer to page 2 and 37.

Audited Consolidated Financial Statements

Year ended December 31, 2023

Management's Responsibility for Financial Reporting

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

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

As at December 31, 2023, 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, 2023 and 2022 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
Executive Vice President, Chief Operating Officer, and Chief Financial Officer

Montreal, February 21, 2024

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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, 2023 and 2022
- 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. 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 $1,207,522 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 Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

KPMG LLP*

Montréal, Canada
February 21, 2024

*CPA auditor, public accountancy permit No. A120220

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	2023	2022
		$	$
Assets			
Investment properties	4	1,207,522	1,164,881
Property and equipment		271	322
Derivative financial instruments	11	2,693	3,754
Prepaid expenses and deposits		2,522	3,163
Finance lease receivable	7	10,456	-
Receivables	5	3,272	4,816
Cash and cash equivalents		912	2,404
Total assets		**1,227,648**	**1,179,340**
Liabilities and unitholders' equity			
Mortgage loans payable	6	638,080	636,111
Convertible debentures	8	42,460	41,942
Bank loans	9	36,359	9,897
Lease liabilities	23	7,332	4,203
Class B LP Units	10	2,043	1,268
Unit-based compensation	12	1,715	1,542
Derivative financial instruments	11	288	116
Trade and other payables		19,549	20,058
Distribution payable to unitholders		2,168	2,131
Total liabilities		**749,994**	**717,268**
Unitholders' equity		**477,654**	**462,072**
		1,227,648	**1,179,340**

See accompanying notes to consolidated financial statements.

Approved by the Board on February 21, 2024.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	2023	2022
		$	$
Operating revenues			
Rental revenue	14	127,826	119,495
Operating expenses			
Public utilities and other operating expenses		23,893	22,820
Property taxes and insurance		28,554	26,245
		52,447	49,065
Net operating income		**75,379**	**70,430**
Financial income		1,833	624
Expenses			
Financial expenses		34,607	30,427
Distributions - Class B LP Units	10	172	104
Fair value adjustment – Class B LP Units	10	(976)	(149)
Net adjustment to fair value of derivative financial instruments		1,233	(14,216)
Net financial expenses	15	35,036	16,166
Administration expenses		7,496	7,437
Net change in fair value of investment properties and disposition expenses	4	(1,918)	9,297
Net income and comprehensive income for the year		**36,598**	**38,154**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distribution	Cumulative comprehensive income	Total
Balance as at January 1, 2023		**395,960**	**(202,235)**	**268,347**	**462,072**
Issuance of units, net of issuance expenses	13	4,814	-	-	4,814
Distribution to unitholders	13	-	(25,830)	-	(25,830)
		400,774	(228,065)	268,347	441,056
Comprehensive income		-	-	36,598	36,598
Balance as at December 31, 2023		**400,774**	**(228,065)**	**304,945**	**477,654**

	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	13	44,420	-	-	44,420
Distribution to unitholders	13	-	(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**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022 (in thousands of CAD dollars)

	Notes	2023	2022
		$	$
Operating activities			
Net income for the year		36,598	38,154
Adjusted for:			
Net change in fair value of investment properties and disposition expenses	4	(1,918)	9,297
Depreciation of property and equipment		99	122
Unit-based compensation	12	445	541
Straight-line lease adjustment	14	(1,963)	(1,822)
Lease incentive amortization	14	2,783	3,113
Financial income		(1,833)	(624)
Net financial expenses	15	35,036	16,166
		69,247	64,947
Adjustment for changes in other working capital items		1,605	1,293
Net cash from operating activities		**70,852**	**66,240**
Investing activities			
Acquisitions of investment properties net of mortgage loans assumed	4	(33,825)	(104,721)
Additions to investment properties	4	(12,424)	(16,576)
Net proceeds from dispositions of investment properties	4	(83)	30,787
Acquisition of property and equipment		(50)	2
Net cash (used in) from investing activities		**(46,382)**	**(90,508)**
Financing activities			
Mortgage loans, net of financing expenses		48,866	102,560
Repayment of mortgage loans		(47,364)	(46,229)
Bank loans		26,352	23,961
Repayment of bank loans		-	(49,629)
Lease liability payments		(4)	(16)
Net proceeds from unit issue		(25)	38,436
Net distribution to unitholders		(22,292)	(21,573)
Net distribution – Class B LP units	10	(171)	(104)
Interest paid		(31,324)	(27,925)
Net cash (used in) from financing activities		**(25,962)**	**19,481**
Net change in cash and cash equivalents		**(1,492)**	**(4,787)**
Cash and cash equivalents, beginning of year		**2,404**	**7,191**
Cash and cash equivalents, end of year		**912**	**2,404**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
(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, 2023 and 2022 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Trustees on February 21, 2024.

(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:

Trust as lessor

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

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

(ii) Significant sources of estimation uncertainty

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

Valuation of investment properties

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

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lease income and costs, future revenue streams, capital expenditures of fixtures and fittings, any environmental matters and the overall repair and condition of the property or stabilized net operating income) and discount, capitalization and terminal capitalization rates applicable to those cash flows. These estimates are based on local market conditions existing at the reporting date. The carrying value for the Trust's investment properties reflects its best estimate for the highest and best use as at December 31, 2023 (see Note 4).

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

Techniques used for valuing investment properties

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

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

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

Derivative financial instruments

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

3. Material Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Joint operations

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

(b) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

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

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

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

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

Cash and cash equivalents

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

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

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

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

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

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

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

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

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

(iii) Impairment

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

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

(iv) Trust units

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

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

(v) Convertible debentures

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

(vi) Class B LP Units

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

(c) Investment properties

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

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

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

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

(d) Leases

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

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

(i) As a lessor

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

(ii) As a lessee

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

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

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

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

(e) Provisions

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

(f) Revenue recognition

(i) Rental revenue – lease components

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

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

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

(ii) Rental revenue – non-lease components

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

(g) Earnings per unit

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

(h) Financial income and financial expenses

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

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

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

(i) Operating segment

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

(j) Unit-based compensation

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

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

(ii) Employee unit purchase plan

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

(iii) Restricted unit compensation plan

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

(iv) Cash settled share-based retirement compensation plan

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

(k) Income taxes

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

(l) Fair value measurement

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

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

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

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

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

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

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

4. Investment Properties

For the years ended December 31,	2023	2022
	$	$
Balance beginning of year	1,164,881	1,110,971
Initial recognition of right-of-use assets	3,133	-
Acquisitions of investment properties (note 4(a))	36,306	96,155
Dispositions of investment properties (note 4(b))	-	(42,674)
Capital expenditures	7,510	3,370
Capitalized leasing fees	2,247	1,531
Capitalized lease incentives	2,663	5,020
Lease incentives amortization	(2,783)	(3,113)
Straight-line lease adjustment	1,963	1,822
Net transfer to finance lease	(10,399)	-
Net changes in fair value of investment properties	2,001	(8,201)
Balance end of year	**1,207,522**	**1,164,881**

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, 2023, independent external appraisals were obtained for investment properties with an aggregate fair value of $904,893 (December 31, 2022 - appraisals obtained for investment properties having a total fair value of $821,315).

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, 2023			
Capitalization rate	5.25% - 7.75%	6.25% - 8.25%	5.75% - 7.75%
Terminal capitalization rate	5.25% - 8.00%	6.25% - 8.50%	6.00% - 8.00%
Discount rate	6.00% - 8.50%	6.75% - 9.00%	6.50% - 8.75%
Weighted average capitalization rate	6.09%	7.01%	7.06%
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%

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, 2023, which is representative of the sensitivity to changes in the discount rate and terminal capitalization rate as at December 31, 2023.

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	$	$
(0.50)%	1,306,588	99,066
(0.25)%	1,255,076	47,554
Base rate	1,207,522	-
0.25%	1,163,481	(44,041)
0.50%	1,122,572	(84,950)

(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, 2023, were as follows:

Fair value recognized on acquisition						
Acquisition date	Property type	Location	Interest acquired	Investment properties, including acquisition costs	Mortgage loan assumed	Net consideration
			%	$	$	$
February 2023	Industrial	Mirabel, QC	100	28,920	-	28,920
May 2023[1]	Industrial	Edmonton, AB	100	7,386	-	7,386
Total				**36,306**	**-**	**36,386**

(1) The Trust satisfied a portion of the acquisition through the issuance of 550,000 Class B limited partnership units at a price of $4.50 per unit.

(b) Dispositions

There were no dispositions during the year ended December 31, 2023.

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

For the years ended December 31,	2023	2022
	$	$
Net changes in fair value of investment properties	2,001	(8,201)
Disposition expenses	(83)	(1,096)
	1,918	**(9,297)**

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

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

The following table summarizes the changes in fair value of investment properties by segment:

For the years ended December 31,	Year	
	2023	2022
	$	$
Industrial	32,503	29,854
Off-downtown core office	(27,508)	(31,842)
Necessity-based retail	(2,994)	(6,213)
Total change in fair value	**2,001**	**(8,201)**

5. Receivables

As at December 31,	2023	2022
	$	$
Rents receivable	2,201	3,431
Allowance for expected credit losses	(731)	(1,011)
Net rents receivable	1,470	2,420
Unbilled recoveries	1,572	1,142
Other receivables	230	1,254
Total	**3,272**	**4,816**

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 $1,168,069 as at December 31, 2023 (December 31, 2022 – $1,140,753).

As at December 31,	2023	2022
	$	$
Fixed rate mortgage loans payable	565,519	552,275
Floating rate mortgage loans payable	74,906	86,166
Unamortized fair value assumption adjustments	160	564
Unamortized financing expenses	(2,505)	(2,894)
Mortgage loans payable	638,080	636,111
Short-term portion	160,278	86,094
Weighted average interest rate	4.37%	4.09%
Weighted average term to maturity (years)	3.24	3.97
Range of annual rates	2.37% - 8.95%	2.30% - 8.20%

As at December 31, 2023, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2024	17,037	143,241	160,278
2025	14,521	52,853	67,374
2026	12,358	108,601	120,959
2027	8,455	100,506	108,961
2028	4,690	77,485	82,175
Thereafter	10,571	90,107	100,678
	67,632	572,793	640,425
Unamortized fair value assumption adjustments			160
Unamortized financing expenses			(2,505)
			638,080

The Trust may enter into floating-for-fixed interest rate swap agreements on floating interest rate mortgages to hedge the variability in cash flows attributed to fluctuating interest rates. The Trust does not apply hedge accounting to such cash flow hedging relationships (see Note 11). The following table presents relevant information on interest rate swap agreements:

Transaction date	Original principal amount	Effective fixed interest rate	Settlement basis	Maturity date	Outstanding amount	
					As at December 31, 2023	As at December 31, 2022
	$	%			$	$
June 2016	13,000	3.45	Quarterly	June 2026	10,257	10,649
November 2017	23,200	3.88	Monthly	November 2027	20,619	21,331
November 2017	23,075	3.90	Monthly	December 2027	19,392	20,068
Total	**59,275**				**50,268**	**52,048**

7. Finance Lease Receivable

In August 2023, a tenant exercised a purchase option of an industrial property in Edmonton, Alberta. The purchase price is $10,250 and the closing date is December 1, 2026. The Trust derecognized the property from investment properties to classify it as a finance lease.

The Trust determined at the lease inception date that the lease was a finance lease as the lease transferred to the lessee substantially all the risks and rewards of ownership of the underlying asset and it recognized the net investment in the lease as a finance lease receivable on the balance sheet. The Trust subsequently recognizes financial income as earned.

The following table summarizes the finance lease for the period ended December 31, 2023 and sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

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

As at December 31, 2023	
Beginning balance undiscounted finance lease	13,379
Received lease payments	382
	12,997
Beginning balance unearned finance income at inception	(2,980)
Earned finance income	439
	(2,541)
Finance lease receivable	10,456

As at December 31, 2023, the undiscounted lease payments to be received are as follows:

	Lease payments
	$
2024	916
2025	916
2026	11,165
Total	12,997
Unearned finance income	2,541
Finance lease receivable	10,456

8. Convertible Debentures

As at December 31, 2023, 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	19,917	7.00	8.28	3.64	Semi-annual	October 2025

	Series G	Series H	Total
	$	$	$
As at December 31, 2023			
Non-derivative liability component upon issuance	24,000	27,309	51,309
Accretion of non-derivative liability component	-	1,055	1,055
	24,000	28,364	52,364
Conversion options exercised by holders	-	(9,179)	(9,179)
	24,000	19,185	43,185
Unamortized financing expenses	(269)	(456)	(725)
Non-derivative liability component	**23,731**	**18,729**	**42,460**
Conversion and redemption options liability (asset) component at fair value	**-**	**288**	**288**

	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 component at fair value	**88**	**28**	**116**

Series G

As of December 31, 2023, no conversion options have been exercised by holders on debentures.

Series H

As of December 31, 2023, conversion options have been exercised by holders on debentures representing a nominal amount of $10,083 (December 31, 2022 – $9,720).

9. Bank Loans

The Trust has access to two credit facilities. The first is an acquisition line of credit in the amount of $8,000. This line of credit bears interest at a rate of 1% above the prime rate. As at December 31, 2023, $950 was due under the acquisition line of credit (December 31, 2022 – $900). The line of credit is secured by an immoveable second rank hypothec on five properties having a fair value of $95,706.

The second is a revolving credit facility in the amount of $50,000 with an accordion option of up to an additional $10,000. This revolving credit facility bears interest at a rate of 1% above the prime rate or 2.25% above the Bankers' Acceptance rate. As at December 31, 2023, $35,409 was due under the revolving credit facility (December 31, 2022 - $8,997).

The revolving credit facility is secured by an immoveable first rank hypothec on two properties having a fair value of $39,497 and by negative pledge of a selection of borrowing base properties having a fair value of $364,116.

10. Class B LP Units

Years ended	December 31, 2023		December 31, 2022	
	Units	$	Units	$
Units outstanding, beginning of year	347,265	1,268	347,265	1,417
Issuance of Class B LP units - Acquisition	550,000	2,475	-	-
Exchange into Trust units	(200,000)	(724)	-	-
Fair value adjustment	-	(976)	-	(149)
Units outstanding, end of year	**697,265**	**2,043**	**347,265**	**1,268**

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,	2023	2022
	$	$
Distribution to Class B LP unitholders	171	78
Distribution per Class B LP unit	0.300	0.300

11. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at December 31, 2023 because of their short-term maturity or because they bear interest at current market rates.

As at December 31, 2023	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 8)	288	-	-	288
Interest rate swap asset	(2,693)	-	(2,693)	-
Class B LP Units (note 10)	2,043	2,043	-	-
For which fair values are disclosed				
Mortgage loans payable (note 6)	640,425	-	612,870	-
Convertible debentures, including their conversion and redemption features (note 8)	42,748	43,351	-	-
Bank loans (note 9)	36,359	-	36,359	-

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, 2023	
Balance beginning of period	116
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	172
Balance end of year	**288**

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, 2023:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50)%	268	19.24
December 31, 2023	288	19.74
0.50%	308	20.24

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

12. Unit-based Compensation

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

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

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

For the years ended December 31,	2023	2022
	Deferred units	Deferred units
Outstanding, beginning of year	121,727	103,116
Trustees' compensation	17,684	9,558
Distributions paid in units	12,001	9,053
Outstanding, end of year	**151,412**	**121,727**

As at December 31, 2023, the liability related to the plan was $438 (December 31, 2022 - $446). The related figures recorded in profit and loss amounted to a revenue of $8, for the year ended December 31, 2023 (for the year ended December 31, 2022 – revenue of $36).

(b) Employee unit purchase plan

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

As at December 31, 2023, the liability related to the plan was $87 (December 31, 2022 - $54). The related expenses recorded in profit and loss amounted to $67, for the year ended December 31, 2023 (for the year ended December 31, 2022 - revenue of $41). The 11,635 units related to 2022 purchases were issued in 2023 (11,605 units related to 2021 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,	2023	2022
	Restricted units	Restricted units
Outstanding, beginning of period	138,583	161,536
Granted	224,302	93,576
Cancelled	(2,914)	-
Settled	(73,129)	(116,529)
Outstanding, end of year	**286,842**	**138,583**

As at December 31, 2023, the liability related to the plan was $597 (December 31, 2022 - $446). The related expense recorded in profit and loss amounted to $390, for the year ended December 31, 2023 (for the year ended December 31, 2022 – expense $357).

(d) Cash settled share-based retirement compensation plan

As at December 31, 2023, the long-term obligation related to the plan was $593 (December 31, 2022 - $596). The related revenue recorded in profit and loss amounted to $4, for the year ended December 31, 2023 (for year ended December 31, 2022 – expense of $107).

13. Trust Units Issued and Outstanding

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

Trust units issued and outstanding are as follows:

For the years ended December 31,		2023
	Units	$
Trust units outstanding, beginning of year	85,238,279	395,960
Issue pursuant to the distribution reinvestment plan (a)	1,083,135	3,441
Issue pursuant to the employee unit purchase plan (note 12 (b))	11,635	33
Issue pursuant to the restricted unit compensation plan (note 12 (c))	73,127	239
Class B LP units exchanged into Trust units	200,000	760
Issue pursuant to conversion of convertible debentures (note 8)	99,725	341
Trust units outstanding, end of year	**86,705,901**	**400,774**

(a) Distribution reinvestment plan

BTB offers a distribution reinvestment plan for its trust unitholders. Participation in the plan is optional and under the terms of the plan, 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,	2023	2022
	$	$
Distribution to unitholders	25,830	24,927
Distribution per Trust unit	0.300	0.300

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

As of December 31, 2023, no units have been repurchased for cancellation.

14. Rental Revenues

For the years ended December 31,	2023	2022
	$	$
Base rent and other lease generated revenues	80,322	73,992
Property tax and insurance recoveries	25,449	24,831
	105,771	98,823
Operating expenses recoveries and other revenues	22,875	21,963
Lease incentive amortization	(2,783)	(3,113)
Straight-line lease adjustment	1,963	1,822
	127,826	**119,495**

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, 2023 are as follows:

	2023
	$
Within one year	126,638
Beyond one year but within two years	110,971
Beyond two years but within three years	95,464
Beyond three years but within four years	77,529
Beyond four years but within five years	65,463
Beyond five years	213,790
	689,855

15. Net Financial Expenses

For the years ended December 31,	2023	2022
	$	$
Interest on mortgage loans payable	27,426	23,947
Interest on convertible debentures	2,835	2,796
Interest on bank loans	2,478	1,421
Interest on lease liabilities	354	211
Other interest expense	64	75
Accretion of non-derivative liability component of convertible debentures	355	335
Accretion of effective interest on mortgage loans payable and convertible debentures	1,095	1,127
Distributions - Class B LP Units	172	104
Fair value adjustment – Class B LP Units	(976)	(149)
Early repayment fees of a mortgage loan	-	515
Net adjustment to fair value of derivative financial instruments	1,233	(14,216)
	35,036	**16,166**

16. Expenses by Nature

For the years ended December 31,	2023	2022
	$	$
Depreciation	99	122
Employee compensation and benefits expense	9,516	9,452

17. Earnings per Unit

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

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

For the years ended December 31,	2023	2022
	$	$
Net income	36,598	38,154
Weighted average number of trust units outstanding – basic	86,289,487	83,438,658
Earnings per unit – basic	**0.42**	**0.46**

18. Capital and Financial Risk Management

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

(a) Capital Management

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

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

The Trust's capital is as follows:

As at December 31,	2023	2022
	$	$
Cash and cash equivalents	(912)	(2,404)
Mortgage loans payable[(1)]	640,425	638,441
Convertible debentures[(1)]	43,185	43,170
Bank loans	36,359	9,897
Mortgage loans payables, Convertible debentures and Bank loans adjusted for Cash and cash equivalents	**719,057**	**689,104**
Total assets	1,227,648	1,179,340
Accumulated depreciation on Property and equipment	1,213	1,114
Cash and cash equivalents	(912)	(2,404)
Total assets adjusted for accumulated depreciation and cash and cash equivalents	**1,227,949**	**1,178,050**

(1) Excluding issue costs

As at December 31,	2023	2022
	%	%
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	58.6	58.5
Mortgage loans payable / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	52.2	54.2

(b) Financial Risk Management

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

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

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

(i) Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates this risk by varying its tenant mix 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, 2023, overdue rent receivable amounted to $785 (December 31, 2022 - $962). An allowance for expected credit losses of $731 (December 31, 2022 - $1,011) 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 four mortgage loans outstanding of $24,636 as at December 31, 2023 bearing interest at variable rates and three mortgages loans outstanding of $52,028 as at December 31, 2023 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 $749 on the Trust's comprehensive income for the year ended December 31, 2023.

(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, 2023, 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, 2023			Estimated payment schedule					
	Carrying amount	Total contractual cash flows	2024	2025	2026	2027	2028	2029 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	19,549	20,374	19,732	63	56	-	-	-
Distributions payable to unitholders	2,168	2,168	2,168	-	-	-	-	-
Lease liabilities	7,332	17,475	372	378	384	387	404	15,550
Bank loans	36,359	36,359	36,359	-	-	-	-	-
Mortgage loans payable and convertible debentures	680,540	765,338	208,818	106,269	136,032	119,776	87,242	107,201
	745,948	841,714	267,449	106,710	136,472	120,163	87,646	122,751

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

19. Subsidiaries and Joint Arrangements

(a) Subsidiaries

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

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

(b) Joint arrangements

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

As at December 31,		2023	2022
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,	2023	2022
	$	$
Assets	22,038	19,973
Liabilities	(12,791)	(9,276)
Revenues	2,021	1,869
Expenses	2,120	870
Net change in fair value of investment properties	289	2,741

20. 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, 2023				
Investment properties	440,120	518,345	249,057	**1,207,522**
Rental revenue from properties	32,682	65,943	29,201	**127,826**
Net operating income	23,837	34,209	17,333	**75,379**
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**

21. Supplemental Cash Flow Information

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

	Convertible debentures	Mortgage loans payable
Year ended December 31, 2023	$	$
Balance beginning of year	41,942	636,111
Mortgage loans, net of financing costs	-	48,755
Capitalized interest on mortgage loans	-	-
Repayment of mortgage loans	-	(47,366)
Asset acquisitions mortgage assumption	-	-
Asset dispositions mortgage assumption	-	-
Net proceeds from issuance of convertible debentures	-	-
Initial recognition of conversion and redemption options liability component	-	-
Repayment of convertible debentures	-	-
Conversion of convertible debentures	(330)	-
Fair value assumption adjustments and financing costs amortization	502	580
Accretion of non-derivative liability component	346	-
Balance end of year	**42,460**	**638,080**

22. Compensation of Key Management Personnel and Trustees

Key management personnel and trustees compensation is as follows:

For the years ended December 31,	2023	2022
	$	$
Salaries and short-term benefits	2,425	2,377
Unit-based compensation	445	539
Total	2,870	2,916

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

23. Leases Commitments and Contingencies

(a) Leases

Lease liabilities

As at December 31,	2023	2022
Maturity analysis - contractual undiscounted cash flows	$	$
Within one year	372	228
Beyond one year but within five years	1,553	954
Beyond five years	15,550	8,700
Total undiscounted lease liabilities	**17,475**	**9,882**
Lease liabilities included in the statement of financial position	7,332	4,203
Current	6	19
Non-current	7,326	4,184

Amounts recognised in profit and loss and statement of cashflows

As at December 31,	2023	2022
Profit and loss	$	$
Interest on lease liabilities (note 15)	354	211
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	443	491
Statement of cash flow		
Total cash outflow for leases	801	717

(b) Litigation

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

Board of Trustees

Michel Léonard
President, CEO & Trustee

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]

Armand Des Rosiers
Trustee

Sylvie Lachance
Trustee[3]

Christine Marchildon
Trustee[2]

(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

Transfer agent
Computershare Investor Services
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7th floor, Montréal, Québec, H3A 3S8 Canada
T 514 982-7555
T Toll free: 1 800-564-6253
F 514 982-7850
service@computershare.com

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

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

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

Annual General Meeting
June 18th, 2024
Location and time TBA

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

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

Cover illustration
by Romain Lasser
979 Bank Street, Ottawa, ON