

BTB - Repositioning of 2018 - approximately 20% of the portfolio affected

MONTREAL, March 12, 2019 /CNW Telbec/ - BTB Real Estate Investment Trust (TSX: BTB.UN) ("**BTB**" or the "**Trust**") releases today its financial results for the fourth quarter and year ended December 31, 2018, and announces the following highlights:

HIGHLIGHTS OF THE QUARTER ENDED DECEMBER 31, 2018

- Increase of 8.2% in rental income to \$22.1 million;
- Increase of 11.1% in net operating income⁽¹⁾ to \$11.6 million;
- Increase of 6.9% in net property income from the same-property portfolio;
- Decline in certain key performance indicators (distributable income⁽¹⁾, FFO⁽¹⁾ and AFFO per unit⁽¹⁾) mainly due to the unexpected departure of two tenants, whose spaces were re-leased.

(1) Non-IFRS Financial Measures.

HIGHLIGHTS OF THE YEAR ENDED DECEMBER 31, 2018

- Increase of 15.0% in rental income to \$87.4 million;
- Increase of 17.9% in net operating income⁽¹⁾ to \$47.6 million;
- Strong leasing activities: renewal of 455,000 square feet of leasable area and the leasing of close to 546,000 square feet of leasable area to new tenants;
- Occupancy rate steady at 91%, taking into account the bankruptcy of a major tenant;
- Reduction of total debt ratio from 65% to 62.5%;
- Increase in recurring FFO from \$19,262 million to \$23,598 million;
- Increase of 12.2% in total asset value from \$762 million to \$855 million;

(1) Non-IFRS Financial Measures.

Property purchase and sale

- On January 19, 2018, the Trust disposed of the property located at "1863-1865 Autoroute Transcanadienne" in Dorval for \$5.650 million.
- On February 6, 2018, the Trust disposed of the property located at "2905 Marleau" in Cornwall for \$0.490 million.
- On February 19 2018, the Trust acquired a retail property located in the city of Delson, Québec, for a consideration of \$1.865 million.
- On February 26, 2018, the Trust disposed of the property located at "1100 and 1108-1136 St-Joseph Blvd" in Drummondville for \$3.075 million.
- On May 30, 2018, the Trust acquired a 25% residual interest in the "Complexe Lebourgneuf – Phase II" located in Québec City, for \$7.5 million.
- On July 11, 2018, the Trust acquired a mixed-use property totalling approximately 31,000 square feet, located at "1327-1333 Ste-Catherine Street West and 1411 Crescent Street" in downtown Montreal, for \$25.2 million. In the fall, BTB moved its head office to this property, and now occupies an area of approximately 8,000 square feet.

- On July 20, 2018, the Trust disposed of a retail property under redevelopment located in Thetford Mines, Québec. The property, known as "Promenade St-Noël" was fully vacant and was sold for \$0.475 million.
- On July 31, 2018, the Trust acquired a shopping centre in Lévis, Québec for \$42.6 million. Walmart is the anchor tenant of this 205,000-square-foot shopping centre located near Carrefour Saint-Romuald, a property owned by BTB.
- On August 16, 2018, the Trust disposed of the property located at "3036-3094 Chemin Chambly" in Longueuil, Québec, for \$5.6 million.
- On October 18, 2018, the Trust sold six properties located in Sherbrooke, Québec, for total sale proceeds of \$30.5 million.
- On December 28, 2018, the Trust purchased two office properties totalling approximately 152,000 square feet located at "3111 and 3131 Saint-Martin Boulevard West," Laval, for \$24.5 million.

Financing activities

- On June 19, 2018, the Trust completed an issue of 6,250,250 units, including the exercised overallotment option, at a price of \$4.60 per unit, for proceeds of approximately \$27.2 million net of issuance costs.

Summary of significant items as at December 31, 2018

- 67 properties
- Approximately 5.4 million square feet
- \$855 million total asset value
- \$240 million market capitalization

Subsequent event

- On January 31, 2019, the Trust disposed of a property located at "15-41 boulevard Georges-Gagné Sud," in Delson, Québec, for \$22.5 million.

Message from Michel Léonard, President and Chief Executive Officer

"2018 was marked by a major repositioning of the Trust's portfolio. As a result and in addition to the building previously housing its head office, 11 investment properties were sold during the year for total proceeds of \$48.9 million. The Trust purchased, for a total of \$101.6 million, 6 investment properties improving the quality of its portfolio that generate higher net operating income as compared to the net operating income generated by the properties sold. Our leasing activities were also important. We renewed leases for over 455,000 square feet of leasable area and entered into new leases for a total leasable area of over 545,000 square feet. This leasing activity was significant considering the unanticipated departure of two major tenants totaling more than 224,000 square feet of leasable area. We were pleased to see the net property income from the same-property portfolio (SPNOI) increased by 6.9% in the fourth quarter of 2018; a positive change in the last five quarters".

ANNUAL RESULT INFORMATION

| (in thousands of Canadian dollars, except for ratios and per unit data) | 2018 | 2017 | % Variation |
|---|--------|-----------------------|-------------|
| Financial information | | | |
| Rental income | 87,423 | 76,039 ⁽²⁾ | 10.6 |
| Net operating income ⁽¹⁾ | 47,637 | 40,394 | 17.9 |

| | | | |
|---|---------|---------|-------|
| Net income and comprehensive income | 41,337 | 28,171 | 46.7 |
| Net property income from the same-property portfolio ⁽¹⁾ | 22,233 | 22,377 | (0.6) |
| Distributable income ⁽¹⁾ | 23,897 | 19,721 | 21.2 |
| Distributions | 22,154 | 18,486 | 19.8 |
| Recurring funds from operations (FFO) ⁽¹⁾ | 23,598 | 19,262 | 22.5 |
| Recurring adjusted funds from operations (AFFO) ⁽¹⁾ | 21,584 | 17,599 | 22.6 |
| Total assets | 855,223 | 762,390 | 12.2 |
| Total debt ratio | 62.6% | 65.0% | (3.7) |
| Weighted average interest rate on mortgage debt | 3.91% | 3.72% | 5.1 |
| Market capitalization | 240,633 | 222,262 | 8.3 |

Financial information per unit

| | | | |
|---|-------|-------|-------|
| Net income and comprehensive income | 78.7¢ | 64.5¢ | 22.0 |
| Distributable income ⁽¹⁾ | 45.6¢ | 45.2¢ | 0.9 |
| Distributions | 42.0¢ | 42.0¢ | - |
| Payout ratio on distributable income ⁽¹⁾ | 92.2% | 93.7% | (1.6) |
| Recurring FFO ⁽¹⁾ | 45.0¢ | 45.3¢ | (0.7) |
| Recurring AFFO ⁽¹⁾ | 41.2¢ | 40.3¢ | 2.2 |

(1) Non-IFRS financial measures

(2) Adjusted to take account of the retroactive implementation of IFRS 15

QUARTERLY RESULT INFORMATION

(in thousands of Canadian dollars, except for ratios and per unit data)

| | 2018 | 2017 | % Variation |
|---|--------|-----------------------|-------------|
| Financial information | | | |
| Rental income | 22,082 | 20,413 ⁽²⁾ | 8.2 |
| Net operating income ⁽¹⁾ | 11,624 | 10,460 | 11.1 |
| Net income (loss) and comprehensive income | 24,396 | 15,498 | 57.4 |
| Net property income from the same-property portfolio ⁽¹⁾ | 5,562 | 5,205 | 6.9 |
| Distributable income ⁽¹⁾ | 5,212 | 4,916 | 6.0 |
| Distributions | 5,859 | 5,079 | 15.4 |
| Recurring funds from operations (FFO) ⁽¹⁾ | 5,063 | 4,865 | 4.1 |
| Recurring adjusted funds from operations (AFFO) ⁽¹⁾ | 4,576 | 4,370 | 4.7 |
| Financial information per unit | | | |
| Net income (loss) | 43.7 ¢ | 33.0¢ | 32.4 |
| Distributable income ⁽¹⁾ | 9.3 ¢ | 10.5¢ | (11.4) |
| Distributions | 10.5 ¢ | 10.5¢ | - |
| Recurring FFO ⁽¹⁾ | 9.1 ¢ | 10.3¢ | (11.7) |
| Recurring AFFO ⁽¹⁾ | 8.2 ¢ | 9.3¢ | (11.8) |

(1) Non-IFRS financial measures

(2) Adjusted to take account of the retroactive implementation of IFRS 15

NON-IFRS FINANCIAL MEASURES

Net operating income, net operating income of the same-property portfolio, distributable income, recurring funds from operations and recurring adjusted funds from operations are not measures recognized by International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Such measures may differ from similar computations as reported by similar entities and, accordingly, may not be comparable to similar measures reported by such other entities.

The following table shows the reconciliation of distributable income and adjusted funds from operations (non-IFRS measure) with cash flows from operating activities presented in the financial statements.

| Periods ended December 31 (in thousands of Canadian dollars) | Quarter | | Year | |
|---|--------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |
| Cash flows from operating activities (IFRS) | 15,695 | 14,122 | 44,724 | 38,449 |
| | (4,533) | (4,138) | 1,150 | 107 |
| ± Net change in non-cash operating items | | | | |
| - Net interest expense | (5,803) | (5,043) | (21,977) | (18,752) |
| + Other items | (147) | (25) | - | (83) |
| Distributable income | 5,212 | 4,916 | 23,897 | 19,721 |
| + Leasing payroll expenses | 128 | 144 | 573 | 511 |
| + Gain on write-off of debt | - | - | 133 | - |
| - Provision for maintenance expenditures | (439) | (395) | (1,719) | (1,467) |
| - Provision for rental fees | (325) | (320) | (1,300) | (1,249) |

| | | | | |
|--------------------------------|-------|-------|--------|--------|
| Adjusted funds from operations | 4,576 | 4,370 | 21,584 | 17,599 |
|--------------------------------|-------|-------|--------|--------|

On Wednesday, March 13, 2019, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the fourth quarter 2018 and for the fiscal year ended on December 31, 2018:

DATE: Wednesday, March 13, 2019

TIME: 10:00 a.m. (Eastern Standard Time)

DIAL: 1-416-764-8609 (from Toronto and overseas) access code 73571002# 1-888-390-0605 (from North America) toll free, access code 73571002#. To ensure your participation, please dial in fifteen minutes prior to the start of the conference call.

WEBCAST: <https://event.on24.com/jwcc/r/1929460/4C334BC83A435591707B519A771CFB7E>

REPLAY: From Wednesday, March 13, 2019, 1:00 p.m. until 11:59 p.m. on March 20, 2019, dial 1-416-764-8677 conference ID number 571002#, or dial toll free 1-888-390-0541 conference ID number 571002#.

The media and all interested parties may attend the call in listening mode only.

Conference call operators will coordinate the question and answer period, and will instruct participants regarding the procedures for the call.

About BTB

BTB is a real estate investment trust listed on the Toronto Stock Exchange. BTB is an important owner of properties in eastern Canada. Today, BTB owns 66 commercial, office and industrial properties for a total leasable area of 5.2 million square feet. BTB's asset value is approximately \$830M. The objectives of BTB are: (i) to grow its revenues from its assets to increase distributable income and therefore fund distributions; (ii) to maximize the value of its assets through dynamic management of its properties in order to sustain the long-term value of its units; and (iii) to generate cash distributions that are fiscally beneficial to unitholders.

BTB 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%.

Forward-Looking Statements

This press release may contain forward-looking statements with respect to BTB. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of BTB could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulation and the factors described from time to time in the documents filed by BTB with the securities regulators in Canada. The cautionary statements qualify all forward-looking statements attributable to BTB and persons acting on their behalf. Unless otherwise stated or required by applicable law, all forward-looking statements speak only as of the date of this press release.

SOURCE BTB Real Estate Investment Trust

View original content: <http://www.newswire.ca/en/releases/archive/March2019/12/c3371.html>

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