

BTB reaps the benefits of its growth and repositioning

MONTREAL, Nov. 6, 2018 /CNW Telbec/ - BTB Real Estate Investment Trust (TSX: BTB.UN) ("**BTB**" or the "**Trust**") releases today its financial results for the third quarter ended September 30, 2018, and presents the following highlights:

HIGHLIGHTS OF THE QUARTER ENDED SEPTEMBER 30, 2018

- Important increase of rental income and net operating income following the recent acquisition of accretive properties;
- Increase of 17.5% in distributable income⁽¹⁾ per unit, of 14.5% in FFO⁽¹⁾ and of 12.9% in AFFO⁽¹⁾ per unit;
- Reduction of total debt ratio from 65.8% to 63.8%;
- In order to accommodate the growth of a tenant of the property, the Trust agreed to a lease cancellation agreement with Shire Pharma, providing additional non-recurring revenue of \$1.5 million;
- Increase in market capitalization from \$201 million to \$265 million.

(1) Non-IFRS Financial Measures.

Property purchase and sale

- On July 11, 2018, the Trust acquired a mixed-use property totalling approximately 31,000 square feet, located at 132711333 Ste-Catherine Street West and 1411 Crescent Street in downtown Montreal, for \$25.2 million. BTB relocated its head office in this property in October 2018.
- On July 31, 2018, the Trust acquired a retail 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 recently acquired by BTB.
- On August 15, 2018, the Trust sold a property located at 3036-3094 Chemin Chambly, Longueuil, in the province of Québec, for total proceeds of \$5.65 million.

Subsequent Events

- On October 18, 2018, the Trust sold the following six properties located in Sherbrooke, in the province of Québec, for total proceeds of \$30.5 million, after closing adjustments:
 - 2865-2885 de Portland Boulevard;
 - 1635-1645 King Street East and 150-170 Chemin Duplessis;
 - 1640-1650 King Street West;
 - 747-805 King Street East;
 - 30-66 Jacques-Cartier Boulevard North; and
 - 3705 Industriel Boulevard.

Summary of other significant items as at September 30, 2018

- The Trust owns 71 properties containing approximately 5.5 million square feet. The total asset value of the Trust is \$834 million and its market capitalization is \$265 million.

Message from Michel Léonard, President and Chief Executive Officer

"We continue to execute our strategic plan, selling less performing assets to purchase better located and performing properties. The Trustees have elected to concentrate the activities of the Trust in the Greater Montreal, Québec City and Ottawa regions. The repositioning of the portfolio is showing better returns and the third quarter is a demonstration of BTB's redeployment efforts."

Periods ended September 30 (in thousands of Canadian dollars, except for ratios and per unit data)	Quarter			Cumulative (9 months)		
	2018	2017	Δ%	2018	2017	Δ%
	\$	\$		\$	\$	
Financial information						
Rental income	23,098	18,187 ⁽²⁾	27.0	65,341	55,625 ⁽²⁾	17.5
Net operating income ⁽¹⁾	13,330	10,044	32.7	36,013	29,934	20.3
Net income and comprehensive income	5,793	4,327	33.9	16,941	12,673	33.7
Net property income from the same-property portfolio ⁽¹⁾	5,964	6,101	(2.2)	17,992	18,451	(2.5)
Distributable income ⁽¹⁾	7,479	4,883	53.2	18,686	14,805	26.2
Distributions	5,843	4,483	30.3	16,295	13,407	21.5
Funds from operations (FFO) ⁽¹⁾	6,996	4,712	48.5	17,942	14,339	25.1
Adjusted funds from operations (AFFO) ⁽¹⁾	6,326	4,326	46.2	16,418	13,171	24.7
Total assets				833,916	678,885	22.8
Total debt ratio				63.8%	65.8%	(2.0)
Weighted average interest rate on mortgage debt				3.89%	3.83%	0.06
Market capitalization				265,329	201,230	31.9
Financial information per unit						
Net income and comprehensive income	10.4¢	10.1¢	2.9	33.0¢	29.8¢	10.7
Distributable income ⁽¹⁾	13.4¢	11.4¢	17.5	36.4¢	31.5¢	15.6
Distributions	10.5¢	10.5¢	—	31.5¢	31.5¢	—
Payout ratio on distributable income ⁽¹⁾	78.4%	91.8%	(13.4)	86.5%	90.6%	(4.1)
FFO ⁽¹⁾	12.6¢	11.0¢	14.5	35.0¢	33.7¢	3.9
AFFO ⁽¹⁾	11.4¢	10.1¢	12.9	32.0¢	31.0¢	3.2

(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, funds from operations and 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 September 30 (in thousands of Canadian dollars)	Quarter		Cumulative (9 months)	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash flows from operating activities (IFRS)	12,484	10,161	29,029	24,327
- Gain on disposal of a property		(190)		(58)
+ Distributions - Class B LP Units	56		75	
± Net change in non-cash operating items	573	(414)	5,683	4,245
- Net Interest expense	(5,638)	(4,674)	(16,174)	(13,709)
+ Other items	4		73	
Distributable income	7,479	4,883	18,686	14,805
+ Leasing payroll expenses	129	106	445	367
+ Gain on write-off of debt			133	
- Transaction costs	(524)		(524)	
- Provision for maintenance expenditures	(432)	(350)	(1,277)	(1,072)
- Provision for rental fees	(325)	(313)	(975)	(929)
- Other items	(1)		(70)	
Adjusted funds from operations	6,326	4,326	16,418	13,171

On Wednesday, November 7, 2018, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the third quarter 2018 ended on September 30, 2018:

DATE	Wednesday, November 7, 2018
TIME	10:00 a.m (Eastern Standard Time)
DIAL:	1-416-764-8609 (from Toronto and overseas) access code 90277584# 1-888-390-0605 (from North America) toll free, access code 90277584#. To ensure your participation, please dial in fifteen minutes prior to the start of the conference call.
WEBCAST:	https://event.on24.com/twcc/r/1858485/31A68D23B5A2CA0389D4A34363223BC4
REPLAY:	From November 7, 2018, 1:00 p.m. until 11:59 p.m. on November 14, 2018, dial 1-416-764-8677 conference ID number 277584#, or dial toll free 1-888-390-0541 conference ID number 277584#.

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 65 retail, office and industrial properties for a total leasable area to date of 5.2 million square feet. 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.

View original content: <http://www.newswire.ca/en/releases/archive/November2018/06/c7310.html>

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CO: BTB Real Estate Investment Trust

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