

Implementation of its new strategy: BTB sells and purchases properties

MONTREAL, Aug. 8, 2017 /CNW Telbec/ - BTB Real Estate Investment Trust (TSX: BTB.UN) ("BTB" or the "Trust") releases today its financial results for the second quarter ended June 30, 2017, and presents the following highlights:

HIGHLIGHTS OF THE QUARTER ENDED JUNE 30, 2017

- Increase in net income and comprehensive income from \$4.0 million in 2016 to \$4.4 million for the quarter and from \$7.5 million to \$8.3 million for the first six months of 2017;
- Increase in funds from operations (FFO) from \$4.7 million to \$4.9 million for the quarter and from \$8.9 million to \$9.4 million for the first six months of 2017;
- Increase in adjusted funds from operations (AFFO) from \$4.3 million to \$4.5 million for the quarter and from \$8.2 million to \$8.7 million for the first six months of 2017;
- Increase in equity from \$204 million to \$214 million and in market capitalization from \$185 million to \$201 million;
- Decrease in convertible debenture debt from \$69.3 million to \$47.9 million;
- Reduction in overall debt rate (excluding cash) of 4%;
- Strong quarter for rental activities: 258,000 square feet were renewed (69% retention rate for the quarter). The average lease rate for leases that matured and were renewed during the second quarter increased by 12.1% and 6.9% on a cumulative basis for the first half of 2017. The Trust leased 124,000 square feet to new tenants.
- It should be noted that due to the issuance of units in June 2016 that was used, among other things, for the early redemption of Series D debentures, the dilutive effect of this issuance affected the results per unit for the quarter by approximately 1.2¢ per unit.

Property sales and purchases

Following a strategic portfolio analysis, the Trust decided to sell certain properties, and the net proceeds of sale will be used to purchase properties more in line with the Trust's repositioning. The Trust accepted purchase offers (all conditions being removed) on two properties: 1125-1135 Saint-Martin Blvd., Laval and 665-669 Thibeau Blvd., Trois-Rivières. The Trust already sold a property located at 3627-3645 Des Sources Blvd., Dollard-des-Ormeaux during the first quarter. The total proceeds of these sales amount to approximately \$11.5 million. For fiscal 2017, the Trust budgeted NOI of \$590,000 for these three properties.

As part of its asset repositioning, the Trust agreed to purchase a property located on F.X. Sabourin Blvd., St-Hubert, for \$23.2 million. This property will generate annualized NOI of approximately \$1.7 million. The purchase will close during the third quarter of 2017. This property is producing a better return on investment as compared to the properties sold.

"The Trust is resuming its acquisition activity. During the quarter, it has entered into binding agreements to sell two properties, which brings to three the number of properties sold to date. The Trust will reinvest this capital in accretive acquisitions in 2017. Therefore, the sold properties will be replaced, namely with the purchase of a property on the South Shore of Montreal. The redeployment of this capital will increase NOI significantly. We are acting upon our plan we presented during the first quarter of 2017", declared Michel Léonard, President and Chief Executive Officer.

Summary of significant items as at June 30, 2017

- 71 properties
- More than 5.1 million leasable square feet
- \$654 million in assets
- \$201 million in market capitalization

Quarters ended June 30 (in thousands of Canadian dollars, except for ratios and per unit data)			
	2017	2016	Variation
	\$	\$	%
Financial information			
Rental income	17,712	18,300	(3.2)
Net operating income ⁽¹⁾	10,042	10,466	(4.1)
Net income and comprehensive income	4,362	3,982	9.5
Net property income from the same-property portfolio ⁽¹⁾	6,369	6,609	(3.6)
Distributable income ⁽¹⁾	4,979	4,924	1.1
Distributions	4,469	3,898	14.6
Funds from operations (FFO) ⁽¹⁾	4,884	4,692	4.1
Adjusted funds from operations (AFFO) ⁽¹⁾	4,463	4,333	3.0
Total assets	654,423	664,825	(1.6)
Total debt ratio	65.3%	66.9%	(2.4)
Weighted average interest rate on mortgage debt	3.79 %	3.84%	(1.3)
Market capitalization	201,067	185,306	8.5
Financial information per unit			
Net income and comprehensive income	10.3¢	11.4¢	(9.6)
Distributable income ⁽¹⁾	11.7¢	14.1¢	(17.0)
Distributions	10.5¢	10.5¢	—
Payout ratio on distributable income ⁽¹⁾	89.8%	79.1%	13.5
FFO ⁽¹⁾	11.5 ¢	13.4¢	(14.2)
AFFO ⁽¹⁾	10.5¢	12.4¢	(15.3)

(1) Non-IFRS financial measures

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.

Quarters ended June 30 (in thousands of Canadian dollars)	2017	2016
	\$	\$
Cash flows from operating activities (IFRS)	8,749	9,549
+ Finance income	15	28
± Net change in non-cash operating items	713	494
- Interest expense on mortgage loans payable	(3,584)	(3,639)
- Interest expense on convertible debentures	(874)	(1,288)
- Interest expense on acquisition line of credit	(17)	(192)
- Interest expense on operating line of credit and other interest expenses	(23)	(28)
Distributable income	4,979	4,924
+ Leasing payroll expenses	139	95
- Provision for maintenance expenditures	(355)	(366)
- Provision for rental fees	(300)	(320)
Adjusted funds from operations	4,463	4,333

On Wednesday, August 9, 2017, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the second quarter 2017 ended on June 30, 2017:

DATE	Wednesday, August 9, 2017
TIME	10:00 a.m. (Eastern Standard Time)
DIAL:	1-647-427-7450 (from Toronto and overseas) access code 53051411# 118881231-8191 (from North America) toll free, access code 53051411#. To ensure your participation, please dial in fifteen minutes prior to the start of the conference call.
WEBCAST:	http://event.on24.com/r.htm?e=1464978&s=1&k=5AC4E49921DF08B72641A51562D0E69D
REPLAY:	From Wednesday, August 9, 2017, 1:00 p.m. until 11:59 p.m. on August 16, 2017, dial 11416184910833 conference ID number 53051411#, or dial toll free 118551859-2056 conference ID number 53051411#.

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 71 commercial, office and industrial properties for a total leasable area of more than 5.1 million square feet. BTB's asset value is \$654M. 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

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