

## BTB - Stability through strategic repositioning

MONTRÉAL, May 9, 2017 /CNW Telbec/ - BTB Real Estate Investment Trust (TSX: BTB.UN) ("BTB" or the "Trust") releases today its financial results for the first quarter ended March 31, 2017, and announces the following highlights:

### **HIGHLIGHTS OF THE QUARTER ENDED MARCH 31, 2017** (vs March 31, 2016)

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

- Increase in overall net income from \$3,551 to \$3,984, or 12.2%;
- Increase in funds from operations (FFO) from \$4,216 to \$4,611, or 9.4%;
- Increase in adjusted funds from operations (AFFO) from \$3,840 to \$4,250, or 10.7%;
- Slight decrease in rental income from \$18,550 to \$18,365;
- Slight decrease in net operating income from \$10,119 to \$9,848;
- Reduction in overall debt ratio by approximately 5% over the last year;
- Decrease in occupancy rate from 91.5% to 89.5%;
- Increase in the Trust's unitholders' equity from \$174 million to \$213 million, partly due to a \$31 million unit issue in June 2016. In the first quarter of 2017, unitholders' equity per unit remained stable at \$5.02;
- Strategic repositioning: 9 properties were put on the market for an estimated net proceeds of \$30 million (\$12 million net of mortgage financings and transaction costs). During the quarter, the Trust sold an office building for a profit. The Trust would like to reinvest these funds by purchasing accretive properties.

"The vacancies observed since January 1, 2016, in some of BTB's office buildings, particularly at 1001 Sherbrooke Street East (Montréal), at 50 Saint-Charles Street (Longueuil) and at 80 Aberdeen (Ottawa) had a direct impact on rental income for the first quarter. Since then, the Trust has leased over 75,000 square feet in these properties. During upcoming quarters, our leasing efforts will contribute to rental income, net income and comprehensive income. Furthermore, BTB issued units in 2016 to redeem, before maturity, the Series D debentures. This issue had an impact on our FFO per unit, decreasing from 12.1¢ in 2016, to 10.9¢ in 2017. AFFO per unit were similarly affected, decreasing from 11.0¢ in 2016 to 10.0¢ in 2017. This issue also contributed to increasing the FFO payout ratio from 86.7% in 2016 to 96.6% in 2017, and the AFFO payout ratio, from 95.2% to 104.8% in 2017. It was important for the Trust to reduce its debt ratio, and efforts will be put forth in the coming quarters to decrease the effect of this unit issue", declared Michel Léonard, President and Chief Executive Officer.

### **Summary of significant items as at March 31, 2017**

- 71 properties
- More than 5.1 million leasable square feet
- \$654 million in assets
- \$202.6 million in market capitalization

### **QUARTERLY RESULT INFORMATION**

Quarters ended March 31 (in thousands of Canadian dollars, except for ratios and per unit data)	2017	2016	Variation
	\$	\$	%
<b>Financial information</b>			
Rental income	18,365	18,550	(1.0)
Net operating income <sup>(1)</sup>	9,848	10,119	(2.2)
Net income and comprehensive income	3,984	3,551	12.2
Net property income from the same-property portfolio <sup>(1)</sup>	6,070	6,456	(6.0)
Distributable income <sup>(1)</sup>	4,943	4,455	11.0
Distributions	4,456	3,655	21.9
Funds from operations (FFO) <sup>(1)</sup>	4,611	4,216	9.4
Adjusted funds from operations (AFFO) <sup>(1)</sup>	4,250	3,840	10.7
Total assets	653,699	646,742	1.1
Total debt ratio	65.3%	70.9%	(7.9)
Weighted average interest rate on mortgage debt	3.79%	3.93%	(3.6)
Market capitalization	202,642	161,007	25.7
<b>Financial information per unit</b>			
Net income and comprehensive income	9.4¢	10.2¢	(7.8)
Distributable income <sup>(1)</sup>	11.7¢	12.8¢	(8.6)
Distributions	10.5	10.5 ¢	—
Payout ratio on distributable income <sup>(1)</sup>	90.1%	82.0%	9.9
FFO <sup>(1)</sup>	10.9¢	12.1¢	(9.9)
AFFO <sup>(1)</sup>	10.0¢	11.0¢	(9.1)

(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 March 31 (in thousands of Canadian dollars)	2017	2016
	\$	\$
<b>Cash flows from operating activities (IFRS)</b>	<b>5,417</b>	<b>6,709</b>
+ Financial revenues	12	21
+ Net gain on disposal of a property	132	—
± Net change in non-cash operating items	3,946	2,857
- Interest expense on mortgage loans payable	(3,652)	(3,658)
- Interest expense on convertible debentures	(874)	(1,291)
- Interest expense on acquisition line of credit	(15)	(156)
- Interest expense on operating line of credit and other interest expenses	(23)	(27)
<b>Distributable income</b>	<b>4,943</b>	<b>4,455</b>
+ Leasing payroll expenses	122	75
- Net gain on disposal of a property	(132)	—
- Provision for non-recoverable capital expenses	(367)	(370)
- Provision for rental fees	(316)	(320)
<b>Adjusted funds from operations</b>	<b>4,250</b>	<b>3,840</b>

On Wednesday, May 10, 2017, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the first quarter 2017 ended on March 31, 2017:

DATE: Wednesday, May 10, 2017

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

DIAL: 1-647-427-7450 (from Toronto and overseas) access code 7180825# 118881231-8191 (from North America) toll free, access code 7180825#. 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=1406998&s=1&k=E9EC98F3DC34E16FA7F322117D26C139>

REPLAY: From Wednesday, May 10, 2017, 1:00 p.m. until 11:59 p.m. on May 17, 2017, dial 1416184910833 conference ID number 7180825#, or dial toll free 18551859-2056 conference ID number 7180825#.

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

View original content: <http://www.newswire.ca/en/releases/archive/May2017/09/c6539.html>

%SEDAR: 00023991E

**For further information:** Mr. Michel Léonard, President and Chief Executive Officer, 514-286-0188, ext. 228; Mr. Benoit Cyr, Vice-President and Chief Financial Officer, 514-286-0188, ext. 230

CO: BTB Real Estate Investment Trust

CNW 16:43e 09-MAY-17