

BTB - Strategic Repositioning - Positive Effects

MONTREAL, May 8, 2018 /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, 2018 compared to the first quarter ended March 31, 2017, and announces the following highlights:

HIGHLIGHTS OF THE QUARTER ENDED MARCH 31, 2018

- As a result of acquisitions concluded at the end of 2017, the Funds saw an increase in the value of its investment properties from \$641M to \$745M;
- 12.6% increase in rental income and 16.3% increase in NOI as a result of its 2017 accretive acquisitions;
- same-property portfolio saw a 1% increase in NOI⁽¹⁾;
- Increase in net income and comprehensive income from \$4.0 million to \$6.6 million;
- 8.0% decrease of recurring payout ratio of FFO ⁽¹⁾ to 88.9% and a 6.9% decrease of AFFO ⁽¹⁾ to 97.6%;
- Decrease of mortgage debt ratio from 58.0% to 56.1% and in total debt ratio from 65.3% to 64.2%;
- Slight decrease in its occupancy rate to 89.3% caused by an early lease termination of an industrial tenant occupying approximately 91,000 square feet;
- Increase in equity from \$213M to \$251M.

(1) Non-IFRS Financial Measures.

Dispositions and acquisitions

- Further to the strategic repositioning strategy, the Trust sold four properties for a total consideration of \$12.4 million. The net proceeds from the sale of these properties were applied against the Trust's credit facilities.
- The Trust purchased a recently build retail property located adjacent to its Delson retail property, for a purchase price of \$1.8M.

Summary of other significant highlights as at March 31, 2018

- Number of properties constituting the portfolio: 71;
- Total rentable area of the portfolio: Approximately 5.4 million square feet;
- Total asset value of the portfolio: \$763 million;
- Market capitalization: \$223 million.

Message from Michel Léonard, President and Chief Executive Officer

"The Trust continues to reposition its portfolio, by selling properties that are no longer in line with the Trust's objectives and buying larger properties in Montreal, Quebec City and Ottawa. The Trust's increase in rental income for the first quarter of 2018 is a reflection of the positive results of our strategy, as the proceeds of recent acquisitions more than offset the shortfall of its property dispositions. In addition, the Trust continues to reduce its mortgage debt ratio as shown by its results of the last 5 quarters."

Quarters ended March 31 (in thousands of Canadian dollars, except for ratios and per unit data)			
	2018	2017	Variation
	\$	\$	
Financial information			
Rental income	21,440	19,046	12.6%
Net operating income ⁽¹⁾	11,458	9,848	16.3%
Net income and comprehensive income	6,555	3,984	64.5%
Net operating income from the same-property portfolio ⁽¹⁾	6,360	6,299	1.0%
Net cash from operating activities	8,767	5,417	61.8%
Distributable income ⁽¹⁾	5,686	4,943	15.0%
Distributions	5,099	4,456	14.4%
Funds from operations (FFO) ⁽¹⁾	5,736	4,611	24.4%
Adjusted funds from operations (AFFO) ⁽¹⁾	5,222	4,250	22.9%
Total assets	762,634	653,699	16.7%
Total debt ratio	64.2%	65.3%	(1.1)%
Weighted average interest rate on mortgage debt	3.80%	3.79%	—
Market capitalization	222,684	202,642	9.9%
Financial information per unit			
Net income and comprehensive income	13.5¢	9.4¢	43.6%
Distributable income ⁽¹⁾	11.7¢	11.7¢	—
Distributions	10.5¢	10.5¢	—

Payout ratio on distributable income ⁽¹⁾	89.7%	90.1%	(0.4)%
FFO ⁽¹⁾	11.8¢	10.9¢	8.3%
Payout ratio on FFO ⁽¹⁾	88.9%	96.6%	(7.7)%
AFFO ⁽¹⁾	10.8¢	10.0¢	8.0%
Payout ratio on AFFO ⁽¹⁾	97.6%	104.8%	(7.2)%

(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)	2018	2017
	\$	\$
Cash flows from operating activities (IFRS)	8,767	5,417
+ Financial revenues	9	12
+ Expenses related to disposal of investment properties	-	132
± Net change in non-cash operating items	2,133	3,946
- Interest expense on mortgage loans payable	(4,148)	(3,652)
- Interest expense on convertible debentures	(874)	(874)
- Interest expense on acquisition line of credit	(167)	(15)
- Interest expense on operating line of credit and other interest expenses	(34)	(23)
Distributable income	5,686	4,943
+ Gain on write-off of debt	133	-
- Expenses related to disposal of investment properties	-	(132)
+ Leasing payroll expenses	160	122
- Provision for non-recoverable maintenance expenditures	(432)	(367)
- Provision for unrecovered rental fees	(325)	(316)
Adjusted funds from operations	5,222	4,250

On Wednesday, May 9, 2018, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the first quarter 2018 ended on March 31, 2018:

DATE	Wednesday, May 9, 2018
TIME	10:00 a.m. (Eastern Standard Time)
DIAL:	1-647-427-7450 (from Toronto and overseas) access code 9985068# 1-888-231-8191 (from North America) toll free, access code 9985068#. To ensure your participation, please dial in fifteen minutes prior to the start of the conference call.
WEBCAST:	https://event.on24.com/wcc/r/1655320/5C7D02A7B4968B01010847770C484D23
REPLAY:	From Wednesday, May 9, 2018, 1:00 p.m. until 11:59 p.m. on May 16, 2018, dial 1-416-849-0833 conference ID number 9985068#, or dial toll free 1-855-859-2056 conference ID number 9985068#.

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 5.4 million square feet. BTB's asset value is approximately \$763M. 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/May2018/08/c8594.html>

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