



PRESS RELEASE
For immediate release

BTB DEMONSTRATES THE RESILIENCY OF ITS PORTFOLIO AND OPERATING STRATEGY FOR A SECOND CONSECUTIVE QUARTER

Montréal (Québec) November 10th, 2020: BTB Real Estate Investment Trust (TSX: **BTB.UN**) ("**BTB**" or the "**REIT**") releases today its financial results for the third quarter ended September 30th, 2020 compared to the third quarter of 2019 and announces the following highlights and information:

HIGHLIGHTS OF THE THIRD QUARTER ENDED, SEPTEMBER 30th, 2020

- **Increase in Net Income:** Net income and comprehensive income increased from \$5.63 million (Q3-2019) to **\$5.76 million** this quarter. The increase is primarily attributed to:
 - i. An improvement of the NOI margin from 56.2 % (Q3 2019) to **56.4 %**;
 - ii. A reduction of the net financial expenses benefitting from the refinancing of mortgages during the last 12 months; and
 - iii. A strict management of administrative expenses.
- **Net Operating Income (NOI):** The REIT recorded a slight decrease of \$0.2 million in its NOI for the quarter, or 1.2% compared to the same quarter in 2019. This decrease is mainly caused by the bankruptcies of four tenants as disclosed in our Q2-2020 results, thus impacting the quarter by \$0.4 million. Excluding this factor, our NOI would have shown an increase of **1.9%** compared to the same quarter in 2019;
- **Same Property NOI (SPNOI):** The Trust recorded an increase of **\$0.1 million** or **0.8%** in Q3-2020 compared to Q3-2019. For the nine-month cumulative period of 2020, the SPNOI decreased by 0.9%. This decrease is attributed to the impact of the CECRA program and the effect of the bankruptcies discussed above. As BTB was not notified of any bankruptcies during the quarter, its results were not affected by such additional notices;
- **Leasing Activity:** Leasing activity remained strong albeit the current context. We closed the quarter with an occupancy rate of 92.1% relatively flat in the circumstances. Leases were secured with two major tenants: 80,000 sq.ft. in an industrial property located in Montréal and 75,340 sq.ft. in an industrial property in Cornwall (Ontario). During the quarter, we leased a total of 173,995 sq.ft. of leasable area to new tenants and since the beginning of the year, leases for more than 225,381 sq.ft. were renewed at an average rental increase of **1.9%**;



- **Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO):** BTB's FFO per unit increased to **¢10.9** from ¢10.8 for the comparable quarter 2019, whilst BTB's AFFO per unit remained stable at ¢9.7 per unit for the comparable quarter. Overall, our payouts have shown a noteworthy improvement compared to last year:
 - i. Our FFO payout ratio stands at **68.6%** for the quarter and **93.4%** for the year to date (Q3 2019 was 97.2 %) ;
 - ii. Our AFFO payout ratio stands at **77.4 %** for the quarter and **105.2%** for the year to date (Q3 2019 was 107.8 %)

BTB's FFO increased by **\$0.034 per unit** or by **\$2.2 million**, rising to **\$6.9 million** compared to Q2-2020. The improvement in our FFO, compared to Q2-2020, is principally the result of BTB not having to take additional charges relating to credit losses and normalized revenues;

- **CECRA Program:** The CECRA program came to a close at the end of Q3-2020. BTB filed approximately 80 applications on behalf of its tenants, which represents roughly 13% of BTB's tenant base. We claimed a total of \$1.9M pursuant to the government program. The estimated net financial impact of the said program on BTB's 2020 income is approximately \$0.4 million¹;
- **Rent Collection:** The quarter was marked with strong rent collection which returned to a normalized position during the quarter. BTB received **100%** of contractual rents for the period between May and September 2020 and **98%** from March to September 30, 2020. This strong collection activity allowed BTB to reduce its total account receivables, bringing it to a normalized level;
- **Bankruptcy Exposure:** As of the end of Q3 2020, BTB did not receive any additional notices of tenant restructuring or bankruptcy. As reported in our Q2-2020 Management Discussion and Analysis, only 4 tenants, representing 2% of the total tenant base on a per square foot basis announced corporate restructurings or declared bankruptcy.;
- **Debt Metrics:** Our debt metrics continue to demonstrate our commitment to maintain a total debt ratio below 60% and as of the end of Q3-2020, our total debt ratio stands at **59.7%**, compared to 61.4% for Q3-2019;
- **Bought Deal:** On September 29th, 2020, BTB closed a public offering, on a bought deal basis, for an aggregate principal amount of \$30 million thereby issuing the Series H 7.00% Convertible Unsecured Subordinated Debentures, maturing on October 31st, 2025;

¹ This includes the 12.5% Quebec provincial bonification.

A MESSAGE FROM MICHEL LÉONARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER

“During the quarter we again delivered strong rent collection results. In fact, we collected 100% of our revenues of the third quarter and reduced substantially our accounts receivables that are now back to a normalized level.

The main rent collection challenge remains in the fashion retail segment, which constitute a very small percentage of our total tenancy. I would like to remind our readers that we do not own any enclosed malls. Our retail portfolio mainly consists of properties that are anchored by strong national, necessity-based tenants who offer essential products such as grocery stores, pharmacies and big-box operators whom have performed tremendously well throughout the last months despite the circumstances. Regarding our office and industrial properties, our tenants have been definitively less impacted.

We are still carrying consequences of the CECRA program as our metrics have been affected by special charges related to the COVID pandemic and four announced bankruptcies. Had our numbers not been impacted by these events, our NOI would have shown an increase of 1.9% compared to the same quarter last year and our SPNOI would have increased by 4.3%. It is obviously not business as usual, but BTB is performing well.

We leased a total of 173,995 sq. ft. of leasable area to new tenants and since the beginning of the year, we renewed leases for more than 225,381 sq. ft. at an average rent increase of 1.9%. We were also able to show a considerable improvement in our FFO and AFFO ratios as discussed above, showing the REIT's resiliency throughout these times.

I must also comment on the tremendous results that our team has been able to accomplish during the past months. Our daily operations are stable despite these times as we have adapted to our “new normal”. Also, our operations, leasing, lease renewal and financial activities have been able to gain traction, which is critically important during these times. We currently manage a robust portfolio and in order to successfully manage such a portfolio, it takes dedicated employees. Thanks to their contribution and exceptional dedication, BTB was able to deliver yet another solid performance”.

SUMMARY OF OTHER SIGNIFICANT HIGHLIGHTS AS AT SEPTEMBER 30th, 2020

- **Number of properties:** 64
- **Total leasable area:** approximately 5.3 million square feet
- **Total asset value:** \$946 million
- **Market capitalization:** \$184 million



IMPORTANT SUBSEQUENT EVENTS

- **Property Disposition:** On October 7th, 2020, BTB disposed of an office property located at 550-560 boulevard Henri-Bourassa Ouest in Montréal, Québec. BTB disposed of the property for a total consideration of \$4.3 million, excluding transaction costs.
- **Redemption of Series F Convertible Unsecured Subordinated Debentures:** On October 26th, 2020 BTB redeemed all of the outstanding Series F Debenture.

FINANCIAL INFORMATION

Periods ended September 30 (in thousands of dollars, except for ratios and per unit data)	Quarter			Cumulative (9 months)		
			Δ%			Δ%
	2020	2019		2020	2019	
	\$	\$		\$	\$	
Financial information						
Rental revenue	23,583	23,973	(1.6)	70,514	68,044	3.6
Net operating income ⁽¹⁾	13,308	13,476	(1.2)	38,494	36,723	4.8
Net income (loss) and comprehensive income (loss)	5,757	5,632	2.2	(931)	10,329	109.0
Net property income from the same-property portfolio ⁽¹⁾	7,546	7,356	2.6	20,288	20,421	(0.7)
Cash flows from operating activities (IFRS)	8,983	9,875	(9.0)	30,191	29,988	0.7
Distributions	4,752	6,563	(27.6)	16,735	18,557	(9.8)
Recurring funds from operations (FFO) ⁽¹⁾	6,920	6,747	2.6	17,907	16,869	6.2
Recurring adjusted funds from operations (AFFO) ⁽¹⁾	6,139	6,087	0.9	15,893	15,582	2.0
Total assets				945,592	905,376	4.4
Mortgage debt ratio				53.0%	55.0%	(3.6)
Weighted average interest rate on mortgage debt				3.61%	3.92%	(7.9)
Market capitalization				184,097	294,671	(37.5)
Financial information per unit						
Net income and comprehensive income	9.1¢	9.0¢	1.1	(1.5¢)	17.6¢	(108.5)
Distributions	7.5¢	10.5¢	(28.6)	26.5¢	31.5¢	(15.9)
Recurring FFO ⁽¹⁾	10.9¢	10.8¢	0.9	28.4¢	28.8¢	(1.4)
Recurring AFFO ⁽¹⁾	9.7¢	9.7¢	0.0	25.2¢	26.6¢	(5.3)

⁽¹⁾ Non IFRS financial measures

Periods ended September 30 (in thousands of dollars, except per unit data)	Quarter		Cumulative (9 months)	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash flows from operating activities (IFRS)	8,983	9,875	30,191	29,988
Leasing payroll expenses	176	132	470	381
Transaction costs on purchase and disposition of investment properties and early repayment fees	—	(63)	(1,790)	(804)
Adjustments for changes in other working capital items	3,412	2,832	4,983	4,771
Interest expenses	127	112	356	355
Financial income	(5,712)	(6,039)	(17,572)	(17,693)
Provision for non-recoverable capital expenditures	(472)	(479)	(1,410)	(1,361)
Provision for non-recovered rental fees	(375)	(345)	(1,125)	(1,035)
Other items	—	(1)	—	
AFFO⁽¹⁾	6,139	6,024	14,103	14,602
Non-recurring item				
Transaction costs on purchase and disposition of investment properties, early repayment fees and prepayment penalties	—	63	1,790	980
Recurring AFFO⁽¹⁾	6,139	6,087	15,893	15,582

⁽¹⁾ Non IFRS financial measures

NON-IFRS FINANCIAL MEASURES

Net operating income, net operating income of the same-property portfolio, 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.

QUARTERLY CALL INFORMATION

Management will hold a conference call on Tuesday, November 10th, 2020 at 10 am, Eastern Standard Time, to present BTB's financial results and performance for the third quarter of 2020.

DATE : Tuesday, November 10th, 2020

TIME : 10 am, EST

DIAL : Toronto and over-seas: 1-416-764-8688

North America (toll free): 1-888-390-0546

WEB : <https://produceredition.webcasts.com/starthere.jsp?ei=1388111&tpkey=c6e037a779>



VISUAL : A presentation will be uploaded on BTB's website prior to the call

<https://www.btbreit.com/investor-relations-2/annual-meeting-presentations/>

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

Conference call operators will coordinate the question and answer period **(from analysts only)** and will instruct participants regarding the procedures during the call.

The audio extract of the conference call will be available by via playback until November 17th, 2020 by dialing: **1-416-764-8677 (local)** or, **1-888-390-0541 (toll-free)** and by entering the following access code: **590785 #**.

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.

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. As at November 10th, 2020, BTB owns 64 retail, office and industrial properties for a total leasable area of approximately 5.3 million square feet and an approximate total asset value as of September 30th, 2020 of approximately of \$946M.

BTB'S OBJECTIVES

- (1) Generate stable monthly cash distributions that are reliable and fiscally beneficial to unitholders;
- (2) Grow the Trust's assets through internal growth and accretive acquisitions in order to increase distributable income and therefore refund distributions;



- (3) Optimize the value of its assets through the dynamic management of its properties in order to maximize the long-term value of its properties and therefore, its units.

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%.

For more detailed information, visit BTB's website at www.btbreit.com.

FOR FURTHER QUESTIONS:

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