

BTB - Successful debt reduction impacts performance ratios

MONTREAL, March 14, 2017 /CNW Telbec/ - BTB Real Estate Investment Trust (TSX: BTB.UN) ("BTB" or the "Trust") releases today its financial results for the fourth quarter and year ended December 31, 2016, and announces the following highlights:

HIGHLIGHTS OF THE YEAR ENDED DECEMBER 31, 2016

Slight increase

- In rental income, net operating income⁽¹⁾, recurring distributable income⁽¹⁾, recurring funds from operations (FFO)⁽¹⁾, recurring adjusted funds from operations (AFFO)⁽¹⁾ and total assets.

(1) Non-IFRS financial measures

Slight decrease

- In net income of the same-property portfolio.

Reduction

- In the total debt ratio and the average interest rate on mortgage debt.

Leasing activities

- More than 520,000 square feet of leases renewed and new leases signed during the year.
- 5.6% increase in the average rental rate of renewed leases during the year.

Financing activities

- \$9.9 million in financings, with an average term of 4.2 years and an average rate of 3.59%.
- \$87.2 million in refinancings, with terms varying from 1 year to 10 years, for a weighted average term of 7.5 years, as well as fixed rates of 2.88% to 4.11% and a weighted average rate of 3.50%. These refinancings allowed for an equity take-out of approximately \$16 million.

Summary of significant items as at December 31, 2016

- 72 properties
- More than 5.1 million leasable square feet
- \$658 million in assets
- \$189 million in market capitalization

"The significant event of 2016 was the successful public share offering in June 2016 where we raised over \$33 million. It has allowed us to redeem before maturity the Series D debenture maturing on July 31, 2018. The redemption was not accretive to BTB and it reduced our payout ratios per unit by \$0.012 per quarter since the redemption. We certainly believe it was the right course of action since this transaction allowed us to reduce our total debt ratio by 4%. Management believes that the long-term benefits of the reduction in the debt rate are greater than the short term consequences of the reduction of the different ratios per unit and distribution ratios", declared Michel Léonard, President and Chief Executive Officer.

ANNUAL RESULT INFORMATION

(in thousands of Canadian dollars, except for ratios and per unit data)	2016	2015	% Variation
	\$	\$	
Financial information			
Rental income	73,384	72,892	0.7
Net operating income ⁽¹⁾	41,339	41,294	0.1
Net income and comprehensive income	22,085	8,669	154.8
Net property income from the same-property portfolio ⁽¹⁾	23,236	24,060	(3.4)
Recurring distributable income ⁽¹⁾	19,711	18,733	5.2
Distributions	16,444	14,478	13.6
Recurring funds from operations (FFO) ⁽¹⁾	17,710	16,333	8.4
Recurring adjusted funds from operations (AFFO) ⁽¹⁾	17,391	17,165	1.3
Total assets	658,462	633,082	4.0
Total debt ratio	65.7%	71.0%	(7.5)
Weighted average interest rate on mortgage debt	3.79%	3.95%	(4.1)
Market capitalization	189,270	153,050	23.7
Financial information per unit			
Net income and comprehensive income	57.3¢	25.2¢	127.4
Recurring distributable income ⁽¹⁾	51.1¢	54.4¢	(6.1)
Distributions	42.0¢	42.0 ¢	—
Recurring payout ratio on distributable income ⁽¹⁾	83.4%	77.3%	7.9
Recurring FFO ⁽¹⁾	45.9¢	49.8¢	(7.8)
Recurring AFFO ⁽¹⁾	45.1¢	47.2¢	(4.4)

(1) Non-IFRS financial measures

QUARTERLY RESULT INFORMATION

(in thousands of Canadian dollars, except for ratios and per unit data)	2016	2015	% Variation
	\$	\$	

Financial information

Rental income	18,270	18,539	(1.5)
Net operating income ⁽¹⁾	10,121	10,020	1.0
Net income (loss) and comprehensive income	9,130	(2,124)	n/a
Net property income from the same-property portfolio ⁽¹⁾	5,498	5,566	(1.2)
Recurring distributable income ⁽¹⁾	5,047	4,211	19.9
Distributions	4,442	3,640	22.0
Recurring funds from operations (FFO) ⁽¹⁾	4,808	3,710	29.6
Recurring adjusted funds from operations (AFFO) ⁽¹⁾	4,485	3,588	25.0

Financial information per unit

Net income (loss)	21.6¢	(6.1¢)	n/a
Recurring distributable income ⁽¹⁾	11.9¢	12.2¢	(2.5)
Distributions	10.5¢	10.5¢	—
Recurring FFO ⁽¹⁾	11.4¢	10.7¢	6.5
Recurring AFFO ⁽¹⁾	10.6¢	10.4¢	1.9

(1) Non-IFRS financial measures

NON-IFRS FINANCIAL MEASURES

Net operating income, net operating income of the same-property portfolio, recurring distributable income, recurring funds from operations and recurring 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 December 31 (in thousands of Canadian dollars)	Quarter		Year	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash flows from operating activities (IFRS)	13,250	12,157	39,850	38,238
+ Financial revenues	27	19	95	52
± Net change in non-cash operating items	(3,538)	(2,615)	(322)	624
- Interest expense on mortgage loans payable	(3,658)	(3,688)	(14,582)	(14,360)
- Interest expense on convertible debentures	(874)	(1,412)	(4,471)	(5,228)
- Interest expense on acquisition line of credit	(94)	(212)	(519)	(675)
- Interest expense on operating line of credit and other interest expenses	(34)	(38)	(128)	(125)
- Early repayment fees	—	—	—	(625)
Distributable income	5,079	4,211	19,923	17,901
+ Leasing payroll expenses	123	—	422	—
- Provision for non-recoverable capital expenses	(365)	(371)	(1,462)	(1,456)
- Provision for rental fees	(320)	(252)	(1,280)	(1,017)
Adjusted funds from operations	4,517	3,588	17,603	15,428

On Wednesday, March 15, 2017, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the fourth quarter 2016 and for the fiscal year ended on December 31, 2016:

DATE: Wednesday, March 15, 2017

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

DIAL: 1-647-427-7450 (from Toronto and overseas) access code 57907159# 18881231-8191 (from North America) toll free, access code 57907159#. 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=1353083&s=1&k=751C8B29649D71ABA73F8A705110AA87>

REPLAY: From Wednesday, March 15, 2017, 1:00 p.m. until 11:59 p.m. on March 22, 2017, dial 141684910833 conference ID number 57907159#, or dial toll free 1855859-2056 conference ID number 57907159#.

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 72 commercial, office and industrial properties for a total leasable area of more than 5.1 million square feet. BTB's asset value is \$658M. 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

To view the original version on PR Newswire, visit: <http://www.newswire.ca/en/releases/archive/March2017/14/c4058.html>

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