

# BTB - A Portfolio Repositioned for the Future

MONTREAL, Aug. 13, 2019 /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, 2019, and presents the following highlights:

## **HIGHLIGHTS OF THE QUARTER ENDED JUNE 30, 2019**

- Increase of 3% of the committed occupancy rate, from 90.1% as at June 30, 2018 to 93.1% at the end of the second quarter of 2019. Close to 58,000 square feet of new leases were signed during the quarter (more than 125,000 square feet concluded since the beginning of the year).
- Significant increase in same-property portfolio results
  - Rental income: 4.6%
  - Net operating income: 4.8%
  - Net property income: 7.4%
- Increase of 7.0% in average lease renewal rate during the quarter and of 6.5% since the beginning of the year. 230,000 square feet were renewed during the quarter (330,000 square feet since the beginning of the year).
- Decrease of the mortgage debt ratio from 56.0% in 2018 to 54.9% at the end of the second quarter of 2019.
- Increase of 7.4% in rental income and 8.7% in net operating income.

## **Property acquisitions**

- On May 10, 2019, the Trust acquired a 65,000-square-foot industrial building in St-Laurent, Québec for \$11.9 million.
- On June 21, 2019, the Trust purchased two properties, Méga Centre Saint-Bruno and Développements Mont Saint-Hilaire, respectively located in Saint-Bruno, Québec and Saint-Hilaire, Québec, for \$62.6 million.

## **Sale of properties**

- On May 7, 2019, the Trust disposed of the property located on Antonio-Barbeau Street in Montréal, Québec for \$7.1 million.

## **Financing activities**

- On June 14, 2019, the Trust completed an issuance of 6,157,100 units, including the overallotment option, at a price of \$4.67 per unit, for approximately \$27 million in proceeds net of issue costs.

## **Summary of significant items as at June 30, 2019**

- 67 properties
- Approximately 5.7 million leasable square feet
- \$909 million total asset value
- \$292 million market capitalization

## **Message from Michel Léonard, President and Chief Executive Officer**

"Approximately 18 months ago, we began the process of repositioning our portfolio. The hard work paid off. We have almost completed our repositioning and, together with the increase of our occupancy rate, our performance indicators are showing the positive effect of our strategy. Indeed, after having sold 11 buildings and acquiring 6 better quality properties, BTB's recent acquisitions are now contributing to the bottom line. Our occupancy rate currently stands at 93.1%. Our same-

property NOI increased by 7.4% and we concluded lease renewals at an average increase of revenues of 7%. Although we sold properties at capitalization rates higher than the properties purchased, the recently acquired properties are impacting positively our results. We are aware that during the repositioning, our performance suffered. However, as reflected in our second quarter financial results, we are beginning to see the effects of our strategy and these positive indicators will lead to a better financial performance of the Trust. Also, while implementing our portfolio repositioning, we reduced our mortgage debt ratio to 54.9%, which was at 57.7% for the same period in 2017. We have always been confident that our portfolio repositioning was the right long-term strategy for BTB."

Periods ended June 30 (in thousands of Canadian dollars, except for ratios and per unit data)	Quarter			Cumulative (6 months)		
	2019	2018	Δ%	2019	2018	Δ%
	\$	\$		\$	\$	
<b>Financial information</b>						
Rental income	22,347	20,803	7.4	44,071	42,243	4.3
Net operating income <sup>(1)</sup>	12,196	11,225	8.7	23,247	22,683	2.5
Net income and comprehensive income	3,316	4,593	-27.8	4,697	11,148	-57.9
Net property income from the same-property portfolio <sup>(1)</sup>	6,346	5,909	7.4	12,184	12,092	0.8
Distributable income <sup>(1)</sup>	5,550	5,522	0.5	20,113	16,571	21.4
Distributions	6,113	5,353	14.2	10,818	11,207	-3.5
Funds from operations (FFO) <sup>(1)</sup>	5,446	5,279	3.2	11,994	11,015	8.9
Adjusted funds from operations (AFFO) <sup>(1)</sup>	4,884	4,937	-1.1	9,507	10,158	-0.64
Total assets				908,782	778,114	16.8
Total mortgage ratio				54.9 %	56.0 %	2.0
Weighted average interest rate on mortgage debt				3.93 %	3.82 %	2.9
Market capitalization				291,937	257,462	13.4
<b>Financial information per unit</b>						
Net income and comprehensive income	5.8¢	9.3¢	-37.6	8.3¢	22.7¢	-63.4
Distributable income <sup>(1)</sup>	9.7¢	11.1¢	-12.6	19.1¢	22.8¢	-16.2
Distributions	10.5¢	10.5¢	—	21.0¢	21.0¢	—
Payout ratio on distributable income <sup>(1)</sup>	108.2%	94.5%	14.5	109.9%	92.0%	17.9
Recurring FFO <sup>(1)</sup>	9.5¢	10.6¢	-10.4	17.9¢	22.4¢	-20.1
Recurring AFFO <sup>(1)</sup>	8.5¢	9.9¢	-14.1	16.8¢	20.7¢	18.8

(1) Non-IFRS financial measures

## NON-IFRS FINANCIAL MEASURES

Net operating income, net operating income of the same-property portfolio, distributable income, recurring funds from operations, 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 June 30 (in thousands of Canadian dollars)	Quarter		Cumulative (6 months)	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash flows from operating activities (IFRS)	11,897	7,804	20,113	16,571
+ Transaction costs on disposal and acquisition of properties	521	62	917	62
± Net change in non-cash operating items	(1,118)	2,977	1,199	5,110

- Net interest expense	(5,750)	(5,321)	(11,411)	(10,536)
<b>Distributable income</b>	<b>5,550</b>	<b>5,522</b>	<b>10,818</b>	<b>11,207</b>
+ Leasing payroll expenses	128	156	252	316
+ Gain on write-off of debt	—	—	—	133
- Provision for maintenance expenditures	(449)	(416)	(873)	(848)
- Provision for rental fees	(345)	(325)	(690)	(650)
<b>Recurring adjusted funds from operations</b>	<b>4,884</b>	<b>4,937</b>	<b>9,507</b>	<b>10,158</b>

On Wednesday, August 14, 2019, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the second quarter 2019 ended on June 30, 2019:

DATE: Wednesday, August 14, 2019

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

DIAL: 1-416-764-8609 (from Toronto and overseas) access code 09826423# 1-888-390-0605 (from North America toll free), access code 09826423#. To ensure your participation, please dial in fifteen minutes prior to the start of the conference call.

WEBCAST: <https://event.on24.com/jvcc/r/2044739/490395D4A236A786CE65C330FEB3D3F8>

REPLAY: From Wednesday, August 14, 2019, 1:00 p.m. until 11:59 p.m. on August 21, 2019, dial 1-416-764-8677 conference ID number 826423#, or dial toll free 1-888-390-0541 conference ID number 826423#.

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. As at August 13, 2019, BTB owns 67 retail, office and industrial properties for a total leasable area of approximately 5.7 million square feet and an approximate market value of \$900M. 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.

For more information, visit BTB's website at [www.btbreit.com](http://www.btbreit.com).

SOURCE BTB Real Estate Investment Trust

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