



### **BTB - Solid Quarter and Positive Momentum**

Montréal, Québec (November 12, 2019): BTB Real Estate Investment Trust (TSX: BTB.UN) ("**BTB**" or the "**Trust**") releases today its financial results for the third quarter ended September 30, 2019, and presents the following highlights:

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

##### **Compared to September 30, 2018**

- Improvement in the occupancy rate to 93.6%, an increase of 3.9%, a 10 year high;
- Increase of the SP-NOI<sup>(1)</sup> by 10.1% (from \$9.6 million to \$10.6 million);
- 23.7% increase in adjusted net income (from \$4.7 million to \$5.8 million);
- Increase of 13.0% in recurring distributable<sup>(1)</sup> income (from \$6.0 million to \$6.8 million), 11.7% in recurring FFO<sup>(1)</sup> (from \$6.0 million to \$6.8 million) and 13.3% in recurring AFFO<sup>(1)</sup> (from \$5.4 million to \$6.1 million).

(1) Non-IFRS Financial Measures.

##### **Since June 30, 2019**

- Improvement of payout ratio on recurring distributable<sup>(1)</sup> income, from 110.5% to 96.8%, and recurring FFO<sup>(1)</sup> payout ratio, from 123.2% to 97.2%.

##### **Since January 1st, 2019**

- Increase in the average rate of renewed leases of 6.4% (2.4 % in 2018);
- Tenant retention rate of 75.3% (49.6% in 2018).

#### **Sale of properties**

- On August 14, 2019, the Trust sold a property located at 3885 Harvey Boulevard in Saguenay, in the province of Québec, for total proceeds of \$4.4 million.

## Subsequent transaction

- Closing of the issuance of Series G convertible debentures for total proceeds of \$24 million at an interest rate of 6.00%. The net proceeds were mainly used to redeem the Series E convertible debentures in the amount of \$23 million, bearing the interest rate of 6.90%, taking effect on November 1, 2019.

## Summary of other significant items as at September 30, 2019

The Trust owns 66 properties containing approximately 5.7 million square feet. The total asset value of the Trust is \$905 million and its market capitalization is \$295 million.

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

“We are proud of our strong third quarter performance. For the first time in the last three quarters, our FFO ratio is back under 100%. Our financial results are showing positive momentum as a result of our portfolio repositioning that is fruitful. It is important to note that our tenant retention rate for the year to date is 75% (it was 50% in 2018) and our strong leasing activities have caused our occupancy rate to increase from 89.7% in 2018 to 93.6%; an all-time high for the last 10 years! Equally important is our SP-NOI that saw a 10% increase; another financial indicator that reflects our good results. Lastly, our net adjusted income increased by 24%. These strong results will contribute to the organic growth of BTB for the coming quarters.”

Periods ended September 30 (in thousands of Canadian dollars, except for ratios and per unit data)	Quarter			Cumulative (9 months)		
	2019	2018	Δ%	2019	2018	Δ%
	\$	\$		\$	\$	
<b>Financial information</b>						
Rental income	23,973	23,098	3.8	68,044	65,341	4.1
Net operating income <sup>(1)</sup>	13,476	13,330	1.1	36,723	36,013	2.0
Net income and comprehensive income	5,632	5,793	-2.8	10,329	16,941	-39.0
Net adjusted income	5,813	4,700	23.7	14,073	15,105	-6.8
Net property income from the same-property portfolio <sup>(1)</sup>	6,928	5,946	16.5	18,981	17,963	5.7
Recurring distributable income <sup>(1)</sup>	6,780	6,001	13.0	17,597	17,208	2.3
Distributions	6,563	5,843	12.3	18,557	16,295	13.9
Recurring funds from operations (FFO) <sup>(1)</sup>	6,747	6,043	11.7	16,869	17,058	-1.1
Recurring adjusted funds from operations (AFFO) <sup>(1)</sup>	6,087	5,373	13.3	15,582	15,537	0.3
Total assets				905,376	833,916	8.6
Total debt ratio				61.4%	63.8%	-3.8
Weighted average interest rate on mortgage debt				3.92%	3.89%	0.8
Market capitalization				294,671	265,329	11.1
<b>Financial information per unit</b>						
Net income and comprehensive income	9.0¢	10.4¢	-13.5	17.6¢	33.0¢	-46.7
Net adjusted income	9.3¢	8.5¢	9.4	24.0¢	28.8¢	-16.7
Recurring distributable income <sup>(1)</sup>	10.9¢	10.8¢	0.9	30.0¢	32.8¢	-8.5
Distributions	10.5¢	10.5¢	—	31.5¢	31.5¢	—
Recurring payout ratio on distributable income <sup>(1)</sup>	107.8%	108.7%	-0.9	118.5%	106.4%	11.3
Recurring FFO <sup>(1)</sup>	10.8	10.9¢	-0.9	28.8¢	32.5¢	-11.4
Recurring AFFO <sup>(1)</sup>	9.7¢	9.7¢	—	26.6¢	29.6¢	-10.1

(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.

Periods ended September 30 (in thousands of Canadian dollars)	Quarter		Cumulative (9 months)	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Cash flows from operating activities (IFRS)</b>	<b>9,875</b>	12,540	<b>29,988</b>	29,014
± Net change in non-cash operating items	<b>2,832</b>	573	<b>4,771</b>	5,683
- Debt prepayment penalty	—	—	<b>176</b>	—
- Net Interest expense	<b>(5,927)</b>	(5,638)	<b>(17,338)</b>	(16,174)
+ Other items	—	3	—	72
<b>Distributable income<sup>(1)</sup></b>	<b>6,780</b>	7,478	<b>17 597</b>	18,685
+ Leasing payroll expenses	<b>132</b>	129	<b>381</b>	445
+ Profit on extinguishment of debt	—	—	—	133
- Transaction costs	<b>(63)</b>	(524)	<b>(980)</b>	(865)
- Provision for maintenance expenditures	<b>(479)</b>	(432)	<b>(1,361)</b>	(1,277)
- Provision for rental fees	<b>(345)</b>	(325)	<b>(1,035)</b>	(975)
- Other items	<b>(1)</b>	—	—	(3)
<b>Adjusted funds from operations<sup>(1)</sup></b>	<b>6,024</b>	6,326	<b>14,602</b>	16,149

(1) Non-IFRS financial measures

On Wednesday, November 13, 2019, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the third quarter 2019 ended on September 30, 2019:

DATE: Wednesday, November 13, 2019

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

DIAL: 1-416-764-8609 (from Toronto and overseas) access code 19619704# or toll free 1-888-390-0605 (from North America, access code 19619704#. To ensure your participation, please dial in fifteen minutes prior to the start of the conference call.

WEBCAST: <https://event.on24.com/wcc/r/2112088/43D08B345EC138CBED3B817209640DE4>

REPLAY: From November 13, 2019, 1:00 p.m. until 11:59 p.m. on November 20, 2019, dial 1-416-764-8677 conference ID number 619704#, or dial toll free 1-888-390-0541 conference ID number 619704#.

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 November 12, 2019, BTB owns 66 retail, office and industrial properties for a total leasable area of approximately 5.7 million square feet and an approximate total asset value in excess 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).

### **Information:**

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