

# BTB

## REAL ESTATE INVESTMENT TRUST

### PRESS RELEASE FOR IMMEDIATE RELEASE

**BTB Real Estate Investment Trust announces today its 2008 second quarter results, ended June 30, 2008**

**Montreal (Quebec), August 14, 2008** – The Board of trustees of BTB Real Estate Investment Trust (TSX Venture Exchange: BTB.UN and BTB.DB) (“BTB” or the “Trust”) today released financial statements for the second quarter 2008, ending June 30, 2008.

### **2008 SECOND QUARTER HIGHLIGHTS**

- Growth of adjusted funds from operations (“AFFO”):**

An AFFO of \$1.4 million for the second quarter, or \$0.041 per unit. Due to a charge for bad debts and related legal fees, the AFFO decreased unexpectedly by approximately \$0.005 per unit. However, on an annualized basis, the estimated AFFO, derived from the existing portfolio as at June 30, 2008, is more than \$0.18 per unit.
- Increased cash generated from portfolio growth:**

BTB’s portfolio has generated cash of \$1.5 million and distributable income of more than \$1.1 million for the second quarter of 2008 compared to \$0.6 million and \$0.5 million for the second quarter in 2007.
- Revenue growth:**

Increase in rental income by more than 23% compared to the previous quarter and generating more than \$7.2 million of rental income for the second quarter. In accordance with current portfolio, annual income is estimated at \$29 million.
- Reduction of monthly distributions:**

On April 28, 2008, the Board of Trustees announced the reduction of distributions, from \$0.28 per unit per year to \$0.16 per unit per year. The Trustees wished to ensure that BTB’s capital and funds from financing will be used to fulfill BTB’s mission: the acquisition of good quality properties.

#### **BTB Real Estate Investment Trust**

2155 Crescent St., Suite 300, Montreal, Qc – H3G 2C1  
Telephone: 514 – 286-0188 / Fax: 514 – 286-0011

## **SUBSEQUENT EVENTS**

- **Refinancing:** In July 2008, the Trust entered into financing agreements pertaining to the financing and refinancing of certain properties that it owns for an aggregate amount of \$16.9 million at a weighted average rate of 5.90%. Of this amount, \$8.1 million will be used to reimburse existing financings.
- **Acquisition:** On August 13, 2008, the Trust closed the acquisition of four commercial properties located in the province of Québec, for an approximate leasable area of 103,000 square feet, at an estimated capitalisation rate of 9% and a purchase price of \$15.6 million. BTB management estimates that, on an annualized basis, this transaction will generate an accretive cash flow of \$0.013 per outstanding unit.

“BTB’s cash provided by operations is at over \$0.04 per unit per quarter, and over \$0.18 per unit on an annualized basis. This will help ensure a distribution of \$0.04 per quarter to our unitholders, or \$0.16 on an annualized basis” indicated Michel Léonard, President and Chief Executive Officer. He adds that: “additional funding obtained by recently completed financing and refinancing will allow us to proceed with accretive acquisitions during the third quarter which will, in turn, increase our cash provided by operations”.

### **ABOUT BTB**

BTB is a real estate investment trust listed on the TSX Venture Exchange. Its objective is to provide unitholders with stable cash distributions from investments in a quality portfolio of long-term leased office, industrial, commercial and retail properties predominantly located in the province of Quebec. BTB is led by a team that boasts in-depth experience in the real estate field and a governance and business-focused board of trustees.

### **FORWARD LOOKING STATEMENTS**

This press release contains forward looking statements. Forward-looking statements are subject to risks, uncertainties and assumptions. Although the trustees of BTB believe that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the factors and risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include the impact of general economic conditions, industry conditions, laws and regulations, environmental risks, competition from other industry participants, stock market volatility, the ability to access sufficient capital from internal and external sources and the risk of fluctuation and variation in actual operating results, which variation may be material. A full description of these risks and uncertainties can be found in BTB’s Short Form Prospectus dated March 13, 2008 and Annual Information Form dated April 28, 2008 which are available electronically at [www.sedar.com](http://www.sedar.com).

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included herein are made as of the date hereof and BTB does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise.

*The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this press release.*

**For further information, please contact:**

Mr. Michel Léonard  
President and Chief Executive Officer  
514- 286-0188 # 228  
mleonard@btbreit.com

Mr. Benoit Cyr  
Vice-president and Chief Financial Officer  
514- 286-0188 # 230  
bcyr@btbreit.com

**For Media and others:**

Mr. Mathieu Claise, Optimum Public Relations, 418 521-3770

**Appendix:**        Selected Financial Information

# BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Balance Sheet  
(Unaudited)

June 30, 2008, with comparative figures as of December 31, 2007

	June 30, 2008	December 31, 2007
<b>Assets</b>		
Income-producing properties:		
Buildings and improvements	\$ 156,575,981	\$ 137,465,467
Land	37,058,154	31,846,153
Intangible assets	12,398,917	12,981,069
Intangible liabilities	(1,823,274)	(2,030,005)
	204,209,778	180,262,684
Future income taxes	5,300	—
Fixed assets	44,731	7,521
Prepaid expenses and deposits	4,304,596	1,781,269
Accounts receivable	1,617,873	755,398
Cash and cash equivalents	104,818	6,170,554
	\$ 210,287,096	\$ 188,977,426
<b>Liabilities and Unitholders' Equity</b>		
Mortgage loans	\$ 119,431,693	\$ 103,943,246
Convertible debentures	22,177,162	10,788,691
Bank loans	7,005,000	9,245,000
Accounts payable and accrued liabilities	4,366,414	3,569,709
Distributions payable to unitholders	439,150	761,395
Future income taxes	—	583,700
	153,419,419	128,891,741
Unitholders' equity:		
Unitholders' equity	56,867,677	60,085,685
Subsequent event		
	\$ 210,287,096	\$ 188,977,426

# BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statement of Earnings  
(Unaudited)

Periods ended June 30, 2008 and 2007

	Three-month period ended June 30,		Six-month period ended June 30,	
	2008	2007	2008	2007
Operating revenues:				
Rental revenue from income-producing properties	\$ 7,156,399	\$ 1,941,562	\$ 12,974,348	\$ 2,783,709
Operating expenses:				
Operating costs	1,270,643	306,429	2,326,510	418,240
Property taxes and utilities	1,765,682	345,163	3,333,216	484,663
Property management expenses	169,841	39,036	274,800	55,974
	3,206,166	690,628	5,934,526	958,877
Operating income before the undernoted items	3,950,233	1,250,934	7,039,822	1,824,832
Interest on loans	2,445,869	719,496	4,360,322	1,241,365
Amortization of financing costs	216,510	69,639	326,633	135,729
Amortization of buildings and improvements	961,979	244,655	1,837,038	370,911
Amortization of intangible and other assets	489,452	44,479	917,005	68,717
Interest accretion expenses on convertible debentures	95,580	61,404	160,392	119,579
Interest income	(4,364)	(180,339)	(25,148)	(417,387)
	4,205,026	959,334	7,576,242	1,518,914
Operating (loss) income from real estate assets	(254,793)	291,600	(536,420)	305,918
Trust-related administrative expenses	451,788	259,905	661,373	619,653
Unit-based compensation	16,187	6,264	34,318	8,328
Operating income (loss) before income taxes and discontinued operations	(722,768)	25,431	(1,232,111)	(322,063)
Future income taxes	(485,000)	256,400	(785,000)	256,400
Net operating loss before discontinued operations	237,768	230,969	447,111	578,463
Net income from discontinued operations	—	54,476	—	59,663
Net loss and comprehensive income	\$ 237,768	\$ 176,493	\$ 447,111	\$ 518,800

# BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statement of Cash Flows  
(Unaudited)

Periods ended June 30, 2008 and 2007

	2008	Three-month period ended June 30, 2007	Six-month period ended June 30, 2008	2007
Cash flows from operating activities:				
Net loss	\$ (237,768)	\$ (176,493)	\$ (447,111)	\$ (518,800)
Net change in non-cash items:				
Amortization of income-producing properties	961,979	261,861	1,837,038	399,562
Interest and accretion expense on convertible debentures	95,580	61,404	160,392	119,579
Amortization of financing costs	216,510	69,639	326,633	135,729
Amortization of intangible assets and liabilities	484,749	45,880	912,302	71,490
Amortization of straight-line lease adjustment	(103,843)	(37,009)	(205,853)	(39,142)
Amortization of above or below-market trusts	327,425	103,083	654,449	100,508
Unit option-based compensation expenses	16,187	6,264	34,318	8,328
Property management expenses	169,841	39,036	274,800	55,974
Future income taxes	(485,000)	256,400	(785,000)	256,400
Amortization of fixed assets	4,703	845	4,703	930
Net change in non-cash operating working capital items	(2,259,725)	90,661	(2,345,705)	198,894
	(809,362)	721,571	420,966	789,452
Cash flows from financing activities:				
Net proceeds from issuance of convertible debentures	—	—	11,825,318	—
Mortgage loans, net of financing costs	1,210,510	9,237,377	4,818,719	36,978,741
Bank loans	1,080,000	—	(2,240,000)	—
Net proceeds from issuance of units	—	43,551,440	17,500	43,571,440
Distributions to unitholders	(1,639,468)	(1,420,805)	(3,927,275)	(2,418,672)
	651,042	51,368,012	10,494,262	78,131,509
Cash flows from investing activities:				
Additions to income-producing properties	(251,745)	(73,117,028)	(16,939,052)	(99,774,916)
Additions to fixed assets	(14,461)	(2,007)	(41,912)	(2,007)
Deferred expenses	—	250,806	—	250,806
	(266,206)	(72,868,229)	(16,980,964)	(99,526,117)
Net change in cash and cash equivalents	(424,526)	(20,778,646)	(6,065,736)	(20,605,156)
Cash and cash equivalents, beginning of period	529,344	21,083,438	6,170,554	20,909,948
Cash and cash equivalents, end of period	\$ 104,818	\$ 304,792	\$ 104,818	\$ 304,793