

BTB - 2017 - Strategic repositioning

MONTREAL, March 13, 2018 /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, 2017, and announces the following highlights:

HIGHLIGHTS OF THE YEAR ENDED DECEMBER 31, 2017

- 27.6% increase in net income and comprehensive income, from \$22.1 million to \$28.2 million.
- Record leasing activities with the renewal of close to 591,000 square feet of leasable area and the leasing of almost 526,000 square feet to new tenants. Because of our record leasing activities the Trust saw a slight decrease in net cash from operating activities, from \$39.8 million to \$38.5 million, or 3.5%, mainly caused by leasing activities related thereto.
- Increase in occupancy rate from 90.5% to 91.4%.
- Decrease in the mortgage debt ratio from 59.1% to 56.5%.
- Increase of 8.8% in recurring FFO, from \$17.7 million to \$19.3 million.

Dispositions and acquisitions

- As part of the Trust's strategic repositioning of its portfolio, BTB sold three investment properties for total proceeds of \$11.5 million.
- The Trust acquired four investment properties for a total purchase price of \$94.2 million, to generate a total annual net operating income of approximately \$6.5 million.

Issuance of Units

- On October 23, 2017, the Trust issued 5,561,400 units, at a price of \$4.55, for net proceeds of \$24.1 million, which was used to purchase the investment properties stated above.

Summary of other significant highlights as at December 31, 2017

- Portfolio: 73 properties;
- Portfolio size : Approximately 5.4 million square feet;
- Total asset value: \$762 million;
- Market capitalization: \$224 million.

Subsequent events

In January and February 2018, the Trust sold four properties for a total consideration of \$12.4 million. The net proceeds from the sale of these properties were applied against the Trust's credit facilities.

In February 2018, the Trust purchased a retail property located in the city of Delson, Québec, for a consideration of \$1,865.

Message from Michel Léonard, President and Chief Executive Officer

"In 2017 more than 16% of our leases were maturing. This, in itself, was a major challenge. We are proud to say that our leasing and property management teams, supported by all others involved in our operations understood the scope of the challenge and they rose to it extremely successfully. BTB leased 526,000 square feet to new tenants and renewed leases for 591,000 square feet. Our leasing activities therefore totalled 1,117,000 square feet. Regarding our lease renewals, they were concluded at an average increase of revenue of 5.6%. Because of this colossal effort in lease renewals and concluding transactions with new tenants, our occupancy rate increased from 90.5% (in 2016) to 91.4% (in 2017). This increase of our occupancy rate combined with the repositioning our portfolio has given us the opportunity to start 2018 on solid foundations."

ANNUAL RESULT INFORMATION

(in thousands of Canadian dollars, except for ratios and per unit data)	2017	2016	% Variation
	\$	\$	
Financial information			
Rental income	73,317	73,384	—
Net operating income ⁽¹⁾	40,394	41,339	-2.3
Net income and comprehensive income	28,171	22,085	27.6
Net property income from the same-property portfolio ⁽¹⁾	24,333	26,292	-7.4
Recurring distributable income ⁽¹⁾	19,721	19,711	0.04
Distributions	18,486	16,444	12.4
Recurring funds from operations (FFO) ⁽¹⁾	19,262	17,710	8.8
Recurring adjusted funds from operations (AFFO) ⁽¹⁾	17,599	17,391	1.2
Total assets	762,390	658,462	15.8
Total debt ratio	65.0%	65.7%	-1.1
Weighted average interest rate on mortgage debt	3.72%	3.79%	

Market capitalization	222,262	189,270	17.4
Financial information per unit			
Net income and comprehensive income	64.5¢	57.3¢	12.6
Recurring distributable income ⁽¹⁾	45.2¢	51.1¢	-11.6
Distributions	42.0¢	42.0¢	—
Recurring payout ratio on distributable income ⁽¹⁾	93.7%	83.4%	12.4
Recurring FFO ⁽¹⁾	44.1¢	45.9¢	-3.9
Recurring AFFO ⁽¹⁾	40.3¢	45.1¢	-10.6

(1) Non-IFRS financial measures

QUARTERLY RESULT INFORMATION

(in thousands of Canadian dollars, except for ratios and per unit data)	2017	2016	% Variation
	\$	\$	
Financial information			
Rental income	19,733	18,270	8.0
Net operating income ⁽¹⁾	10,460	10,121	3.4
Net income (loss) and comprehensive income	15,498	9,130	69.8
Net property income from the same-property portfolio ⁽¹⁾	5,837	6,365	-8.3
Recurring distributable income ⁽¹⁾	4,916	5,047	-2.6
Distributions	5,079	4,442	14.3
Recurring funds from operations (FFO) ⁽¹⁾	4,865	4,808	1.2
Recurring adjusted funds from operations (AFFO) ⁽¹⁾	4,370	4,485	-2.6
Financial information per unit			
Net income (loss)	33.0¢	21.6¢	52.8
Recurring distributable income ⁽¹⁾	10.5¢	11.9¢	-11.8
Distributions	10.5¢	10.5¢	—
Recurring FFO ⁽¹⁾	10.3¢	11.4¢	-9.7
Recurring AFFO ⁽¹⁾	9.3¢	10.6¢	-12.2

(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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash flows from operating activities (IFRS)	14,122	13,250	38,449	39,850
+ Financial revenues	50	27	83	95
- Investment property disposal costs	(25)	—	(83)	—
± Net change in non-cash operating items	(4,138)	(3,538)	107	(322)
- Interest expense on mortgage loans payable	(3,984)	(3,658)	(14,871)	(14,582)
- Interest expense on convertible debentures	(874)	(874)	(3,496)	(4,471)
- Interest expense on acquisition line of credit	(205)	(94)	(351)	(519)
- Interest expense on operating line of credit and other interest expenses	(30)	(34)	(117)	(128)
Distributable income	4,916	5,079	19,721	19,923
+ Leasing payroll expenses	144	123	511	422
- Provision for non-recoverable capital expenses	(395)	(365)	(1,467)	(1,462)
- Provision for rental fees	(320)	(320)	(1,249)	(1,280)
- Investment property disposal costs	25	—	83	—
Adjusted funds from operations	4,370	4,517	17,599	17,603

On Wednesday, March 14, 2018, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the fourth quarter 2017 and for the fiscal year ended on December 31, 2017:

DATE	Wednesday, March 14, 2018
TIME	10:00 a.m. (Eastern Standard Time)
DIAL:	1-647-427-7450 (from Toronto and overseas) access code 7990667# 1-888-231-8191 (from North America) toll free, access code 7990667#. 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=1599671&s=1&k=7E3FEAB346DFE48006B06409910E9F77
REPLAY:	From Wednesday, March 14, 2018, 1:00 p.m. until 11:59 p.m. on March 21, 2018, dial 1-416-849-0833 conference ID number 7990667#, or dial toll free 1-855-859-2056 conference ID number 7990667#.

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 71 commercial, office and industrial properties for a total leasable area of 5.4 million square feet. BTB's asset value is approximately \$760M. 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

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