

BTB reduces its debt rate by 4%, and records its lowest debt rate since 2010

MONTRÉAL, Aug. 8, 2016 /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, 2016, and announces the following highlights:

HIGHLIGHTS OF THE SECOND QUARTER 2016

Increase

- 4.0% in rental income
- 2.8% in net operating income⁽¹⁾
- 6.9% in net income and comprehensive income
- 0.4% in net operating income⁽¹⁾ from the same-property portfolio
- 6.8% in assets
- 6.2% in recurring FFO⁽¹⁾
- 4.9% in recurring AFFO⁽¹⁾

(1) Non-IFRS financial measures

Improvement

- In the total debt ratio from 70.9% as at December 31, 2015 to 66.9% as at June 30, 2016
- In the weighted average interest rate on mortgage debt from 4.08% to 3.84%

Leasing activities

- 120,000 square feet of leases renewed
- 8.0% increase in the average rental rate of expired and renewed leases

Financing activities

- During the quarter, the Trust entered into refinancing agreements totalling \$15.6 million, bearing interest at rates between 2.88% and 3.45%.

Capital activities

- On June 30, 2016, the Trust issued 6,594,000 units at a price of \$4.55 per unit, for net proceeds of approximately \$28.5 million, net of underwriting and professional fees in order to redeem all outstanding Serie D Convertible Debentures.

Summary of significant items

- 72 properties
- \$665 million in assets
- More than 5.1 million leasable square feet
- More than \$185 million in market capitalization

Events subsequent to June 30, 2016

- On July 19, 2016, the syndicate of underwriters partially exercised the overallotment option on the June 2016 issue and 565,342 units were issued at a unit price of \$4.55 for net proceeds of approximately \$2.4 million.
- On August 2, 2016, the Trust redeemed Series D convertible debentures in the amount of \$23 million, reducing the Trust's overall debt rate by approximately 400 points, from 70.9% as at December 31, 2015, to 66.9% as at June 30, 2016.

"The second quarter of 2016 was characterized by the significant reduction in BTB's debt rate, following the issuance of 6.6 million units providing net proceeds of \$28.5 million. As at December 31 of last year, BTB posted a total debt ratio of 70.9%. The current issue allowed for the redemption on August 2, 2016, of all outstanding Series D Convertible Debentures, which reduced the total debt rate to 66.9%, our lowest since the conversion to IFRS in 2010. We intend to continue with our debt reduction over the coming quarters by disposing, in an orderly manner, of certain properties in the portfolio considered less profitable and applying the proceeds of these disposals to reduce current debt, or through accretive acquisitions.

We are also pleased to see the return to profitability of the same-property portfolio. In recent quarters, it had shown a negative performance. The efforts of management have allowed to post positive results at the end of the second quarter of 2016 and we are confident that they will continue along this positive line", declared Michel Léonard, President and Chief Executive Officer.

| Quarters ended June 30 | | |
|---|---------|---------|
| (in thousands of dollars, except for ratios and per unit data) | | |
| | 2016 | 2015 |
| | \$ | \$ |
| Financial information | | |
| Rental income | 18,300 | 17,603 |
| Net operating income ⁽¹⁾ | 10,466 | 10,184 |
| Net income and comprehensive income | 3,982 | 3,724 |
| Net property income from the same-property portfolio ⁽¹⁾ | 5,957 | 5,902 |
| Recurring distributable income ⁽¹⁾ | 4,924 | 4,739 |
| Distributions | 3,897 | 3,615 |
| Recurring funds from operations (FFO) ⁽¹⁾ | 4,692 | 4,420 |
| Recurring adjusted funds from operations (AFFO) ⁽¹⁾ | 4,333 | 4,132 |
| Total assets | 664,825 | 622,458 |
| Mortgage liability ratio | 58.3% | 56.2% |
| Total debt ratio | 66.9% | 68.8% |
| Weighted average interest rate on mortgage debt | 3.84% | 4.08% |
| Market capitalization | 185,306 | 156,545 |
| Financial information per unit | | |
| Net income and comprehensive income | 11.4¢ | 10.8¢ |
| Recurring distributable income ⁽¹⁾ | 14.1¢ | 13.8¢ |

| | | |
|---|-------|-------|
| Distributions | 10.5¢ | 10.5¢ |
| Payout ratio on recurring distributable income ⁽¹⁾ | 79.1% | 76.3% |
| Recurring FFO ⁽¹⁾ | 13.4¢ | 12.9¢ |
| Recurring AFFO ⁽¹⁾ | 12.4¢ | 12.0¢ |

(1) Financial term not defined by IFRS

NON-IFRS FINANCIAL MEASURES

Net operating income, 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.

| Quarters ended June 30 (in thousands of dollars) | 2016 | 2015 |
|--|--------------|--------------|
| | \$ | \$ |
| Cash flows from operating activities (IFRS) | 9,549 | 10,793 |
| + Financial revenues | 28 | 8 |
| + Net change in operating items | 494 | (1,246) |
| - Interest expense on mortgage loans payable | (3,639) | (3,534) |
| - Interest expense on convertible debentures | (1,288) | (1,271) |
| - Interest expense on acquisition line of credit | (192) | (173) |
| - Interest expense on operating line of credit and other interest expenses | (28) | (22) |
| Distributable income | 4,924 | 4,555 |
| + Leasing payroll expenses | 95 | — |
| - Provision for non-recoverable capital expenses | (366) | (352) |
| - Provision for rental fees | (320) | (255) |
| Adjusted funds from operations | 4,333 | 3,948 |

On Tuesday, August 9, 2016, at 10:00 a.m. (ET) management will hold a conference call to present BTB's financial results and performance for the second quarter ended June 30, 2016:

DATE: Tuesday, August 9, 2016

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

DIAL: 1-647-427-7450 (from Toronto and overseas) access code 37756146#, 1-888-231-8191 (from North America) toll free, access code 37756146#. 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=1214078&s=1&k=6ED5ECAD82F4A9E27957D41DF3B0B3E>

REPLAY: From Tuesday, August 9, 2016, 1:00 p.m. until 11:59 p.m. on August 16, 2016, dial 1-416-849-0833 conference ID number 37756146#, or dial toll free 1-855-859-2056 conference ID number 37756146#.

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 \$665M. 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.

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CO: BTB Real Estate Investment Trust

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