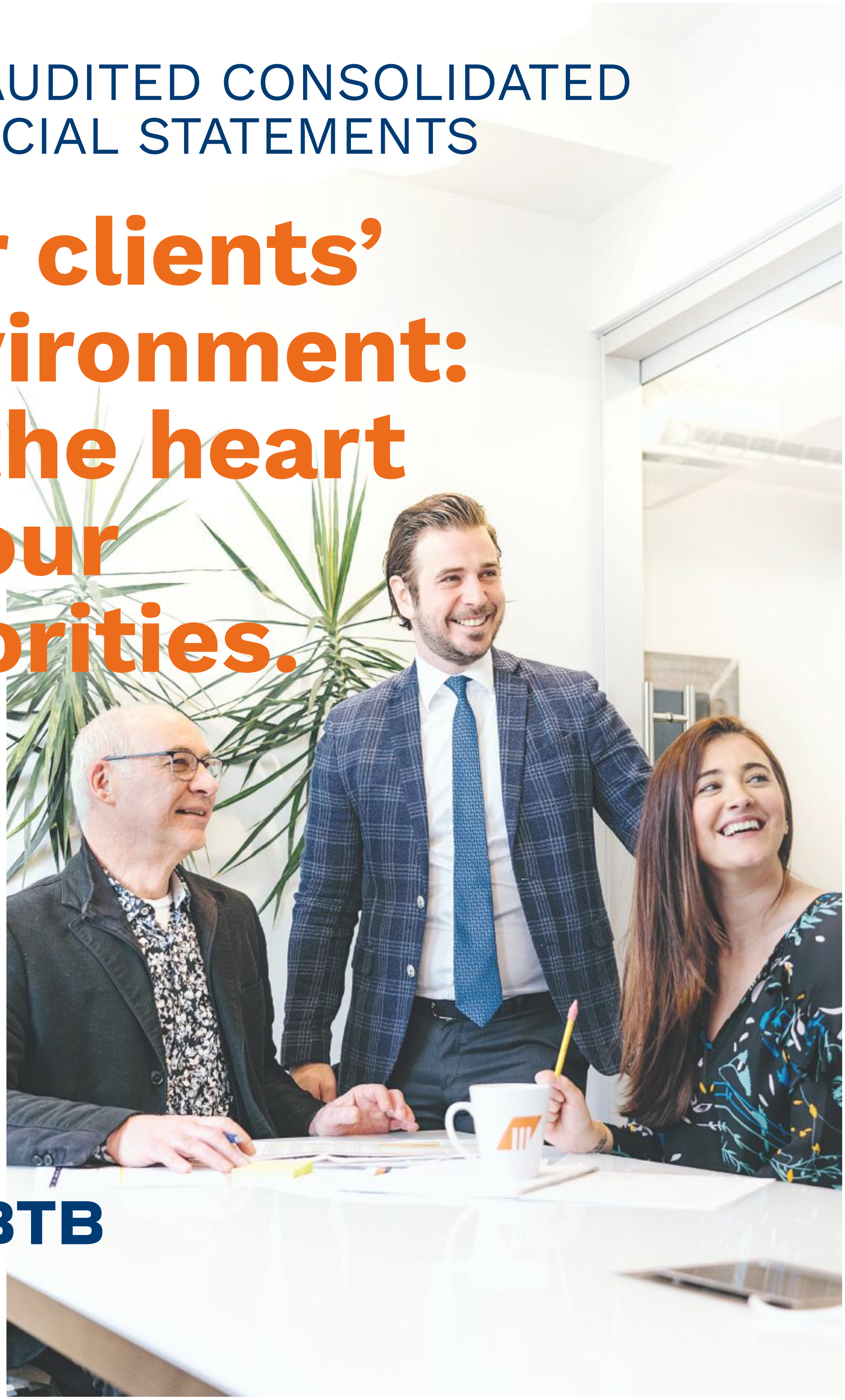
2019 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Our clients' environment: at the heart of our priorities.



BTB

Audited Consolidated Financial Statements

Year ended December 31, 2019

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of BTB Real Estate Investment Trust ("BTB") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must of necessity be based on estimates and judgments. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial information appearing throughout our MD&A is consistent with these consolidated financial statements. In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained.

As at December 31, 2019, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of BTB had an evaluation carried out, under their direct supervision, of the effectiveness of the controls and procedures used for the preparation of filings, as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators. Based on that evaluation, they concluded that the disclosure controls and procedures were effective.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee, which is composed entirely of Trustees who are not members of BTB's management or personnel. This Committee reviews our consolidated financial statements and recommends them to the Board for approval. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures, and advising the trustees on auditing matters and financial reporting issues.

KPMG LLP, independent auditors appointed by the unitholders of BTB upon the recommendation of the Board, have performed an independent audit of the Consolidated Financial Statements as at December 31, 2019 and 2018 and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Michel Léonard
President and Chief Executive Officer

Benoit Cyr, CPA, CA, MBA
Vice President and Chief Financial Officer

Montreal, March 11, 2020

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of BTB Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of BTB Real Estate Investment Trust (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP*

The engagement partner on the audit resulting in this auditors' report is Philippe Grubert.

Montréal, Canada

March 11, 2020

*CPA auditor, CA, public accountancy permit No. A120220

Consolidated Statements of Financial Position

As at December 31, 2019 and 2018 (in thousands of CAD dollars)

	Notes	2019	2018
		$	$
ASSETS			
Investment properties	4	924,320	839,015
Property and equipment		263	329
Derivative financial instruments	11	304	1,599
Other assets	5	2,596	2,210
Balance of sale	4	6,035	—
Receivables	6	3,809	3,246
Cash and cash equivalents		1,803	8,824
Total assets		**939,130**	**855,223**
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgage loans payable	7	493,152	471,162
Convertible debentures	8	49,096	48,716
Bank loans	9	12,460	15,000
Lease liabilities	23	4,454	—
Class B LP Units	10	2,571	2,315
Unit-based compensation	12	1,050	669
Derivative financial instruments	11	45	—
Trade and other payables		17,984	17,048
Distributions payable to unitholders		2,179	1,936
Total liabilities		**582,991**	**556,846**
Unitholders' equity		**356,139**	**298,377**
		939,130	**855,223**

See accompanying notes to consolidated financial statements.

Approved by the Board on March 11, 2020.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018 (in thousands of CAD dollars)

	Notes	2019	2018
		$	$
Operating revenues			
Rental revenues	14	93,602	87,423
Operating expenses			
Public utilities and other operating expenses		20,558	19,666
Property taxes and insurance		22,147	20,120
		42,705	39,786
Net operating income		**50,897**	**47,637**
Financial income		475	76
Expenses			
Financial expenses		25,115	23,141
Distributions - Class B LP Units	10	224	131
Fair value adjustment – Class B LP Units	10	430	(176)
Net adjustment to fair value of derivative financial instruments		1,340	(229)
Net financial expenses	15	27,109	22,867
Administration expenses		5,515	4,906
Gain on disposition of property and equipment		—	(1,192)
Gain on debt extinguishment		—	(133)
Prepayment penalties		176	—
Net change in fair value of investment properties, net of disposition expenses	4	(33,309)	(20,072)
Net income being total comprehensive income for the year		**51,881**	**41,337**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2019 and 2018 (in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distributions	Cumulative comprehensive income	Total
Balance at January 1, 2019		**274,231**	**(109,679)**	**133,825**	**298,377**
Issuance of units, net of issuance costs	13	30,798	—	—	30,798
Distributions to unitholders	13	—	(24,917)	—	(24,917)
		305,029	(134,596)	133,825	304,258
Comprehensive income		—	—	51,881	51,881
Balance as at December 31, 2019		305,029	(134,596)	185,706	356,139
Balance at January 1, 2018		**244,115**	**(87,656)**	**92,488**	**248,947**
Issuance of units, net of issuance costs	13	30,116	—	—	30,116
Distributions to unitholders	13	—	(22,023)	—	(22,023)
		274,231	(109,679)	92,488	257,040
Comprehensive income				41,337	41,337
Balance as at December 31, 2018		**274,231**	**(109,679)**	**133,825**	**298,377**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018 (in thousands of CAD dollars)

	Notes	2019	2018
		$	$
Operating activities			
Net income for the year		51,881	41,337
Adjustment for:			
Net change in fair value of investment properties and disposition expenses	4	(33,309)	(20,072)
Gain on debt extinguishment		—	(133)
Gain on disposition of property and equipment		—	(1,192)
Depreciation of property and equipment		106	90
Unit-based compensation	12	676	355
Straight-line lease adjustment	14	(703)	(525)
Lease incentive amortization	14	3,003	3,223
Financial income		(475)	(76)
Net financial expenses	15	27,109	22,867
		48,288	45,874
Net change in non-cash operating items		(1,065)	(1,150)
Net cash from operating activities		**47,223**	**44,724**
Investing activities			
Increase in investment properties	4	(35,082)	(104,262)
Acquisition of a business	4	—	(43)
Net proceeds from disposition of investment properties	4	16,556	43,690
Additions to property and equipment		(40)	(214)
Disposition of Owner-occupied land and Building		—	3,082
Net cash used in investing activities		**(18,566)**	**(57,747)**
Financing activities			
Mortgage loans, net of financing expenses		17,841	103,180
Repayment of mortgage loans		(32,604)	(66,292)
Bank loans, net of financing expenses		14,560	16,580
Repayment of bank loans		(17,100)	(19,710)
Lease liability payments		(42)	—
Net proceeds from issuance of convertible debentures		22,678	—
Repayment of convertible debentures		(23,000)	—
Net proceeds from issuance of units	13	27,220	27,239
Net distributions to unitholders		(21,565)	(19,086)
Net distributions – Class B LP units	10	(224)	(131)
Interest paid		(23,442)	(21,851)
Net cash (used in) from financing activities		**(35,678)**	**19,929**
Net change in cash and cash equivalents		**(7,021)**	**6,906**
Cash and cash equivalents, beginning of year		**8,824**	**1,918**
Cash and cash equivalents, end of year		**1,803**	**8,824**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018 (in thousands of CAD dollars, except per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB's registered office is 1411 Crescent Street, Suite 300, Montreal, Quebec, Canada. The consolidated financial statements of BTB for the years ended December 31, 2019 and 2018 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This is the first set of the Trust's annual financial statements in which IFRS 16 *Leases* and Amendments to IFRS 3, *Business combinations* have been applied. Changes to significant accounting policies are described in Note 3 (a) i) and ii).

These consolidated financial statements were approved by the Board of Trustees on March 11, 2020.

b) Basis of presentation and measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position which are measured at fair value:

- Investment properties (including right-of-use assets);
- Derivative financial instruments;
- Unit-based compensation;
- Class B LP Units.

The Trust presents its consolidated statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is BTB's functional currency. All financial information has been rounded to the nearest thousand, except per unit amounts.

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Critical judgements in applying accounting policies

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Business combinations

The Trust acquires entities that own real estate. At the time of acquisition, the Trust considers whether the acquisition represents the acquisition of a business, i.e., where an integrated set of activities is acquired in addition to the investment property. More specifically, the following criteria are considered:

- The extent to which an acquired process (or group of processes) is considered substantive and in particular the extent of ancillary services provided by the acquiree.
- Whether the acquiree has allocated its own staff to manage the investment property and/or to deploy any processes.
- The number and types of investment properties acquired.

In addition, the Trust can elect for each transaction or other event to apply the optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

An acquisition of a business is accounted for as a business combination under IFRS 3, *Business Combinations*.

When the acquisition does not represent a business, it is accounted for as an acquisition of assets and liabilities in which case, the cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values.

Operating lease contracts – Trust as lessor

The Trust enters into commercial property leases on its investment properties. The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the leases as operating leases.

Partially owner-occupied property

The Trust owns a property which is partially owner-occupied with the rest being held for rental income and capital appreciation. The Trust has determined that only an insignificant portion is owner-occupied and therefore the entire property has been accounted for as an investment property. In determining whether the portion is insignificant the Trust used a 10% threshold on the fair value of the property.

ii) Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Valuation of investment properties

Investment properties are stated at fair value at each reporting date. Gains or losses arising from changes in the fair values are included in profit or loss in the period in which they arise. Fair value is determined by management using internally generated valuation models and by independent real estate valuation experts using recognized valuation techniques. These models and techniques comprise the Discounted Cash Flow Method and the Direct Capitalization method and in some cases, the Comparable method.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lease income and costs, future revenue streams, capital expenditures of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those cash flows. These estimates are based on local market conditions existing at the reporting date.

The significant methods and assumptions used by management and the independent external appraisers in estimating the fair value of investment properties are set out below:

Techniques used for valuing investment properties

The Discounted Cash Flow method involves the projection of a series of periodic cash flows either to an operating investment property or a development investment property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the investment property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the estimated fair value of the investment property.

The Direct Capitalization method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires estimation of normalized annual future cash inflows and application of investor yield or return requirements.

The Comparable method involves the comparison of the Trust's investment properties to similar investment properties that have transacted within a recent time frame from which a fair value is estimated based on the price per square foot of these comparable sales.

Derivative financial instruments

Derivative financial instruments, including embedded derivatives, are recognized on the consolidated statement of financial position at fair value. Subsequent to initial recognition, these derivatives are measured at fair value. The fair value of derivative instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. Changes in estimated fair value at each reporting date are included in profit and loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related and if the entire contract is not measured at fair value with changes in fair value recognized in profit and loss.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) New accounting standards adopted

On January 1, 2019, the Trust adopted IFRS 16 *Leases* ("IFRS 16") and amendments to IFRS 3 *Business combinations* ("IFRS 3"). The impacts are described below.

i) IFRS 16

The Trust adopted all of the requirements of IFRS 16 with a date of initial application of January 1, 2019. See note 3 (f) for a discussion of the impact of the adoption and the change in significant accounting policy.

ii) Amendments to IFRS 3, *Business combinations:*

On January 1, 2019, the Trust early adopted the amendments to IFRS 3, Business combinations, which clarified the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. These amendments also include an optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business. These amendments were applied to transactions for which the acquisition date was on or after January 1st, 2019.

b) Basis of consolidation

i) Business combinations

Business combinations are accounted for using the acquisition method. Accordingly, the consideration transferred for the acquisition of a business is the fair value of the assets transferred, and any debt and trust units issued by the Trust on the date control of the acquired entity is obtained. Acquisition-related costs, other than those associated with the issue of debt or trust units, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured at their fair values at the acquisition date. The Trust measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the identifiable assets acquired and liabilities assumed, generally at fair value, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Trust elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

ii) Subsidiaries

Subsidiaries are entities controlled by the Trust. Control exists when the Trust has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. Subsidiaries are consolidated from the date that control commences until the date that control ceases.

iii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. The consolidated financial statements include the Trust's proportionate share of the joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

c) Financial instruments

i) Recognition and initial measurement

Financial assets and liabilities are recognized when the Trust becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. If a financial asset or liability is not subsequently measured at fair value through profit or loss (FVTPL), the initial measurement includes transaction costs that are directly attributable to its acquisition or issue.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

ii) Classification and subsequent measurement

The Trust classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL; and
- those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows, and on the Trust's designation of such instruments. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL.

Financial instruments are not reclassified subsequent to their initial recognition, unless the Trust identifies changes in its business model in managing financial assets and would reassess the classification of financial instruments.

The Trust's business model objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and/or interest, and as such financial assets are generally subsequently measured at amortized cost using the effective interest method net of any impairment loss. All other financial assets, including derivatives, are subsequently measured at FVTPL.

Financial assets measured at amortized cost comprise cash and cash equivalents, restricted cash, receivables and deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with original maturities of three months or less.

Restricted cash

Restricted cash mainly includes amounts which are held in interest-bearing reserve accounts and are expected to be utilized over the coming years to fund certain expenses related to investments, as well as amounts provided in guarantee of mortgage loans.

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are generally subsequently measured at amortized cost using the effective interest method unless they are held for trading, they are derivatives or they have been designated as those to be measured subsequently at FVTPL.

Financial liabilities measured at amortized cost comprise mortgage loans payable, convertible debentures, bank loans, trade and other payables and distributions payable to unitholders.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Derivative financial instruments are subsequently measured at fair value, and changes therein are recognized immediately in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Embedded derivatives in financial liabilities are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

The following table summarizes the classification under IFRS 9:

Asset/Liability	**Classification under IFRS 9**
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Receivables	Amortized cost
Deposits	Amortized cost
Mortgage loans payable	Amortized cost
Convertible debentures	Amortized cost
Bank loans	Amortized cost
Trade and other payables	Amortized cost
Distribution payable to unitholders	Amortized cost
Derivative financial instruments	Fair value through profit and loss
Class B LP Units	Fair value through profit and loss

iii) Impairment

The Trust uses the expected credit loss (ECL) model for calculating impairment and recognizes expected credit losses as a loss allowance in the consolidated statement of financial position if they relate to a financial asset measured at amortized cost. For trade receivables, the Trust applies the simplified approach as permitted by IFRS 9 which requires lifetime expected credit losses be recognized from initial recognition of receivables. The carrying amount of these assets in the consolidated statement of financial position is stated net of any loss allowance.

Impairment losses are recorded in the Trust administration expenses in the consolidated statement of comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

iv) Trust units

Trust units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with lAS 32 *Financial Instruments: Presentation* (“IAS 32”), in which case, the puttable instruments may be presented as equity.

BTB’s trust units meet the conditions of lAS 32 and are therefore presented as equity.

v) Convertible debentures

The convertible debentures, which are considered financial liabilities, are convertible into Trust units. Since BTB’s trust units meet the definition of a financial liability, the conversion and redemption options are considered embedded derivatives. As the conversion and redemption options are not considered closely related to the debt contract host, the non-derivative and derivative components of the convertible debentures are separated upon initial recognition using the residual fair value approach. Subsequently, the non-derivative liability component is measured at amortized cost.

vi) Class B LP Units

The Class B LP Units issued by one of the limited partnerships that the Trust controls, are classified as “financial liabilities”, as they are exchangeable into Trust units on a one-for-one basis at any time at the option of the holder. The Class B LP Units are measured at fair value and presented as part of the liabilities in the statement of financial position, with changes in fair value recorded in the statement of comprehensive income. The fair value of the Class B LP Units is determined with reference to the market price of the Trust units on the date of measurement. Distributions on the Class B LP Units are recognized in the statement of comprehensive income when declared.

d) Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. The Trust capitalizes the costs incurred to increase capacity, replace certain components and make improvements after the acquisition date. The Trust also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. Investment properties includes income properties, properties under development and land held for future development if necessary.

Cost includes expenditures that are directly attributable to the acquisition of the investment properties.

The Trust makes payments to agents for services in connection with negotiating lease contracts with the Trust's lessees. These leasing fees are capitalized within the carrying amount of the related investment properties and then considered in the fair value adjustment of the investment properties at the next reporting period.

Should the use of an investment property change and be reclassified as property and equipment, its fair value at the date of reclassification would become its cost for subsequent accounting.

e) Property and equipment

i) Recognition and measurement

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized within profit or loss on a net basis.

ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Equipment, furniture and fixtures	3 - 10 years
Rolling stock	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted when appropriate.

iii) Impairment

The carrying amount of the Trust's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

f) Leases

The Trust has initially adopted IFRS 16 *Leases* as at January 1, 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Trust, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Trust has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

On transition to IFRS 16, the Trust elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

The Trust also applied the exemption not to recognize right-of-use assets and lease liabilities for leases previously classified as an operating lease applying IAS 17 where the lease term at the transition date is less than 12 months.

As a result of the adoption of IFRS 16, the Trust updated its accounting policy for leases as follows:

i) Significant accounting policies

At contract inception, the Trust now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration

At inception or on reassessment of a contract that contains a lease component, the Trust allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

ii) As a lessor

The Trust leases out its investment property, including right-of-use assets. The Trust has classified these leases as operating leases. The accounting policies applicable to the Trust as a lessor are not different from those under IAS 17. The Trust is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Trust has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

iii) As a lessee

Prior to the adoption of IFRS 16, leases of assets classified as finance leases were presented in the consolidated statements of financial position according to their nature. The interest element of the lease payment was recognized over the term of the lease based on the effective interest rate method and was included in financing expense. Payments made under operating leases were recognized in expenses on a straight-line basis over the term of the lease.

Since the adoption of IFRS 16, the Trust recognizes a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets that meet the definition of investment property are presented within investment property. These right-of-use assets are initially measured at cost, and subsequently measured at fair value, in accordance with the Trust's accounting policies.

However, the Trust has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g. equipment). The Trust recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Trust's incremental borrowing rate for similar assets. Generally, the Trust uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

iv) Consequences of transition

Previously, the Trust classified its emphyteutic leases of land as operating leases under IAS 17 and included the related rent expense in operating costs. At transition, the related lease liabilities were measured at the present value of the remaining lease payments, discounted at the Trust's incremental borrowing rate as at January 1, 2019 for a similar term as that of the lease obligations being measured (the weighted-average rate applied is 5%), giving rise to an amount of $3,900. Right-of-use assets for these emphyteutic leases, which are classified as investment property, were measured at their fair value on transition, which amount approximated the amount of the lease liability.

The Trust also leases equipment that is included in one of its investment properties. This lease was classified as finance leases under IAS 17. For this finance lease, the carrying amount of the right-of-use asset and the lease liability as at January 1, 2019 were determined to be the carrying amount of the leased asset and lease liability under IAS 17 immediately before transition, i.e., an amount of $596.

The following table reconciles the operating lease commitments disclosed under IAS 17 as at December 31, 2018 and the lease liabilities recognized on January 1, 2019:

	January 1st, 2019
	$
Operating lease commitments as at December 31, 2018 as disclosed in the Trust's consolidated financial statements	15,012
Recognition exemption for short-term leases and leases of low-value items	(107)
Impact of discounting using the incremental borrowing rate as at January 1, 2019	(11,005)
Finance lease liabilities previously recognized as at December 31 2018 under IAS 17	596
Lease liabilities recognized as at January 1st, 2019	**4,496**

g) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

h) Revenue recognition

i) Rental revenue – lease components

Rental revenue for lease components is recognized when the service has been rendered and the amount of expected consideration can be reliably estimated, which is over the term of the related lease.

In most cases, revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date, or when the Trust is required to make additions to the leased property in the form of tenant improvements, upon substantial completion of the additions. Certain leases provide for tenant occupancy during periods for which no rent is due ("free rent period") or where minimum rent payments change during the term of the lease. Accordingly, rental revenue is recognized in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which user's benefit derived from the leased asset is diminished. Any deferred amounts related to straight-line lease adjustments are recognized within investment properties. Lease incentives which are mostly leasehold improvements and payments of monetary allowances to tenants, are amortized over the lease term as a reduction of rental revenue and are recognized as adjustments to the carrying amount of investment properties. The lease term is the non-cancellable period of the lease together with any further extension for which the tenant has the option to continue the lease, where, at the inception of the lease, the Trust is reasonably certain that the tenant will exercise that option.

Cancellation fees or premiums received to terminate leases are recognized in profit and loss at the effective date of the lease termination and when the Trust no longer has any performance obligations under the related lease.

ii) Rental revenue – non-lease components

Leases generally provide for the tenants' payment of maintenance expenses of common elements and other operating costs. These services are considered to be a single performance obligation rendered to tenants over time. These recoveries are accounted for as variable consideration and are recognized as operating revenues in the periods in which the services are provided.

i) Government grants

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Trust will comply with the conditions associated with the grant. Grants that compensate the Trust for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Trust for the cost of an asset are deducted from the carrying amount of the asset.

j) Earnings per unit

The Trust presents basic earnings per unit data for its Trust units. Basic earnings per unit are calculated by dividing the profit or loss attributable to unit holders of the Trust by the weighted average number of Trust units outstanding during the period.

k) Financial income and financial expenses

Financial income comprises interest income on funds invested and balance of sale. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest on mortgage loans payable, convertible debentures, bank loans, lease liabilities and other payables, as well as accretion of the non-derivative liability component of convertible debentures, and accretion of effective interest on mortgage loans payable and convertible debentures.

Net financial expenses comprise financial expenses, distributions to Class B LP unitholders, fair value adjustment on Class B LP Units and changes in the fair value of derivative financial instruments.

l) Operating segment

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Trust's other components. All operating segments' operating results are reviewed regularly by the Trust's Chief Executive Officer (''CEO'') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

m) Unit-based compensation

i) Deferred unit compensation plan for trustees and certain executive officers

Compensation costs related to the deferred unit compensation plan for trustees and certain executive officers are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units, and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss.

ii) Employee unit purchase plan

Compensation costs related to the employee unit purchase plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units, and are revalued at settlement date. Any changes in fair value are recognized as compensation expense in profit or loss.

iii) Restricted unit compensation plan

Compensation costs related to the restricted unit compensation plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust units, and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss. The compensation expense is amortized using the graded vesting method.

n) Income taxes

BTB is a mutual fund trust and a Real Estate Investment Trust (''REIT'') pursuant to the Income Tax Act (Canada). Under current tax legislation, a REIT is entitled to deduct distributions of taxable income such that, it is not liable to pay income tax provided that its taxable income is fully distributed to unitholders. BTB has reviewed the proscribed conditions under the Income Tax Act (Canada) and has determined that it qualifies as a REIT for the year. BTB intends to continue to qualify as a REIT and to make distributions not less than the amount necessary to ensure that BTB will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements.

o) Fair value measurement

The Trust measures financial instruments, such as derivatives, and non-financial assets, such as investment properties (including right-of-use assets), at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. Investment Properties

For the years ended December 31,	2019	2018
	$	$
Balance beginning of year	839,015	751,110
Initial recognition of right-of-use assets	3,900	—
Acquisitions of investment properties (note 4(a))	75,658	97,114
Business combination	—	7,500
Dispositions of investment properties (note 4(b))	(35,950)	(45,744)
Capital expenditures	5,491	4,341
Capitalized leasing fees	1,301	1,636
Capitalized lease incentives	3,093	3,614
Lease incentives amortization	(3,004)	(3,223)
Straight-line lease adjustment	703	525
Net changes in fair value of investment properties (note 4 (c))	34,113	22,142
Balance end of year	**924,320**	**839,015**

The fair value of a subset of the Trust's investment properties comprised of a selection of the most significant investment properties and approximately 1/3 of the remaining investment properties is determined annually on the basis of valuations made by independent external appraisers having appropriate professional qualifications, using recognized valuation techniques, comprising the Discounted Cash Flow, the Direct Capitalization and Comparable methods. The selection of investment properties subject to independent external valuation is determined by management based on its assessment of circumstances that in its view, may impact the value of a particular individual investment property. The fair value of the remaining investment properties is determined by management using internally generated valuations based on the Direct Capitalization method.

At December 31, 2019, external appraisals were obtained for investment properties with an aggregate fair value of $581,420 (December 31, 2018 - $548,940) and management's internal valuations were used for investment properties with an aggregate fair value of $342,900 (December 31, 2018 - $290,075).

The fair value of investment properties is based on Level 3 inputs. There have been no transfers during the period between levels. The significant inputs used to determine the fair value of the Trust's investment properties are as follows:

	Retail	Office	Industrial	Mixed-use
As at December 31, 2019				
Capitalization rate	6.00% - 7.75%	5.75% - 7.50%	5.75% - 8.50%	5.00% - 8.25%
Terminal capitalization rate	6.25% - 7.25%	6.25% - 7.50%	6.00% - 7.25%	5.25% - 7.25%
Discount rate	7.25% - 7.75%	6.75% - 8.00%	6.50% - 8.00%	6.25% - 8.00%
As at December 31, 2018				
Capitalization rate	6.25% - 7.75%	6.00% - 8.50%	5.75% - 8.50%	5.00% - 7.25%
Terminal capitalization rate	6.25% - 7.75%	6.50% - 7.50%	6.25% - 8.25%	5.25% - 7.50%
Discount rate	7.25% - 8.50%	7.00% - 8.00%	6.75% - 9.00%	6.25% - 8.25%

Valuations determined by the Direct Capitalization method are most sensitive to a change in the capitalization rate. An increase in the capitalization rate, other things being equal, will result in a decrease in fair value of the investment properties and vice-versa. The following table summarizes the sensitivity of the fair value of investment properties to changes in capitalization rate:

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	$	$
(0.50%)	1,001,900	77,580
(0.25%)	962,018	37,698
Base rate	924,320	—
0.25%	890,382	(33,938)
0.50%	858,558	(65,762)

a) Acquisitions

The fair value of the assets and liabilities recognized in the consolidated statement of financial position on the date of the acquisition during years ended December 31, were as follows:

i) Asset Acquisitions in 2019

				Fair value recognized on acquisition			
Acquisition date	**Property type**	**Location**	**Interest acquired**	**Investment properties, including transaction costs**	**Mortgage loan**	**Receivable / (Trade and other payables), including transaction costs**	**Total cash consideration paid**
			%	$	$	$	$
May 2019	Industrial	St-Laurent, QC	100	11,790	(8,050)	33	3,773
June 2019	Mixed-use	St-Hilaire, QC	100	19,238	(12,700)	301	6,839
June 2019	Retail	St-Bruno, QC	100	42,931	(28,000)	(32)	14,899
Transaction costs				1,699	—	(1,699)	—
Total				**75,658**	**(48,750)**	**(1,397)**	**25,511**

ii) Asset acquisitions in 2018

				Fair value recognized on acquisition			
Acquisition date	**Property type**	**Location**	**Interest acquired**	**Investment properties, including transaction costs**	**Balance of purchase price**	**Receivable / (Trade and other payables), including transaction costs**	**Total cash consideration paid**
			%	$	$	$	$
February 2018	Retail	Delson, QC	100	1,865	(1,399)[(1)]	—	466
July 2018	Mixed-use	Montréal, QC	100	25,200	—	(121)	25,079
July 2018	Retail	Lévis, QC	100	42,600	—	349	42,949
December 2018	Office	Laval, QC	100	24,478	—	(201)	24 277
Transaction costs				2,971	—	(2,971)	—
Total				**97,114**	**(1,399)**	**(2,944)**	**92,771**

(1) The balance of purchase price is comprised of one mortgage loan payable bearing interest at 4.00%, payable monthly, which matured in December 2018.

iii) 2018 Acquisition of a subsidiary accounted as a business combination

On May 30, 2018, the Trust acquired 25% of the interest in Complexe Lebourgneuf-Phase II joint operation. As a result, the Trust's interest in Complexe Lebourgneuf-Phase II increased from 75% to 100% and the Trust obtained control of Complexe Lebourgneuf-Phase II.

b) Dispositions

i) 2019 Asset dispositions

Disposition date	Property type	Location	Gross proceeds	Mortgage Assumption	Balance of sale	Receivable / (Trade and other payables), including transaction costs	Net proceeds
			$	$	$	$	$
February 2019	Retail	Delson, QC	22,500	(12,533)	(6,000)	(20)	3,947
March 2019	Retail	Delson, QC	1,950	—	—	(5)	1,945
May 2019	Retail	Montreal, QC	7,100	—	—	(31)	7,069
August 2019	Office	Saguenay, QC	4,400	—	—	(1)	4,399
Transaction costs [(note 4 (c)]				—	—	(804)	(804)
Total			**35,950**	**(12,533)**	**(6,000)**	**(861)**	**16,556**

The balance of sale consists of a loan, expiring on January 31, 2024, bearing interest at 7% for the first 3 years, at 7.50% for the 4th year, and at 8% for the 5th year. The balance of sale as at December 31, 2019 is $6,035 and includes $35 of accrued interest.

ii) 2018 Asset dispositions

Disposition date	Property type	Location	Gross proceeds	Receivable / (Trade and other payables), including transaction costs	Net proceeds
			$	$	$
January 2018	Industrial	Dorval, QC	5,650	(1)	5,649
February 2018	Industrial	Cornwall, ON	490	(6)	484
February 2018	Retail	Drummondville, QC	3,075	(31)	3,044
July 2018	Retail	Thetford Mines, QC	475	—	475
August 2018	Retail	Chambly, QC	5,604	32	5,636
October 2018	Mixed-use	Sherbrooke, QC	30,450	(35)	30,415
Transaction costs [(note 4 (c)]			—	(2,013)	(2,013)
Total			**45,744**	**(2,054)**	**43,690**

c) Net changes in fair value of investment properties, net of disposition expenses

Year ended December 31,	2019	2018
Net changes in fair value of investment properties (note 4)	34,113	22,142
Business combination expenses	—	(57)
Disposition expenses (note 4 (b))	(804)	(2,013)
	33,309	20,072

Net changes in fair value of investment properties includes the net changes in fair value of right-of-use assets related to the investment properties to which a lease is attached.

The disposition expenses include mainly commissions and debt prepayment penalties on mortgage loans related to disposed properties.

5. Other Assets

As at December 31,	2019	2018
	$	$
Prepaid expenses	1,921	1,366
Deposits	675	844
Total	**2,596**	**2,210**

6. Receivables

As at December 31,	2019	2018
	$	$
Rents receivable	2,801	2,556
Allowance for expected credit losses	(716)	(567)
Net rents receivable	2,085	1,989
Unbilled recoveries	776	430
Other receivables	948	827
Total	**3,809**	**3,246**

7. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $913,620 as at December 31, 2019 (December 31, 2018 – $822,945).

As at December 31,	2019	2018
	$	$
Fixed rate mortgage loans payable	387,029	370,988
Floating rate mortgage loans payable	108,218	102,217
Unamortized fair value assumption adjustments	628	839
Unamortized financing expenses	(2,723)	(2,882)
Mortgage loans payable	**493,152**	**471,162**
Short-term portion	87,589	70,086
Weighted average interest rate	3.92%	3.99%
Weighted average term to maturity (years)	5.12	5.56
Range of annual rates	2.77% - 6.80%	2.77% - 6.80%

As at December 31, 2019, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2020	14,574	73,015	87,589
2021	13,369	63,846	77,215
2022	11,750	27,882	39,632
2023	10,311	18,697	29,008
2024	8,253	76,529	84,782
Thereafter	36,582	140,439	177,021
	94,839	**400,408**	**495,247**
Unamortized fair value assumption adjustments			628
Unamortized financing expenses			(2,723)
			493,152

The Trust may enter into floating-for-fixed interest rate swap agreements on floating interest rate mortgages to hedge the variability in cash flows attributed to fluctuating interest rates. The Trust does not apply hedge accounting to such cash flow hedging relationships (see Note 11). The following table presents relevant information on interest rate swap agreements:

Transaction date	Original principal amount	Effective fixed interest rate	Settlement basis	Maturity date	Outstanding amount	
					As at December 31, **2019**	As at December 31, **2018**
	$	%			$	$
March 2013	7,150	4.12	Monthly	April 2023	5,391	5,684
June 2016	13,000	3.45	Quarterly	June 2026	11,628	12,020
November 2017	23,200	3.8825	Monthly	November 2027	23,098	23,200
November 2017	23,075	3.905	Monthly	December 2027	21,943	22,524
Total	**66,425**				**62,060**	**63,428**

8. Convertible Debentures

As at December 31, 2019, the Trust had two series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates		Unit conversion price	Interest payments	Maturity
		Coupon	Effective			
		%	%	$		
Series F	26,700	7.15	8.47	5.65	Semi-annual	December 2020
Series G	24,000	6.00	7.30	5.42	Semi-annual	October 2024

For both the Series F and the Series G subordinated, convertible, redeemable debentures, the fair value of the conversion and redemption options liability component at initial issuance was determined to be nil.

The accretion of the non-derivative liability component of the subordinated convertible debentures, when applicable, which increases as of the initial allocation on the issuance date to the final amount repayable, is recorded under finance costs. The conversion and redemption options liability component is measured at fair value.

	Series E	Series G	Total
	$	$	$
As at December 31, 2019			
Non-derivative liability component upon issuance	26,700	24,000	50,700
Unamortized financing expenses	(336)	(1,268)	(1,604)
Non-derivative liability component	**26,364**	**22,732**	**49,096**
Conversion and redemption options liability component at fair value	45	—	45

	Series E	Series F	Total
	$	$	$
As at December 31, 2018			
Non-derivative liability component upon issuance	22,690	26,700	49,390
Accretion of non-derivative liability component	244	—	244
	22,934	26,700	49,634
Unamortized financing expenses	(273)	(645)	(918)
Non-derivative liability component	**22,661**	**26,055**	**48,716**
Conversion and redemption options (asset) liability component at fair value	**(48)**	**3**	**(45)**

Series E

In February 2013, the Trust issued Series E subordinated convertible, redeemable, unsecured debentures bearing 6.90% interest payable semi-annually and initially maturing in March 2020, in the amount of $23,000. The debentures were redeemed for their nominal value on November 1, 2019. The excess of the redemption amount over the carrying amount, which totalled $117 and would have otherwise been amortized over time, was charged to net financial expenses on November 1, 2019 (see note 15).

Series F

In December 2015, the Trust issued Series F subordinated convertible, redeemable, unsecured debentures bearing 7.15% interest payable semi-annually and maturing in December 2020, in the amount of $26,700. The debentures are convertible at the holder's option at any time before December 2020, at a conversion price of $5.65 per unit ("Series F Conversion Price").

As of December 31, 2019, but before December 31, 2020, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

Series G

In October 2019, the Trust issued Series G subordinated convertible, redeemable, unsecured debentures bearing 6.00% interest payable semi-annually and maturing in October 2024, in the amount of $24,000. The debentures are convertible at the holder's option at any time before October 2024, at a conversion price of $5.42 per unit ("Series G Conversion Price").

These debentures are not redeemable before October 31, 2024, except in the case of a change in control. As of October 31, 2022, but before October 31, 2023, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the “current market price”) is at least 125% of the conversion price.

As of October 31, 2023, but before October 31, 2024, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

9. Bank Loans

The Trust has access to an acquisition line of credit in the amount of $19,000. This line of credit bears interest at a rate of 3.25% above the prime rate. As at December 31, 2019, $10,200 was due under the acquisition line of credit (December 31, 2018 – $15,000).

The Trust also has access to an operating credit facility for a maximum amount of $3,000. This facility bears interest at a rate of 0.75% above the prime rate. As at December 31, 2019, $2,260 was due under the operating credit facility (December 31, 2018 – nil).

The acquisition line of credit and the operating credit facility are secured by an immoveable first rank hypothec on two properties having a fair value of $6,375 and by an immoveable second rank hypothec on six properties having a fair value of $131,625.

10. Class B LP Units

	Year ended December 31, **2019**		Year ended December 31, **2018**	
	Units	$	Units	$
Units outstanding, beginning of year	532,265	2,315	—	—
Issuance of Class B LP units - Acquisitions	—	—	532,265	2,491
Exchange into Trust units	(35,000)	(174)	—	—
Fair value adjustment		430		(176)
Units outstanding, end of year	**497,265**	**2,571**	532,265	2,315

The Class B LP Units are exchangeable into Trust units on a one-for-one basis at any time at the option of the holder. During the year ended December 31, 2019, 35,000 Class B LP Units were exchanged into Trust units.

The Class B LP Units are entitled to distributions equal to distributions declared on Trust units, on a one-to-one basis. Distributions on Class B LP Units are recognized in the statement of comprehensive income when declared. Monthly distributions of $0.035 per Class B LP Unit were declared for a total amount of $224 during the year ended December 31, 2019 ($131 for the year ended December 31, 2018).

11. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, receivables, balance of sale, trade and other payables and distributions payable to unitholders, which approximated their carrying amount as at December 31, 2019 and December 31, 2018 because of their short-term maturity or because they bear interest at current market rates.

As at December 31, 2019	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 8)	45	—	—	45
Interest rate swap asset	(304)	—	(304)	—
Class B LP Units (note 10)	2,571	2,571	—	—
For which fair values are disclosed				
Mortgage loans payable (note 7)	493,152	—	506,430	—
Convertible debentures, including their conversion and redemption features (note 8)	49,141	52,827	—	—
Bank loans (note 9)	12,460	—	12,460	—

As at December 31, 2018	Carrying amount			Fair value
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 8)	(45)	—	—	(45)
Interest rate swap asset	(1,554)	—	(1,554)	—
Class B LP Units (note 10)	2,315	2,315	—	—
For which fair values are disclosed				
Mortgage loans payable (note 7)	471,162	—	459,633	—
Convertible debentures, including their conversion and redemption features (note 8)	48,671	49,946	—	—
Bank loans (note 9)	15,000	—	15,000	—

The fair value of mortgage loans payable was calculated by discounting cash flows from future payments of principal and interest using the period end market rate for various loans with similar risk and credit profiles. The period end market rates have been estimated by reference to published mortgage rates by major financial institutions for similar maturities.

The fair value of convertible debentures, including their conversion and redemption features, was determined with reference to the last quoted trading price preceding the period end.

The fair value of the Class B LP Units is determined with reference to the market price of the Trust units as at period end.

The fair values of derivative financial instruments, which comprise the conversion and redemption options of convertible debentures and an interest rate swap, are based respectively on the partial differential equation method and the discounted future cash flows method. The assumptions used in the partial differential equation method are estimated by reference to the market price of the Trust units and its volatility, and take into account the credit risk of the financial instrument. The assumptions used in the discounted future cash flows method are estimated by reference to the Canadian Dollar Offered Rate ("CDOR") forward rates.

Such fair value estimates are not necessarily indicative of the amounts the Trust might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

The following tables provide a reconciliation of Level 3 fair value measurements on the consolidated statements of financial position:

	Conversion and redemption options of convertible debentures
	$
Year ended December 31, 2019	
Balance beginning of year	(45)
Change for the year recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	90
Balance end of year	**45**

	Conversion and redemption options of convertible debentures
	$
Year ended December 31,2018	
Balance beginning of year	1
Change for the year recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	(46)
Balance end of year	**(45)**

The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at December 31, 2019:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity Increase (decrease)		
(0.50%)	(41)	10.02
December 31, 2019	45	10.52
0.50%	140	11.02

As shown in the sensitivity analysis above, the fair value of the conversion and redemption options of convertible debentures is impacted by a change in the volatility used in the valuation model. Generally, an increase in the volatility, other things being equal, will result in an increase in fair value of the conversion and redemption options of convertible debentures and vice-versa.

12. Unit-based Compensation

a) Deferred unit compensation plan for trustees and certain executive officers

The Trust offers a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, the trustees and certain executive officers may elect to receive as compensation either cash, deferred units, or a combination of both.

The following table presents relevant information on changes in the number of deferred units:

For the years ended December 31,	2019	2018
	Deferred units	Deferred units
Outstanding, beginning of year	37,055	12,330
Trustees' compensation	18,071	22,173
Distributions paid in units	4,516	2,552
Outstanding, end of year	**59,642**	**37,055**

As at December 31, 2019, the liability related to the plan was $306 (December 31, 2018 - $153). The related expense recorded in profit or loss amounted to $153 for the year ended December 31, 2019 ($97 for the year ended December 31, 2018).

b) Employee unit purchase plan

The Trust offers an optional employee unit purchase plan to all its employees. Under this plan, the employees may contribute, each year, pursuant to a maximum of 3% to 7% of their base salary depending of their years of service with the Trust. For each two units purchased by an employee, the Trust issues one unit from treasury.

As at December 31, 2019, the liability related to the plan was $58 representing a total of 11,194 units to issue (December 31, 2018 - $41, representing a total of 9,253 units to issue). The related expense recorded in profit and loss amounted to $61 for the year ended December 31, 2019 (for the year ended December 31, 2018 - $40). The 11,194 units related to 2019 purchases were issued in February 2020 (9,253 units related to 2018 purchases issued in February 2019).

c) Restricted unit compensation plan

The Trust offers a restricted unit compensation plan for all executive officers and key employees. Under this plan, the executive officers and key employees are eligible to receive restricted units.

The following table presents relevant information on changes in the restricted units:

For years ended December 31,	**2019**	**2018**
	Restricted units	Restricted units
Outstanding, beginning of year	138,919	115,628
Granted	82,622	72,819
Cancelled	(1,818)	(18,815)
Settled	(54,711)	(30,713)
Outstanding, end of year	**165,012**	**138,919**

As at December 31, 2019, the liability related to the plan was $686 (December 31, 2018 - $475). The related expense recorded in profit and loss amounted to $462 for the year ended December 31, 2019 (for the year ended December 31, 2018 - $218).

13. Trust Units Issued and Outstanding

BTB is authorized to issue an unlimited number of trust units. Each trust unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions. The unitholders have the right to require BTB to redeem their trust units on demand. Upon receipt of the redemption notice, all rights to and under the trust units tendered for redemption are surrendered and the holder thereof is entitled to receive a price per trust unit ("Redemption Price"), as determined by a market formula. The Redemption Price is to be paid in accordance with the conditions provided for in the Declaration of Trust. BTB trust units are considered liability instruments under IFRS because the trust units are redeemable at the option of the holder, however they are presented as equity in accordance with IAS 32.

In June 2019, the Trust completed a public issue of 6,157,100 trust units, including the over-allotment option, for total net proceeds of $27,220.

In June 2018, the Trust completed a public issue of 6,250,250 trust units, including the over-allotment option, for total net proceeds of $27,239.

Trust units issued and outstanding are as follows:

For the years ended December 31,	2019		2018	
	Units	$	Units	$
Trust units outstanding, beginning of year	55,317,723	274,231	48,423,118	244,115
Issue pursuant to a public issue	6,157,100	28,754	6,250,250	28,751
Trust unit issuance costs	—	(1,534)	—	(1,512)
	61,474,823	301,451	54,673,368	271,354
Issue pursuant to the distribution reinvestment plan (a)	677,771	3,110	603,951	2,691
Issue pursuant to the employee unit purchase plan (note 12 (b))	9,253	43	9,691	44
Issue pursuant to the restricted unit compensation plan (note 12 (c))	54,711	251	30,713	142
Class B LP units exchange into Trust units	35,000	174	—	—
Trust units outstanding, end of year	**62,251,558**	**305,029**	**55,317,723**	**274,231**

a) Distribution reinvestment plan

BTB offers a distribution reinvestment plan for its trust unitholders. Participation in the plan is optional and under the terms of the plan, cash distributions on trust units are used to purchase additional trust units. The trust units are issued from BTB's treasury at a price based on the volume-weighted average of the trading prices on the Toronto Stock Exchange for the last five trading days before the distribution date, less a 3% discount.

b) Distributions

For the years ended December 31,	2019	2018
	$	$
Distributions to unitholders	24,917	22,023
Distributions per Trust unit	0.42	0.42

14. Rental Revenues

For the years ended December 31,	2019	2018
	$	$
Base rent and other lease generated revenues	56,844	53,384
Lease cancellation fees	1,062	1,482
Property tax and insurance recoveries	18,434	17,200
	76,340	72,066
Operating expenses recoveries and other revenues	19,562	18,055
Lease incentive amortization	(3,003)	(3,223)
Straight-line lease adjustment	703	525
	93,602	**87,423**

The Trust as lessor enters into leases on its investment properties. Initial lease terms are generally between three and ten years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to terminate before the end of the lease term. The Trust has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Future minimum base rentals receivable under non-cancellable operating leases as at December 31, 2019 are as follows:

	2019
	$
Within one year	57,272
Beyond one year but within two years	50,681
Beyond two year but within three years	42,623
Beyond three year but within four years	35,162
Beyond four year but within five years	30,050
Beyond five years	86,608
	302,396

15. Net Financial Expenses

For the years ended December 31,	2019	2018
	$	$
Interest on mortgage loans payable	18,941	17,512
Interest on convertible debentures	3,577	3,496
Interest on bank loans	915	929
Interest on lease liabilities (Note 23)	271	—
Other interest expense	173	116
Accretion of non-derivative liability component of convertible debentures	43	49
Accretion of effective interest on mortgage loans payable and convertible debentures	1,078	1,039
Distributions - Class B LP Units	224	131
Fair value adjustment – Class B LP Units	430	(176)
Impact of early redemption of convertible debenture series E (note 8)	117	—
Net adjustment to fair value of derivative financial instruments	1,340	(229)
	27,109	**22,867**

16. Expenses by Nature

For the years ended December 31,	2019	2018
	$	$
Depreciation	106	90
Employee compensation and benefits expense	7,367	6,527

17. Earnings per Unit

BTB's trust units being puttable financial instruments presented as equity in accordance with IAS 32, the Trust is not required to report a profit or loss per trust unit figure on its consolidated statements of comprehensive income. However, for disclosure purposes only, the Trust has determined basic earnings per unit using the same basis that would apply in accordance with lAS 33, *Earnings per Share.*

Net earnings per unit are calculated based on the weighted average number of trust units outstanding as follows:

For the years ended December 31,	2019	2018
	$	$
Net income	51,881	41,337
Weighted average number of trust units outstanding – basic	59,098,137	52,120,760
Earnings per unit – basic	**0.88**	**0.79**

18. Capital and Financial Risk Management

This note presents information about the Trust's management of capital and the Trust's exposure to financial risk and its objectives, policies and processes for measuring and managing risk.

a) Capital Management

The Trust's capital consists of contributions by unitholders, convertible debentures, mortgage loans and bank loans, excluding issuance costs. In managing its capital, the Trust's objectives are to ensure that it has adequate resources for its operations and development, while maximizing returns for unitholders and maintaining a balance between debt and equity.

The Trust manages its capital structure based on changes in its operations, the economic climate and the availability of capital.

The Trust's capital is as follows:

As at December 31,	**2019**	**2018**
	$	$
Cash and cash equivalents	(1,803)	(8,824)
Mortgage loans payable[1]	495,247	473,205
Convertible debentures[1]	50,700	49,700
Acquisition line of credit	10,200	15,000
Mortgage loans payable, Convertible debentures and Acquisition line of credit adjusted for Cash and cash equivalents	**554,344**	**529,081**
Total assets	939,130	855,223
Accumulated depreciation on Property and equipment	804	698
Cash and cash equivalents	(1,803)	(8,824)
Totals assets adjusted for accumulated depreciation and cash and cash equivalents	**938,131**	**847,097**

(1) Excluding issue costs

As at December 31,	**2019**	**2018**
	%	%
Mortgage loans payable, Convertible debentures and Acquisition line of credit adjusted for Cash and cash equivalents / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	59.1	62.5
Mortgage loans payable / total assets adjusted for accumulated depreciation and cash and cash equivalents ratio	52.8	55.9

b) Financial Risk Management

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- fair value risk (see note 11)

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

i) Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates this risk by varying its tenant mix and staggering lease terms; avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues and conducting credit assessments for all major new tenants. The Trust analyzes its trade receivable on a regular basis and establishes an allowance for expected credit losses that represents its estimate of lifetime expected credit losses to be incurred in respect of its trade receivables. As at December 31, 2019, overdue rent receivable amounted to $1,959 (December 31, 2018 - $1,794), for which an allowance for expected credit losses of $716 (December 31, 2018 - $567) has been recorded. Management expects to recover the amounts not provisioned as all lease agreements are signed, and they are in continuous discussions for collections with the tenants.

The Trust places its cash and cash equivalents with Canadian financial institutions with high credit ratings. Credit ratings are actively monitored and these financial institutions are expected to meet their obligations.

The Trust is also exposed to credit risk with respect to derivative financial instruments that are in an unrealized gain position, for which the credit exposure is equal to the positive fair value of the outstanding contracts. The Trust only enters into derivative financial instruments with Canadian financial institutions with high credit ratings.

ii) Interest rate risk

Interest rate risk reflects the risk of changes in the fair value or future cash flows of a financial instrument because of fluctuations in market interest rates.

Except for five mortgage loans outstanding of $46,158 as at December 31, 2019, all other mortgage loans payable and convertible debentures bear interest at fixed rates or are covered by a floating-to-fixed interest rate swap agreement. Accordingly a 100-basis point increase or decrease in the average interest rates for the fiscal year, assuming that all other variables remain constant, would have an impact of approximately $4,616 on the Trust's comprehensive income for the year ended December 31, 2019.

iii) Liquidity risk

Liquidity risk is managed by:

- maximizing cash flows from operations;
- adopting an investment property acquisition and improvement program that takes into account available liquidity;
- using credit facilities;
- staggering mortgage loan maturities;
- maximizing the value of investment properties, thus increasing mortgage financing on renewal of loans; and
- issuing debt securities or BTB's units on the financial markets.

Management believes that the Trust will be able to obtain the financing required to make the payments coming due in the next year. However, there is a risk that changes affecting market conditions and access to financing may invalidate this assumption.

Some mortgage loans include subjective and restrictive covenant clauses under which the Trust must comply with financial conditions and ratios.

As at December 31, 2019, the Trust was in compliance with all the covenants to which it was subject except for one mortgage loan's debt service coverage ratio. The mortgage loan is maturing in July 2020 and is therefore already included in the 2020 scheduled repayments. The balance of the mortgage loan as at December 31, 2019 was $18,000. The Trust has always met the other mortgage loan provisions and has never been late on a monthly payment. The Trust believes that the mortgage loan will be refinanced at maturity for the entire amount outstanding.

The Trust's cash position is regularly monitored by management. The following are the contractual maturities of financial liabilities, including estimated interest payments:

As at December 31, 2019								Estimated payment schedule
	Carrying amount	Total contractual cash flows	2020	2021	2022	2023	2024	2025 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	17,984	18,110	18,028	67	9	6	—	—
Distributions payable to unitholders	2,179	2,179	2,179	—	—	—	—	—
Lease liabilities	4,454	10,594	322	330	332	334	294	8,982
Bank loans	12,460	12,460	12,460	—	—	—	—	—
Mortgage loans payable and convertible debentures	542,248	637,567	135,746	93,462	53,371	41,021	117,764	196,203
	579,325	**680,910**	**168,735**	**93,859**	**53,712**	**41,361**	**118,058**	**205,185**

As at December 31, 2018								Estimated payment schedule
	Carrying amount	Total contractual cash flows	2019	2020	2021	2022	2023	2025 and thereafter
	$	$	$	$	$	$	$	$
Trade and other payables	17,048	17,140	16,385	256	168	124	124	83
Distributions payable to unitholders	1,936	1,936	1,936	—	—	—	—	—
Bank loans	15,000	15,000	15,000	—	—	—	—	—
Mortgage loans payable and convertible debentures	519,878	614,913	90,723	123,444	81,762	48,349	30,234	240,401
	553,862	**648,989**	**124,044**	**123,700**	**81,930**	**48,473**	**30,358**	**240,484**

19. Subsidiaries and Joint Arrangements

a) Subsidiaries

The principal entities included in the Trust's consolidated financial statements are as follows:

Entity	Type	Relationship
BTB, Acquisition and operating Trust ("BTB A&OT")	Trust	100% owned by BTB Real Estate Investment Trust
BTB Real Estate Management Inc.	Corporation	100% owned by BTB A&OT
Immeuble BTB Crescent Sainte-Catherine Inc	Corporation	100% owned by BTB A&OT
Cagim Real Estate Corporation ("CREC")	Corporation	100% owned by BTB A&OT
Lombard SEC	Limited Partnership	99.9% owned by BTB A&OT 0.1% owned by CREC
Place d'affaire Lebourgneuf Phase II, SENC ("PAL II")	General Partnership	99.9% owned by BTB A&OT 0.1% owned by CREC
Société immobilière Cagim, SEC	Limited Partnership	70.4% owned by BTB A&OT 29.5% owned by PAL II 0.1% owned by CREC

b) Joint arrangements

The Trust has investments in joint arrangements whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangements. Therefore, the joint arrangements are classified as joint operations. The joint operations included in the Trust's consolidated financial statement are as follows:

As at December 31,		**2019**	**2018**
Property	**Location**	%	%
Immeuble BTB/Laplaine	Terrebonne, QC	50	50
Huntington/BTB Montclair	Gatineau, QC	50	50

The consolidated financial statements include the Trust's proportionate share of the assets, liabilities, revenues and expenses of these joint arrangements. Summarised financial information is as follows:

As at and for the years ended December 31,	**2019**	**2018**
	$	$
Assets	20,007	19,917
Liabilities	10,141	10,523
Revenues	2,372	605
Expenses	1,420	110

20. Operating Segments

For investment properties, discrete financial information is provided to the CEO on an aggregated investment property basis. The information provided is net rentals (including gross rent and property expenses), the change in fair value of investment properties and fair value of investment properties. The individual investment properties are aggregated into segments with similar economic characteristics. The CEO considers that this is best achieved by aggregating into retail, office, industrial and mixed-use segments.

Consequently, the Trust is considered to have four operating segments, as follows:

- Retail
- Office
- Industrial
- Mixed-use

	Retail	**Office**	**Industrial**	**Mixed-use**	**Total**
	$	$	$	$	$
Year ended December 31, 2019					
Investment properties	265,487	395,425	158,720	104,688	**924,320**
Rental revenue from properties	26,935	43,206	12,852	10,609	**93,602**
Net operating income	16,102	21,190	8,236	5,369	**50,897**
Year ended December 31, 2018					
Investment properties	249,370	372,190	130,305	87,150	**839,015**
Rental revenue from properties	26,266	42,507	9,785	8,865	**87,423**
Net operating income	15,925	20,005	7,226	4,481	**47,637**

21. Supplemental Cash Flow Information

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities

	Convertible debentures	Mortgage loans payable
Year ended December 31,2019	$	$
Balance beginning of year	48,716	471,162
Mortgage loans, net of financing costs	—	17,841
Repayment of mortgage loans	—	(32,604)
Asset acquisitions mortgage assumption	—	48,750
Asset dispositions mortgage assumption	—	(12,533)
Net proceeds from issuance of convertible debentures	22,678	—
Repayment of convertible debentures	(23,000)	—
Fair value assumption adjustments and financing costs amortization	542	536
Accretion of non-derivative liability component	43	—
Impact of early redemption of convertible debenture series E	117	—
Balance end of year	**49,096**	**493,152**

22. Compensation of Key Management Personnel and Trustees

Key management personnel and trustees compensation is as follows:

For the years ended December 31,	2019	2018
	$	$
Salaries and short-term benefits	2,191	2,142
Unit-based compensation	604	333
Total	**2,795**	**2,475**

Key management personnel are comprised of the Company's executive officers.

23. Leases, Commitments and Contingencies

a) Leases

Lease liabilities

As at December 31,	**2019**
Maturity analysis – contractual undiscounted cash flows	$
Within one year	322
Beyond one year but within five years	1,290
Beyond five years	8,982
Total undiscounted lease liabilities	**10,594**
Lease liabilities included in the statement of financial position	4,454
Current	105
Non-current	4,349

Amounts recognised in profit and loss and statement of cash flow

As at December 31,	**2019**
Profit and loss	$
Interest on lease liabilities (Note 17)	271
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	105
Statement of cash flow	
Total cash outflow for leases	418

Finance lease as lessee – 2018

The annual future payments required under finance leases expiring between 2020 and 2025 are as follows:

As at December 31,			**2018**
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
	$	$	$
Within one year	124	33	91
Beyond one year but within five years	496	72	424
Beyond five years	83	2	81
	703	**107**	**596**

The present value of the minimum lease payments was recorded in Trade and other payables.

b) Litigation

The Trust is involved in litigation and claims which arise from time to time in the normal course of business. These litigation and claims are generally covered by insurance. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust's consolidated financial statements.

24. Subsequent Event

In January 2020, the Trust completed the sale of an industrial property in Ingersoll (Ontario) for $13,300. As part of the transaction, the buyer assumed a mortgage loan of $9,068 discharging the Trust from is obligation under the mortgage loan.

In February 2020, the Trust completed the purchase of an office property in Ottawa (Ontario) for $21,750. As part of the transaction, the Trust assumed a mortgage loan of $13,474.

In February 2020, the Trust completed the sale of an industrial property in Montreal (Quebec) for $9,250. The Trust used $6,100 from the proceeds to repay outstanding mortgage loan.

25. Comparatives Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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