

CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
Quarter Ended March 31<sup>st</sup>, 2020

**Our clients'  
well-being:  
at the heart  
of our  
priorities.**





# Condensed Consolidated Interim Financial Statements

Quarter Ended March 31, 2020

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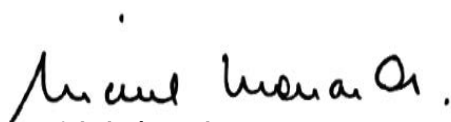
## Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)


	Notes	As at March 31, 2020	As at December 31, 2019
		\$	\$
<b>ASSETS</b>			
Investment properties	3	919,632	924,320
Property and equipment		252	263
Derivative financial instruments	10	—	304
Other assets	4	9,462	2,596
Balance of sale	3	6,000	6,035
Receivables	5	5,209	3,809
Cash and cash equivalents		2,728	1,803
<b>Total assets</b>		<b>943,283</b>	<b>939,130</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
Mortgage loans payable	6	495,475	493,152
Convertible debentures	7	49,232	49,096
Bank loans	8	14,660	12,460
Lease liabilities	18	4,422	4,454
Class B LP Units	9	1,571	2,571
Unit-based compensation	11	488	1,050
Derivative financial instruments	10	3,838	45
Trade and other payables		26,192	17,984
Distributions payable to unitholders		2,187	2,179
<b>Total liabilities</b>		<b>598,065</b>	<b>582,991</b>
<b>Unitholders' equity</b>		<b>345,218</b>	<b>356,139</b>
		<b>943,283</b>	<b>939,130</b>

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on May 12, 2020.



Michel Léonard, Trustee



Jocelyn Proteau, Trustee

## Condensed Consolidated Interim Statements of Comprehensive (Loss) Income

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended March 31	
		2020	2019
		\$	\$
<b>Operating revenues</b>			
Rental revenues	13	23,868	21,634
<b>Operating expenses</b>			
Public utilities and other operating expenses		5,335	5,477
Property taxes and insurance		5,767	5,106
		11,102	10,583
<b>Net operating income</b>		<b>12,766</b>	<b>11,051</b>
Financial income		(113)	(89)
<b>Expenses</b>			
Financial expenses		6,391	6,012
Distributions - Class B LP Units	9	52	56
Fair value adjustment – Class B LP Units	9	(1,000)	229
Net adjustment to fair value of derivative financial instruments		4,097	1,726
Net financial expenses	14	9,540	8,023
Administration expenses		1,199	1,330
Net change in fair value of investment properties and disposition expenses	3	7,727	406
<b>Net (loss) income being total comprehensive (loss) income for the period</b>		<b>(5,587)</b>	<b>1,381</b>

See accompanying notes to condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statements of Changes In Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative distributions	Cumulative comprehensive income	Total
Balance at January 1, 2020		<b>305,029</b>	<b>(134,596)</b>	<b>185,706</b>	<b>356,139</b>
Issuance of units, net of issuance costs	12	1,222	—	—	1,222
Distributions to unitholders	12	—	(6,556)	—	(6,556)
		306,251	(141,152)	185,706	350,805
Comprehensive loss		—	—	(5,587)	(5,587)
<b>Balance as at March 31, 2020</b>		<b>306,251</b>	<b>(141,152)</b>	<b>180,119</b>	<b>345,218</b>
Balance at January 1, 2019		<b>274,231</b>	<b>(109,679)</b>	<b>133,825</b>	<b>298,377</b>
Issuance of units, net of issuance costs		954	—	—	954
Distributions to unitholders	12	—	(5,825)	—	(5,825)
		275,185	(115,504)	133,825	293,506
Comprehensive income		—	—	1,381	1,381
<b>Balance as at March 31, 2019</b>		<b>275,185</b>	<b>(115,504)</b>	<b>135,206</b>	<b>294,887</b>

See accompanying notes to condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended March 31	
		2020	2019
		\$	\$
<b>Operating activities</b>			
Net (loss) income for the period		(5,587)	1,381
Adjustment for:			
Net change in fair value of investment properties and disposition expenses	3	7,727	10
Depreciation of property and equipment		24	24
Unit-based compensation	11	(173)	215
Straight-line lease adjustment	13	(144)	757
Lease incentive amortization	13	752	212
Financial income		(113)	(89)
Net financial expenses	14	9,540	8,023
		12,026	10,533
Net change in non-cash operating items		(1,352)	(2,317)
<b>Net cash from operating activities</b>		<b>10,674</b>	<b>8,216</b>
<b>Investing activities</b>			
Increase in investment properties	3	(11,041)	(1,347)
Net proceeds from disposition of investment properties	3	12,493	5,496
Additions to property and equipment		(13)	(13)
<b>Net cash from investing activities</b>		<b>1,439</b>	<b>4,136</b>
<b>Financing activities</b>			
Mortgage loans, net of financing expenses		13,586	21
Repayment of mortgage loans		(16,127)	(5,603)
Bank loans, net of financing expenses		2,200	—
Lease liability payments		(32)	(22)
Net distributions to unitholders		(5,715)	(5,148)
Net distributions – Class B LP units	9	(52)	(56)
Interest paid		(5,048)	(5,535)
<b>Net cash used in financing activities</b>		<b>(11,188)</b>	<b>(16,343)</b>
<b>Net change in cash and cash equivalents</b>		<b>925</b>	<b>(3,991)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>1,803</b>	<b>8,824</b>
<b>Cash and cash equivalents, end of period</b>		<b>2,728</b>	<b>4,833</b>

See accompanying notes to condensed consolidated interim financial statements.

## Notes to Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2020 and 2019 (Unaudited - 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, Montréal, Québec, Canada. The condensed consolidated interim financial statements of BTB for the three-month period ended March 31, 2020 and 2019 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 unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the Trust’s consolidated financial statements for the years ended December 31, 2019 and 2018.

The accounting policies applied by the Trust in these unaudited condensed interim financial statements are the same as those applied by the Trust in its consolidated financial statements for the year ended December 31, 2019.

These condensed consolidated interim financial statements were approved by the Board of Trustees on May 12, 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) Risks and uncertainties related to the coronavirus pandemic (COVID-19)

During and subsequent to the first quarter of 2020, the outbreak of COVID-19 has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods, restrictions on or closures of non-essential businesses and social distancing, have caused an economic slowdown and material disruption to businesses in Canada and globally resulting in an uncertain and challenging economic environment that could negatively impact the operations of the Trust and its financial results in future quarters. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of publication, the duration and impact of the COVID-19 pandemic is still unknown, as are the effectiveness of the central bank and government interventions. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the Trust operations. In a long term scenario, certain aspects of the Trust operations that could potentially be impacted include rental income, occupancy, tenant inducements, future demand for space and market rents, which all ultimately impact the underlying valuation of the Trust’s investment properties.

In light of the COVID-19 pandemic, the Trust is also reviewing its future cash flow projections (see Note 17).



**d) 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.

**e) 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, and the differences may be material.

The significant judgments made by management in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2019, except as indicated below.

Key sources of estimation uncertainty especially impacted by COVID-19 consist of the valuation of investment properties and the determination of the Trust's expected credit losses on receivables.

*Valuation of investment properties*

The Trust expects that COVID-19 will have the most notable impact on its retail portfolio. The carrying value for the Trust's investment properties reflects its best estimate for the highest and best use as at March 31, 2020 taking into account the expected impact of COVID-19 at that date (see Note 3).

*Determination of expected credit losses on receivables*

As a result of COVID-19, the Trust has received numerous requests from tenants asking for rental concessions or stating that they are not going to pay rent during the pandemic closures. The Trust has agreed to assist some of its tenants with rent deferrals. Subsequent to the end of the quarter and as of May 8, 2020, the Trust received payment of 79% of the April contractual rents. Rent deferrals for the month of April amount to 4.8% of the April contractual rents. It is too early to determine how much rent will be withheld by tenants for the months ahead. In determining its allowance for expected credit losses as at March 31, 2020, the Trust has considered the credit profile of its tenants, historical loss rates as well as the current economic environment.

**3. Investment Properties**

	Three-month period ended March 31, 2020	Year ended December 31, 2019
	\$	\$
Balance beginning of period	924,320	839,015
Initial recognition of right-of-use assets	—	3,900
Acquisitions of investment properties (note 3(a))	22,286	75,658
Dispositions of investment properties (note 3(b))	(22,550)	(35,950)
Capital expenditures	543	5,491
Capitalized leasing fees	502	1,301
Capitalized lease incentives	2,037	3,093
Lease incentives amortization	(752)	(3,004)
Straight-line lease adjustment	144	703
Net changes in fair value of investment properties (note 3 (c))	(6,898)	34,113
<b>Balance end of period</b>	<b>919,632</b>	<b>924,320</b>

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 March 31, 2020 no external appraisals were obtained for investment properties (December 31, 2019 - \$581,420). The Trust internally reviewed and updated the fair value of all of its investment properties in light of COVID-19, taking into account property segments, tenant profile, April's contractual rents collection rates and management's expectation of movements in capitalization rates.

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
<b>As at March 31, 2020</b>				
Capitalization rate	6.00% - 8.00%	5.75% - 7.50%	5.75% - 8.50%	5.00% - 8.50%
Terminal capitalization rate	6.25% - 7.25%	6.25% - 7.50%	6.00% - 7.25%	5.25% - 7.25%
Discount rate	7.25% - 8.00%	6.75% - 8.00%	6.50% - 8.00%	6.25% - 8.00%
<b>As at December 31, 2019</b>				
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%

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.

Capitalization rate sensitivity Increase (decrease)	Fair Value	Change in fair value
	\$	\$
(0.50%)	994,513	74,881
(0.25%)	954,680	35,048
Base rate	919,632	—
0.25%	883,295	(36,337)
0.50%	851,582	(68,050)

## a) Acquisitions

### i) Acquisitions in 2020

Acquisition date	Property type	Location	Interest acquired	Investment properties, including transaction costs	Fair value recognized on acquisition		
					Mortgage loan	Receivable / (Trade and other payables), including transaction costs	Total cash consideration paid
			%	\$	\$	\$	\$
February 2020	Office	Ottawa, QC	100	21,750	(13,684)	(587)	7,479
	Transaction costs			536		(536)	—
<b>Total</b>				<b>22,286</b>	<b>(13,684)</b>	<b>(1,123)</b>	<b>7,479</b>

**ii) Acquisitions in 2019**

There were no acquisitions during the three-month period ended March 31, 2019.

**b) Dispositions****i) Dispositions in 2020**

Disposition date	Property type	Location	Gross proceeds	Mortgage assumption	Receivable / (Trade and other payables), including transaction costs	Net proceeds
			\$	\$	\$	\$
January 2020	Industrial	Ingersoll, ON	13,300	(9,068)	(103)	4,129
February 2020	Industrial	Montréal, QC	9,250	—	(57)	9,193
Transaction costs (note 3(c))					(829)	(829)
<b>Total</b>			<b>22,550</b>	<b>(9,068)</b>	<b>(989)</b>	<b>12,493</b>

**ii) Dispositions in 2019**

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
Transaction costs (note 3(c))				—	—	(396)	(396)
<b>Total</b>			<b>24,450</b>	<b>(12,533)</b>	<b>(6,000)</b>	<b>(421)</b>	<b>5,496</b>

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 4<sup>th</sup> year, and at 8% for the 5<sup>th</sup> year. The balance of sale as at March 31, 2020 is \$6,000.

**c) Net changes in fair value of investment properties and disposition expenses**

Three-month period ended March 31,	2020	2019
Net changes in fair value of investment properties (note 3)	6,898	10
Disposition expenses (note 3 (b))	829	396
	<b>7,727</b>	<b>406</b>

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.

#### 4. Other Assets

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Prepaid expenses	8,773	1,921
Deposits	689	675
<b>Total</b>	<b>9,462</b>	<b>2,596</b>

#### 5. Receivables

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Rents receivable	4,015	2,801
Allowance for expected credit losses	(852)	(716)
Net rents receivable	3,163	2,085
Unbilled recoveries	894	776
Other receivables	1,152	948
<b>Total</b>	<b>5,209</b>	<b>3,809</b>

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. In assessing the adequacy of allowance for doubtful accounts provisions on tenant receivables for these interim financial statements, management has considered the likelihood of collection of current receivables given the impact on tenant operations with temporarily closed locations or temporarily reduced service levels, under the current COVID-19 restrictions imposed by various levels of government. Management has increased its allowance for doubtful accounts provision primarily related to smaller third-party tenants that may not have the liquidity to meet their current financial obligations.

#### 6. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately \$908,943 as at March 31, 2020 (December 31, 2019 – \$913,620).

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Fixed rate mortgage loans payable	397,841	387,029
Floating rate mortgage loans payable	99,381	108,218
Unamortized fair value assumption adjustments	775	628
Unamortized financing expenses	(2,522)	(2,723)
<b>Mortgage loans payable</b>	<b>495,475</b>	<b>493,152</b>
Short-term portion	74,454	87,589
Weighted average interest rate	3.71%	3.92%
Weighted average term to maturity (years)	4.98	5.12
Range of annual rates	2.37% - 6.80%	2.77% - 6.80%

As at March 31, 2020, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	\$	\$	\$
2020*	11,552	62,902	74,454
2021	14,132	57,676	71,808
2022	12,485	29,392	41,877
2023	10,731	32,284	43,015
2024	8,575	68,571	77,146
Thereafter	36,804	152,118	188,922
	<b>94,279</b>	<b>402,943</b>	<b>497,222</b>
Unamortized fair value assumption adjustments			775
Unamortized financing expenses			(2,522)
			<b>495,475</b>

\* For the nine-month period remaining

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 10). 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 March 31, 2020	As at December 31, 2019
	\$	%			\$	\$
March 2013	7,150	4.12	Monthly	April 2023	5,315	5,391
June 2016	13,000	3.45	Quarterly	June 2026	11,530	11,628
November 2017	23,200	3.8825	Monthly	November 2027	22,988	23,098
November 2017	23,075	3.905	Monthly	December 2027	21,795	21,943
<b>Total</b>	<b>66,425</b>				<b>61,628</b>	<b>62,060</b>

## 7. Convertible Debentures

As at March 31, 2020, 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

	Series F	Series G	Total
	\$	\$	\$
<b>As at March 31, 2020</b>			
Non-derivative liability component upon issuance	26,700	24,000	50,700
Unamortized financing expenses	(255)	(1,213)	(1,468)
<b>Non-derivative liability component</b>	<b>26,445</b>	<b>22,787</b>	<b>49,232</b>
<b>Conversion and redemption options liability (asset) component at fair value</b>	<b>165</b>	<b>(2)</b>	<b>163</b>
<b>As at December 31, 2019</b>			
Non-derivative liability component upon issuance	26,700	24,000	50,700
Unamortized financing expenses	(336)	(1,268)	(1,604)
<b>Non-derivative liability component</b>	<b>26,364</b>	<b>22,732</b>	<b>49,096</b>
<b>Conversion and redemption options liability component at fair value</b>	<b>45</b>	<b>—</b>	<b>45</b>

## 8. 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 March 31, 2020, \$13,100 was due under the acquisition line of credit (December 31, 2019 – \$10,200).

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 March 31, 2020, \$1,560 was due under the operating credit facility (December 31, 2019 – \$2,260).

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 \$6,370 and by an immoveable second rank hypothec on six properties having a fair value of \$131,569.

## 9. Class B LP Units

	Three-month period ended March 31, 2020		Year ended December 31, 2019	
	Units	\$	Units	\$
Units outstanding, beginning of period	497,265	2,571	532,265	2,315
Issuance of Class B LP units - Acquisitions	—	—	—	—
Exchange into Trust units	—	—	(35,000)	(174)
Fair value adjustment		(1,000)		430
<b>Units outstanding, end of period</b>	<b>497,265</b>	<b>1,571</b>	<b>497,265</b>	<b>2,571</b>

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 three-month period ended March 31, 2020, no 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 \$52 during the three-month period ended March 31, 2020 (\$56 the three-month period ended March 31, 2019).

Subsequent to quarter end, on May 4, 2020, 100,000 Class B LP Units were exchanged into Trust units.

## 10. 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 March 31, 2020 and December 31, 2019 because of their short-term maturity or because they bear interest at current market rates.

As at March 31, 2020	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Measured at fair value</b>				
Conversion and redemption options of convertible debentures (note 7)	163	—	—	163
Interest rate swap liability	3,675	—	3,675	—
Class B LP Units (note 9)	1,571	1,571	—	—
<b>For which fair values are disclosed</b>				
Mortgage loans payable (note 6)	495,475	—	500,581	—
Convertible debentures, including their conversion and redemption features (note 7)	49,395	44,991	—	—
Bank loans (note 8)	14,660	—	14,660	—

As at December 31, 2019	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
<b>Measured at fair value</b>				
Conversion and redemption options of convertible debentures (note 7)	45	—	—	45
Interest rate swap asset	(304)	—	(304)	—
Class B LP Units (note 9)	2,571	2,571	—	—
<b>For which fair values are disclosed</b>				
Mortgage loans payable (note 6)	493,152	—	506,430	—
Convertible debentures, including their conversion and redemption features (note 7)	49,141	52,827	—	—
Bank loans (note 8)	12,460	—	12,460	—

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:

	<b>Conversion and redemption options of convertible debentures</b>
	\$
<b>Three-month period ended March 31, 2020</b>	
Balance beginning of period	45
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	118
<b>Balance end of period</b>	<b>163</b>

	<b>Conversion and redemption options of convertible debentures</b>
	\$
<b>Year ended December 31, 2019</b>	
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
<b>Balance end of year</b>	<b>45</b>

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 March 31, 2020:

	<b>Conversion and redemption options of convertible debentures</b>	<b>Volatility</b>
	\$	%
<b>Volatility sensitivity</b>		
<b>Increase (decrease)</b>		
(0.50%)	99	56.71
March 31, 2020	163	57.21
0.50%	215	57.71

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.

## 11. 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:

Three-month period ended March 31,	2020	2019
	Deferred units	Deferred units
Outstanding, beginning of period	59,642	37,055
Trustees' compensation	15,576	12,669
Distributions paid in units	1,387	932
Settled	(2,973)	—
<b>Outstanding, end of period</b>	<b>73,632</b>	<b>50,656</b>

As at March 31, 2020, the liability related to the plan was \$219 (December 31, 2019 - \$306). The related income recorded in profit or loss amounted to \$71 for the three-month period ended March 31, 2020 (for the three-month period ended March 31, 2019 - expense of \$90).

#### 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 March 31, 2020, there was no liability related to the plan (December 31, 2019- \$58). The related expense recorded in profit and loss amounted to \$3 for the three-month period ended March 31, 2020 (for the three-month period ended March 31, 2019 - \$3). The 11,194 units related to 2019 purchases were issued in February 2020 (9,253 units related to 2018 purchases - 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:

Three-month period ended March 31,	2020	2019
	Restricted units	Restricted units
Outstanding, beginning of period	165,012	138,919
Granted	13,898	15,213
Settled	(59,327)	(52,830)
<b>Outstanding, end of period</b>	<b>119,583</b>	<b>101,302</b>

As at March 31, 2020, the liability related to the plan was \$269 (December 31, 2019 - \$686). The related income recorded in profit and loss amounted to \$105 for the three-month period ended March 31, 2020 (for the three-month period ended March 31, 2019 - expense of \$122).

### 12. 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.

Trust units issued and outstanding are as follows:

	Three-month period ended March 31, 2020		Year ended December 31, 2019	
	Units	\$	Units	\$
Trust units outstanding, beginning of period	62,251,558	305,029	55,317,723	274,231
Issue pursuant to a public issue	—	—	6,157,100	28,754
Trust unit issuance costs	—	—	—	(1,534)
	62,251,558	305,029	61,474,823	301,451
Issue pursuant to the distribution reinvestment plan (a)	171,718	833	677,771	3,110
Issue pursuant to the deferred unit compensation plan (note 11 (a))	2,973	16	—	—
Issue pursuant to the employee unit purchase plan (note 11 (b))	11,194	60	9,253	43
Issue pursuant to the restricted unit compensation plan (note 11 (c))	59,327	313	54,711	251
Class B LP units exchange into Trust units	—	—	35,000	174
<b>Trust units outstanding, end of period</b>	<b>62,496,770</b>	<b>306,251</b>	<b>62,251,558</b>	<b>305,029</b>

#### 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

Three-month period ended March 31,	2020	2019
	\$	\$
Distributions to unitholders	6,556	5,825
Distributions per Trust unit	0.105	0.105

### 13. Rental Revenues

Three-month period ended March 31,	2020	2019
	\$	\$
Base rent and other lease generated revenues	14,565	13,473
Property tax and insurance recoveries	4,820	4,369
	19,385	17,842
Operating expenses recoveries and other revenues	5,091	4,761
Lease incentive amortization	(752)	(757)
Straight-line lease adjustment	144	(212)
	<b>23,868</b>	<b>21,634</b>

#### 14. Net Financial Expenses

Three-month period ended March 31,	2020	2019
	\$	\$
Interest on mortgage loans payable	4,811	4,544
Interest on convertible debentures	837	874
Interest on bank loans	183	189
Interest on lease liabilities	57	57
Other interest expense	39	86
Accretion of non-derivative liability component of convertible debentures	—	13
Accretion of effective interest on mortgage loans payable and convertible debentures	385	249
Distributions - Class B LP Units	52	56
Fair value adjustment – Class B LP Units	(1,000)	229
Early repayment fees of a mortgage loan	79	—
Net adjustment to fair value of derivative financial instruments	4,097	1,726
	<b>9,540</b>	<b>8,023</b>

#### 15. Expenses by Nature

Three-month period ended March 31,	2020	2019
	\$	\$
Depreciation	24	24
Employee compensation and benefits expense	1,736	1,725

#### 16. 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 IAS 33, *Earnings per Share*.

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

Three-month period ended March 31,	2020	2019
	\$	\$
Net (loss) income	(5,587)	1,381
Weighted average number of trust units outstanding – basic	62,390,138	55,441,935
<b>Earnings per unit – basic</b>	<b>(0.09)</b>	<b>0.02</b>

## 17. Liquidity Risk Management

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they come due. 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.

In light of COVID-19, the Trust has implemented the following mitigation measures:

- the Trust negotiated carry-overs of monthly interest payments, capital payments or both with its major mortgage lenders. Thus, payments totalling \$2,985 for the months of April to October 2020 were deferred by financial institutions;
- the Trust benefited from the deferral of municipal tax payments offered by Quebec municipalities. However, the total value of municipal tax deferred payments must be repaid in the third and fourth quarters of 2020;
- the Board of Trustees approved a decrease in distributions payable to unitholders, beginning with the May 2020 distribution, payable on or about June 15, 2020. The monthly distribution per unit will decrease from \$0.035 to \$0.025, representing a decrease of 28.6%. This measure will preserve cash flow of approximately \$555 per month.

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

As at March 31, 2020, 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 March 31, 2020 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.

## 18. 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
	\$	\$	\$	\$	\$
<b>Three-month period ended March 31, 2020</b>					
Investment properties	260,285	419,895	136,000	103,452	<b>919,632</b>
Rental revenue from properties	6,863	11,109	3,091	2,805	<b>23,868</b>
Net operating income	3,953	5,492	1,985	1,336	<b>12,766</b>
<b>Three-month period ended March 31, 2019</b>					
Investment properties	226,808	372,076	132,320	87,218	<b>818,422</b>
Rental revenue from properties	6,051	10,592	2,727	2,264	<b>21,634</b>
Net operating income	3,429	5,027	1,525	1,070	<b>11,051</b>

## 19. Commitments and Contingencies

### a) 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.

## 20. Comparatives Figures

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



CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
Quarter Ended March 31<sup>st</sup>, 2020

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