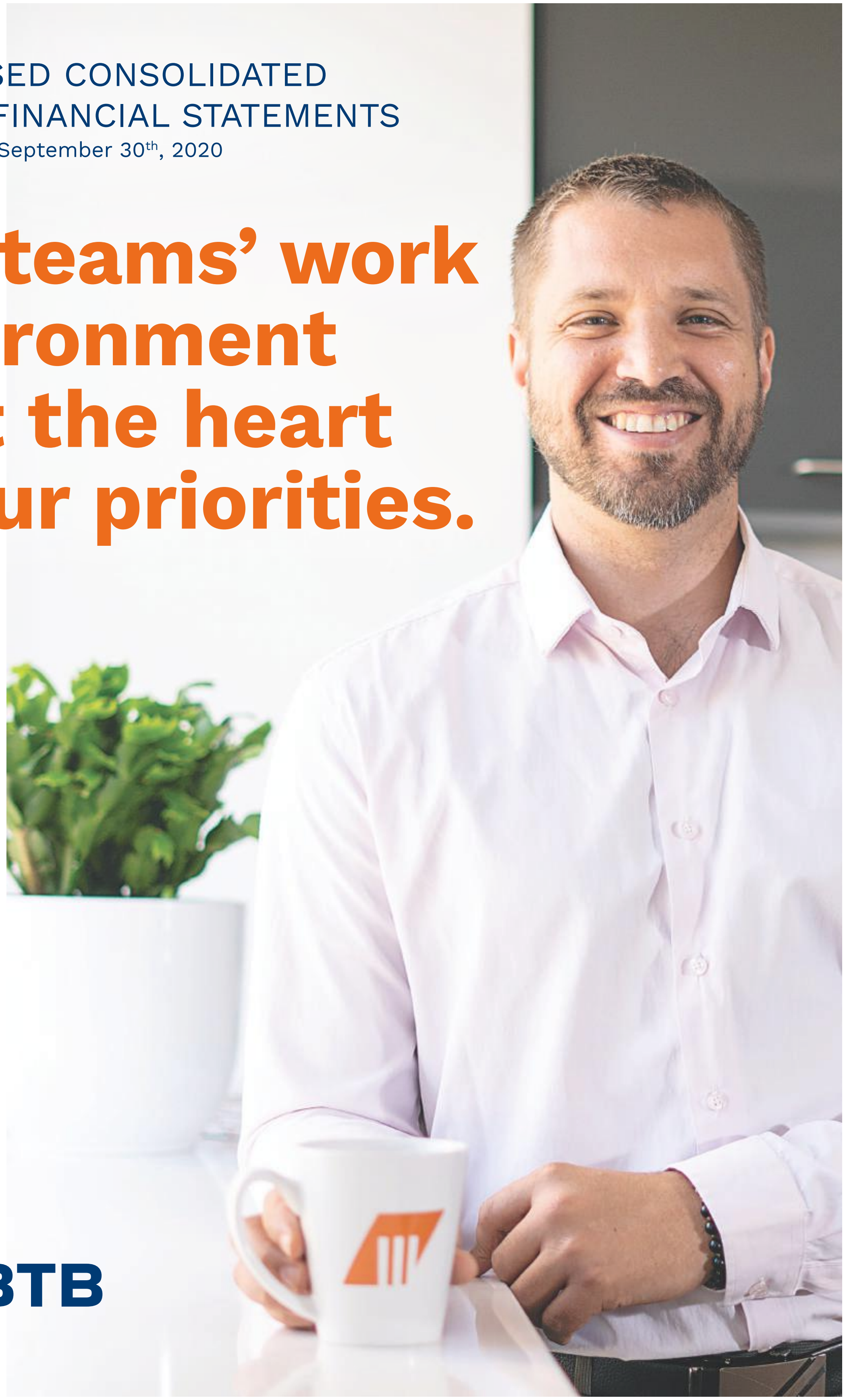
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
Quarter Ended September 30th, 2020

Our teams' work environment is at the heart of our priorities.



BTB

Condensed Consolidated Interim Financial Statements

Quarter Ended September 30, 2020

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Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

	Notes	As at September 30, **2020**	As at December 31, **2019**
		$	$
ASSETS			
Investment properties	3	895,420	924,320
Property and equipment		327	263
Derivative financial instruments	10	—	304
Other assets	4	5,329	2,596
Balance of sale	3	6,034	6,035
Receivables	5	5,362	3,809
Cash and cash equivalents		33,120	1,803
Total assets		**945,592**	**939,130**
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgage loans payable	6	482,778	493,152
Convertible debentures	7	75,225	49,096
Bank loans	8	13,100	12,460
Lease liabilities		3,941	4,454
Class B LP Units	9	1,160	2,571
Unit-based compensation	11	562	1,050
Derivative financial instruments	10	7,125	45
Trade and other payables		18,488	17,984
Distributions payable to unitholders		1,576	2,179
Total liabilities		**603,955**	**582,991**
Unitholders' equity		**341,637**	**356,139**
		945,592	**939,130**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on November 6, 2020.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited - in thousands of CAD dollars)

		For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	Notes	**2020**	2019	**2020**	2019
		$	$	**$**	$
Operating revenues					
Rental revenues	13	23,583	23,973	70,514	68,044
Operating expenses					
Public utilities and other operating expenses		4,734	4,887	15,031	15,025
Property taxes and insurance expenses		5,541	5,610	16,990	16,296
		10,275	10,497	32,021	31,321
Net operating income		**13,308**	**13,476**	**38,493**	**36,723**
Financial income		(127)	(112)	(356)	(355)
Expenses					
Financial expenses		5,941	6,319	18,552	18,520
Distributions - Class B LP Units	9	30	56	127	168
Fair value adjustment – Class B LP Units	9	(59)	16	(1,020)	213
Net adjustment to fair value of derivative financial instruments		265	52	4,692	2,524
Net financial expenses	14	6,177	6,443	22,351	21,425
Administration expenses		1,501	1,400	5,213	4,317
Prepayment penalties		—	—	—	176
Net change in fair value of investment properties and disposition expenses	3	—	113	12,216	831
Net income (loss) being total comprehensive income (loss) for the period		**5,757**	**5,632**	**(931)**	**10,329**

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 as at January 1, 2020		**305,029**	**(134,596)**	**185,706**	**356,139**
Issuance of units, net of issuance expenses	12	3,037	—	—	3,037
Distribution to unitholders	12	—	(16,608)	—	(16,608)
		308,066	(151,204)	185,706	342,568
Comprehensive loss		—	—	(931)	(931)
Balance as at September 30, 2020		**308,066**	**(151,204)**	**184,775**	**341,637**
Balance as at January 1, 2019		**274,231**	**(109,679)**	**133,825**	**298,377**
Issuance of units, net of issuance expenses		29,794	—	—	29,794
Distribution to unitholders	12	—	(18,390)	—	(18,390)
		304,025	(128,069)	133,825	309,781
Comprehensive income		—	—	10,329	10,329
Balance as at September 30, 2019		**304,025**	**(128,069)**	**144,154**	**320,110**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

		For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	Notes	**2020**	2019	**2020**	2019
		$	$	**$**	$
Operating activities					
Net income (loss) for the period		5,757	5,632	(931)	10,329
Adjustment for:					
Net change in fair value of investment properties and disposition expenses	3	—	113	12,216	831
Depreciation of property and equipment		29	25	77	82
Unit-based compensation	11	22	131	(100)	434
Straight-line lease adjustment	13	(214)	(271)	(357)	(234)
Lease incentive amortization	13	751	746	2,274	2,247
Financial income		(127)	(112)	(356)	(355)
Net financial expenses	14	6,177	6,443	22,351	21,425
		12,395	12,707	35,174	34,759
Adjustments for changes in other working capital items		(3,412)	(2,832)	(4,983)	(4,771)
Net cash from operating activities		**8,983**	**9,875**	**30,191**	**29,988**
Investing activities					
Additions to investment properties	3	(1,255)	(2,243)	(13,630)	(31,953)
Net proceeds from disposition of investment properties	3	—	4,336	33,117	16,556
Acquisition of property and equipment		(92)	(12)	(140)	(30)
Net cash (used in) from investing activities		**(1,347)**	**2,081**	**19,347**	**(15,427)**
Financing activities					
Mortgage loans, net of financing expenses		(44)	3,461	19,456	15,922
Repayment of mortgage loans		(13,090)	(4,979)	(35,771)	(28,914)
Bank loans		—	1,760	4,660	14,560
Repayment of bank loans		(4,020)	—	(4,020)	(16,940)
Lease liability payments		(8)	(23)	(56)	(61)
Decrease in restricted cash		21,018	—	—	—
Net proceeds from convertible debentures issue		28,407		28,407	
Net proceeds from unit issue		—	18	—	27,240
Net distribution to unitholders		(4,049)	(5,657)	(14,954)	(15,887)
Net distribution – Class B LP units	9	(30)	(56)	(127)	(168)
Interest paid		(4,520)	(5,926)	(15,816)	(17,290)
Net cash from (used in) financing activities		**23,664**	**(11,402)**	**(18,221)**	**(21,538)**
Net change in cash and cash equivalents		**31,300**	**554**	**31,317**	**(6,977)**
Cash and cash equivalents, beginning of period		**1,820**	**1,293**	**1,803**	**8,824**
Cash and cash equivalents, end of period		**33,120**	**1,847**	**33,120**	**1,847**

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 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, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the three-month and nine-month periods ended September 30, 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 year ended December 31, 2019.

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 November 6, 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)

The COVID-19 pandemic 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 periods. 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 September 30, 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 payment deferrals. The Trust has agreed to assist some of its tenants with rent deferrals, rent abatements and is participating in the Canada Emergency Commercial Rent Assistance ("CECRA") Program. In determining its allowance for expected credit losses as at September 30, 2020, the Trust has considered the credit profile of its tenants and their eligibility for CECRA, historical loss rates as well as the current economic environment.

3. Investment Properties

	Nine-month period ended September 30, **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))	22,248	75,658
Dispositions of investment properties (note 3(b))	(44,632)	(35,950)
Capital expenditures	1,545	5,491
Capitalized leasing fees	1,032	1,301
Capitalized lease incentives	3,329	3,093
Lease incentives amortization	(2,274)	(3,004)
Straight-line lease adjustment	357	703
Net changes in fair value of investment properties (note 3 (c))	(10,505)	34,113
Balance end of period	**895,420**	**924,320**

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 September 30, 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 its investment properties in light of COVID-19, taking into account property segments, tenant profile and management's expectation of movements in capitalization rates. See note 3(c) for the related adjustment to fair value recorded in profit and loss.

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 September 30, 2020				
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%
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%

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%)	967,729	72,309
(0.25%)	928,824	33,404
Base rate	895,420	—
0.25%	859,212	(36,208)
0.50%	828,242	(67,178)

a) Acquisitions

i) Acquisitions in 2020

The fair value of the assets and liabilities recognized in the condensed consolidated interim statement of financial position on the date of the acquisition during the nine-month period ended September 30, 2020 were as follows:

				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
			%	$	$	$	$
February 2020	Office	Ottawa, ON	100	21,750	(13,684)	(587)	7,479
Transaction costs				498		(498)	—
Total				**22,248**	**(13,684)**	**(1,085)**	**7,479**

ii) Acquisitions in 2019

Acquisition date	Property type	Location	Interest acquired	Fair value recognized on acquisition: 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				1,718	—	(1,718)	—
Total				**75,677**	**(48,750)**	**(1,416)**	**25,511**

b) Dispositions

i) Dispositions in 2020

Disposal date	Property type	Location	Gross proceeds	Purchaser's 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
June 2020	Office	Montréal, QC	22,082	—	(576)	21,506
Transaction costs (note 3(c))					(1,711)	(1,711)
Total			**44,632**	**(9,068)**	**(2,447)**	**33,117**

ii) Dispositions in 2019

Disposal date	Property type	Location	Gross proceeds	Purchaser's 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	Montréal, QC	7,100	—	—	(31)	7,069
August 2019	Office	Saguenay, QC	4,400	—	—	(1)	4,399
Transaction costs (note 3(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 September 30, 2020 is $6,034.

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

	Three-month period ended September 30,		Nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net changes in fair value of investment properties (note 3)	—	50	10,505	27
Disposition expenses (note 3 (b))	—	63	1,711	804
	—	**113**	**12,216**	**831**

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 September 30, **2020**	As at December 31, **2019**
	$	$
Prepaid expenses	4,397	1,921
Deposits	932	675
Total	**5,329**	**2,596**

5. Receivables

	As at September 30, **2020**	As at December 31, **2019**
	$	$
Rents receivable	4,424	2,801
Allowance for expected credit losses	(1,651)	(716)
Net rents receivable	2,773	2,085
Unbilled recoveries	800	776
Other receivables	1,282	948
Government assistance programs receivable	507	—
Total	**5,362**	**3,809**

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 of COVID-19 restrictions imposed by various levels of government and the expected eligibility of those tenants to government programs such as CECRA.

The Trust's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. As a result, the value of the expected credit loss is subject to a degree of uncertainty and is made on the basis of assumptions which may not prove to be accurate with the unprecedented uncertainty caused by COVID-19.

6. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $878,063 as at September 30, 2020 (December 31, 2019 – $913,620).

	As at September 30, **2020**	As at December 31, **2019**
	$	$
Fixed rate mortgage loans payable	379,107	387,029
Floating rate mortgage loans payable	105,310	108,218
Unamortized fair value assumption adjustments	642	628
Unamortized financing expenses	(2,281)	(2,723)
Mortgage loans payable	**482,778**	**493,152**
Short-term portion	34,724	87,589
Weighted average interest rate	3.61%	3.92%
Weighted average term to maturity (years)	4.64	5.12
Range of annual rates	2.37% - 6.80%	2.77% - 6.80%

As at September 30, 2020, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	**Principal maturity**	**Total**
	$	$	$
2020*	4,063	30,661	34,724
2021	15,010	86,634	101,644
2022	13,069	18,783	31,852
2023	10,990	32,625	43,615
2024	8,630	73,493	82,123
Thereafter	36,349	154,110	190,459
	88,111	**396,306**	**484,417**
Unamortized fair value assumption adjustments			642
Unamortized financing expenses			(2,281)
			482,778

* For the three-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 September 30, **2020**	As at December 31, **2019**
	$	%			$	$
March 2013	7,150	4.12	Monthly	April 2023	5,240	5,391
June 2016	13,000	3.45	Quarterly	June 2026	11,531	11,628
November 2017	23,200	3.8825	Monthly	November 2027	22,827	23,098
November 2017	23,075	3.905	Monthly	December 2027	21,493	21,943
Total	**66,425**				**61,091**	**62,060**

7. Convertible Debentures

As at September 30, 2020, the Trust had three series of subordinated, convertible, redeemable debentures outstanding. On October 26, 2020, the Series F were fully redeemed.

	Capital	Interest rates Coupon	Effective	Unit conversion price	Interest payments	Maturity
		%	%	$		
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 H	30,000	7.00	8.28	3.64	Semi-annual	October 2025

	Series F	Series G	Series H	Total
	$	$	$	$
As at September 30, 2020				
Non-derivative liability component upon issuance	26,700	24,000	27,309	78,009
Unamortized financing expenses	(87)	(1,104)	(1,593)	(2,784)
Non-derivative liability component	**26,613**	**22,896**	**25,716**	**75,225**
Conversion and redemption options liability (asset) component at fair value	**(37)**	**381**	**2,811**	**3,155**

	Series F	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 H

In September 2020, the Trust issued Series H subordinated convertible, redeemable, unsecured debentures bearing 7.00% interest payable semi-annually and maturing on October 31, 2025, in the amount of $30,000. The debentures are convertible at the holder's option at any time before October 31, 2025, at a conversion price of $3.64 per unit ("Series H Conversion Price").

These debentures are not redeemable before October 31, 2023, except in the case of a change in control. As of October 31, 2023, but before October 31, 2024, 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, 2024, but before October 31, 2025, 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.

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 September 30, 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 September 30, 2020, no amount 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 $6,383 and by an immoveable second rank hypothec on six properties having a fair value of $131,564.

9. Class B LP Units

	Nine-month period ended September 30, **2020**		Year ended December 31, **2019**	
	Units	**$**	Units	$
Units outstanding, beginning of period	497,265	2,571	532,265	2,315
Exchange into Trust units	(100,000)	(391)	(35,000)	(174)
Fair value adjustment		(1,020)		430
Units outstanding, end of period	**397,265**	**1,160**	**497,265**	**2,571**

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 nine-month period ended September 30, 2020, 100,000 Class B LP Units were exchanged into Trust units.

The Class B LP Units are entitled to distribution equal to distribution declared on Trust units, on a one-to-one basis. Distribution on Class B LP Units are recognized in the statement of comprehensive income when declared.

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Distribution to Class B LP unitholders	30	56	127	168
Distribution per Class B LP unit	0.075	0.105	0.265	0.315

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 equivalent, restricted cash, receivables, balance of sale, trade and other payables and distribution payable to unitholders, which approximated their carrying amount as at September 30, 2020 and December 31, 2019 because of their short-term maturity or because they bear interest at current market rates.

As at September 30, 2020	**Carrying amount**			**Fair value**
		Level 1	**Level 2**	**Level 3**
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 7)	3,155	—	—	3,155
Interest rate swap liability	3,970	—	3,970	—
Class B LP Units (note 9)	1,160	1,160	—	—
For which fair values are disclosed				
Mortgage loans payable (note 6)	482,778	—	502,750	—
Convertible debentures, including their conversion and redemption features (note 7)	78,380	78,115	—	—
Bank loans (note 8)	13,100	—	13,100	—

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 7)	45	—	—	45
Interest rate swap asset	(304)	—	(304)	—
Class B LP Units (note 9)	2,571	2,571	—	—
For which fair values are disclosed				
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:

	Conversion and redemption options of convertible debentures
	$
Nine-month period ended September 30, 2020	
Balance beginning of period	45
Issue of Series H subordinated convertible redeemable debentures	2,691
Change for the period recognized in profit or loss under Net adjustment to fair value of derivative financial instruments	419
Balance end of period	**3,155**

	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**

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 September 30, 2020:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity Increase (decrease)		
(0.50%)	3,040	27.50
September 30, 2020	3,155	28.00
0.50%	3,270	28.50

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:

For the nine-month periods ended September 30,	**2020**	2019
	Deferred units	Deferred units
Outstanding, beginning of period	59,642	37,056
Trustees' compensation	21,444	16,364
Distributions paid in units	5,353	3,279
Settled	(2,973)	—
Outstanding, end of period	**83,466**	**56,699**

As at September 30, 2020, the liability related to the plan was $236 (December 31, 2019 - $306). The related revenue recorded in profit or loss amounted to $13 and $55 respectively, for the three and nine-month periods ended September 30, 2020 (for the three and nine-month periods ended September 30, 2019 – expense of $16 and $116).

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 September 30, 2020, there was no liability related to the plan (December 31, 2019 - $58). The related expense recorded in profit and loss amounted to $nil and $3 for the three and nine-month periods ended September 30, 2020 (for the three and nine-month periods ended September 30, 2019 - $nil and $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:

Nine-month periods ended September 30,	**2020**	2019
	Restricted units	Restricted units
Outstanding, beginning of period	165,012	138,919
Granted	49,237	82,469
Cancelled	(10,971)	(666)
Settled	(59,327)	(52,830)
Outstanding, end of period	**143,951**	**167,892**

As at September 30, 2020, the liability related to the plan was $326 (December 31, 2019 - $686). The related amount recorded in profit and loss amounted to an expense of $35 and an income of $48, respectively, for the three and nine-months period ended September 30, 2020 (for the three and nine-month periods ended September 30, 2019 – expense of $115 and $315).

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:

	Nine-month period ended September 30, **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)	622,025	2,257	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	100,000	391	35,000	174
Trust units outstanding, end of period	**63,047,077**	**308,066**	**62,251,558**	**305,029**

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 distribution 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 periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Distribution to unitholders	4,722	6,507	16,608	18,390
Distribution per Trust unit	0.075	0.105	0.265	0.315

13. Rental Revenues

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Base rent and other lease generated revenues	14,371	14,945	43,751	41,930
Property tax and insurance recoveries	4,553	4,856	14,231	13,690
	18,924	19,801	57,982	55,620
Operating expenses recoveries and other revenues	5,047	4,647	14,739	14,437
Government assistance programs related rent abatements	(841)	—	(2,157)	—
Government assistance programs	990	—	1,867	—
Lease incentive amortization	(751)	(746)	(2,274)	(2,247)
Straight-line lease adjustment	214	271	357	234
	23,583	**23,973**	**70,514**	**68,044**

On May 25, 2020, the Government of Canada announced the CECRA program which provides relief for eligible businesses experiencing financial hardship due to COVID-19. Under the CECRA program, the Trust must abate 75% of gross rents due for April to September 2020 for CECRA-eligible tenants. In exchange of the abatements granted, the Trust is eligible to forgivable interest free loans from the Government of Canada amounting to 50% of gross rents due for April to September 2020, resulting in net abatements of 25%. The Trust believes it will meet all the criteria under the CECRA program for the loans to be forgiven.

14. Net Financial Expenses

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Interest on mortgage loans payable	4,714	4,867	14,208	14,013
Interest on convertible debentures	850	874	2,518	2,622
Interest on bank loans	148	210	612	751
Interest on lease liabilities	(17)	57	162	168
Other interest expense	17	31	72	139
Accretion of non-derivative liability component of convertible debentures	—	13	—	39
Accretion of effective interest on mortgage loans payable and convertible debentures	229	267	901	788
Distributions - Class B LP Units	30	56	127	168
Fair value adjustment – Class B LP Units	(59)	16	(1,020)	213
Early repayment fees of a mortgage loan	—	—	79	—
Net adjustment to fair value of derivative financial instruments	265	52	4,692	2,524
	6,177	**6,443**	**22,351**	**21,425**

15. Expenses by Nature

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Depreciation	29	24	77	81
Employee compensation and benefits expense	1,771	1,874	5,329	5,448

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 lAS 33, Earnings per Share.

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

	Three-month periods ended September 30,		Six-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net (loss) income	5,757	5,632	(931)	10,329
Weighted average number of trust units outstanding – basic	62,933,989	61,944,033	62,669,360	58,073,213
Earnings per unit – basic	**0.09**	**0.09**	**(0.02)**	**0.18**

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 $3,158 for the months of April to October 2020 were deferred by financial institutions;
- the Board of Trustees approved a decrease in distribution payable to unitholders, beginning with the May 2020 distribution, payable on June 15, 2020. The monthly distribution per unit decreased 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 September 30, 2020, the Trust was in compliance with all the covenants to which it was subject.

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
	$	$	$	$	$
Three-month period ended September 30, 2020					
Investment properties	256,954	399,029	136,554	102,883	**895,420**
Rental revenue from properties	6,695	11,238	2,803	2,847	**23,583**
Net operating income	3,894	6,187	1,756	1,471	**13,308**
Three-month period ended September 30, 2019					
Investment properties	262,304	370,475	146,060	107,809	**886,648**
Rental revenue from properties	7,005	10,585	3,474	2,909	**23,973**
Net operating income	4,140	5,450	2,471	1,415	**13,476**

	Retail	Office	Industrial	Mixed-use	Total
	$	$	$	$	$
Nine-month period ended September 30, 2020					
Rental revenue from properties	20,246	33,126	8,715	8,427	**70,514**
Net operating income	11,691	17,107	5,584	4,111	**38,493**
Nine-month period ended September 30, 2019					
Rental revenue from properties	19,323	32,026	9,195	7,500	**68,044**
Net operating income	11,425	15,681	5,925	3,692	**36,723**

19. Commitments and Contingencies

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. Subsequent Events

In October 2020, the Trust completed the sale of an office property located in Montreal (Quebec) for $4,133.

In October 2020, the Trust fully redeemed the Series F debentures at their nominal value of $26,700 plus accrued interest of $617.

21. Comparatives Figures

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

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
Quarter Ended September 30th, 2020

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