BTB

REAL ESTATE INVESTMENT TRUST

MANAGEMENT DISCUSSION AND ANALYSIS

Quarter ended June 30, 2008

August 13, 2008

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MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The purpose of this management discussion and analysis is to allow the reader to assess the operating results of BTB Real Estate Investment Trust (“BTB” or the “Trust”) for the three and six-month periods ended June 30, 2008, as well as its financial position on that date. This management discussion, dated August 13, 2008, should be read together with the unaudited consolidated financial statements and accompanying notes for the three and six-month periods ended June 30, 2008 and with the audited consolidated financial and accompanying notes for the fiscal year ended December 31, 2007, since they contain all the important information available at the time of this report. The Trust’s consolidated financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada and results are reported in Canadian dollars unless otherwise stated. The Trust’s fiscal year ends on December 31. Per unit amounts are calculated using the weighted average number of Trust units outstanding for the periods ended June 30, 2008 and 2007. All financial information presented in this discussion is derived from the Trust’s unaudited quarterly financial statements. These financial statements are available at www.sedar.com.

FORWARD-LOOKING STATEMENTS – CAVEAT

Certain statements contained in this discussion constitute forward-looking statements within the meaning of securities laws. Forward-looking statements may relate to the Trust’s future outlook and anticipated events, the Trust’s business and operations, its financial performance, its financial condition and its results. In some cases, they can be identified by terminology such as “consider”, “expect”, “will” (or other verbs in the future tense), “intend to”, “forecast”, “anticipate”, “estimate”, “continue”, or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Trust’s future operating results and financial performance and the Trust’s objectives and strategies to achieve those objectives are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance forecasts, and business prospects and opportunities. While management considers these assumptions to be reasonable based on currently available information, they may ultimately prove incorrect. Words like “may”, “could”, “should”, “prospects”, “believe”, “forecast”, “anticipate”, “estimate”, “expect”, as well as the use of conditional formulations or other similar expressions denote forward-looking statements. Forward-looking information is also subject to certain influences, risks, and uncertainties that could cause actual results to differ materially from what management currently expects. These factors, many of which are beyond the Trust’s control, include developments in markets and competition, changes to the political or regulatory environment, including tax law, general business conditions, fluctuations in interest rates, our capacity to successfully bring to term the announced acquisitions (and to finance them adequately), the financial situation of our tenants, and our ability to fill vacant space. Therefore, future events and results may deviate significantly from what management currently anticipates. For more exhaustive information on these risks and uncertainties, we refer you to the section entitled “Risks and Uncertainties” found in the prospectus dated March 13, 2008 and in the 2007 Annual Information Form dated April 28, 2008. Forward-looking statements contained in this MD&A are based on management’s current estimates, expectations, and projections, which management believes are reasonable as of the current date. You should not place undue importance on forward-looking information or rely on information past the current date. Except when compelled to by securities law, the Trust does not undertake to update or alter this information at any particular time.

NON-GAAP MEASURES

Funds from operations (“FFO”), adjusted funds from operations (“AFFO”), net operating income, property operating income, and distributable income are non-GAAP performance measures and do not have standardized meanings prescribed by GAAP. They are used by BTB to improve the investing public’s understanding of operating results and the Trust’s performance. “GAAP” denote the generally accepted accounting principles defined and issued by the Canadian Institute of Chartered Accountants, as in effect at the time a GAAP-compliant calculation is to be made.

Also, these measures may not be compared to similar measures used by other issuers. However, BTB presents its FFO in accordance with the Real Property Association of Canada (REALpac) White Paper on Funds from Operations dated November 30, 2004, with revisions on February 1, 2007.

Securities regulation require that these measures be clearly defined, that they be readily comparable to similar measures that comply with GAAP, and that they not be assigned greater weight than measures that are compatible with GAAP.

2008 SECOND QUARTER HIGHLIGHTS

• **Growth of Adjusted Funds from Operations (“AFFO”):**	An AFFO of $1.4 million for the second quarter, or $0.041 per unit. Due to a charge for bad debts and related legal fees, the AFFO decreased unexpectedly by approximately $0.005 per unit. However, on an annualized basis, the estimated AFFO, derived from the existing portfolio as at June 30, 2008, is more than $0.18 per unit.
• **Increased Cash generated from Portfolio Growth:**	BTB’s portfolio generated cash of $1.5 million and distributable income of approximately $1.1 million for the second quarter of 2008 compared to $0.6 million and $0.5 million respectively for the second quarter of 2007.
• **Revenue Growth:**	Increase in rental income by more than 23% compared to the previous quarter and totaling close to $7.2 million of rental income for the second quarter. In accordance with the current portfolio, the revenues are estimated at $29 million on an annualized basis.
• **Reduction of Monthly Distributions:**	On April 28, 2008, the Board of Trustees announced the reduction of distributions, from $0.28 per unit per year to $0.16 per unit per year. The Trustees wished to ensure that BTB’s capital was not returned in the form of distributions but used to fulfill BTB’s mission of acquiring good quality properties.

HIGHLIGHTS

• **Real Estate Assets**	$211 million.
• **Indebtedness Rate (mortgages)**	58.3%.
• **Equity**	$56.9 million.
• **Occupancy Rate**	95.0%.
• **Total Leasable Area**	2.1 million square feet.
• **Quarterly Revenue**	$7.2million.
• **Adjusted Funds From Operations (“AFFO”):**	$1.4 million.
• **Per Unit**	$0.041.

SUBSEQUENT EVENTS

- **Refinancing:** In July 2008, the Trust entered into financing agreements pertaining to the financing and refinancing of certain properties that it owns for an aggregate amount of $16.9 million at a weighted average rate of 5.90%. Of this amount, $8.1 million will be used to reimburse existing financings.

- **Acquisition:** On August 13, 2008, the Trust closed the acquisition of four commercial properties located in the province of Québec, for an approximate leasable area of 103,000 square feet, at an estimated capitalisation rate of 9% and a purchase price of $15.6 million. BTB management estimates that, on an annualized basis, this transaction will generate an accretive cash flow of $0.013 per outstanding unit.

THE TRUST

BTB was established under a contract of trust for purposes of facilitating a qualifying transaction proposed by its predecessor company, Capital ABTB Inc. (“ABTB”). The qualifying transaction was effected by way of a plan of arrangement under section 192 of the *Canada Business Corporations Act* (CBCA) involving ABTB, BTB and TB Subsidiary Trust and the shareholders of ABTB, resulting in, among other things, all issued and outstanding shares being exchanged for units on the basis of the agreed exchange ratio. BTB began its real estate operations on October 3, 2006. BTB’s units are traded on the TSX Venture Exchange under the symbol “BTB.un”.

BTB is an unincorporated open-ended real estate trust formed and governed under the laws of the Province of Quebec pursuant to a contract of trust. BTB has acquired and owns commercial and industrial properties in primary and secondary markets and, for the time being, in geographical markets east of Ottawa.

OBJECTIVES AND BUSINESS STRATEGY

The objectives of BTB are as follows:

(i) Generate cash distributions that are stable and increasing and fiscally beneficial to unitholders;

(ii) To grow the Trust’s assets to increase distributable income and therefore fund distributions;

(iii) To increase the value of its assets through dynamic management of its properties in order to maximize the long-term value of its units.

Strategically, BTB seeks to purchase properties with low vacancy rates, good tenant quality, superior locations, low lease turnover potential, or properties that are well maintained and require a minimum of capital expenditures.

The following table provides a current summary of quarterly acquisitions since the inception of the Trust:

Acquisition period	**Number of properties**	**Leasable Area (sq. ft)**	**Net Assets Acquired ($)**
Q-4 2006	2	116,503	14,344,512
Q-1 2007	8	228,874	26,794,095
Q-2 2007	12	620,485	73,590,987
Q-3 2007	3	99,162	12,822,127
Q-4 2007(1)	7	798,178	55,895,084
Q-1 2008	6	247,804	27,355,156
Q-2 2008	-	-	-
Total as at June 30, 2008	**38**	**2,111,006**	**210,801,961**

(1) Net of the disposition of a property of 14,004 square feet.

SELECTED FINANCIAL INFORMATION

The Trust began its real estate operations on October 3, 2006 with its initial public offering and the conclusion of its qualifying transaction. Since then, the Trust has acquired 38 properties generating, on an annualized basis, revenues of approximately $29 million. Therefore, any analysis comparing the financial position of the Trust as at June 30, 2008 or operating results of the Trust for the quarter ending on that date, with those of the previous quarter ending June 30, 2007 are bound to be relatively uninformative owing to the limited compatibility of the corresponding numbers, the short duration of the Fund's real estate activities, and the strong growth of its operations.

Period ended June 30 (in dollars, except the ratios)	**Quarter**		**Cumulative (6 months)**	
	2008	2007[1]	**2008**	2007
Operating income	**7,156,399**	1,941,562	**12,974,348**	2,783,709
Net operating income	**3,950,233**	1,250,934	**7,039,822**	1,824,832
Profit (loss) before future income taxes and discontinued operations	**(722,768)**	25,431	**(1,232,111)**	(322,063)
Net loss	**237,768**	176,493	**447,111**	518,800
Distributable income	**1,059,309**	521,390	**2,160,535**	397,925
Funds from operations	**733,982**	387,648	**1,555,841**	208,652
Adjusted funds from operations	**1,354,835**	630,910	**2,676,233**	590,558
Distributions	**1,314,495**	1,843,596	**3,605,030**	2,842,102
Loan to value ratio			**68.6%**	40.3%
Loan to value ratio (excluding convertible debentures)			**58.3%**	31.3%
Acquisition capacity (based on 70% leverage)				
Real estate assets			**204,209,778**	108,375,502
Total assets			**210,287,096**	117,582,191
Mortgage loans			**119,431,693**	36,994,907
Convertible debentures			**22,177,162**	10,542,912
Equity			**56,867,677**	65,260,231
Per unit data:				
Distributable income	**0.032**	0.022	**0.066**	0.021
FFO	**0.022**	0.017	**0.047**	0.011
Adjusted FFO	**0.041**	0.027	**0.082**	0.031
Distributions	**0.04**	0.07	**0.11**	0.14

(1) The presentation of certain elements of 2007 has been changed to reflect the presentation used in 2008.

REAL ESTATE PORTFOLIO

Since its initial public offering on October 3, 2006, BTB has acquired 38 properties, at a total cost of approximately $211 million and representing a total leasable area of over 2.1 million square feet. A description of the properties purchased prior to January 1, 2008 can be found in BTB's Annual Information Form dated April 28, 2008 which is available on the SEDAR website at www.sedar.com.

From January 1, 2008 to June 30, 2008, BTB acquired the following properties:

Property	City	Date acquired	Type	Leasable area (sq. ft)	Acquisition cost(1) ($)	Capitalization rate (at time of purchase)
2155 Crescent	Montréal, QC	January 18, 2008	Mixed	8,200	1,815,000	n/a
1645 King West	Sherbrooke, QC	February 29, 2008	Office	60,631	6,300,000	9,1%
560 Henri-Bourassa West	Montréal, QC	March 26, 2008	Office	39,407	3,900,000	9,0%
3036-3094 Ch. Chambly	Longueuil, QC	March 26, 2008	Mixed	41,724	4,675,000	8,5%
204 De Montarville	Boucherville, QC	March 26, 2008	Office	29,882	4,250,000	8,4%
3685 Harvey	Chicoutimi, QC	March 26, 2008	Office	67,960	4,700,000	8.6%
TOTAL				**247,804**	**25,640,000**	

(1) Excluding soft costs of acquisition

The Trust acquired the following properties after the end of the second quarter:

Property	City	Date acquired	Type	Leasable area (sq. ft)	Acquisition cost(1) ($)	Capitalization rate (at time of purchase)
1100 & 1108-1136 St-Joseph	Drummondville, QC	August 13, 2008	Commercial	25,176	3,183,000	9.0%(2)
747-805 King East	Sherbrooke, QC	August 13, 2008	Commercial	33,483	4,967,000	9.0%(2)
33-66 Jacques-Cartier North	Sherbrooke, QC	August 13, 2008	Commercial	31,260	5,671,000	9.0%(2)
665-669 Thibeau	Trois-Rivières, QC	August 13, 2008	Commercial	13,471	1,737,000	9.0%(2)
TOTAL				**103,390**	**15,558,000**	

(1) Excluding soft costs of acquisition

(2) These four properties were acquired as part of one same transaction

DESCRIPTION OF PROPERTIES ACQUIRED IN 2008

2155 Crescent St., Montreal, Québec

This renovated four-storey building sits in close proximity to the financial core of downtown Montreal, on a highly coveted commercial street. The building is a few streets away from Concordia University and is also in close proximity to the Montreal Museum of Fine Arts. BTB's head office is now located in this building.

Place Jacques-Cartier – 1645 King St. West, Sherbrooke, Québec

These two office buildings are facing each other. These buildings comprise 60,631 square feet of leasable area, are currently leased at 95%. The buildings are occupied by tenants including the Québec Government, professional firms such as notaries, attorneys and financial consultants.

560 Henri-Bourassa Blvd. West, Montreal, Québec

This building has 39,407 square feet of office space. It is occupied by a Crown Corporation on the main floor and by various office users on the other floors.

3036-3094 Chemin de Chambly, Longueuil, Québec

This medical services and retail building of 41,724 square feet houses such tenants as a pharmacy, financial institution and a franchise restaurant.

204 de Montarville, Boucherville, Québec

This 29,882 square feet office building is fully-leased. Located on Boucherville's main boulevard, this property is occupied by tenants such as an insurance company and offices of municipal economic development.

3885 Harvey Blvd., Ville de Saguenay, Québec

This building of 67,960 square feet of office space is occupied by tenants such as municipal and federal government offices and insurance companies.

1100 & 1108-1136 St-Joseph Boulevard, Drummondville, Quebec

This commercial strip mall of 25,176 square feet was built in 2003 and is a prominent fixture of this community. The property is occupied by a well-known financial institution, a prominent food store, a women's health and fitness center, a frozen food retailer, a bistro and a restaurant.

747-805 King Street East, Sherbrooke, Quebec

This commercial building of 33,483 square feet is strategically located on Sherbrooke's main artery and is occupied by prime tenants such as two major financial institutions, a frozen food retailer, a restaurant, a major food chain and a wireless phone retailer.

33-66 Jacques-Cartier Boulevard North, Sherbrooke, Quebec

Located in Sherbrooke's main shopping district, this strip mall of 31,260 square feet is close to amenities. It is occupied by a major fast-food chain, a travel agency, a cleaner, a liquor store, a prominent food store, a major video rental and sales store and a sushi restaurant.

665-669 Thibeau Boulevard, Trois-Rivières, Quebec

Well-located on one of Trois-Rivières main arteries, this strip mall of 13,471 square feet is fully-leased and occupied by one of Canada's leading coffee/doughnut chains, as well as a prominent food store.

Potential Agreements to Acquire Properties

BTB has entered into various conditional agreements to purchase additional commercial properties, all located in the province of Quebec. These conditional offers are for 17 buildings, representing the potential addition of 0.8 million square feet and an approximate total transaction value of $86 million before soft costs.

If BTB were to conclude these transactions, BTB would bring the total value of its properties to approximately $300 million since its initial public offering on October 3, 2006. However, there is no guarantee that BTB will complete any or all of these potential acquisitions.

PERFORMANCE INDICATORS

The following indicators are used to measure the financial performance of BTB:

- Net operating income: which provides an indication of the profitability of portfolio operations;
- Net operating profit margin: which provides an indication of the profitability of the Trust's operations;
- Distributable income per unit which provides an indication of how the Trust will be able to fund its distributions;
- Funds from operations ("FFO") per unit: which provide an indication of BTB's ability to generate cash flow;
- Adjusted funds from operations ("AFFO") per unit, which takes into account rental fees and capital expenditures and which may vary substantially from one entity to the next;
- The debt-equity ratio: which is used to assess the financial balance of the Trust and its capacity for additional acquisitions.

More detailed definitions of each of these indicators are provided in the appropriate sections.

OPERATING RESULTS

Statement of Earnings

Summarized financial results for the period ended June 30, 2008 and 2007 are as follows:

Period ended June 30 (in dollars)	Quarter		Cumulative (6 months)	
	2008	2007[(2)]	**2008[(2)]**	2007[(2)]
Operating Revenues	**7,156,399**	1,941,562	**12,974,348**	2,783,709
Operating Expenses	**3,206,166**	690,628	**5,934,526**	958,877
Net operating income [(1)]	**3,950,233**	1,250,934	**7,039,822**	1,824,832
Interest income	**(4,364)**	(180,339)	**(25,148)**	(417,388)
Interest on loans and other carrying charges	**2,757,959**	850,539	**4,847,347**	1,496,673
Amortization of revenue producing properties and intangible assets	**1,451,431**	289,134	**2,754,043**	439,629
Operating benefit (loss) from real estate assets	**(254,793)**	291,600	**(536,420)**	305,918
Trust-related administrative expenses	**451,788**	259,905	**661,373**	619,653
Unit-based compensation	**16,187**	6,264	**34,318**	8,328
Profit (loss) from continuing operations	**(722,768)**	25,431	**(1,232,111)**	(322,063)
Future income taxes credit	**(485,000)**	256,400	**(785,000)**	256,400
Net income from discontinued operations	**-**	54,476	**-**	59,663
Net loss	**237,768**	176,493	**447,111**	518,800

(1) Net operating income and operating income from real estate assets consist of non-GAAP information and may not be comparable to similar measures used by other issuers. Net operating income and operating income from real estate assets should not be construed as alternatives to net income or cash flows from operating activities, which are calculated in accordance with GAAP.

They are, however, frequently used in the real estate industry to measure operational performance. We define “net operating income” as operating income before interest on loans, amortization of properties, deferred leasing costs, financing costs and other assets, other income, professional fees and Trust-related administrative expenses, unit-based compensation and future income taxes.

We define “operating income from real estate assets” as operating income before Trust-related administrative expenses, unit-based compensation and future income taxes.

(2) The presentation of certain items of the period have been adapted in order to correspond to that of the current quarter.

Same-property portfolio

The Trust is yet unable to analyze the performance of its operating results on a same-property portfolio basis because its initial acquisitions of income-producing properties occurred during the last quarter of fiscal 2006. In fiscal 2007, BTB acquired 30 properties. Consequently, any comparison between the operating results for fiscal 2008 and the results of the corresponding period for fiscal 2007 is insignificant.

Operating Revenues

During the second quarter of 2008, BTB pursued its growth in operating revenues. This growth is the result of BTB's dynamic acquisition program and good performance of its existing portfolio.

Operating revenues include amortization of an adjustment for purposes of recording contractual rent payments on a straight-line basis and for purposes of adjusting the value of the leases which are not at market terms and conditions, as more fully described in the table below.

Operating Revenues

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Rental revenue on the basis of in-place leases	**7,379,981**	2,115,023	**13,422,944**	3,022,384
Deferred rental revenue as per straight-line method	**103,843**	37,009	**205,853**	39,142
Amortization of the value attributable to leases which are not at market terms and conditions	**(327,425)**	(103,083)	**(654,449)**	(100,508)
Less: products related to discontinued activities	**-**	(107,387)	**-**	(177,309)
Rental revenue from income- producing properties	**7,156,399**	1,941,562	**12,974,348**	2,783,709

On annualized basis and in accordance with the existing portfolio as at June 30, 2008, rental revenue from income-producing properties is estimated at $28.6 million.

Operating Expenses

Operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for by the leases. BTB expects that its operating expenses for the first two quarters of 2008 will be greater than those for the two remaining quarters of 2008 due to expenses incurred during the winter season. The amount of operating expenses, property taxes and services that BTB can recover from its tenants depends on the occupancy rate and the nature of the existing leases containing clauses regarding the recovery of fixed expenses. BTB pays particular attention to the respect of the existing leases and to the recovery of operating expenses of its properties. The increase in the level of expenses relative to rental revenue in the first two quarters of 2008 compared to the same period in 2007 is also attributable to the decline in the relative amount of revenue generated by the property "2900 Jacques-Bureau" where a lease is in place whereby no operating expenses are assumed by the Trust. During the second quarter of 2007, revenues generated from this property represented 12.8% of total revenues, compared to 3.7% of total revenues for the same period in 2008.

The following table details the operating expenses for the quarters and fiscal years ended on June 30, 2008 and 2007:

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Operating Expenses				
- Operating costs	**1,270,643**	322,192	**2,326,510**	473,086
- Property taxes and utilities	**1,765,682**	362,858	**3,333,216**	515,109
- Property management expenses	**169,841**	39,036	**274,800**	55,974
Less: operating expenses for discontinued activities	**-**	(33,458)	**-**	(85,292)
	3,206,166	690,628	**5,934,526**	958,877
% of operating revenues	**44.7%**	35.6%	**45.7%**	34.4%

Net operating income

BTB's net operating income is 55.3% of operating revenues for the second quarter and 54.3% for the period ended June 30, 2008. The reader should read the previous paragraph on the analysis of operating expenses for more information regarding the results of the current quarter. The net operating income is not a recognized financial measure in GAAP, but it is nonetheless frequently used in the field of real estate to assess operational performance. BTB defines it as operating income before interest on loans and other financial expenses, amortization of income-producing properties, intangible assets and other assets, amortization of deferred financing costs, Trust-related administrative expenses, unusual items, and future income taxes. This definition may differ from those used by other issuers, and therefore BTB's net operating income may not necessarily be comparable with theirs.

This performance indicator is particularly useful when compared to the indicator for the same-property portfolio of previous years, since it provides for transferring operating costs to clients and generating rent increases that exceed cost increases. Since more than 80% of BTB's acquisitions were concluded during 2007, it will not be possible to use this ratio in the context of a same-property portfolio before the end 2008.

On an annualized basis and in accordance with the existing portfolio as at June 30, 2008, net operating income is estimated at $15.8 million.

Other revenues

Other revenues represent interest income derived from interest on funds raised from unit and convertible debenture offerings before the use of those funds to acquire properties.

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Interest income	**4,364**	180,339	**25,148**	417,387

Interest on loans

Interests on loans are generated by the following loans:

- Mortgage loans contracted or assumed totalling approximately $119 million, as at June 30, 2008.
- Series A convertible debentures issued in the amount of $12,833,000 in October 2006, including the additional interest charges accrued to account for the increase in liability attributable to the convertible debentures.
- Series B convertible debentures issued in the amount of $13,020,000 in March 2008, including the additional interest charges accrued to account for the increase in liability attributable to the convertible debentures.
- Operating and acquisition credit facilities used as needed.
- Amortization of deferred financing costs related to mortgage loans and convertible debentures, using the effective interest method throughout the term of the related debts.

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Interest on mortgage loans	**1,778,473**	461,836	**3,350,951**	726,045
Interest on debentures	**534,336**	257,660	**791,996**	515,320
Interest on loans	**133,060**	-	**217,375**	-
Amortization of deferred financing costs	**216,510**	69,639	**326,633**	135,729
Additional interest expense to account for the increase in liability attributable to the convertible debentures	**95,580**	61,404	**160,392**	119,579
	2,757,959	850,539	**4,847,347**	1,496,673

Amortization

All acquired properties are amortized on a straight-line basis over a period of 40 years.

GAAP requires that the cost of purchasing a building be divided into tangible assets, to wit the land and the building, and intangible assets, namely lease origination costs, the value of current leases and the value of client relationships. Intangible assets are amortized according to the term of the affected leases. The average term of the leases in place as at June 30, 2008 is approximately five years. The resulting amortization is thus accelerated relative to that of the buildings which, as previously mentioned, are amortized over 40 years.

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Income-producing properties	**961,979**	261,861	**1 837,038**	399,562
Intangibles	**484,749**	45,880	**912,302**	71,490
Fixed assets	**4,703**	845	**4,703**	930
Minus: amortization related to discontinued operations	**-**	(19,452)	**-**	(32,353)
	1,451,431	289,134	**2,754,043**	439,629

Trust-related administrative expenses

Trust-related administrative expenses include compensation and fees paid to management and administrative staff, legal and accounting services, expenses relating to public trading of the Trust, insurance and office expenses, bad debts and charges related to abandoned projects. In particular, a charge for bad debts and related legal fees, in the total amount of $133,145, has put a strain on the Trust's administrative expenses for the quarter.

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Trust-related administrative expenses	**451,788**	259,905	**661,373**	619,652

Unit-based compensation

During the quarters ended June 30, 2008 and 2007, BTB recorded unit-based compensation totalling $16,187 and $6,264 respectively, for options granted to employees and trustees. The fair value of the options was calculated using the Black-Scholes option pricing model with the assumptions that are explained in Note 8c to the financial statements for the fiscal year ended December 31, 2007.

Future income taxes

For purposes of income taxes, the Trust qualifies as a "Mutual Fund Trust." In keeping with the terms of the contract of trust, trustees intend to distribute or allocate all taxable income earned directly by the Trust to the unitholders and to deduct these distributions and allocations for income taxes.

(a) New tax system

In the interest of tax fairness, the Canadian Department of Finance introduced measures into the tax act to provide for levying a tax on specified investment flow-through ("SIFT") distributions in order to align the taxation of these entities more closely with that of companies. Bill C-52, which enacted these provisions, received royal assent on June 22, 2007. The new rules apply as of the 2007 taxation year, except in the case of SIFT Trusts that existed on October 31, 2006 and that comply with provisions governing normal growth for the transitional period ending in 2011. As at June 30, 2008, the Trust was in line with the provisions regarding normal growth.

(b) REIT Exemption

The new tax system does not apply to SIFT Trusts that qualify as Real Estate Investment Trusts ("REIT") for any given taxation year. Generally, a Trust based in Canada is a REIT if its activities consist of acquiring and managing real estate and if it complies with certain rules governing its assets and revenues.

On December 20, 2007, the Finance Minister proposed a draft of technical amendments designed to clarify the tax rules applicable to REITs. As at June 30, 2008, the Trust qualifies as a REIT, if the technical amendments of December 20, 2007 are considered.

In keeping with generally accepted accounting principles, the Trust has recognized future tax assets and liabilities with regard to temporary differences between the financial statement carrying amounts and the respective tax bases of its assets and liabilities. These differences are expected to be reversed in 2011 or thereafter. As at June 30, 2008, under these rules, the Trust recorded a future income tax asset of $5,300 in the consolidated balance sheet and future income tax benefits of $485,000 in the quarterly consolidated statement of earnings.

This future income tax will be reversed when the draft of technical amendments of December 20, 2007 obtains royal assent in the House of Commons, provided that the Trust continues to meet the REIT eligibility conditions at that time. In the future the Fund's trustees intend to ensure that these conditions are met on an ongoing basis.

Net Loss

The net loss amounted to $237,768 and $176,493 for the periods ended June 30, 2008 and 2007, respectively. These losses are primarily attributable to the significant increase in the amortization of income-producing properties, in particular the proportion of intangible assets increased greater than in proportion to rental income.

The valuation of the amortization expense is based on the assumption that the value of buildings declines over the years. Reality tends to show, however, that their value trends upward over the years.

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Net loss	**237,768**	176,493	**447,111**	518,800
Basic loss per unit	**(0,007)**	(0,007)	**(0,014)**	(0,027)
Diluted loss per unit	**(0,007)**	(0,007)	**(0,014)**	(0,027)

Segmented information

The Trust's operations pertain to four categories of real estate, located in Quebec and in Ontario. The following tables present the contribution to revenues, to net operating income, and to amortization of each of these categories of real estate for the periods ended June 30, 2008 and 2007.

Quarter ended June 30, 2008 (in dollars)	**Office buildings**	**Commercial buildings**	**Industrial buildings**	**Mixed buildings**	**Total**
Income from income-producing properties	3,054,517	1,002,073	772,185	2,327,624	7,156,399
Net operating income	1,387,996	728,685	527,310	1,306,242	3,950,233
Amortization of income-producing properties and intangible assets	628,730	210,311	158,312	449,375	1,446,728
Income-producing properties (amortized cost)	87,025,651	33,195,810	20,144,852	61,843,465	204,209,778

Quarter ended June 30, 2007 (in dollars)	**Office buildings**	**Commercial buildings**	**Industrial buildings**	**Mixed buildings**	**Total**
Income from income-producing properties	383,702	677,441	113,781	766,698	1,941,562
Net operating income	213,636	532,392	72,742	425,713	1,244,483
Amortization of income-producing properties and intangible assets	35,751	134,416	17,955	101,096	289,218

Six-month period ended June 30, 2008 (in dollars)	**Office buildings**	**Commercial buildings**	**Industrial buildings**	**Mixed buildings**	**Total**
Income from income-producing properties	5,291,727	1,947,706	1,456,811	4,278,104	12,974,348
Net operating income	2,435,325	1,396,509	935,707	2,272,279	7,039,820
Amortization of income-producing properties and intangible assets	1,134,740	426,463	319,432	868,705	2,749,340
Income-producing properties (amortized cost)	87,025,651	35,195,810	20,144,852	61,843,465	204,209,778

Six-month period ended June 30, 2007 (in dollars)	**Office buildings**	**Commercial buildings**	**Industrial buildings**	**Mixed buildings**	**Total**
Income from income-producing properties	383,702	1,149,599	177,291	1,073,117	2,783,709
Net operating income	213,636	906,643	116,068	588,485	1,824,832
Amortization of income-producing properties and intangible assets	35,751	236,217	26,996	140,664	439,628

Distributable income and distributions

Distributable income does not constitute financial and accounting information as defined by GAAP. It is, however, an information frequently used by income trusts. The definition of distributable income is contained in the contract of trust governing BTB and provides that at least 85% of annual distributable income must be distributed to unitholders.

Distributable income generally corresponds to net income as prescribed by GAAP, excluding amortization of real estate properties, amortization of adjustments to leases which are not at market terms and conditions, unit-based compensation expenses, amortization of deferred rental revenue subsequent to adjusting the leases using the straight-line method, and the provision for future income taxes.

Period ended June 30 (in dollars, except the ratios)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Net loss (GAAP)	**(237,768)**	(176,493)	**(447,111)**	(518,800)
+ Amortization of income-producing properties and intangible assets	**1,446,728**	307,741	**2,749,340**	471,052
+ Amortization of adjustment of the leases which are not at market terms and conditions	**327,425**	103,083	**654,449**	100,508
+ Increase in the liabilities component of debentures	**95,580**	61,404	**160,392**	119,579
+ Unit-based compensation expenses	**16,187**	6,264	**34,318**	8,328
+ Future income taxes credits	**(485,000)**	256,400	**(785,000)**	256,400
- Deferred rental income accounted for using the straight-line method	**(103,843)**	(37,009)	**(205,853)**	(39,142)
Distributable income	**1,059,309**	521,390	**2,160,535**	397,925
Distributions to unitholders	**1,314,495**	1,843,596	**3,605,030**	2,842,102
Per unit data:				
- Distributable income	**0.032**	0.022	**0.066**	0.021
- Diluted distributable income	**0.032**	0.022	**0.066**	0.021
- Distributions	**0.04**	0.07	**0.11**	0.14
Coverage of distributions to distributable income ratio	**81%**	28%	**60%**	14%

Distributable income increased each quarter with the addition of quality acquisitions. Thus, in the second quarter of 2008, 81% of distributions were covered by distributable income.

On April 28, 2008, the Board of Trustees announced reduction of the amount of distributions, from $0.28 per unit per year to $0.16 per unit per year. By doing so, the Trustees ensured that the AFFO will match the distributions. Furthermore, BTB's capital and funds from financing will then be used to fulfill BTB's mission: the acquisition of good quality properties.

In accordance with "Amended National Policy 41-201", promulgated by Canadian Securities Administrators ("CSA"), the Trust is required to reconcile distributable income (a non-GAAP measure) with cash flows from operating activities as shown in the financial statements.

The following table shows this reconciliation:

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Cash flows from operating activities (GAAP)	**(809,362)**	721,571	**420,966**	789,452
- Amortization of deferred financing costs	**(216,510)**	(69,639)	**(326,633)**	(135,729)
- Amortization of fixed assets	**(4,703)**	(845)	**(4,703)**	(930)
- Unit-based compensation (as per management agreements)	**(169,841)**	(39,036)	**(274,800)**	(55,974)
Change in non-cash working capital items	**2,259,725**	(90,661)	**2,345,705**	(198,953)
Distributable income	**1,059,309**	521,390	**2,160,535**	397,925

Analysis of distributed cash

In accordance with instructions received from the CSA, the Trust also presents the following table:

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
A. Cash flows from operating activities	**(809,362)**	721,571	**420,966**	789,452
B. Net loss	**(237,768)**	(176,493)	**(447,111)**	(518,800)
C. Distributions to unitholders	**1,314,495**	1,843,596	**3,605,030**	2,842,102
D. Deficit of cash flows from operating activities to distributions (A – C)	**2,123,857**	1,122,025	**3,184,064**	2,052,650

Winter expenses and real estate taxes mostly due during the first two quarters of the current financial year generated higher than normal expenses, which explains the cash flow deficit related to operations and the deficit in comparison to the distributions paid during the second 2008 quarter.

BTB is temporarily financing its distributions with its available credit facilities.

BTB also plans to continue acquiring accretive properties which will provide additional liquidity for its operations.

For the year ending December 31, 2008, BTB expects that cash flow generated form its operations and, if necessary, its credit facilities will be sufficient to finance its distributions to unitholders.

Due to the significance of non-cash items, as demonstrated in the table showing the reconciliation of net income and distributable income, BTB believes that the comparison of the distributions to the net loss is not indicative of its capacity to pay its distributions.

Funds from operations (FFO)

The notion of funds from operations ("FFO") does not constitute financial and accounting information defined by GAAP. It is, however, a measurement that is frequently used by real estate companies and real estate investment trusts. The Real Property Association of Canada (REALpac) defines FFO as net income calculated in accordance with GAAP, excluding the amortization of income-producing property, and of deferred rental costs, gains or losses from the disposition of income-producing properties, and future income taxes. Our calculation method is consistent with the method recommended by REALpac, but may differ from measures used by other real estate investment trusts. Consequently, this method may not be comparable to methods used by other issuers.

FFO constitute a supplementary measurement of operational performance since it disregards the usual assumption that the value of real estate properties decreases over time in a foreseeable manner. Furthermore, it accounts for some elements included in net earnings, as determined by GAAP, which may not be best suited to evaluate a return, as an example, gains or losses from the disposal of income-producing properties.

The following table is a reconciliation between the net loss established under GAAP and the FFO for the periods ended June 30, 2008 and 2007:

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Net loss (GAAP)	**(237,768)**	(176,493)	**(447,111)**	(518,800)
+ Amortization of income-producing properties and intangible assets	**1,446,728**	307,741	**2,749,340**	471,052
+ Amortization of deferred rental costs	**10,022**	-	**38,612**	-
+ Future income taxes (creditors)	**(485,000)**	256,400	**(785,000)**	256,400
Funds from operations	**733,982**	387,648	**1,555,841**	208,652
Per unit data:				
- Funds from operations per unit	**0.022**	0.017	**0.047**	0.011
- Funds from operations per unit (diluted)	**0.022**	0.016	**0.047**	0.011

For the period ended June 30, 2008, the Trust posted positive FFO of $733,982, partially covering the Trust's distributions, which totalled $1,314,495 for the same period. The reader will note, as previously mentioned, that the Board of Trustees has decided to reduce the distributions. As of the second quarter of 2008, the annual distribution is $0.16 per unit.

Adjusted Funds From Operations (AFFO)

The notion of adjusted funds from operations ("AFFO") is increasingly used by real estate companies and Real Estate Investment Trusts. It is an additional measure to assess the Trust's performance and its ability to maintain and increase distributions in the long term. However, AFFO do not have the meaning of a financial or accounting measure prescribed by GAAP. The method of computing may differ from those used by other companies or real estate investment trusts and may not be used for comparison purposes.

BTB defines its AFFO as FFO adjusted to account for adjustments to leases in accordance with the straight-line method (deferred rental revenue), unrecoverable capital expenditures, the amortization of deferred financing costs and other assets, the amortization of leases which are not at market terms and conditions, adjustments with regards to the liability component of convertible debentures, compensation expenses associated with purchase options, and unit-based property management expenses.

The following table provides a reconciliation of FFO and AFFO for the periods ended June 30, 2008 and 2007:

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Funds from operations	**733,982**	387,648	**1,555,841**	208,652
- Deferred rental revenue attributable to the straight-line method	**(103,843)**	(37,009)	**(205,853)**	(39,142)
+ Amortization of leases not at market terms and conditions	**327,425**	103,083	**654,449**	100,508
+ Amortization of deferred financing costs	**216,510**	69,639	**326,633**	135,729
+ Unit-based compensation expenses	**16,187**	6,264	**34,318**	8,328
+ Increase in the liabilities component of convertible debentures	**95,580**	61,404	**160,392**	119,579
+ Amortization of fixed assets	**4,703**	845	**4,703**	930
+ Unit-based remuneration under management agreements	**169,841**	39,036	**274,800**	55,974
- Provisions for non-recoverable capital expenses	**(105,550)**	-	**(129,500)**	-
Adjusted funds from operations	**1,354,835**	630,910	**2,676,233**	590,558
Per unit data:				
- Adjusted funds from operations per unit (basic)	**0.041**	0.027	**0.082**	0.031
- Adjusted funds from operations per unit (diluted)	**0.041**	0.027	**0.082**	0.031

RELATED PARTY TRANSACTIONS

Services and Asset Management Agreements

In October 2006, the Trust entered into an exclusive agreement with AMTB Management Inc. (“AMTB”). Messrs. Michel Léonard and Peter Polatos are the two shareholders of AMTB, a corporation which provides the services of Messrs. Léonard and Polatos as officers of the Trust. Both officers are trustees of the Trust and directors of AMTB. Up to March 31, 2008, as compensation for its services, AMTB received an annual fee, payable monthly, equal to 0.225% of the adjusted cost base (“ACB”) of BTB’s assets and a fee equal to 0.375% of the ACB for each acquisition of the Trust, once BTB’s portfolio reached a value of $50 million. These fees were paid entirely by means of Trust units. When BTB’s portfolio reached a value of $200 million, the acquisition fees would have been paid 50% in Trust units and 50% cash. However, in May 2008, the Trust and AMTB amended this agreement. Therefore, beginning on April 1, 2008, no acquisition fee will be payable for acquisitions approved by the Investment Committee after March 31, 2008. In compensation, the annual management fees have been increased to 0.325% on an annualized basis for the remaining of the 2008 financial year to 0.30% for the 2009 financial year and to 0.28% for the 2010 and following financial years. These fees are now payable 80% in Trust units and 20% in cash for 2008 and 2009 and 75% in Trust units and 25% in cash for the following years.

The following table provides the fees for the periods ended June 30, 2008 and 2007:

Period ended June 30 (in dollars)	**Quarter**		**Cumulative (6 months)**	
	2008	2007	**2008**	2007
Annual fees	**169,841**	36,036	**274,800**	55,974
Acquisition fees	**-**	232,209	**100,955**	232,209
	169,841	271,245	**375,755**	288,183

AMTB is also the asset manager of TB Subsidiary Trust pursuant to an asset management agreement (the “Asset Management Agreement”) between TB Subsidiary Trust and AMTB. Under this agreement, AMTB’s responsibilities include, among other things, identifying and evaluating properties for potential acquisition by TB Subsidiary Trust and its subsidiaries. No fees are payable under this agreement.

COMPARATIVE SUMMARY OF QUARTERLY RESULTS

BTB was created from a predecessor entity, ABTB. Following an initial public offering, BTB began its operations on October 3, 2006. BTB's comparative quarterly information reflects this situation, as follows:

(in dollars)	2008 Q-2	2008 Q-1	2007 Q-4	2007 Q-3	2007 Q-2	2007 Q-1	2006 Q-4
Rental revenue	7,156,399	5,817,948	4,434,066	3,560,196	1,941,502	842,148	302,896
Net operating income	3,950,233	3,079,790	2,662,667	2,158,900	1,250,934	580,349	207,510
Operating income (loss) from real estate assets	(254,793)	(291,426)	(151,892)	415,995	291,600	20,768	34,406
Income (loss) before future income taxes and continuing operations	(722,768)	(509,343)	(920,053)	186,062	25,431	(344,604)	(179,374)
Net income (loss) from discontinued operations	-	-	165,711	-	54,476	2,297	-
Net earnings (net loss)	(237,768)	(209,343)	(1,234,342)	36,062	(176,493)	(342,307)	(179,374)
Basic earnings (loss) per unit	(0.007)	(0.006)	(0.038)	0.001	(0.007)	(0.024)	(0.010)
Diluted income (loss) per unit	(0.007)	(0.006)	(0.033)	0.001	(0.007)	(0.024)	(0.010)
Funds from operations (FFO)	733,982	821,659	687,627	845,074	387,648	(178,996)	(124,539)
FFO per unit – basic	0.022	0.025	0.021	0.026	0.017	(0.013)	(0.010)
FFO per unit – diluted	0.022	0.025	0.021	0.026	0.016	(0.012)	(0.010)
Adjusted Funds From Operations (AFFO)	1,354,835	1,390,134	1,482,189	1,190,219	630,910	40,352	N/A
FFO per unit – basic	0.041	0.042	0.045	0.037	0.027	(0.003)	N/A
FFO per unit – diluted	0.041	0.042	0.045	0.032	0.027	(0.003)	N/A

BTB's operations, and its quarterly results, are not significantly subject to seasonal influences, but they are affected by economic events and cycles of a local, national or international nature which may influence the demand for space and the level of interest rates. BTB's leases generally have provisions allowing rent increases to offset the effects of inflation on operating expenses.

CAPITAL RESOURCES

Selected balance sheet information follows:

(in dollars)	June 30, 2008	December 31, 2007
Real estate assets	**204,209,778**	180,262,684
Mortgage loans	**119,431,693**	103,943,246
Convertible debentures	**22,177,162**	10,788,691
Bank loans	**7,005,000**	9,245,000
Cash and cash equivalents	**104,818**	6,170,554
Unitholders' equity	**56,867,677**	60,085,685

The changes to the balance sheet as at June 30, 2008 from the balance sheet as at December 31, 2007 stem from the acquisition of six properties, from obtaining mortgage financing and bank loans related to these acquisitions, and the closing of a public placement in the form of convertible debentures of over $13 million.

Mortgage loans

As at June 30, 2008, the Trust's mortgage loans amounted to $120.4 million compared to $104.7 million as at December 31, 2007, before differed financing costs. This increase is attributable to the number of acquisitions throughout the period and to the refinancing of a property already acquired. As at June 30, 2008, the weighted average interest rate of the mortgages was 6.10% compared to 6.13% for the mortgage loans as at December 31, 2007. All mortgage loans bear interest at fixed rates and for a fixed term.

BTB attempts to spread the terms of its mortgages over many years in order to mitigate the risk associated with renewing them.

The following table presents the changes in mortgages payable since the beginning of 2008:

(in dollars)	$
Balance as at December 31, 2007	**104,735,692**
Contracted mortgage loans	**6,070,000**
Mortgage loans assumed with the acquisitions	**10,343,095**
Monthly principal repayments	**(721,936)**
Balance as at June 30, 2008	**120,426,851**

(1) Before unamortized financing costs.

The net book value of the mortgaged properties was approximately $202 million as at June 30, 2008.

Unamortized loan financing costs totalled $995,158 and are amortized under the effective interest method for the term of the loans.

The following table, as of June 30, 2008, shows the mortgage loan repayments for upcoming years:

Years ended December 31 (in dollars)	**Yearly Principal repayments**	**Balance at maturity**	**Total**	**Weighted average interest rate on repayments (%)**
2008[1]	780,709	4,083,765	4,864,274	6.50
2009	1,341,493	1,706,198	3,047,691	6.70
2010	1,196,201	-	1,196,201	6.11
2011	991,972	6,842,551	7,834,523	6.30
2012	1,041,970	47,280,678	48,322,648	6.38
2013	636,851	-	636,581	5.79
2014 and thereafter	2,487,578	52,037,355	54,524,933	5.78
Total			**120,426,851**	**6.10**
Minus: unamortized financing costs			995,158	
Financial statement balance as at December 31, 2007			**119,431,693**	

(1) For the six-month period ending December 31, 2008

Convertible Debentures

(a) Series A

In October 2006, the Trust issued Series A subordinated unsecured convertible debentures in the amount of $12,883,000. Interest is at the rate of 8% and is payable semi-annually. The debentures mature in October 2011. Subject to certain terms and conditions, the debentures are convertible at the request of the holder after October 2008 at a conversion price per unit of $2.55 (the “Series A Conversion Price”).

The debentures are redeemable at the discretion of the Trust, subject to certain terms and conditions, after October 2008 and prior to November 2010, at a price equal to the principal amount thereof plus accrued and unpaid interest provided that the current market price of the units is at least 150% of the Series A Conversion Price and after October 2010, at least 125% of the Series A convertible price.

On the date of issue, the debentures were recorded in a $11,381,441 liability component and a $1,501,559 equity component of BTB.

Management considers the convertible debentures to be good long-term sources of capital, which could be issued at a lower cost than its units. As at June 30, 2008, the Series A debentures had a $2.55 conversion price compared to the closing market price for BTB’s units of $1.35.

(b) Series B

In March 2008, the Trust issued Series B subordinated unsecured convertible debentures in the amount of $13,020,000. Interest is at the rate of 8.5% and is payable semi-annually. The debentures mature on March 31, 2013. Subject to certain terms and conditions, the debentures are convertible at the option of the holder at any time no later than March 31, 2013. The conversion price per unit of $2.30 (the “Series B Conversion Price”).

The debentures are also redeemable at the discretion of the Trust, subject to certain terms and conditions, on or after March 31, 2011 and prior to March 31, 2012, at a price equal to the principal amount thereof plus accrued and unpaid interest provided that the current market price of the units is at least 150% of the Series B Conversion Price and after March 31, 2012 and prior to March 31, 2013 at least 125% of the Series B convertible price.

On the date of issue, the debentures were recorded in a $12,338,897 liability component and a $681,103 equity component of BTB.

As at June 30, 2008, the Series B debentures had a $2.30 conversion price compared to the closing market price for BTB's units of $1.35.

Bank loans

During fiscal year 2007, BTB secured an acquisition facility of $50 million from a large finance company. This facility is renewable annually and bears interest at the Royal Bank of Canada's prime rate plus 0.5%. The Trust may use this facility to fund its acquisitions while permanent mortgage funding is negotiated. As at June 30, 2008, $5.9 million of this facility was used to purchase real estate properties with a net book value of $9.8 million.

BTB has an operation and acquisition credit facility of $1.3 million with a Canadian chartered bank. This credit facility is guaranteed by a collateral mortgage on a property with a net book value of $2 million and bears interest at the bank's prime rate.

Debt ratio

Under the terms of its contract of trust, the Trust mortgage loan to value ratio cannot exceed 75% of the gross book value of its properties and other assets. When establishing this calculation, the convertible debentures are not considered as debt.

The following table presents the Trust's debt ratios as at June 30, 2008 and December 31, 2007.

(in dollars, except the ratios)	**June 30, 2008**	December 31, 2007
Mortgage loans	**119,431,693**	103,943,246
Convertible Debentures	**22,177,162**	10,788,691
Bank loans	**7,005,000**	5,925,000
Total long-term debt	**148,613,855**	120,656,937
Gross book value of the Trust	**216,753,279**	194,407,734
Loan to value ratio	**68.6%**	62.1%
Loan to value ratio (excluding convertible debentures)	**58.3%**	56.5%

According to the table above, the loan to value ratio as at June 30, 2008 was 68.6%, compared to 62.1% as of December 31, 2007. This increase is attributable to mortgage loans concluded following property acquisitions, mortgage assumptions on acquired properties and the issue of Series B convertible debentures during the period.

The following table presents the Trust's interest ratios as at June 30, 2008 and December 31, 2007.

(in dollars, except for the ratios)	June 30, 2008	December 31, 2007
EBITDA(1)	**3,498,445**	5,392,700
Interest on loans	**2,445,869**	3,642,486
Interest cover ratio	**1.43**	1.48

(1) EBITDA is the earnings before depreciation, interest and taxes.

Unitholders' Equity

Unitholders' equity consists of the following:

(in dollars)	June 30, 2008	December 31, 2007
Trust units	**69,175,909**	69,049,759
Unit options	**93,507**	66,627
Equity component of convertible debentures	**2,182,662**	1,501,559
Cumulative loss	**(2,625,316)**	(2,178,205)
Cumulative distributions to unitholders	**(11,959,085)**	(8,354,055)
	56,867,677	60,085,685

Trust Units

The following table summarizes units issued and the weighted number of units for the specified periods:

Period ended June 30	Quarter		Cumulative (6 months)	
(in # of units)	2008	2007	2008	2007
Outstanding units, beginning of period	**32,820,757**	14,300,165	**32,691,941**	14,269,907
Units issued				
Public/private placement	**-**	18,055,000	**-**	18,055,000
Other issuances	**123,713**	90,349	**235,029**	108,607
Units issued upon exercise of options	**-**	-	**17,500**	20,000
Units outstanding, end of period	**32,944,470**	32,453,514	**32,944,470**	32,453,514
Weighted average number of units outstanding (basic)	**32,850,694**	23,446,581	**32,806,935**	18,891,929
Weighted average number of units outstanding (diluted)	**32,856,167**	23,647,375	**32,814,611**	19,076,968

The potential issuance of units under convertible debentures has an anti-dilutive effect on the calculation of the diluted net earnings per unit. The dilution resulting from the conversion of convertible debenture has not been considered.

Unit Options

The Trust may grant options to its trustees, senior officers, investor relations consultants and technical consultants. The maximum number of units reserved for issuance under the unit option plan may not exceed 10% of the total number of issued and outstanding units. The trustees have and will set the exercise price at the time that an option is granted under the plan, which exercise price shall not be less than the quoted market price of the units, as determined under a related agreement. The options have a maximum term of five years from the date of grant.

Details of unit options granted during the reporting period are as follows:

Period ended June 30	2008		2007	
	Unit Options	Weighted Average Exercise Price ($)	Unit Options	Weighted Average Exercise Price ($)
Outstanding, beginning of period	**2,157,500**	**2.58**	878,000	1.94
Granted	-	-	1,660,000	2.75
Exercised	**(17,500)**	**1.00**	(20,000)	1.00
Cancelled	-	-	(200,000)	2.15
Outstanding, end of period	**2,140,500**	**2.59**	2,318,000	2.51
Options vested as at June 30, 2008	1,154,000	2.49		
Weighted average remaining term to expiry (years)		**3.61**		**4.35**

The purpose of granting unit options is to encourage the holder to acquire an ownership interest that increases over time and provides a financial incentive for the holder to consider the long-term interest of BTB and its unitholders. Options also serve as non-cash compensation, thus preserving the cash resources of BTB during its early years.

Diluted Capital Structure

The maximum number of units that would be outstanding if all convertible debentures were to be converted and all options were to be exercised is as follows:

(in # of units)	**June 30, 2008**	December 31, 2007
Units outstanding	**32,944,470**	32,691,941
Unit options	**2,140,000**	2,157,500
Convertible debentures Series A	**5,052,157**	5,052,157
Convertible debentures Series B	**5,660,870**	-
	45,797,497	39,901,598

The potential issuance of units under convertible debentures has an anti-dilutive effect on the calculation of the diluted net earnings per unit.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

BTB's significant accounting policies are described in Note 2 to the June 30, 2008 unaudited financial statements. Management believes that the accounting policies most affected by estimates and by management's discretionary decisions during the preparation of financial statements are outlined below:

Income property acquisitions

Management is required to allocate the purchase price of income property acquisitions to land, the value of building and leasehold improvements, tenant inducements and intangible assets, such as lease origination costs and the value of client relationships. Management uses estimates and judgment to determine the following:

– The fair value of land as at the acquisition date;

– The value of the replacement cost of buildings and leasehold improvements as of the acquisition date based on prevailing construction costs for buildings of a similar class and age;

– The value of deferred rental costs, including improvements made by in-place lessees according to estimates of prevailing tenant inducements, while accounting for the condition of tenants' premises and the remaining lease term;

– The value of lease origination costs, including leasing commissions, foregone rent and operating expenses recovered during an estimated lease-up period, based on estimates of the costs that would be required for the existing leases to be put in place under the same terms and conditions;

– The value ascribed to above and below-market rents based on the present value of the difference between the rents payable under the terms of the in-place leases and estimated market rents;

– The value of client relationships, based on the net costs averted if the tenants renew their leases at the end of the existing term, adjusted for the estimated probability that the tenants will renew; and

– The fair value of debt assumed on acquisition by reference to market interest rates.

Such estimates of fair values and market interest rates could vary and affect reported financial results.

Amortization of income properties

Buildings and leasehold improvements are amortized on a straight-line basis over their estimated useful lives, not to exceed 40 years. A significant portion of the acquisition cost of each property is allocated to the building. The allocation of the acquisition cost to the building and the determination of the useful life are based on management's estimates. If the allocation to the building is inappropriate or the estimated useful life of the building proves incorrect, the calculated amortization will not be appropriately reflected over future periods.

Impairment of income properties

Under Canadian GAAP, management is required to write down to fair value long-lived assets that are determined to have been impaired. If events or circumstances indicate that the carrying value of an income property may be impaired, a recoverability analysis is performed based on the estimated undiscounted cash flows to be generated from the income property. If the analysis indicates that the carrying value is not recoverable from future cash flows, the income property is written down to its estimated fair value and an impairment loss is recognized.

Fair value of debentures payable

Management determines the fair value of BTB's debentures, interest on which is payable on a semi-annual basis. To do this, management uses internally developed models that are based on current market conditions. The process involves discounting future contractual payments associated with mortgage loans or debentures using current market rates. Market rates are determined by adding a credit spread to the published rates of Canadian government bonds with similar maturity dates to BTB's mortgages and debentures. The credit spread is estimated based upon experience in obtaining similar financing, and is also affected by current market conditions.

Unit option plan

The Trust has a unit option plan for senior officers, employees, and trustees. The fair market value method is applied to all compensation based on units. Compensation costs associated with remuneration based on granted units are recorded during the vesting period. The fair market value of the unit options granted is estimated at the grant date by applying the Black-Scholes option pricing model. When unit options are exercised, the consideration received and the charges incurred on unit options are credited to the Trust units. Option grants carried out under private placements or initial public offerings of units, are recorded as unit issuance costs.

CHANGES IN ACCOUNTING POLICIES

On January 1st, 2008, BTB adopted the recommendations contained in certain sections of the Canadian Institute of Chartered Accountants handbook (the "CICA Handbook"), namely Section 1535 – *Capital Disclosures*, Section 3862 – *Financial Instruments – Disclosures* and Section 3863 – *Financial Instruments – Presentation.* These new sections of the CICA Handbook apply to fiscal years beginning on or after October 1, 2007. These sections only deal with the information to be furnished and the presentation thereof and will not have any impact on the financial results of the Trust (see Notes 13 and 14 of the financial statements for the second quarter of 2008).

CONTROLS AND PROCEDURES

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports is recorded, processed, summarized, and reported within the time periods specified under Canadian securities laws. The information is gathered and communicated to management to allow timely decisions regarding required disclosure.

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

A control system, no matter how well designed and operated, has inherent limitations and can only provide reasonable, not absolute, assurance that its objectives are met. Owing to inherent limitations in all control systems, and more specifically because of the size of BTB and its management team, it is impossible to provide absolute assurance that all situations needing to be subject to a control have been detected. These inherent limitations include (i) management assumptions and judgments that may later prove incorrect under other conditions or circumstances or (ii) the impact of isolated errors.

Management evaluated the effectiveness of the disclosure controls and procedures and the Trust's internal control over financial reporting as at June 30, 2008, pursuant to the requirements of Multilateral Instrument 52-109. During the quarter ended June 30, 2008, management continued to implement controls and procedures to remedy material weaknesses, inherent to its size, and will continue to improve the quality and reliability of its financial reporting.

RISKS AND UNCERTAINTIES

BTB and its properties are subject to the normal risks inherent in owning and managing real estate. Income properties are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises, and various other factors. The main types of risks to which BTB is subjected in the course of its activities as well as the measures implemented in order to minimise their impact are presented in detail in the management's discussion and analysis for the year ended on December 31, 2007 and in the 2007 Annual Information Form dated April 28, 2008.