



**BTB REAL ESTATE INVESTMENT TRUST**  
**ANNUAL INFORMATION FORM**  
**YEAR ENDED DECEMBER 31, 2010**

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May 11, 2011

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## GLOSSARY

The following terms used in this annual information form have the meanings set out below. Unless the context otherwise requires, any reference in this annual information form to any agreement, instrument, indenture, declaration or other document shall mean such agreement, instrument, indenture or other document, as amended, supplemented and restated at any time and from time to time prior to the date hereof or in the future.

**“Adjusted Cost Base”** means the book value of the assets of BTB and its subsidiaries, as shown on its most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization shown thereon, less cash raised by BTB and its subsidiaries in equity issues which is not yet invested in properties or other assets;

**“Agency Agreements”** means (i) the agency agreement dated October 3, 2006 between BTB, Blackmont Capital Inc., National Bank Financial Inc. and Dundee Securities Corporation; (ii) the agency agreement dated May 3, 2007 between BTB, Blackmont Capital Inc., National Bank Financial Inc., Dundee Securities Corporation and Genuity Capital Markets G.P.; and (iii) the agency agreement dated March 13, 2008 between BTB, Blackmont Capital Inc., National Bank Financial Inc., Desjardins Securities Inc., Dundee Securities Corporation, Raymond James Ltd. and Genuity Capital Markets G.P.;

**“BTB” or the “Trust”** means BTB Real Estate Investment Trust, a trust formed under the laws of the Province of Québec pursuant to the Contract of Trust and includes, where the context requires, BTB’s subsidiaries;

**“Capital ABTB Inc.”**, a corporation incorporated under the CBCA on September 8, 2005;

**“CBCA”** means the *Canada Business Corporations Act*;

**“Contract of Trust”** means the Contract of Trust of BTB dated July 12, 2006, pursuant to which BTB was formed under the laws of the Province of Québec, as amended and restated on August 1st, 2006 and March 15, 2011, and from time to time thereafter;

**“Court”** means the Superior Court of Québec;

**“Debenture”** means a Series A Debentures or a Series B Debentures or any debenture of BTB issued pursuant to the Trust Indenture and **“Debentures”** means the Series A Debentures, the Series B Debentures and all other debentures to be issued from time to time pursuant to the terms and conditions of the Trust Indenture, collectively;

**“Distribution Date”** means, in respect of any Distribution Period and subject to the provisions of Section 11.1 of the Contract of Trust, on or about the 15th day of the immediately following month or such other dates determined from time to time by the Trustees;

**“Distributable Income”** means for any period, the net income of BTB, on a consolidated basis, as determined in accordance with GAAP, adjusted by:

- (a) adding back: depreciation of buildings and improvements and amortization of related intangibles (including amortization of the value of tenant rents in in-place lease agreements, amortization of the differential between original rent and above market rents, amortization of customer relationships (excluding amortization of tenant inducements, leasing commissions and deferred financing costs)), future income tax expense, losses on

dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value;

- (b) deducting: amortization of differential between original rents and below market rents, future income tax credits, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of properties at rates of interest greater than fair value (except where such amortization is funded); and
- (c) adjusting for differences, if any, resulting from recognizing revenues on a straight-line basis as opposed to contractual rental amounts;

provided that,

- (i) other adjustments may be made as determined by a majority of the Trustees in their discretion; and
- (ii) where appropriate, estimates may be made of Distributable Income by a majority of the Trustees where the actual amount has not been finally determined, which estimates shall be adjusted as of the subsequent distribution date when the amount of Distributable Income has been determined;

**“Distribution Period”** means each month in each calendar year from and including the first day thereof and to and including the last day thereof (whether or not such days are business days);

**“Escrow Agreement”** means the escrow agreement dated as of January 17, 2006 among Capital ABTB Inc., Computershare Investor Services Inc. in its capacity as escrow agent, and the initial shareholders of Capital ABTB Inc.;

**“First Supplemental Indenture”** means the supplemental indenture to the Trust Indenture, dated as of March 13, 2008 pursuant to which the Series B Debentures have been issued;

**“GAAP”** means Canadian generally accepted accounting principles, consistently applied;

**“Gross Book Value”** means, at any time, the book value of the properties and assets of BTB and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus accumulated depreciation and amortization in respect of BTB’s properties (and related intangible assets) shown thereon or in the notes thereto, less (a) the amount of any receivable reflecting interest rate subsidies on any debt assumed by BTB and (b) the amount of future income tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties; provided however, if approved by a majority of the Independent Trustees, the appraised value of the properties and assets of BTB and its consolidated subsidiaries may be used instead of book value;

**“Independent Trustees”** means a Trustee who, in relation to the Trust or any of its Related Parties, is “independent” within the meaning of Multilateral Instrument 52-110 – Audit Committees and is not “related” within the meaning of the Tax Act, as amended or replaced from time to time;

**“Note Indenture”** means the note indenture dated October 3, 2006 between TB Trust and Computershare Trust Company of Canada, as note indenture trustee which provides for the creation and issuance of the TB Notes, and any indenture supplemental thereto;

**“Properties”** means, unless the context requires otherwise, collectively as at December 31, 2010, the 49 properties owned by the Trust and **“Property”** means any one of them.

**“Series 1 Notes”** means the interest-bearing Series 1 unsecured subordinated promissory notes of TB Trust that to be issued pursuant to the Note Indenture in two separate subseries, which subseries are designated as Series 1, 4% notes and Series 1, 8<sup>1/8</sup> % notes, with each subseries having separate and distinct terms and conditions are set out in the Note Indenture;

**“Series A Debentures”** means the Series A Five Year 8% subordinate convertible debentures of BTB, due October 3, 2011, in the aggregate principal amount of \$12,883,000 issued pursuant to the Trust Indenture;

**“Series B Debentures”** means the Series B 8.5% convertible redeemable unsecured subordinated debentures of BTB, due March 31, 2013, in the aggregate principal amount of \$13,020,000 issued pursuant to the Trust Indenture;

**“Series 2 Notes”** means the interest-bearing Series 2 unsecured subordinated promissory notes of TB Trust that have been or may be issued pursuant to the Note Indenture;

**“Series 3 Notes”** means the interest-bearing Series 3 unsecured subordinated promissory notes of TB Trust that have been or may be issued pursuant to the Note Indenture;

**“SIFT”** means specified investment flow-through entities;

**“Special Resolution”** means a resolution passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the Contract of Trust at which two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 5% of the number of votes attached to Units then outstanding and passed by the affirmative votes of the holders of more than 66 2/3% of the Units represented at the meeting and voted on a poll upon such resolution, or passed in such other manner as provided in the Contract of Trust;

**“Tax Act”** means the *Income Tax Act* (Canada), as amended;

**“Taxation Year”** means the taxation year of BTB for the purpose of the Tax Act;

**“TB Trust”** means TB Subsidiary Trust, a trust formed under the laws of the Province of Québec pursuant to the TB Contract of Trust;

**“TB Contract of Trust”** means the contract of trust of TB Trust dated July 12, 2006 pursuant to which TB Subsidiary Trust was formed under the laws of the Province of Québec, as amended and restated as of August 1<sup>st</sup>, 2006 and March 15, 2011 and from time to time thereafter;

**“TB Notes”** means collectively Series 1 Notes, Series 2 Notes and Series 3 Notes;

**“TB Units”** means the trust units of TB Trust;

**“Transfer and Registrar Agreement”** means the Transfer and Registrar Agreement dated October 3, 2006 between BTB and Computershare Investor Services Inc.;

**“Trust” or “BTB”** means BTB Real Estate Investment Trust, a trust formed under the laws of the Province of Québec pursuant to the Contract of Trust and includes where the context requires, BTB's subsidiaries;

**“Trust Indenture”** means the trust indenture dated October 3, 2006 between BTB and Computershare Trust Company of Canada in its capacity as indenture trustee relating to the Debentures, and any indenture supplemental thereto;

**“Trustee”** means a trustee of BTB and **“Trustees”** means all of the trustees of BTB;

**“TSXV or Exchange”** means the TSX Venture Exchange;

**“Underwriting Agreement”** means the underwriting agreement dated November 5, 2010 between BTB, National Bank Financial Inc., Dundee Securities Ltd, Canaccord Genuity Corp. and HSBC Securities (Canada) Inc.;

**“Unit(s)”** means a trust unit of BTB;

**“Unit Option Plan”** means the Unit Option Plan adopted on October 3, 2006, as updated June 15, 2007 of BTB;

**“Unitholder(s)”** means a holder of Units;

**“Unitholders’ Rights Plan”** means the Unitholders’ Rights Plan that became effective June 1<sup>st</sup>, 2007 and duly approved by the Unitholders.

## FORWARD LOOKING STATEMENTS

This Annual Information Form (“AIF”) contains forward-looking statements. All statements other than statements of historical fact contained in this AIF are forward-looking statements. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that BTB expects or anticipates will or may occur in the future, including the ability of BTB to identify additional properties, the strength of the real estate markets, business strategies and measures to implement these strategies, competitive strengths, benefits that may be achieved in connection with the integration of the proposed acquisitions, goals, expansion and growth of BTB’s businesses and operations, plans and references to future acquisitions and success. Such forward-looking statements can be identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions or the negatives thereof.

The forward-looking statements reflect the current views and beliefs of the management of BTB and are based on certain assumptions, including assumptions as to future economic conditions and courses of action, as well as information currently available to management and other factors management believes are appropriate and reasonable in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be made that any of the events anticipated by such statements will prove to be accurate or occur or, if they do occur, what the effect on BTB would be. A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including:

- the general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors;
- the credit and financial stability of the tenants of BTB’s properties and the economic environment in which they operate;
- the ability of BTB to identify properties that meet its acquisition criteria or in completing acquisitions or investments on satisfactory terms;
- the failure of the newly acquired properties to perform as expected by management and the underestimation of the costs associated with the integration of such acquired properties;
- the failure to maintain mutual fund trust status;
- the value at which BTB’s real estate portfolio will generate sufficient Distributable Income to exceed distributions; and
- other factors, many of which are beyond the control of BTB, including those factors identified under the heading “Risk Factors”.

These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking-statements. Material assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include: the ability of BTB to identify additional properties, the credit and financial stability of current and future tenants, the current hypothec and mortgage loan to value ratio and hypothec and mortgage interest rates remaining constant, equity and debt capital markets continuing to provide access to fund BTB’s future growth on terms acceptable to the management of BTB and BTB being able to refinance its credit facilities, mortgage and hypothec loans on terms acceptable to the management of BTB.

Certain statements included in this AIF may be considered as a “financial outlook” for the purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than AIF. BTB’s actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be made that any of the events anticipated by the forward-looking statements will prove to be accurate or occur, or if any of them do so, what benefits, including the amount of proceeds, BTB will derive therefrom. BTB does not assume any obligation to update the aforementioned forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

## **NON-GAAP MEASURES**

Distributable Income is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Distributable Income is used in this AIF because management believes that, in addition to net income and net income per Unit, Distributable Income is a useful supplemental measure as it provides investors with information regarding cash available for distribution. Investors and Unitholders are cautioned that Distributable Income should not be construed as an alternative to net income as determined by GAAP. Distributable Income as computed by BTB may differ from similar computations as reported by similar organizations and, accordingly, may not be comparable to distributable income as reported by such organizations. For a complete description of Distributable Income, see the definition of "Distributable Income" in the Glossary and under the heading "Distribution Policy".

## **DISTRIBUTABLE INCOME**

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions.

Although BTB intends to make distributions of a significant percentage of its available cash to Unitholders, such cash distributions are not assured and may be reduced, suspended or discontinued. The ability of BTB to make cash distributions and the actual amount of cash distributed will be dependent upon, among other things, the financial performance of the properties in its portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons, including if BTB is unable to meet its cash distribution targets in the future, and such decline may be significant.

It is important for a person making an investment in Units to consider the particular risk factors that may affect both BTB and the real estate industry in which BTB operates and which may therefore affect the stability of the cash distributions on Units. See “Risk Factors”.

The after-tax return from an investment in Units to Unitholders that is subject to Canadian income tax can be made up of both a “return on” and a “return of” capital. That composition may change over time, thus affecting a Unitholder’s after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred and reduce the Unitholder’s cost base in the Unit for tax purposes.

## **DATE OF INFORMATION**

This AIF for BTB is for the financial year ended December 31, 2010. While information contained in an annual information form is generally required to be presented as at the last day of an issuer’s most recently completed financial year, the information must be updated so the annual information is not misleading when it is filed.

As at December 31, 2010, BTB owned 49 properties with a gross book value of approximately \$296 million including acquisition costs.

## CORPORATE STRUCTURE

### Background

BTB is focused on owning and acquiring income producing commercial and industrial properties in both primary and secondary market across Canada with an initial focus in geographic markets East of Ottawa, Ontario, with the objectives of producing a geographically and sectorally diversified portfolio of properties with stable and growing cash flows.

The head office of BTB is located at 2155 Crescent Street, Suite 300, Montreal, Québec, H3G 2C1.

BTB is an unincorporated open-ended real estate investment trust formed and governed under the laws of the Province of Québec pursuant to the Contract of Trust. BTB is a “mutual fund trust” for purposes of the Tax Act. BTB is not a trust company and it is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the Canadian Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation.

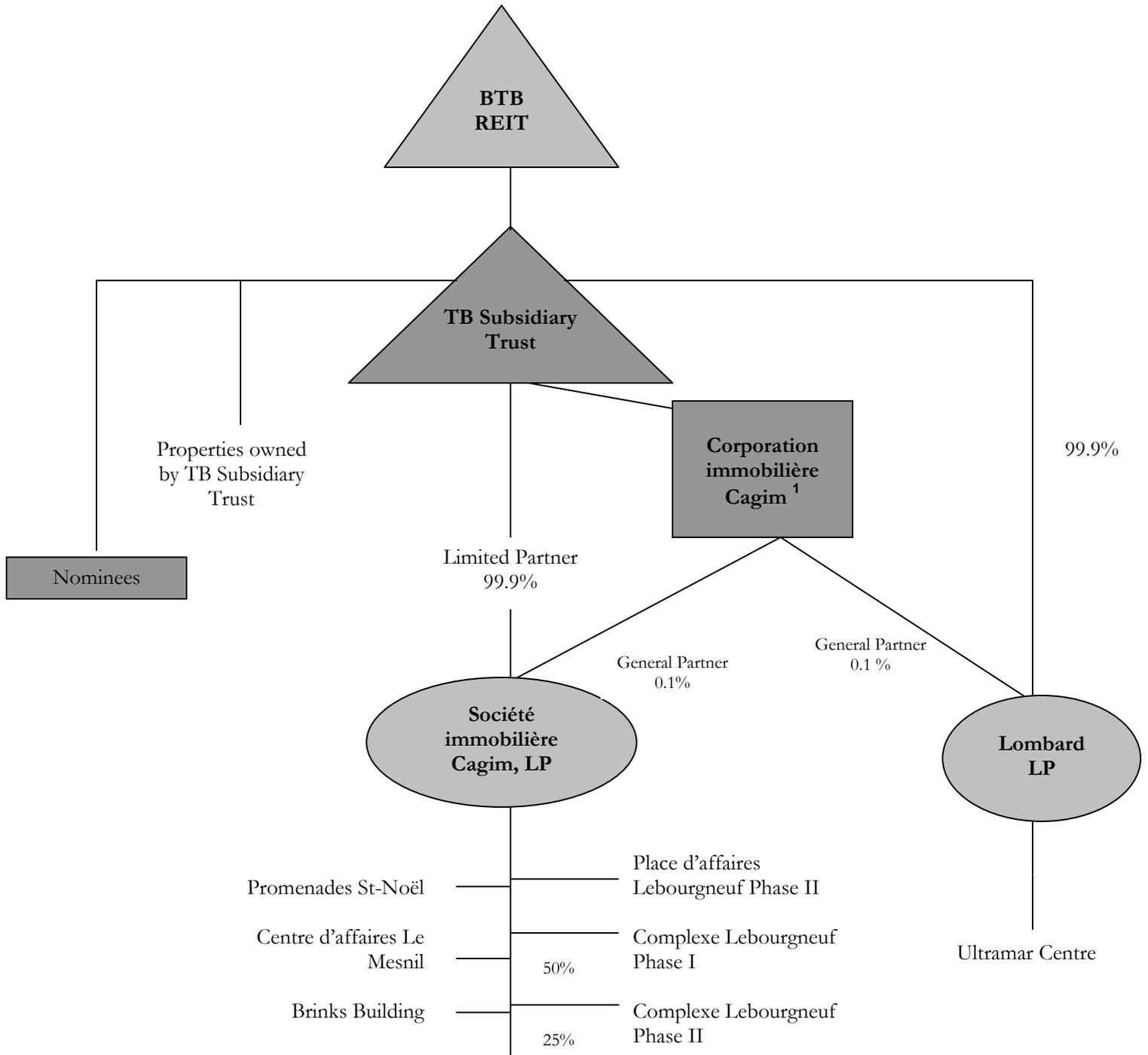
Prior to its reorganization as a real estate investment trust, BTB existed as a capital pool company known as “Capital ABTB Inc.”. Capital ABTB Inc. was incorporated under the CBCA on September 8, 2005 and completed its initial public offering and became a publicly-listed company on the TSX Venture Exchange on January 26, 2006.

On October 3, 2006, Capital ABTB Inc. completed a qualifying transaction whereby, pursuant to a plan of arrangement (the “Plan of Arrangement”), Capital ABTB Inc. was reorganized into a real estate investment trust under the name “BTB Real Estate Investment Trust”. In accordance with the Plan of Arrangement, the common shares of Capital ABTB Inc. were exchanged for Units of BTB on a five for one basis.

TB Trust is a trust constituted under the laws of the Province of Québec pursuant to the TB Contract of Trust. It is not intended that TB Trust qualifies as a mutual trust for the purposes of the Tax Act.

## Structure of BTB

The following diagram illustrates the organizational structure of BTB:



<sup>1</sup> Nominee for properties owned by Société immobilière Cagim, LP.

## DESCRIPTION OF THE BUSINESS

### Internal Growth Through Active Asset Management

The internal growth of BTB is based on the negotiation, upon expiry of the existing tenant leases, of the rents payable by these tenants, at market rate, and by renewing these leases, if possible. The renewals of leases, contrasted with tenant replacements, often minimize transaction costs associated with marketing, leasing and tenant improvements and avoid costs of renovations and interruptions in rental income resulting from periods of vacancy. Where an existing tenant chooses not to renew its lease, BTB will attempt to identify, as early as possible, a replacement tenant at the best available market terms and lowest possible transaction costs.

### External Growth through Acquisitions

BTB's external growth strategy is focused on its future acquisitions. BTB seeks accretive acquisitions in both primary and secondary markets that will present opportunities for favourable returns. BTB initially focused on acquiring income-producing office, industrial and retail properties in geographic markets east of Ottawa, Ontario with the objective of eventually expanding across Canada and thereby creating and enhancing a geographically diversified portfolio.

BTB's investment strategy is to pursue the acquisition of commercial properties from several sources, including:

- (a) private owners pursuing off-market transactions in both primary and secondary markets;
- (b) institutional investors disposing of commercial properties in order to rebalance their investment portfolios; and
- (c) BTB's network of contacts in real estate development and ownership, including pension funds and institutional and other owners of commercial real estate that are in the process of, or are contemplating, divesting certain real estate investments as part of rebalancing their investment portfolios.

The objectives of BTB are to:

- (a) generate cash distributions that are fiscally beneficial to unitholders;
- (b) expand the asset base of BTB and increase its income available and thereby its distribution through an accretive acquisition program; and
- (c) optimize the value of BTB's assets and maximize long-term unit value through the active management of its assets.

The real estate business is extremely competitive. Numerous other developers, managers and owners of office, industrial and retail properties will compete with BTB in seeking properties. The existence of competing developers and owners could have an adverse effect on BTB's ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that additional properties will be available to BTB at fair prices or at all. See "Risk Factors – Competition".

The success of BTB is highly dependent on the services of certain management personnel, including Messrs. Michel Léonard, Benoit Cyr and Michel Goudreault. The loss of the services of such personnel could have a material adverse effect on BTB. See "Risk Factors – Reliance on Key Personnel".

## Overview of Property Portfolio

BTB's property portfolio was comprised of 49 properties totaling approximately 2.86 million square feet of good quality office, commercial and mixed use properties located in the provinces of Québec and Ontario, as at December 31, 2010.

Province	Income Producing Properties	Gross Leaseable Area	% of Square Feet Occupied	% of Gross Leaseable Area
Québec	45	2,403,970	89.7	84.2
Ontario	4	453,430	91.6	15.8
<b>TOTAL</b>	<b>49</b>	<b>2,857,400</b>	<b>90.0</b>	<b>100</b>

The following table summarizes certain portfolio data based on the diversified sectors in which BTB operates. The table is as at December 31, 2010.

Sector	Gross Book Value <sup>(1)</sup> (in thousand \$)	% Gross Book Value	Gross Leaseable Area	% Gross Leaseable Area	% of Net Operating Income
Office	135,582	45.7	1,170,100	40.1	38.5
Commercial	68,502	23.1	536,000	18.6	25.1
Industrial	28,310	9.6	577,200	20.2	10.4
Mixed (Office & Commercial)	63,965	21.6	574,100	20.1	26.0
<b>TOTAL</b>	<b>296,359</b>	<b>100</b>	<b>2,857,400</b>	<b>100</b>	<b>100</b>

(1) Gross Book Value includes land transfer tax and other acquisition costs.

## Tenant Composition

BTB's properties have a diversified tenant base. The table is as at December 31, 2010.

Property	Gross Leaseable Area	Major Tenant	Square Feet Occupied by Major Tenant	% of Property Occupied by Major Tenant
2900 Jacques-Bureau St., Laval	101,194	Germain Larivière Laval Inc.	101,194	100
2220 Lapinière Blvd., Brossard	16,632	TD Canada Trust	7,023	42.2
1125 St-Martin Blvd. West, Laval	9,400	Lunetterie New Look	4,340	46.2
4890-4898 Taschereau Blvd., Brossard	38,503	Neuro Rive-Sud	10,913	28.3
7205-7235 St-Jacques St. West, Montreal	25,392	Industries Goodwill	10,887	42.9
3627-3645 des Sources Blvd., Dollard-des-Ormeaux	35,887	Restaurant Terramare Ltée	5,445	15.2
3781 des Sources Blvd., Dollard-des-Ormeaux	28,176	Pharmaprix	18,176	64.5
12055-12085 Laurentian Blvd., Montreal	30,752	Restaurant Snookers	6,830	22.2

<b>Property</b>	<b>Gross Leasable Area</b>	<b>Major Tenant</b>	<b>Square Feet Occupied by Major Tenant</b>	<b>% of Property Occupied by Major Tenant</b>
1863-1865 North Service Rd, Highway 40, Dorval	42,310	Marchon Canada	21,279	50.3
2004-2016 René-Laennec Blvd., Laval	27,249	Cité de la Santé Hospital	7,324	26.9
1400-1440 Antonio-Barbeau St., Montreal	79,758	Créations Cindy-Ann	40,444	50.7
4105 Sartelon St., St-Laurent	44,480	John Meunier Inc.	44,480	100
100 Montarville Blvd., Boucherville	24,308	Raiche & Vouligny	2,810	11.6
32 St-Charles West, Longueuil	14,130	Groupe de Consultation MCE	3,619	25.6
50 St-Charles West, Longueuil	20,437	Symbiose Communications	7,881	38.6
85, St-Charles West, Longueuil	31,820	Centre d'affaires du Vieux-Longueuil	8,104	25.5
2865-2885 De Portland Blvd., Sherbrooke	16,720	Société de l'Assurance Automobile du Québec (SAAQ)	16,720	100
2059 René Patenaude St., Magog	29,271	Annie Fruit	29,271	100
1635 and 1645 King East Sherbrooke	75,946	Canadian Tire	53,000	69.8
Halles St-Jean 145 St-Joseph, St-Jean-sur-Richelieu	108,972	Commission de la Santé et de la Sécurité du Travail (CSST)	21,741	20.0
Complexe de Léry Trois-Rivières	156,596	Hydro-Québec	41,175	25.5
5810-5818 Sherbrooke St. East, Montreal	37,673	Centre Local de Services Communautaires (CLSC)	26,900	71.4
7001-7035 St-Laurent Blvd., Montreal	24,530	Transcontinental	24,530	100
2212-2226 Dollard, Lasalle	29,967	Société Immobilière du Québec (SIQ)	15,063	50.3
2340 Lapinière, Brossard	19,082	Imagix Immobilier Inc.	8,397	44.0
1001 Sherbrooke East, Montreal	127,770	Groupe Aro	40,825	32.0
81-83 Turgeon, Ste-Thérèse	22,137	Banque Laurentienne	8,549	38.6
Place d'Affaires Lebourgneuf, Phase I, 6655 Pierre-Bertrand Blvd., Québec	186,054	Société Immobilière du Québec (SIQ)	32,732	17.6
2155 Crescent, Montréal	8,195	BTB Real Estate Investment Trust	4,100	50.0
1640-1650-1645 King West, Sherbrooke	62,407	Commission de la Santé et de la Sécurité du Travail (CSST)	24,923	39.9
560 Henri-Bourassa, Montréal	40,135	Canada Post Corporation	9,780	24.4
3036-3094 Chambly, Longueuil	41,724	Familiprix	16,010	38.4

<b>Property</b>	<b>Gross Leasable Area</b>	<b>Major Tenant</b>	<b>Square Feet Occupied by Major Tenant</b>	<b>% of Property Occupied by Major Tenant</b>
204 de Montarville, Boucherville	29,882	ADP Canada	13,127	43.9
3885 Harvey, Chicoutimi	68,020	Société Immobilière du Québec (SIQ)	18,513	27.2
665-669, Thibeau, Trois-Rivières	13,471	<b>Annie Fruit</b>	11,946	88.7
1100-1136 St-Joseph, Drummondville	25,273	Annie Fruit	14,221	56.3
747-805 King East, Sherbrooke	33,483	Annie Fruit	13,785	41.2
30-66 Jacques-Cartier Nord, Sherbrooke	31,260	Annie Fruit	20,085	64.3
1400 Marie-Victorin, St-Bruno	50,258	Pierre Fabre	7,845	15.6
Complexe Lebourgneuf 825 Lebourgneuf, Québec	231,862	Energie Cardio	14,242	6.1
Place d'affaires Lebourgneuf Phase II, 6700 Pierre-Bertrand, Québec	109,607	Canada Post Corporation	34,290	31.3
Promenades St-Noël 1st Street West, Thetford Mines	56,015	Métro Richelieu Inc.	21,009	37.5
Edifice Brinks 191 Amsterdam, St-Augustin-de-Desmaures	7,747	Brinks Canada Ltd	7,747	100
Édifice Lombard 909-915 Pierre-Bertrand, Québec	86,564	Piscines Pro et Patios NV inc.	22,981	26.6
Centre d'affaires Le Mesnil 1170 Lebourgneuf, Québec	102,935	Société Immobilière du Québec (SIQ)	16,611	16.1
705 Boundary, Cornwall	144,000	Cornwall Warehousing	116,980	81.2
725 Boundary, Cornwall	170,800	Cornwall Warehousing	83,000	48.6
805 Boundary, Cornwall	106,990	Cornwall Warehousing	64,199	60.0
2901 and 2905 Marleau, Cornwall	31,640	Sigma Point	28,000	40.9
<b>TOTAL</b>	<b>2,857,400</b>		<b>1,167,661</b>	<b>40.9</b>

The following chart shows the ten largest tenants in BTB's properties ranked by percent of annualized rental revenue, as well as by occupied square feet. The table is as at December 31, 2010.

<b>Tenant</b>	<b>Square Feet</b>	<b>% of Gross Leasable Area</b>	<b>% of revenues</b>
Hydro-Québec	41,175	1.4	6.0
Société immobilière du Québec (SIQ)	121,609	4.2	4.5
Annie Fruit Inc. / Le Végétarien	89,308	3.1	4.0
Germain Larivière Inc.	101,194	3.5	3.3
Commission de la Santé et de la Sécurité du Travail (CSST)	46,664	1.6	2.8
Cornwall Warehousing Ltd.	214,719	7.5	2.7
Groupe Aro Inc.	40,000	1.4	2.5
Canadian Tire	53,000	1.9	2.0
Caisse Desjardins	29,438	1.0	2.0
Gestion Deloitte s.e.c.	26,900	0.1	2.0
<b>Total: Top 10 Tenants</b>	<b>764,007</b>	<b>25.7</b>	<b>31.8</b>
<b>Total: BTB Portfolio</b>	<b>2,857,400</b>		

#### Schedule of Lease Maturities

The following table details leases which mature over the next 12 calendar years. The table is as at December 31, 2010.

<b>Date</b>	<b>Number of Tenants</b>	<b>Square Feet</b>	<b>% of Total Square Feet</b>
2011	142	308,015	10.78
2012	87	266,689	9.33
2013	70	259,554	9.08
2014	89	379,567	13.28
2015	67	265,038	9.28
2016	27	241,769	8.46
2017	18	279,209	9.77
2018	11	121,985	4.27
2019	23	228,878	8.01
2020	16	144,933	5.07
2021	4	29,335	1.03
2024	1	7,747	0.27
2025	3	27,248	0.95
Administration	9	6,728	0.24
Monthly Rental	15	7,505	0.26
Vacant	118	283,200	9.91
<b>TOTAL</b>		<b>2,857,400</b>	<b>100</b>

## Mortgages Payable

The following table is a list of BTB's mortgage debt outstanding. The weighted average term to maturity is 3.88 years. The table is as at December 31, 2010.

Property	Balance as of December 31, 2010 (in thousand \$)	Interest Rate (%)	Expiry
2900 Jacques-Bureau St., Laval	7,813	5.84	Feb. 2014
2220 Lapinière Blvd., Brossard	1,356	5.84	Feb. 2014
1125 St-Martin Blvd. West, Laval	1,893	5.84	Feb. 2014
4890-4898 Taschereau Blvd., Brossard	4,808	5.84	Feb. 2014
7205-7235 St-Jacques St. West, Montreal	2,693	5.84	Feb. 2014
3627-3645 des Sources Blvd., Dollard-des-Ormeaux	3,437	5.84	Feb. 2014
3781 des Sources Blvd., Dollard-des-Ormeaux	3,301	5.84	Feb. 2014
12055-12085 Laurentian Blvd., Montreal	799	5.84	Feb. 2014
1863-1865 North Service Rd, Highway 40, Dorval	1,900	5.84	Feb. 2014
1400-1440 Antonio-Barbeau St., Montreal	2,438	4.91	Dec. 2011
4105 Sartelon St., St-Laurent	3,134	6.28	Nov. 2012
32 St-Charles West, Longueuil	1,303	5.81	May 2014
50 St-Charles West, Longueuil	1,714	5.81	May 2014
85 St-Charles West Longueuil	3,291	5.81	May 2014
2865-2885 De Portland Blvd., Sherbrooke	1,806	6.28	Nov. 2012
2059 René Patenaude St., Magog	1,801	6.28	Nov. 2012
1635 and 1645 King East, Sherbrooke	6,915	6.28	Nov. 2012
Halles St- Jean , 145 St-Joseph, St-Jean-sur-Richelieu	8,425	5.74	Aug. 2013
Complexe de Léry Trois-Rivières	13,906	6.28	Nov. 2012
5810-5878 Sherbrooke St. East, Montreal	3,495	5.85	March 2011
7001-7035 St-Laurent Blvd., Montreal	2,204	4.91	Dec. 2011
2212-2226 Dollard, Lasalle	1,030	4.00	Dec. 2011
2340 Lapinière, Brossard	1,641	7.63	Oct. 2011
1001 Sherbrooke East, Montreal	10,159	6.28	Nov. 2012
81-83 Turgeon, Ste-Thérèse	1,280	6.26	Nov. 2012
705 Boundary, Cornwall	3,052	5.69	Dec. 2012
725 Boundary, Cornwall	3,052	5.69	Dec. 2012
805 Boundary, Cornwall	1,833	5.69	Dec. 2012
2901 and 2905 Marleau, Cornwall	1,009	5.69	Dec. 2012

Property	Balance as of December 31, 2010 (in thousand \$)	Interest Rate (%)	Expiry
Place d'Affaires Lebourgneuf, Phase I 6655 Pierre-Bertrand Blvd., Québec	12,461	5.63	March 2017
1640-1650-1645 King West, Sherbrooke	3,517	4.10	Dec. 2011
560 Henri-Bourassa, Montréal	2,141	5.98	Dec. 2014
3036-3094 Chambly, Longueuil	2,874	5.26	Oct. 2015
204 de Montarville, Boucherville	2,284	5.94	Jan. 2015
3885 Harvey, Chicoutimi	2,147	6.15	Dec. 2014
665-669, Thibeau, Trois-Rivières	8,778 <sup>(1)</sup>	5.51	Sept. 2013
1100-1136, St-Joseph, Drummondville			
747-805, King Est, Sherbrooke			
30-66 Jacques-Cartier Nord, Sherbrooke			
1400, Marie-Victorin, St-Bruno	3,436	5.70	Sept. 2011
100 Montarville, St-Bruno	1,899	4.92	July. 2011
Complexe Lebourgneuf, 825 Lebourgneuf, Québec	12,500	3.32	June 2011
Place d'affaires Lebourgneuf, Phase II, 6700 Pierre-Bertrand, Québec	8,821	4.80	August 2013
Promenades St-Noël, 1ère Rue Ouest Thetford Mines	9,763 <sup>(3)</sup>	5.60	June 2015
Centre d'affaires Le Mesnil, 1170 Lebourgneuf, Québec			
Edifice Brinks, 191 Amsterdam, St-Augustin-de-Desmaures	1,615	5.75	October 2014
Édifice Lombard, 909-915 Pierre-Bertrand, Québec	4,534	6.32	August 2012
Complexe Lebourgneuf Phase II, 815 Lebourgneuf, (Québec)	325 <sup>(4)</sup>	Floating	July 2011

(1) Global hypothec for these four buildings.

(2) Second rank mortgage on these four buildings.

(3) Global hypothec for these two buildings

(4) Laurentian Bank's prime rate plus 2.50%

BTB also has an operating line of credit guaranteed by hypothecs on the following properties:

Property	Balance as of December 31, 2010 (\$)	Interest Rate (%)	Expiry
2004-2016 René-Laennec	---	Floating <sup>(1)</sup>	N/A
2155 Crescent	---	Floating <sup>(1)</sup>	N/A

(1) HSBC prime rate plus 1 %.

The following table shows the scheduled mortgage repayments for the next few years. The table is as at December 31, 2010.

Expiry	Principal Repayments (in thousand \$)	Balance at Maturity (in thousand \$)	Total (in thousand \$)	Weighted Average Interest Rate (%)
2011	3,098	34,035	37,133	4.82
2012	2,761	51,542	54,303	6.16
2013	2,286	24,010	26,296	5.37
2014	1,221	37,808	39,029	5.85
2015	648	12,857	13,505	5.59
2016	417	---	417	5.63
2017	108	10,167	10,275	5.63
<b>Total</b>	<b>10,539</b>	<b>170,419</b>	<b>180,958</b>	<b>5.63</b>
Plus: Valuation adjustments on assumed loans			152	
Less: unamortized financing costs			637	
<b>Financial statement balance as at Dec. 31, 2010</b>			<b>180,473</b>	

## Employees

As of December 31, 2010 employed 29 people. The services of Mr. Michel Léonard, President and Chief Executive Officer are retained pursuant to an exclusive service contract. The services of Mr. Benoit Cyr, Vice-President and Chief Financial Officer are retained pursuant to an employment contract. The services of Mr. Michel Goudreault, Vice President, Real Estate Management, are retained pursuant to an exclusive service contract. These three employees are responsible for property acquisitions, leasing, asset management, property financing, public market and corporate financial matters.

The services of 14 administrative employees (middle management and clerical staff) are retained pursuant to employment contracts. The services of 12 cleaning and maintenance employees are retained pursuant to employment contracts or non exclusive service contracts.

## DEVELOPMENT OF THE BUSINESS

From the date of BTB's initial public offering ("IPO") on October 3, 2006 to December 31, 2006, BTB, through TB Trust, a wholly-owned subsidiary, acquired two properties with a gross book value of approximately \$14 million. From January 1, 2007 to December 31, 2007, BTB acquired 31 properties and sold one property. From January 1, 2008 to December 31, 2008, BTB acquired 11 properties. There was no acquisition in 2009. From January 1, 2010 to December 31, 2010, BTB acquired 6 properties. Details of the transactions are as follows:

### Acquisitions Completed in 2006

Property	City	Date Acquired	Type	Leasable Area (Square feet)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/ Renovated
2900 Jacques-Bureau St.	Laval	Oct. 3, 06	Commercial	101,194	11,750,000	2004
2220 Lapinière Blvd.	Brossard	Nov. 6, 06	Mixed	16,632	2,275,000	1988

(1) Before incidental costs

**2900 Jacques Bureau St., Laval, Québec** - This is a two-storey free-standing retail store built in 2004 and leased to a single tenant, Germain Larivière Laval Inc., carrying on business as a furniture and electronic appliance retailer. This building has a leasable area of 101,194 square feet. The size of the lot is approximately 200,000 square feet. The original lease is for 15 years, expiring in November 2019. There are two renewal options for five years each.

**2220 Lapinière Blvd, Brossard, Québec** - The leasable area of this building is 16,208 square feet. Its principal tenant is TD Canada Trust. The building is located across from a major shopping center on the south shore of Montreal, and serves the local community. The land area is approximately 25,000 square feet and the building has one level of underground parking.

### Acquisitions completed in 2007

	City	Date Acquired	Type	Gross Leasable Area (Sq. ft.)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/ Renovated
1125 St-Martin Blvd. West	Laval	Feb. 1, 07	Commercial	9,400	2,380,190	Around 1970
4890-4898 Taschereau	Brossard	Feb. 1, 07	Mixed	38,503	4,697,300	1986
7205-7235 St-Jacques St. West	Montreal	Feb. 1, 07	Commercial	25,392	3,096,470	1995/2000
3627-3645 des Sources Blvd.	Dollard-des-Ormeaux	Feb. 1, 07	Mixed	35,887	4,545,000	1977
3781 des Sources Blvd.	Dollard-des-Ormeaux	Feb. 1, 07	Commercial	28,176	4,291,560	Note (2)
12055-12085 Laurentian Blvd.	Montreal	Feb. 1, 07	Commercial	30,752	1,419,000	1975
Plaza Saint-Louis <sup>(3)</sup> 53-75, 45 <sup>th</sup> Avenue	Lachine	Feb. 1, 07	Commercial	14,004	2,924,640	1949
1863-1865 North Service Rd, Highway 40	Dorval	Feb. 1, 07	Industrial	42,310	2,491,140	1967
1400-1440 Antonio-Barbeau St.	Montréal	Apr. 3, 07	Mixed	79,758	4,000,000	1978
2004-2016 René-Laennec Blvd.	Laval	Apr. 4, 07	Mixed	27,249	2,350,000	1979/1989
4105 Sartelon St.	St-Laurent	Apr. 24, 07	Industrial	44,480	4,050,000	1999/2004/ 2007
100 Montarville Blvd.	Boucherville	May 9, 07	Office	24,308	3,015,000	1974
32 St-Charles West	Longueuil	May 9, 07	Office	14,130	1,900,000	1810/1854/ 1987
50 St-Charles West	Longueuil	May 9, 07	Office	20,437	2,500,000	1982
85, St-Charles West	Longueuil	May 9, 07	Office	31,820	4,800,000	1968
2865-2885 De Portland Blvd.	Sherbrooke	May 25, 07	Office	16,720	2,700,000	1994
2059 René Patenaude St.	Magog	May 25, 07	Industrial	29,271	2,315,000	2005

	City	Date Acquired	Type	Gross Leasable Area (Sq. ft.)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/Renovated
1635 and 1645 King East	Sherbrooke	May 25, 07	Commercial	75,946	8,500,000	1981
Halles St-Jean 145 St-Joseph Blvd.	St-Jean-sur-Richelieu	June 13, 07	Mixed	108,972	13,600,000	1940/1960/ 1989
Complexe de Léry	Trois-Rivières	June 14, 07	Office	156,596	21,200,000	1990
5810-5878 Sherbrooke St. East	Montreal	July 11, 07	Office	37,673	6,500,000	1987/1967
7001-7035 St-Laurent Blvd.	Montreal	Sept. 20, 07	Office	24,530	3,600,000	1939/1991
2212-2226 Dollard	LaSalle	Sept. 26, 07	Mixed	29,967	2,250,000	1975
2340 Lapinière	Brossard	Oct. 10, 07	Commercial	19,082	3,500,000	1982/1986
1001 Sherbrooke East	Montreal	Nov. 8, 07	Office	127,770	14,150,000	1989/1990
81-83 Turgeon	Ste-Thérèse	Nov. 8, 07	Office	22,137	3,225,000	1980
705 Boundary	Cornwall	Nov. 15, 07	Industrial	144,000	4,800,000	1969/1975/1979
725 Boundary	Cornwall	Nov. 15, 07	Industrial	170,800	4,700,000	1969/1975/1979
805 Boundary	Cornwall	Nov. 15, 07	Industrial	106,990	3,800,000	Around 1970
2901 and 2905 Marleau	Cornwall	Nov. 15, 07	Industrial	31,640	1,800,000	1984/1989/2002
Place d’Affaires Lebourgneuf, Phase I, 6655 Pierre-Bertrand Blvd.	Québec	Dec. 20, 07	Mixed	186,054	21,325,000	2006

(1) Before incidental costs

(2) This property was under major re-development.

(3) This property was sold on October 10, 2007

**1125 St-Martin Blvd. West, Laval, Québec** - This is an approximately 9,400 square-foot building and the main tenant is Lunetterie New Look. The building is strategically located on one of Laval’s main commercial thoroughfares.

**4890-4898 Taschereau Blvd., Longueuil, Québec** - This is a mixed-use building with approximately 38,500 square feet of leasable area. The main tenants are a major restaurant franchise and Lunetterie New Look, both of which have long-term leases. The second floor is leased as office space by five different tenants, the main tenant is a neurology clinic .

**7205-7235 St-Jacques St. West, Montreal, Québec** - Two commercial buildings are built on this property of approximately 25,400 square feet. It is well located in a fast-growing retail sector.

**3627-3645 des Sources Blvd., Dollard-des-Ormeaux, Québec** - This is a building of approximately 36,000 square feet of leasable area located on one of the main arteries in Montreal’s West Island. The second floor is leased as office space.

**3781 des Sources Blvd., Dollard-des-Ormeaux, Québec** - This building of approximately 28,000 square feet of leasable area, with a large parking lot, has been re-developed to welcome Pharmaprix as the major tenant and the Bank of Montreal.

**12055-12085 Laurentian Blvd., Montreal, Québec** - This small shopping centre, with approximately 30,750 square feet of leasable area, serves the local market and is strategically located close to a bridge that connects the islands of Montreal and Laval.

**1863-1865 North Service Rd, Highway 40, Dorval, Québec** - This building has an approximate area of 42,300 square feet of leasable area and is fully leased to two tenants. Both tenants have renewed their lease, providing long term stable income.

**1400-1440 Antonio-Barbeau St., Montreal, Québec** - Centrally located on the island of Montreal and only a stone's throw from Marché Central, this industrial and office building has a leasable area of 80,000 square feet. Management believes that it can eventually increase the value of the property by transforming it into loft style office building.

**2004-2016 René-Laennec Blvd., Laval, Québec** - This mixed-use commercial and office building has a leasable area of 27,249 square feet. Its main tenant is the Cité de la Santé Hospital.

**4105 Sartelon St., Montreal (St-Laurent borough), Québec** - This building of 44,480 square feet of leasable area was built in 1999. It is the Canadian head office and distribution facility of an international company operating in the environmental field. This building is built on a parcel of land of approximately 102,000 square-feet. This building is very well located in the Saint-Laurent industrial park, only minutes from main thoroughfares. A sale-leaseback was negotiated with the vendor, now the tenant, and the lease term is 10-years.

**100 De Montarville Blvd., Boucherville, Québec** - Located on one of the main boulevards in Boucherville and easy to access from all of the main thoroughfares on the South Shore of Montreal, this two-storey office building has a leasable area of 24,000 square feet and is rented to professional in the health and financial fields.

**32, 50 and 85 St-Charles West, Longueuil, Québec** - The leasable area of these three buildings located in Longueuil is approximately 66,865 square feet. This acquisition represents a strategic concentration of office buildings in the heart of the area called "Old-Longueuil" which area is renowned for its business district where attorneys, bankers, and business leaders are officed.

**2865-2885 De Portland Blvd, Sherbrooke, Québec** - This building, with a leasable area of 16,720 square feet is entirely rented by the Government of Quebec under a long-term lease, ending in 2014. The building yields a steady revenue stream and provides a stable return on investment along with possibilities of expansion.

**2059 René-Patenaude St., Magog, Québec** - Located in the industrial sector of Magog, near Sherbrooke, this building has a leasable area of 29,200 square feet. It houses the head office and distribution centre of a regional grocery store chain. Since the building, erected in 2005, occupies only 12% of the site, it could be expanded. The lease expires in 2020.

**1635 and 1645 King East, Sherbrooke, Québec** - Located in a suburb of Sherbrooke, this building has a leasable area of approximately 76,000 square feet. The main tenants include a major automobile parts dealer, a large bank and a drugstore. All of these large tenants have signed long-term leases with renewal options.

**Halles St-Jean, 145 St-Joseph Blvd. East, Saint-Jean-sur-Richelieu, Québec** - Les Halles St-Jean is a popular shopping destination in the St-Jean-sur-Richelieu area. The building comprises 108,972 square feet of leasable

area devoted to retail and office space. 62,000 square feet on the ground floor are for commercial purposes and its three floors, representing approximately 47,000 square feet of leasable area, are dedicated to office space. The shopping centre, which attracts both local and regional clients, has high customer traffic. Forty-five percent of revenues are generated by a bank, a drugstore and by government offices.

**Complexe de Léry, Trois-Rivières, Québec** - Complexe de Léry inc. consists of two Class “A” office buildings located in downtown Trois-Rivières, with a total leasable area of 156,500 square feet. BTB also acquired a 22,468 square-foot lot (currently used for parking). These buildings benefit from excellent visibility and have easy access to Highway 40. The major tenants of the building include two large accounting firms, a well-known law firm, the Business Development Bank of Canada, Hydro-Québec and Astral Media.

**5810-5878 Sherbrooke East, Montreal, Québec** - Located on one of Montreal’s key arteries, these two office buildings have a leasable area of 37,600 square feet and are entirely occupied by large tenants, such as a CLSC (a medical clinic run by the Government of Quebec), the National Bank of Canada, and the headquarters of the Fédération indépendante des syndicats autonomes.

**7001-7035 St-Laurent, Montreal, Québec** - Located on one of Montreal’s main retail streets, this fully-leased three-storey office building has a total leasable area of 24,530 square feet. It is fully-leased to Transcontinental Inc. with a long-term lease.

**2212-2226 Dollard, Lasalle, Québec** - Located on a commercial street in Montreal’s borough of Lasalle, this building has a leasable area of approximately 30,000 square feet and is fully leased. The main tenants are the Société immobilière du Québec, an insurance company and an important call centre.

**2340 Lapinière Blvd., Brossard, Québec** - This single-storey building is located in Brossard on the South Shore of Montreal. This retail property has approximately 19,000 square feet of leasable area and is located on a lot of 79,573 square feet. It will house a large radiology clinic in the spring of 2010.

**1001 Sherbrooke East, Montreal, Québec** - In the immediate proximity of Montreal’s entertainment district, this building of 127,770 square feet of leasable area is located on Montreal’s main artery. It has over 15 tenants, including the *Université du Québec à Montréal* (UQAM) and specialized educational institutions.

**81-83 Turgeon, Ste-Thérèse, Québec** - Only a few minutes from Highway 15, this building is a familiar landmark in the local community. With approximately 22,137 square feet of leasable area of office space, the major tenant is the Laurentian Bank.

**705 Boundary, Cornwall, Ontario** - This 144,000 square-foot distribution warehouse with multiple tenants features a loading dock equipped with a platform for loading trains.

**725 Boundary, Cornwall, Ontario** - This distribution warehouse with multiple tenants consists of 170,800 square feet of leasable space. This building houses prime tenants, such as Purolator and Cornwall Warehousing.

**805 Boundary, Cornwall, Ontario** - This building consists of a distribution warehouse with multiple tenants. Its leasable area is 106,990 square feet, and an adjoining lot provides opportunities for development. The building is rented to top-tier tenants such as Cornwall Warehousing and Canada Post.

**2901 and 2905 Marleau, Cornwall, Ontario** - These two buildings are each leased to a single tenant (one building is used as office space and the other as industrial space) and consist of a total of 31,640 square feet of leasable area as well as additional space that currently serves as parking. These buildings are exclusively leased to well-established tenants, namely SigmaPoint Technologies and a company affiliated with Westburne.

**Place d’Affaires Lebourgneuf, Phase I, 6655 Pierre-Bertrand Blvd., Québec City, Québec** - This two-storey building is located in the heart of the Lebourgneuf suburb of Quebec City. The building has approximately 186,000 square feet of leasable area, as well as over 470 parking spaces. There are more than 40 tenants, including la Société immobilière du Québec, a mobile phone company, a company specialized in residential carpet cleaning, a financial institution, a company selling tools and compressors, a travel agency, and the office of a minister of the federal government.

#### Acquisitions completed in 2008

Property	City	Date Acquired	Type	Leasable Area (Square feet)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/Renovated
2155 Crescent Street	Montreal	Jan. 16, 08	Mixed	8,195	1,815,000	1900s/ 2008
Place Jacques Cartier 1640-1650-1645 King St. West	Sherbrooke	Feb. 29, 08	Office	62,407	6,300,000	1960
560 Henri Bourassa West	Montreal	March 26, 08	Office	40,135	3,900,000	1975
3036-3094 Chambly	Longueuil	March 26, 08	Mixed	41,724	4,675,000	1992
204 de Montarville	Boucherville	March 26, 08	Office	29,882	4,250,000	1988
3885 Harvey Blvd.	Chicoutimi	March 26, 08	Office	68,020	4,700,000	1987
665-669 Thibeau	Trois-Rivières	Aug. 14, 2008	Commercial	13,471	1,737,000	1988/1999
1100-1136 St-Joseph	Drummondville	Aug. 14, 2008	Commercial	25,273	3,183,000	1979/2003
747-805 King Est	Sherbrooke	Aug. 14, 2008	Commercial	33,483	4,967,000	1989/1999
30-66 Jacques-Cartier Nord	Sherbrooke	Aug. 14, 2008	Commercial	31,260	5,671,000	1992
1400 Marie-Victorin	St-Bruno	Sept. 5, 2008	Office	50,258	5,650,000	1990

(1) Before incidental costs

**2155 Crescent St., Montreal, Québec** - This four-storey sits in close proximity to the financial core of downtown Montreal, on a highly coveted commercial street. The building also sits in close proximity to the Concordia University and the Montreal Museum of Fine Arts. This building houses BTB’s head office and is entirely leased.

**Place Jacques-Cartier – 1640-1650-1645 King St. West, Sherbrooke, Québec** - These two office buildings are facing each other. These buildings comprise approximately 62,400 square feet of leasable area are occupied by tenants including the Québec Government, professional firms such as notaries, attorneys, optometrists and real estate consultants.

**560 Henri-Bourassa Blvd. West, Montreal, Québec** - This building has 40,135 square feet of office space. It is occupied by the Canada Post Corporation on the main floor and by various professional offices on the other floors.

**3036-3094 Chemin de Chambly, Longueuil, Québec** - This commercial building has 40,327 square feet of leasable area. It houses a pharmacy, a Caisse populaire Desjardins 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 among others by an insurance company and offices of municipal economic development.

**3885 Harvey Blvd., Ville de Saguenay, Québec** - This building of 68,020 square feet of office space is occupied by tenants such as municipal and federal government offices and insurance companies.

**665-669 Thibeau Boulevard, Trois-Rivières, Québec** - 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.

**1100 & 1108-1136 St-Joseph Boulevard, Drummondville, Québec** - This commercial strip mall of 25,273 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 health and fitness center, a bistro and a restaurant.

**747-805 King Street East, Sherbrooke, Québec** - This commercial building of 33,483 square feet is located on Sherbrooke's main artery and is occupied by among others 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, Québec** - 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.

**1400 Marie-Victorin St., St-Bruno, Québec** - This 50,258 square foot office building is located near Route 116 and Highway 30 on the South Shore of Montreal. The building also sits in close proximity to the Promenades St-Bruno and St-Hubert Airport. The property currently generates a steady flow of income and is leased by a governmental public works agency, an office supply retailer, a well-known laboratory and a cosmetic company

#### Acquisitions completed in 2010

Property	City	Date Acquired	Type	Leasable Area (Square feet)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/ Renovated
Complexe Lebourgneuf 825 Lebourgneuf <sup>(2)</sup> Place d'affaires	Québec City	May 10, 2010	Office	231,862	18,231	2009
Le Bourgneuf - Phase II 6700 Pierre-Bertrand <sup>(3)</sup>	Québec City	May 10, 2010	Office	109,607	13,582	2007
Promenades St-Noël 1ère Rue	Thetford Mines	May 10, 2010	Retail	56,015	3,118	1956
Édifice Brinks 191 D'Amsterdam	St-Augustin-de-Desmaures	May 10, 2010	Industrial	7,747	2,827	2009
Édifice Lombard 909-915 Pierre-Bertrand <sup>(3)</sup>	Québec City	May 10, 2010	Retail	86,564	7,828	1991
Centre d'affaires Le Mesnil 1170 Lebourgneuf	Québec City	May 10, 2010	Office	102,935	13,210	1990

(1) Before incidental costs

(2) Building owned at 50%, in partnership

(3) Acquired in two transactions, 50% on May 10, 2010 and 50% on November 30, 2010

**Complexe Lebourgneuf** – This five-story building, completed at the end of 2009 is located in the Lebourgneuf suburb of Québec City. It is occupied by retailers on the ground floor and office tenants on the other 4 floors. It contains 231,862 square feet of rentable area. The main tenants of this building are Dessau, an engineering firm and the Government of Canada.

**Place d'affaires Lebourgneuf – Phase II** - This three-story building, completed in 2008 is also located in the Lebourgneuf suburb of Québec City. It has retail stores on the ground floor and office space on the other floors. It contains a total rentable area of 109,607 square feet and the main tenant is Canada Post.

**Promenades St-Noël** – This commercial building is located in the city of Thetford Mines. It has 56,015 square feet of rentable area and the main tenant is a Super C store, part of the Métro group.

**Edifice Brinks** - This industrial building is located in the city of St-Augustin-de-Desmaures in close proximity to Québec City. Its construction was completed in 2009. It has 7,747 square feet of rentable area and is entirely leased for 15 years by Brinks Corporation.

**Edifices Lombard** – These two adjacent commercial buildings are located in close proximity to Highway 40 in Québec City and to the other properties owned by BTB in that suburb. They total 86,564 square feet of rentable area. The main tenants of these buildings are Sport L.G.L. and Lessard Bicycles.

**Centre d'Affaires Le Mesnil** – This property is a four-story building located in the Lebourgneuf suburb of Québec City. It was completed in 1990 and has retail stores on the ground floor and office space on the other floors. It contains 102,935 square feet of rentable area, of which 7,800 square feet were added to the building in 2009 to accommodate its main tenant, Société immobilière du Québec. Part of the extension is still vacant.

#### Unit Issuances

Pursuant to a Plan of Arrangement approved by Capital ABTB Inc. shareholders, effective October 3, 2006, there was a five for one consolidation of units outstanding, which resulted in the 12,000,000 outstanding shares of Capital ABTB Inc. being consolidated into 2,400,000 Units of BTB on October 3, 2006. The table below shows the details of the issuance of Units from January 1 to December 31, 2010.

	Date	Number	Price per Unit (\$)	Cash Proceeds (\$)
Public Offering	November 19, 2010	18,000,000	0.67	12,060,000

#### Options Issued to Purchase Units

Pursuant to the Plan of Arrangement effective October 3, 2006, all the 2,000,000 outstanding shares purchase options granted by Capital ABTB Inc. have been exchanged for options to purchase 400,000 Units of BTB.

During the year ended December 31, 2006, the Trustees of BTB granted 720,000 options to various Trustees at an exercise price of \$2.15. There were 242,000 options exercised at a price of \$1.00, leaving 878,000 options outstanding with a weighted average price of \$1.94, of which 158,000 options were vested with the option holder.

From January 1, 2007 to December 31, 2007 an additional 1,660,000 options were granted with a weighted average exercise price of \$2.75, 120,500 options were exercised at a price of \$1.00, and 260,000 options were cancelled, leaving 2,157,500 outstanding options with a weighted average price of \$2.58.

From January 1, 2008 to December 31, 2008 an additional 645,000 options were granted with a weighted average exercise price of \$1.00, 17,500 options were exercised at a price of \$1.00, leaving 2,785,000 outstanding options with a weighted average price of \$2.26.

No options were granted in 2009.

From January 1, 2010 to December 31, 2010, an additional 440,000 options were granted with an exercise price of \$0.68. Options granted since September 8, 2008 must be ratified by the Unitholders at the general annual and special meeting scheduled for June 22, 2011.

## **RISK FACTORS**

The activities of the Trust and an investment in its securities involve certain risks and financial considerations. Investors and Unitholders should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this AIF.

### **Public Market Risk**

It is not possible to predict the price at which Units will trade and there can be no assurance that an active trading market for the Units will be sustained. The Units will not necessarily trade at values determined solely by reference to the value of the Properties of BTB. Accordingly, the Units may trade at a premium or a discount to the value implied by the value of the properties of BTB. The market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of BTB.

### **General Risks Associated with Immovable Property Ownership**

All real property investments are subject to elements of risk. Such investments 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 value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and the economic environment in which they operate. BTB's financial performance would be adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the Trust will have an interest is not able to be leased on economically favourable terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to BTB than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and costs incurred in protecting BTB's investment may be incurred. Furthermore, at any time, a tenant of any of BTB's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby adversely affect the financial performance of BTB.

Certain significant expenditures, including property taxes, maintenance costs, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the real property is producing any income. If the Trust is unable to meet hypothecary payments on any property, loss could be sustained as a result of the hypothecary creditor's exercise of its hypothecary recourses.

## **Future Property Acquisitions**

BTB's business strategy involves expansion through acquisitions. BTB will have to identify acquisition or investment opportunities that meet its criteria and are compatible with its growth strategy. BTB may not be successful in identifying properties that meet its investment criteria or in completing acquisitions on satisfactory terms. Failure to identify or complete acquisitions or to purchase future properties, including announced but not yet closed acquisitions, will slow BTB's growth. BTB could also face significant competition for acquisitions opportunities. This competition may reduce the number of suitable acquisition opportunities available to BTB, may increase acquisition costs and may reduce demand in the areas where BTB's facilities are located and, as a result, may adversely affect BTB's operating results.

In addition, even if BTB is successful in identifying suitable acquisitions, newly acquired properties may fail to perform as expected and management of BTB may underestimate the costs associated with the integration of the acquired properties. In addition, any expansions BTB undertakes in the future are subject to a number of risks, including, but not limited to, financing risks, the difficulty to meet anticipated occupancy or rent levels, difficulty to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs will increase, and there may be significant costs incurred for properties that are not ultimately acquired. To evaluate the acquisition or expansion of a property, BTB will make certain assumptions regarding the expected future performance of that property. If BTB's acquisition or expansion of properties fail to perform as expected or incur significant increases in projected costs, the BTB's rental revenues could be lower, and its operating expenses higher, than expected.

## **International Financial Reporting Standards (IFRS)**

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has announced that as of January 1, 2011 publicly accountable Canadian enterprises will be required to implement the International Financial Reporting Standards (the IFRS) published by the International Accounting Standards Board. The IFRS will require presentation of more detailed and enhanced information in financial statements than presently required under GAAP. BTB has reviewed the differences between GAAP and IFRS accounting conventions and BTB has amended and updated its Contract of Trust to facilitate the transition to IFRS. It continues to examine the impact of the transition to IFRS on the financial information that it is required to disclose. BTB is examining the possibility of eliminating from its contractual obligations the requirement that it distributes all of its taxable income. On the other hand, it is its intention to take the necessary steps to eliminate any Canadian income tax that will be taxed in its hands. This topic is more fully discussed in Management's Discussion and Analysis of BTB for fiscal year ended December 31, 2010, which is available on SEDAR. There is no guarantee that the transition to IFRS will not have a significant negative impact on BTB. BTB intends to ask its Unitholders to approve proposed necessary amendments to the Contract of Trust at its next meeting of Unitholders. The objective of implementing the amendments is that BTB will be able to continue classifying its issued and outstanding units and distributions paid in Unitholder equity, without being required to reclassify the units as liabilities in accordance with the IFRS. There is no guarantee that the Unitholders will approve these amendments.

## **Mutual Fund Trust Status**

For the purposes of the Tax Act, BTB currently qualifies as a mutual fund trust. In order to keep this status, it must meet certain conditions as to its activities, its residence, the ownership and trading of its units. The units and the debentures of a mutual fund trust are qualified investments for certain deferred income plans.

If BTB ceases to qualify as a mutual fund trust for the purposes of the Tax Act, this would cause adverse consequences to its beneficiaries. In such cases, the Tax Act does not contain ratification measures.

The Tax Act imposes penalties for the acquisition or holding of non-qualified investments. Any TB Note distributed to a Unitholder on an *in specie* redemption of Units will not be a qualified investment for plans. As the Contract of Trust provides that BTB shall, subject to the Trustees resolving otherwise, distribute to Unitholders in each year an amount of net income and net realized capital gains in order to eliminate BTB's liability for tax under Part I of the Tax Act, where the amount of net income and net realized capital gains of BTB in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains may be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash distribution. Although BTB is of the view that all expenses to be claimed by BTB and its Subsidiaries (which includes TB Trust) in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed.

### **SIFT trust taxation**

For income tax purposes, the income from non-portfolio properties of a SIFT trust payable to its beneficiaries is not deductible in the computation of its income and is taxed at the trust level at a rate that approximates the general corporate tax rate. A SIFT trust is a trust which meets the following conditions at any time in a taxation year, except if it is a "real estate investment trust" (REIT) throughout the taxation year, it resides in Canada, the investments in the trust are listed or traded on a stock exchange or another public market and it holds "non-portfolio properties". Non-portfolio properties include certain securities, properties used in the course of carrying on a business in Canada, real, immovable or resource properties. The payable and non deductible amount other than capital distributions is treated as taxable dividends in the hands of the beneficiaries. For Canadian resident individuals, the dividend is an eligible dividend, benefiting from the enhanced tax credit.

A trust that meets the conditions of a REIT throughout a taxation year is not a SIFT trust for that year. If for a given taxation year, it does not meet the conditions of a REIT, it will be a REIT for another year, if it meets the said conditions throughout that other taxation year.

A REIT is a trust resident in Canada that satisfies the following conditions: (i) its "non-portfolio properties" held during the year are "qualified REIT property", (ii) at least 95% of its income for the taxation year is derived from one or more of the following sources: rent from "real or immovable properties"; interest; capital gains from the disposition of real or immovable properties; dividends and royalties, (iii) at least 75% of its income for the taxation year is derived from one or more of the following sources: rent from "real or immovable properties" to the extent that it is derived from properties; interest from mortgages or hypothecs on real or immovable properties and capital gains from the disposition of real or immovable properties and (iv) the total fair market value of all properties that it holds, each of which is a real or immovable property, cash or generally, a claim of the Government of Canada or of certain other government bodies, is not at any time in the year less than 75% of the equity value of the at that time.

As at December 31, 2010, BTB satisfied the requisite conditions of a REIT. Consequently, the SIFT trust rules did not apply to it for the taxation year ending December 31, 2010. Management of BTB intends to take the necessary measures to satisfy the said criterion on a continuing basis in the future.

If, during a given taxation year, BTB was not a REIT, it could not deduct the amounts payable to its beneficiaries out of its income from non-portfolio properties. Also, such income from these properties would be subjected to income taxation in the hands of BTB, as further described above. This could cause adverse consequences to BTB cash flow and its capacity to make distributions.

## Fluctuations in Cash Distributions

A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of the initial investment in Units is at risk, and the return on an investment in Units is based on many performance assumptions. Although BTB intends to distribute its Distributable Income, the actual amount of Distributable Income distributed in respect of Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of BTB. In addition, the market value of the Units may decline if BTB is unable to provide a satisfactory return to Unitholders. BTB began operations on October 3, 2006. On that date, management of BTB had agreed to pay a cash distribution of \$0.28 per Unit on an annual basis even though BTB's operations and real estate portfolio were not yet of a sufficient magnitude to ensure that Distributable Income would cover monthly distributions. BTB used its excess cash flows and its cash flows from financing activities, to carry out these distributions. In particular, BTB negotiated a bank loan in the form of an unsecured \$1.25 million line of credit for the primary purpose of ensuring sufficient liquidity to pay the monthly distributions and to support its regular operations. As at December 31, 2010, this line of credit had not been used.

On April 28, 2008, the Board of Trustee of BTB has initially announced its decision to reduce the amount of distributions to Unitholders to \$0.16 per Unit on an annualized basis. After then, taking into account the economic conjuncture and in order to preserve its liquidities, the Board of Trustee of BTB announced on February 18, 2009, its decision to reduce the amount of distributions to Unitholders to \$0.08 per Unit on an annualized basis, level estimated by the management of BTB to be the liquidity generated by the operation of BTB's properties in its current portfolio. Consequently, BTB will not employ the liquidity generated by its financing activities in order to pay its distributions.

## Transition to IFRS

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has announced that as of January 1, 2011 publicly accountable Canadian enterprises will be required to implement the International Financial Reporting Standards (the IFRS) published by the International Accounting Standards Board. The IFRS will require presentation of more detailed and enhanced information in financial statements than presently required under GAAP, and BTB has reviewed the differences between GAAP and IFRS accounting conventions. BTB will amend and update its Contract of Trust to facilitate the transition to IFRS. It continues to examine the impact of the transition to IFRS on the financial information that it is required to disclose. BTB is examining the possibility of eliminating from its contractual obligations the requirement that it distributes all of its taxable income. On the other hand, it is its intention to take the necessary steps to eliminate any Canadian income tax that will be taxed in its hands. This topic is more fully discussed in Management's Discussion and Analysis of BTB for fiscal year ended December 31, 2010, which is available on SEDAR. BTB intends to ask its Unitholders to approve proposed necessary amendments to the Contract of Trust at its next meeting of Unitholders. The objective of implementing the amendments is so that BTB will be able to continue classifying its issued and outstanding units and distributions paid in Unitholder equity, without being required to reclassify the units as liabilities in accordance with the IFRS.

## Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such low liquidity may tend to limit BTB's ability to vary its portfolio promptly in response to changing economic or investment conditions. If BTB were to require TB Trust to liquidate a real property investment, the proceeds to TB Trust (and BTB) might be significantly less than the aggregate acquisition value of such property.

## **Debt Financing Risk**

BTB and TB Trust may have outstanding indebtedness which will include any debentures. BTB and/or TB Trust intend to incur additional indebtedness in the future, including by way of mortgage loans and may include additional debentures and/or a revolving line of credit. A portion of the cash flow generated by properties owned by TB Trust will be devoted to servicing such debt, and there can be no assurance that TB Trust will continue to generate sufficient cash flow from operations to meet the required interest and principal payments on the debt of BTB and/or TB Trust.

The indebtedness represented by mortgage debt incurred in the future and a revolving line of credit will be senior to the indebtedness under the Debentures.

BTB will be subject to the risks associated with debt financing, including the risk that the hypothecary indebtedness and banking facilities secured by properties of TB Trust will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In addition, if TB Trust were to fail to meet its obligations under its mortgage indebtedness or revolving line of credit, distributions to BTB may be affected, which would in turn may affect distribution to Unitholders or the repayment of indebtedness under the Debentures.

In order to minimize this risk, BTB will attempt to appropriately structure the timing of the renewal of significant tenant leases on the respective property in relation to the time at which hypothecary indebtedness on such property becomes due for refinancing.

## **Competition**

The real estate business is extremely competitive. Numerous other developers, managers and owners of office, industrial and retail properties will compete with BTB in seeking properties. The existence of competing developers and owners could have an adverse effect on BTB's ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that additional properties will be available to BTB at fair prices or at all. Some of BTB's competitors have greater financial resources than BTB and, accordingly, have a greater ability to borrow funds to acquire properties. These competitors may also be willing and/or able to accept more risk than BTB can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices.

## **General Uninsured Losses**

BTB will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, BTB could lose a property, and the profits and cash flows from that property, and BTB would continue to be obliged to repay the hypothecary indebtedness on such properties.

## **Interest Rate Fluctuations and Financing Risk**

BTB's financing may include indebtedness with interest rates based on variable interest rates that result in fluctuations in BTB's cost of borrowing. BTB will be required to refinance its debt from time to time and, if new debt has less favourable terms or if such refinancing cannot be obtained, there is a potential negative impact on Distributable Income.

## **Environmental Matters**

As an owner of real property BTB will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that BTB could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect BTB's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against BTB. Management of BTB is actually not aware of any material non-compliance with environmental laws with respect to the Properties. BTB is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with its Properties.

## **Restrictions on Redemptions**

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments. Series 2 Notes or Series 3 Notes which may be distributed *in specie* to holders of Units in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite "hold period" or other resale restriction under applicable securities laws. Series 2 Notes and Series 3 Notes so distributed may not be qualified investments for deferred income plans. Regulatory approvals will be required in connection with a distribution of a Series 2 Notes or Series 3 Notes *in specie* to holders of Units in connection with a redemption of Units.

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by BTB in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; and (iii) the trading of the Units has not been suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10 day period commencing immediately after the redemption date. See "Summary of Contract of Trust - Redemption of Unit".

## **Lack of Availability of Growth Opportunities**

BTB's business plan includes growth through identifying suitable acquisition opportunities and effectively operating and leasing such properties. If BTB and TB Trust are unable to manage their growth effectively, BTB's business, operating results, financial condition and distributions could be adversely affected.

There can be no assurance that either BTB or TB Trust will be able to acquire assets on an accretive basis or that distributions from BTB to Unitholders will be maintained or increased.

## **Reliance on Single or Anchor Tenants**

Some Properties may have a single tenant and therefor the amount of Distributable Income may be largely dependant on income derived from rent paid by such tenant. In the event that a tenant defaults on or ceases to satisfy its payment obligations under its lease, the business, operating results, financial condition and distributions could be adversely affected.

Retail shopping centres have traditionally relied upon anchor tenants and therefor an investment in retail shopping centres is subject to the risk that such anchor tenants may move out of the property or default on their obligations under their leases.

## Potential Unitholder Liability

The Contract of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an “Annuitant”) will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or Annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of BTB or of the trustees. Only assets of BTB are intended to be liable and subject to levy or execution.

The Contract of Trust further provides that certain written instruments signed by BTB (including all immovable hypothecs and mortgages and, to the extent the Trustees determine to be practicable and consistent with their obligation as Trustees to act in the best interests of the Unitholders, other written instruments creating a material obligation of BTB) shall contain a provision or be subject to an acknowledgement to the effect that such obligation will not be binding upon Unitholders personally or upon any Annuitant. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Québec to Unitholder or Annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

In addition, in conducting its affairs, BTB will be acquiring real property investments, subject to existing contractual obligations, including obligations under hypothecs or mortgages and leases. The Trustees will use all reasonable efforts to have any such obligations, other than leases, modified so as not to have obligations binding upon any of the Unitholders or Annuitants personally. However, BTB may not be able to obtain such modification in all cases. To the extent that claims are not satisfied by BTB, there is a risk that a Unitholder or Annuitant will be held personally liable for obligations of BTB where the liability is not disavowed as described above. The possibility of any personal liability attaching to Unitholders or Annuitants under the laws of the Province of Québec for contract claims where the liability is not so disavowed is remote.

BTB will use all reasonable efforts to obtain acknowledgements from the hypothecary creditors under assumed hypothecs that assumed hypothec obligations will not be binding personally upon the Trustees, the Unitholders or any Annuitant.

Claims against BTB may arise other than under contracts, including claims, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of Unitholders for such claims is considered remote under the laws of the Province of Québec and, as well, the nature of BTB’s activities will be such that most of its obligations will arise by contract, with non-contractual risks being largely insurable. In the event that payment of an obligation of BTB were to be made by a Unitholder, such Unitholder would be entitled to reimbursement from the available assets of BTB.

Article 1322 of the Civil Code effectively states that the beneficiary of a trust is liable towards third persons for the damage caused by the fault of the trustees of such trust in carrying out their duties only up to the amount of the benefit such beneficiary has derived from the act of such trustees and that such obligations are to be satisfied from the trust patrimony. Accordingly, although this provision remains to be interpreted by the courts, it should provide additional protection to Unitholders with respect to such obligations.

The Trustees will cause the activities of BTB to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine to be practicable and consistent with their duty to act in the best interest of the Unitholders, any material risk of liability on the Unitholders for claims against BTB. The Trustees will to the extent available on terms which they determine to be practicable, cause the insurance carried by BTB, to the extent applicable, to cover the Unitholders and Annuitants as additional insureds.

## **Risk related to the acquisition of Cagim Real Estate Corporation**

*Unforeseen costs and obligations related to the acquisition.* Although the BTB has made what it considers to be an informed and in-depth examination with respect to the acquisition, there is a certain level of inevitable risk concerning the undisclosed or unknown obligations about Cagim Real Estate Corporation or the properties forming part of its portfolio. After the acquisition, BTB could find that it has taken on significant obligations which were not disclosed. BTB may not be able to be compensated by Cagim, as it has purchased the company and the properties “as is, where is”. The fact that there may be undisclosed obligations and that BTB would not be compensated by Cagim could have a material adverse effect on the BTB. The acquisition was concluded on May 10, 2010 and as at December 31, 2010, no significant obligation, not already known at the time of acquisition, was noted.

## **Potential Conflicts of Interest**

The Contract of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on BTB. As the Trustees may be engaged in real estate activities, the Contract of Trust contains provisions, similar to those contained in the CBCA that require each Trustee to disclose to BTB any interest in a material contract or transaction or proposed material contract or transaction with BTB (or an affiliate of BTB). A Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction except in limited circumstances such as where the contract or transaction is one for indemnity under the provisions of the Contract of Trust or liability insurance.

The Contract of Trust further provides that a property manager, the Trustees and officers of BTB (and their respective affiliates and associates) and the directors and officers thereof may, from time to time, be engaged, directly or indirectly, for their own account or on behalf of others (including without limitation as trustee, administrator, manager or property manager of other trusts or portfolios) in real estate investments and other activities identical or similar to and competitive with the activities of BTB and its Subsidiaries. The Contract of Trust further provides that neither a property manager, a Trustee or officer of BTB, nor any of their respective affiliates or associates (or their respective directors and officers) shall incur or be under any liability to BTB, any Unitholder or any annuitant by reason of, or as a result of any such engagement or competition or the manner in which such person may resolve any conflict of interest or duty arising therefrom.

## **Reliance on Key Personnel**

The success of BTB is highly dependent on the services of certain management personnel, including Messrs. Michel Léonard, Benoit Cyr and Michel Goudreault. The loss of the services of such personnel could have a material adverse effect on BTB.

## **Availability of Cash Flow**

Distributable Income may exceed actual cash available to BTB from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures. BTB may be required to use part of its debt capacity or reduce distributions to Unitholders in order to accommodate such items.

## **Market Price of Units**

One of the factors that may influence the market price of the Units is the annual yield thereon. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield, which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the market for equity securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond the control of BTB.

## **Legal Rights Attaching to Units**

As a holder of Units, a Unitholder will not have all of the statutory rights normally associated with the ownership of shares in a corporation including, for example, the right to bring “oppression” or “derivative” actions against BTB. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of the act or any other legislation. Furthermore, BTB will not be a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

## **Failure to Obtain Additional Financing**

BTB may require additional financing in order to grow and expand its operations. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. In addition, upon the expiry of the term of financing or refinancing of any particular property owned by BTB, refinancing may not be available in amounts required or may be available only on terms less favourable to BTB than existing financing. Future financing may take many forms, including debt or equity financing which could alter the debt-to-equity ratio or which could be dilutive to Unitholders.

## **Dilution**

The number of Units that BTB is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units which may have a dilutive effect on Unitholders.

## **Credit Risk**

BTB may experience loss due to failure of a tenant to fulfill the obligation of required payments. Also, there is a risk that current tenants will be unable or unwilling to fulfill their lease term commitments. To mitigate this risk, BTB will endeavor to acquire additional properties in order to diversify its investments.

## **Changes in Legislation**

There can be no assurance that income tax laws will not be changed in a manner that will adversely affect BTB or its Unitholders.

## **SUMMARY OF THE CONTRACT OF TRUST**

**The following is a brief summary of certain provisions of the Contract of Trust. The summary below does not purport to be complete and, for full particulars, reference should be made to the Contract of Trust.**

### **Nature of BTB**

BTB is an unincorporated open-ended investment trust. BTB, its Trustees and its properties shall be governed by the general rules set forth in the Civil Code, except as such general law of trusts has been or is from time to time modified, altered or abridged for investment trusts or for BTB by:

- (a) applicable laws, regulations or other requirements imposed by applicable securities or other regulatory authorities; and
- (b) the terms, conditions and trusts set forth in the Contract of Trust.

The beneficial interests and rights generally of a Unitholder in BTB shall be limited to the right to participate pro rata in distributions when and as declared by the Trustees as contemplated in the Contract of Trust and in distributions upon the termination of BTB as contemplated in the Contract of Trust. BTB is not, and is not intended to be, shall not be deemed to be, and shall not be treated as, a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustees or any individual Trustee or the Unitholders or any of them or any officers or other employees of BTB or any one of them for any purpose be, or be deemed to be, treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. Neither the Trustees nor any officer or other employee of BTB shall be, or be deemed to be, agent of the Unitholders. The relationship of the Unitholders to the Trustees, to BTB and to the property of BTB shall be solely that of beneficiaries of BTB and their rights shall be limited to those conferred upon them by the Contract of Trust. In its first tax year, in filing a return of income for BTB, BTB shall elect, assuming that the requirements for such election are met, that BTB shall be deemed to be a "mutual fund trust" for purposes of the Tax Act for the entire year.

### **Rights of Unitholders**

The rights of each Unitholder to call for a distribution or division of assets, monies, funds, income and capital gains held, received or realized by the Trustees are limited to those contained in the Contract of Trust and, except as provided in the Contract of Trust, no Unitholder shall be entitled to call for any partition or division of BTB's property or for a distribution of any particular asset forming part of BTB's property or of any particular monies or funds received by the Trustees. The legal ownership of the property of BTB and the right to conduct the activities of BTB are vested exclusively in the Trustees, and no Unitholder has or is deemed to have any right of ownership in any of the property of BTB, except as specifically provided in the Contract of Trust. Except as specifically provided in the Contract of Trust, no Unitholder shall be entitled to interfere with or give any direction to the Trustees with respect to the affairs of BTB or in connection with the exercise of any powers or authorities conferred upon the Trustees under the Contract of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Contract of Trust.

### **Number of Trustees**

There shall be a minimum of five and a maximum of fifteen Trustees. The number of Trustees within such minimum and maximum numbers may be changed by Unitholders or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. In the event of any such increase, the Unitholders or Trustees, as the case may be, shall forthwith elect or appoint any such additional Trustee(s).

### **Independent Trustees**

There shall be a majority of Independent Trustees on the board of Trustees and on any committee of the Trustees.

### **Term of Office of Trustees**

Trustees will be elected for a term expiring at the next annual meeting and will be eligible for re-election. Trustees appointed by the Trustees between meetings of Unitholders in accordance with the Contract of Trust shall be appointed for a term expiring at the conclusion of the next annual meeting and will be eligible for election or re-election, as the case may be.

## **Qualifications of Trustees**

A Trustee shall be an individual at least 18 years of age, who is not of unsound mind or under any other legal disability and has not been found to be of unsound mind or incapable of managing property by a court in Canada or elsewhere, and who does not have the status of bankrupt. Trustees are not required to hold Units. There shall be a majority of Independent Trustees on the board of Trustees and on any committee of the Trustees and a majority of Independent Trustees must be residents provided, however, that if at any time there are less than a majority of Independent Trustees because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstances of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which the remaining Trustees shall appoint a sufficient number of Independent Trustees to comply with this requirement.

## **Residency of Trustees**

A majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of the Trustees must be residents. If at any time a majority of the Trustees, a majority of the Independent Trustees, or a majority of any committee of Trustees are for any reason not residents or there are no Trustees who are residents, the Trustee or Trustees who are non-residents shall, immediately before that time, be deemed to have resigned and shall cease to be Trustees with effect from the time of such deemed resignation. If at any time the number of Trustees is less than the number required under the Contract of Trust and the remaining Trustee or Trustees fail or are unable to act in accordance with the Contract of Trust to appoint one or more additional Trustees or if, upon the resignation or deemed resignation of one or more Trustees there would be no Trustees, then the initial unitholder shall appoint one or more Trustees so that following such appointment a majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of Trustees are residents and, failing such appointment, any remaining Trustee or Unitholder or officer of BTB or the Auditors, as the case may be, may apply to the Court for an order appointing one or more Trustees so that following such appointment a majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of Trustees are residents, to act until the next annual meeting of Unitholders or on such other terms as the Court may order. Any Trustee who is a Resident who proposes to become a Non-Resident shall notify the other Trustees thereof as soon as reasonably practicable and shall resign as a Trustee effective upon the day of such notification and shall be replaced with a Trustee who is a Resident.

## **Election of Trustees**

Except where Trustees are appointed in accordance with the Contract of Trust, the election of the Trustees shall be by the vote of Unitholders. The appointment or election of any Trustee (other than an individual who is serving as a Trustee immediately prior to such appointment or election) shall not become effective unless and until such individual shall have in writing accepted such appointment or election and agreed to be bound by the terms of the Contract of Trust.

## **Limitations on Liability of Trustees**

Subject to the standard of care set forth in the Contract of Trust, none of the Trustees nor any officers, employees or agents of BTB shall be liable to any Unitholder or any other person for fault, in tort, contract or otherwise for any action taken or not taken in good faith in reliance on any documents that are, *prima facie*, properly executed; for any depreciation of, or loss to, BTB incurred by reason of the sale of any security; for the loss or disposition of monies or securities; for any action or failure to act by any person to whom the Trustees are permitted to delegate and have delegated any of their duties hereunder; or for any other action or failure to act including, without limitation, the failure to compel in any way any former Trustee to redress any breach of trust or any failure by any person to perform obligations or pay monies owed to BTB, unless such

liabilities arise out of a breach of the standard of care, diligence and skill as set out in the Contract of Trust. If the Trustees have retained an appropriate expert, advisor or legal counsel with respect to any matter connected with their duties under the Contract of Trust, the Trustees may act or refuse to act based on the advice of such expert, advisor or legal counsel and, notwithstanding any provision of the Contract of Trust, including, without limitation, the standard of care, diligence and skill set out in the Contract of Trust, the Trustees shall not be liable for and shall be fully protected from any action or refusal to act based on the advice of any such expert, advisor or legal counsel which it is reasonable to conclude is within the expertise of such expert or advisor to give.

The Trustees shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to BTB arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustees for or in respect to the affairs of BTB unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust. No property or assets of the Trustees, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under the Contract of Trust or under any other related agreements unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust. No recourse may be had or taken, directly or indirectly, against the Trustees in their personal capacity or against any incorporator, shareholder, director, officer, employee or agent of the Trustees or any successor of the Trustees unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust. BTB shall be solely liable therefore and resort shall be had solely to BTB's property for payment or performance thereof unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust.

In the exercise of the powers, authorities or discretion conferred upon the Trustees under the Contract of Trust, the Trustees are and shall be conclusively deemed to be acting as trustees of BTB's property.

### **Conflicts of Interest**

Subject to the provisions of the Contract of Trust, if a Trustee or officer of BTB or any of their respective affiliates or associates:

- (a) is a party to a material contract or transaction or proposed material contract or transaction with BTB (or an affiliate thereof); or
- (b) is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with BTB (or an affiliate thereof),

such Trustee or officer of BTB shall disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees the nature and extent of such interest.

A Trustee referred to above shall not vote on any resolution to approve the said contract or transaction unless the contract or transaction is:

- (a) an arrangement by way of security for money lent to or obligations undertaken by the Trustee for the benefit of BTB or an affiliate;
- (b) one relating primarily to such Trustee's remuneration as a Trustee, officer, employee or agent of BTB;
- (c) one for indemnity of such Trustee under the Contract of Trust or the purchase of liability insurance; or

- (d) one with an affiliate,

provided, however, that the presence of such Trustee at the relevant meeting or the written recognition by such Trustee of any resolution in writing shall be counted toward any quorum requirement or requirement that at least a minimum number of Trustees or Independent Trustees act.

Where a material contract is made or a material transaction is entered into between BTB and a Trustee or an officer of BTB, or between BTB and another person in which a Trustee or an officer of BTB is a director or officer or in which he has a material interest:

- (a) such person is not accountable to BTB or to the Unitholders for any profit or gain realized from the contract or transaction; and
- (b) the contract or transaction is neither void nor voidable,

by reason only of that relationship or by reason only that such person is present at or is counted to determine the presence of a quorum at the meeting of the Trustees that authorized the contract or transaction, if such person disclosed such person's interest in accordance with the Contract of Trust, and the contract or transaction was reasonable and fair to BTB at the time it was so approved.

### **Competition with BTB**

A property manager, the Trustees and officers of BTB (and their respective affiliates and associates) and the directors and officers thereof may, from time to time, be engaged, directly or indirectly, for their own account or on behalf of others (including without limitation as trustee, administrator, asset manager or property manager of other trusts or portfolios) in real estate investments and other activities identical or similar to and competitive with the activities of BTB and its subsidiaries. Neither the property manager, a Trustee or officer of BTB, nor any of their respective affiliates or associates (or their respective directors and officers) shall incur or be under any liability to BTB, any Unitholder or any annuitant by reason of, or as a result of any such engagement or competition or the manner in which such person may resolve any conflict of interest or duty arising therefrom.

### **Units**

The beneficial interests in BTB shall be divided into a single class of Units which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out herein. The number of Units which BTB may issue is unlimited. Each Unit when issued shall vest indefeasibly in the holder thereof. The interest of each Unitholder shall be determined by the number of Units registered in the name of the Unitholder. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without notice to the Unitholders.

### **Ranking of Units**

Each Unit shall represent an equal undivided beneficial interest in BTB with all other outstanding Units. All Units outstanding from time to time shall participate *pro rata* in any distributions by BTB and, in the event of termination or winding up of BTB, in the net assets of BTB remaining after satisfaction of all liabilities and no Unit shall have any preference or priority over any other. Units shall rank among themselves equally and rateably without discrimination, preference or priority.

## **Consideration for Units**

No Units shall be issued other than as fully paid and non-assessable. A Unit shall not be fully paid until the consideration therefore has been received in full by or on behalf of BTB. The consideration for any Unit shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that BTB would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Trustees may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit BTB.

## **No Pre-Emptive Rights**

There are no pre-emptive rights attaching to the Units.

## **Fractional Units**

If as a result of any act of the Trustees under the Contract of Trust any person becomes entitled to a fraction of a Unit, such person shall not be entitled to receive a certificate therefore. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at, meetings of Unitholders. Subject to the foregoing, such fractional Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

## **Allotment and Issue**

The Trustees may allot and issue Units at such time or times and in such manner (including, without limitation, pursuant to any plan from time to time in effect relating to reinvestment by Unitholders of distributions of BTB in Units) and for such consideration and to such person or class of persons as the Trustees in their sole discretion shall determine. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units shall express the fair equivalent in money of the other consideration received. The price or value of the consideration for which Units may be issued will be determined by the Trustees in their sole discretion, generally in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units.

## **Rights, Warrants and Options**

BTB may create and issue rights, warrants or options or other instruments or securities to subscribe for fully paid Units which rights, warrants, options, instruments or securities may be exercisable at such subscription price or prices and at such time or times as the Trustees may determine. The rights, warrants, options, instruments or securities so created may be issued for such consideration or for no consideration, all as the Trustees may determine. A right, warrant, option, instrument or security shall not be a Unit and a holder thereof shall not be a Unitholder. Upon the approval by the Independent Trustees of any unit option plan for the Trustees, officers and/or employees of BTB or any subsidiary and/or their personal holding companies or family trusts and/or persons who provide services to BTB, the governance committee may, upon receiving authority from the Trustees, recommend to the Trustees the granting of options upon the terms and subject to the conditions set forth in such plan.

Subject to the provisions of the Contract of Trust, the Trustees may create and issue indebtedness of BTB in respect of which interest, premium or principal payable thereon may be paid, at the option of BTB or the holder, in fully paid Units, or which indebtedness, by its terms, may be convertible into Units at such time and for such prices as the Trustees may determine. Any indebtedness so created shall not be a Unit and a

holder thereof shall not be a Unitholder unless and until fully paid Units are issued in accordance with the terms of such indebtedness.

### **Transferability**

The Units are freely transferable and, except in limited circumstances set forth in the Contract of Trust, the Trustees shall not impose any restriction on the transfer of Units by any Unitholder except with the consent of such Unitholder. The Trustees shall use all reasonable efforts to obtain and maintain a listing for the Units on one or more stock exchanges in Canada.

### **Transfer of Units**

Subject to the provisions of the Contract of Trust, the Units shall be, for all purposes of BTB and the Contract of Trust, personal and moveable property, and the Units shall be fully transferable without charge as between persons, but no transfer of Units shall be effective as against the Trustees or shall be in any way binding upon the Trustees until the transfer has been recorded on the register or one of the branch transfer registers maintained by the Trustees, BTB or the transfer agent of BTB. No transfer of a Unit shall be recognized unless such transfer is of a whole Unit.

### **Non-Resident Ownership Constraint**

At no time may more than 49% of the Units outstanding be held or beneficially owned, directly or indirectly, for the benefit of non-residents. Furthermore, at no time shall non-residents hold or beneficially own, directly or indirectly, Units or any other rights or options, including convertible debentures (for the purpose of this paragraph, such other rights and options being known as "**Options**") that may entitle them (conditionally or otherwise) to acquire Units that would result in more than 49% of the Units, at any time, being held or beneficially owned, directly or indirectly, by non-residents. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If BTB becomes aware that 49% of the Units and/or Options then outstanding are held, or may be held, for the benefit of non-residents or that such a situation is imminent, the Trustees may make a public announcement to such effect and shall not accept any subscription for Units or Options from any non-resident, issue any Units or Options to any such person or register or otherwise recognize the transfer of any Units or Options to any non-resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units and/or Options are held or may become held for the benefit of non-residents, the Trustees may send a notice to non-resident holders of Units or Options, as shall be chosen on the basis of inverse order to the order of acquisition or registration, by law or by such other method that is authorized by the Trustees' determination, requiring them to sell their Units or Options or a portion thereof within a specified period of not more than 60 days. If the holders of Units or Options receiving such notice have not sold the specified number of Units or Options or provided the Trustees with satisfactory evidence that they are not non-residents of Canada and do not hold their Units or Options for the benefit of non-residents within such period, the Trustees may sell such Units or Options on behalf of such holders of Units or Options to a person or persons that are not non-residents of Canada and, in the interim, all rights attaching to such Units or Options (including any right to receive payments of interest) shall be immediately suspended and the rights of any such holders of Units or Options in respect of such Units or Options shall be limited to receiving the net proceeds of sale (net of any commission, tax or other cost of sale).

### **Redemption of Units**

Each Unitholder shall be entitled to require BTB to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided that:

- (a) To exercise a Unitholder's right to require redemption under the Contract of Trust, a duly completed and properly executed notice requiring BTB to redeem Units, in a form approved by the Trustees, shall be sent to BTB at the head office of BTB. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such notice.
- (b) Upon receipt by BTB of the notice to redeem Units, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefore) including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by BTB of such notice. Units shall be considered to be tendered for redemption on the date that BTB has, to the satisfaction of the Trustees, received the notice and other required documents or evidence as aforesaid.
- (c) Upon receipt by BTB of the notice to redeem Units in accordance with the above provisions, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:
  - (A) 90% of the "market price" of the Units on the principal market on which the Units are listed for trading during the 10 trading day period commencing immediately following the date (the "Redemption Date") on which the Units were surrendered for redemption; and
  - (B) 100% of the "closing market price" on the principal market on which the Units are listed for trading, on the Redemption Date;

For the purposes of this calculation, "market price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; and provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, the "market price" will be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading. The "closing market price" will be an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Units on the applicable market or exchange if there was trading on the specified date and the exchange or other market provides only the highest and lowest prices of Units traded on a particular day; or the average of the last bid and last asking prices of the Units if there was no trading on the specified date.

In the event that such Units are not listed and quoted for trading in a public market, the Redemption Price shall be the fair market value of such Units, which shall be determined by the Trustees in their sole discretion.

Subject to clause (d) and (e) below, the Redemption Price payable in respect of the Units tendered for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Unitholder who exercised the right of redemption within 30 days after the end of the calendar month in which the Units were tendered for redemption. Payments made by BTB of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder unless

such cheque is dishonored upon presentment. Upon such payment, BTB shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed.

- (d) Clause (c) shall not be applicable to Units tendered for redemption by a Unitholder, if:
- (i) the total amount payable by BTB pursuant to clause (c) in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (the "Monthly Limit"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month and, in the absence of such a waiver, Units tendered for redemption in any calendar month in which the total amount payable by BTB pursuant to clause (c) exceeds the Monthly Limit will be redeemed partly for cash pursuant to clause (c) and the balance, subject to any applicable regulatory approvals, by a distribution in specie of assets held by BTB in clause (e) on a pro rata basis;
  - (ii) at the time the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or
  - (iii) the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the Redemption Date for such Units or for more than five trading days during the 10 trading day period commencing immediately after the Redemption Date for such Units.
- (e) To the extent that clause (c) is not applicable to all of the Units tendered for redemption by a Unitholder as a result of clause (d), the balance of the Redemption Price per Unit specified in clause (d)(i) shall, subject to receipt of all necessary regulatory approvals (which BTB shall use reasonable commercial efforts to obtain forthwith), be paid and satisfied by way of a distribution in specie to such Unitholder of assets held by BTB. To that extent, BTB shall redeem that number of TB Units and Series 1 Notes, respectively, equal to the product of (i) the number of Units tendered for redemption divided by the total number of Units outstanding on the date on which the Units were tendered for redemption, and (ii) the number of TB Units and Series 1 Notes (in the principal amount of \$100.00), respectively, held by BTB on the date the Units were tendered for redemption, for redemption proceeds consisting of Series 2 Notes and Series 3 Notes, respectively. The balance of the Redemption Price payable pursuant to this clause (e) in respect of Units tendered for redemption during any month shall, subject to receipt of all necessary regulatory approvals, be paid by the transfer, to or to the order of the holder of Units who exercised the right of redemption, within 30 days (the "Transfer Date") after the end of the calendar month in which the Units were tendered for redemption, of the number of Series 2 Notes and Series 3 Notes determined as aforesaid. Payments by BTB of the balance of the Redemption Price are conclusively deemed to have been made upon the mailing of certificates representing the Series 2 Notes and Series 3 Notes by registered mail in a postage prepaid envelope addressed to the former holder of Units and/or any party having a security interest. Upon such payment, together with any cash payable to the Unitholder pursuant to clause (c), BTB shall be discharged from all liability to such former Unitholder and any party having a security interest in respect of the Units so redeemed. No Series 2 Notes or Series 3 Notes in integral multiples of less than \$100 will be distributed and, where notes to be received by a Unitholder includes a multiple less than that number, the number of notes shall be rounded to the next lowest integral multiple of \$100. BTB shall be entitled to all interest paid on the TB Notes, if any, and distributions paid on the TB Units on or before the date of distribution in specie. Where BTB makes a distribution in specie of a pro rata number of securities of TB Trust on a redemption of Units pursuant to this Section, the Trustees may, in their sole discretion, designate to

the redeeming Unitholders any capital gain or income realized by BTB on or in connection with the distribution of such securities to the Unitholder.

- (f) All Units which are redeemed under the Contract of Trust shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

### **Annual Meeting**

There shall be an annual meeting of the Unitholders at such time and place in Canada as the Trustees shall prescribe for the purpose of electing Trustees, appointing or removing the auditors of BTB and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of Unitholders shall be held after delivery to the Unitholders of the annual report and, in any event, within 180 days after the end of each fiscal year of BTB.

### **Other Meetings**

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. Unitholders holding in the aggregate not less than 20% of the outstanding Units of BTB may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition.

### **Notice of Meeting of Unitholders**

Notice of all meetings of the Unitholders shall be mailed or delivered by the transfer agent of BTB to the Unitholders, each Trustee and to the auditors of BTB not less than 21 nor more than 50 days (or within such other number of days as required by law or relevant stock exchange) before the meeting. Such notice shall specify the time when, and the place where, such meeting is to be held and shall state briefly the general nature of the business to be transacted at such meeting and shall otherwise include such information as would be provided to shareholders of a corporation governed by the CBCA in connection with a meeting of shareholders. Any adjourned meeting, other than a meeting adjourned for lack of a quorum, may be held as adjourned without further notice. Notwithstanding the foregoing, a meeting of Unitholders may be held at any time without notice if all the Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Unitholder (or a duly appointed proxy of a Unitholder) may waive any notice required to be given under the Contract of Trust, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy shall be deemed to constitute a quorum. Attendance at a meeting of Unitholders shall constitute a waiver of notice unless the Unitholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.

### **Chairperson**

The chairperson of any annual or special meeting shall be the chairman of the Trustees or any other Trustee specified by resolutions of the Trustees or, in the absence of any Trustee, any person appointed as chairperson of the meeting by the Unitholders present.

## **Quorum**

A quorum for any meeting of Unitholders shall be individuals present not being less than two in number and being Unitholders or representing by proxy Unitholders who hold in the aggregate not less than five per cent of the total number of outstanding Units, provided that if BTB has only one Unitholder, the Unitholder present in person or by proxy constitutes a meeting and a quorum for such meeting. If a quorum is present at the opening of a meeting, the Unitholders may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. The chairman of any meeting at which a quorum of Unitholders is present may, with the consent of the majority of the Unitholders present in person or by proxy, adjourn at such meeting and no notice of any such adjournment need be given. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than seven days later and to such place and time as may be appointed by the chairperson of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

## **Voting**

Holders of Units may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit shall entitle the holder of record thereof to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders shall, except as otherwise required by the Contract of Trust or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting shall not have second or casting vote. Every question submitted to a meeting, other than a Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands, on which every person present and entitled to vote shall be entitled to one vote.

At any such meeting, unless a poll is demanded, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority, or lost or not carried by a particular majority, shall be conclusive evidence of that fact. If a poll is demanded concerning the election of a chairman or an adjournment, it shall be taken immediately upon request and, in any other case, it shall be taken at such time as the chairman may direct. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which the poll has been demanded.

At any meeting of Unitholders, on a show of hands every person who is present and entitled to vote, whether as a Unitholder or as a proxy, shall have one vote. At any meeting of Unitholders on a poll, each Unitholder present in person or represented by a duly appointed proxy shall have one vote for each Unit held on the applicable record date, except as otherwise set forth in the Contract of Trust.

## **Amendments to the Contract of Trust by the Trustees**

The Trustees may make the following amendments to the Contract of Trust in their sole discretion and without the approval of Unitholders:

- (a) amendments aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over BTB, its status as a "mutual fund trust" under the Tax Act or the distribution of Units;
- (b) amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws;

- (c) amendments which, in the opinion of the Trustees, provide additional protection for Unitholders;
- (d) amendments to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (e) amendments which in the opinion of the Trustees are necessary or desirable to enable BTB to issue Units for which the purchase price is payable on an instalment basis or to implement a Unit option, purchase or rights plan;
- (f) amendments which in the opinion of the Trustees, are necessary or desirable as a result of changes in accounting standards (including, without limitation, International Financial Reporting Standards) from time to time, which may affect the Trust or the Unitholders, including without limitation to ensure that the Units qualify as equity for purposes of International Financial Reporting Standards for January 1, 2010 and thereafter;
- (g) amendments to create one or more additional class of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units;
- (h) amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders; and
- (i) amendments for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees are not prejudicial to Unitholders and are necessary or desirable,

but notwithstanding the foregoing, no such amendment shall modify the right to vote attached to any Unit or reduce the equal undivided interest in the property of BTB or the entitlement to distributions from BTB provided hereunder represented by any Unit without the consent of the holder of such Unit.

#### **Matters on which Unitholders Shall Vote**

None of the following shall occur unless the same has been duly approved by the Unitholders at a meeting duly called and held:

- (a) except as provided in the Contract of Trust, the appointment, election or removal of Trustees;
- (b) except as provided in the Contract of Trust, the appointment or removal of auditors;
- (c) any amendment to the Contract of Trust (except for amendments which may be made at the discretion of the Trustees);
- (d) the sale of or transfer of the properties or assets of BTB as an entirety or substantially as an entirety (other than as a part of an internal reorganization of the assets of BTB as approved by the Trustees);
- (e) an increase or decrease in the number of Trustees;
- (f) any decision to amend the investment guidelines or operating policies of TB Trust, or certain matters which require the approval of holders of TB Units under the TB Contract of Trust; or
- (g) the termination of BTB.

Nothing in this section, however, shall prevent the Trustees from submitting to a vote of Unitholders any matter which they deem appropriate.

### **Matters which must be approved by Special Resolution**

- (a) any amendment to the provisions of the Contract of Trust dealing with amendments to the Contract of Trust;
- (b) any exchange, reclassification or cancellation of all or part of the Units;
- (c) any amendment to change a right with respect to any outstanding Units of BTB or to reduce the amount payable thereon upon termination of BTB or to diminish or eliminate any voting rights pertaining thereto;
- (d) any amendment to the duration or term of BTB;
- (e) any amendment to increase the maximum number of Trustees (to more than 15) or to decrease the minimum number of Trustees (to less than five), any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees;
- (f) except as provided in the Contract of Trust, any constraint on the issue, transfer or ownership of Units or the change or removal of such constraints;
- (g) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;
- (h) any sale or transfer of the properties or assets of BTB as an entirety or substantially as an entirety other than as part of an internal reorganization of BTB's property as approved by the Trustees;
- (i) any distribution of BTB's property upon its termination;
- (j) any amendment to the Investment Guidelines and Operating Policies of BTB, except as provided in the Contract of Trust; or
- (k) any matter required to be passed by a Special Resolution under the Contract of Trust of TB Trust, as may be amended and restated from time to time.

### **INVESTMENT GUIDELINES AND OPERATING POLICIES**

#### Investment Guidelines

The Contract of Trust provides that the assets of BTB may only be invested in accordance with the following investment guidelines:

- (a) Notwithstanding any other provisions of the Contract of Trust, BTB shall not make any investment or take any action or omit to take any action: (i) that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act (or otherwise disqualify BTB as a "mutual fund trust" within the meaning of the Tax Act); or (ii) that would result in Units being disqualified for investment by plans.
- (b) Except as otherwise prohibited in the Contract of Trust, BTB may, directly or indirectly, invest in:

- (i) interests (including ownership and leasehold interests) in income-producing immovable property that is capital property of BTB;
  - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income-producing immovable property (or activities relating or ancillary thereto); and
  - (iii) such other activities as are consistent with the other investment guidelines of BTB.
- (c) BTB may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by BTB; provided that such joint venture arrangement contains terms and conditions which, in the opinion of management, are commercially reasonable, including such terms and conditions relating to restrictions on the transfer, acquisition and sale of BTB's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to BTB, provisions to limit the liability of BTB and its Unitholders to third parties, and provisions to provide for the participation of BTB in the management of the joint venture arrangement. For purposes hereof, a joint venture arrangement is an arrangement between BTB and one or more other persons pursuant to which BTB, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of BTB and in respect of which BTB may hold its interest jointly or in common or in another manner with others (subject to (a)) either directly or through the ownership of securities of a corporation or other entity, including a limited partnership or a limited liability company;
- (d) Except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue and except as otherwise permitted pursuant to the investment guidelines and operating policies of BTB, BTB may not hold securities of a person other than to the extent such securities would constitute an investment in immovable property (as determined by the Trustees) including securities of an entity wholly-owned, directly or indirectly, by BTB formed and operated solely for the purpose of holding a particular immovable property or immovable properties and provided further that, notwithstanding anything contained in the Contract of Trust to the contrary, but in all events subject to paragraph (a) above and Section 2.9 of the Contract of Trust, BTB may acquire securities of other real estate investment trusts;
- (e) BTB shall not invest in rights to or interests in mineral or other natural resources, including oil and gas, except as incidental to an investment in immovable property.
- (f) BTB shall not invest, directly or indirectly, in operating businesses unless such investment is an indirect investment and is incidental to a transaction:

- (i) where revenue will be derived, directly or indirectly, principally from an immovable property;
  - (ii) where the operating businesses principally involve the ownership, maintenance, improvement, leasing or management, directly or indirectly, of an immovable property (in each case as determined by the Trustees); or
  - (iii) where the operating businesses have a considerable underlying asset base in real estate.
- (g) BTB shall not invest in raw land for development except for properties adjacent to existing properties of BTB for the purpose of the renovation or expansion of existing properties that are capital property of BTB or the development of new facilities which will be capital property of BTB.
- (h) BTB may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where the hypothec, mortgage, hypothecary bond or mortgage bond is issued by a subsidiary.
- (i) BTB may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where:
- (i) the immovable property, which is security therefor, is income-producing immovable property which otherwise complies with the other investment guidelines of BTB adopted from time to time in accordance with the Contract of Trust and the guidelines set out herein;
  - (ii) the immovable hypothec or mortgage is an immovable hypothec or mortgage registered on title to the immovable property which is security therefor; and
  - (iii) the aggregate value of the investments of BTB in these instruments, after giving effect to the proposed investment, will not exceed 20% of the adjusted Unitholders' equity (calculated in accordance with the Contract of Trust).
- (j) Subject to paragraph (a) above, BTB may invest in immovable hypothecs or mortgages which are not first ranking for the purposes of providing, directly or indirectly, financing in connection with a transaction in which BTB is the vendor or with the intention of using such hypothec or mortgage as part of a method for subsequently acquiring an interest in or control of an immovable property or a portfolio of properties.
- (k) BTB may invest an amount (which, in the case of an amount invested to acquire immovable property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the Gross Book Value of BTB in investments which do not comply with one or more of paragraphs (b), (c), (d), (g), (i) and (j) above and Section 6.2.3 of the Contract of Trust, but always subject to paragraph (a) above and Section 2.9 of the Contract of Trust.

For the purpose of the foregoing guidelines, the properties, assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by BTB will be deemed to be those of BTB on a proportionate consolidation basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture arrangement or a limited partnership, the whole subject to paragraph (a). Except as specifically set forth in the Contract of Trust to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by BTB, but always subject to paragraph (a) above and Section 2.9 of the Contract of Trust and thus be constantly monitored for the purposes of the latter provisions.

## Operating Policies

The operations and affairs of BTB shall be conducted in accordance with the following policies, the whole subject to paragraph (a) of the investment guidelines above and Section 2.9 of the Contract of Trust:

- (a) BTB shall not purchase, sell, market or trade in currency or interest rate future contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 Mutual Funds of the Canadian Securities Administrators, as amended or replaced from time to time.
- (b) Any written instrument creating an obligation which is or includes the granting by BTB of an hypothec or mortgage, and to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of BTB, but that only property of BTB or a specific portion thereof shall be bound; BTB, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by BTB upon the acquisition of immovable property.
- (c) In addition to the provisions of paragraph (g) of the investment guidelines above, BTB may engage in construction or development of immovable property in order to maintain its immovable properties in good repair or to enhance the income-producing potential of properties that are capital property of BTB.
- (d) The title to each immovable property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law, in the name of BTB or a corporation or other entity wholly-owned by BTB or jointly by BTB with joint venturers or a corporation which is a nominee of BTB which holds a registered title to such immovable property pursuant to a nominee agreement with BTB.
- (e) BTB shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total consolidated indebtedness of BTB would be more than 75% of the Gross Book Value. For the purposes of this paragraph, the term "indebtedness" means any obligation of BTB for borrowed money (excluding any premium in respect of indebtedness assumed by BTB for which BTB has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Gross Book Value with respect to such interest rate subsidy), provided that:
  - (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of BTB in accordance with GAAP;
  - (ii) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business and short term acquisition credit facilities; and
  - (iii) subordinate debentures will not constitute indebtedness.

If as a result of a material acquisition or if as a result of a material variation in Gross Book Value the 75% limit is exceeded, the Trust shall reduce its indebtedness or issue additional Units, or take other

action, in order to comply with such limit within the twelve months from the date such limit was exceeded, subject to such reasonable extensions beyond such 12-month period as approved by the Trustees.

- (f) BTB shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind of any person, except indebtedness or liabilities assumed or incurred by a person in which BTB holds an interest, directly or indirectly. BTB is not required but shall use its reasonable best efforts to comply with this requirement (a) in respect of obligations assumed by BTB pursuant to the acquisition of immovable property or (b) if doing so is necessary or desirable in order to further the initiatives of BTB permitted under the Contract of Trust.
- (g) BTB shall obtain or have received an independent appraisal of each property or an independent valuation of a portfolio of properties that it intends to acquire.
- (h) BTB shall obtain and maintain at all times insurance coverage in respect of potential liabilities of BTB and the accidental loss of value of trust property from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties.
- (i) BTB shall have obtained or have received a Phase I environmental audit of each immovable property to be acquired by it conducted within three years of the date of acquisition and, if the Phase I environmental audit report recommends or recommended that a Phase II environmental audit be conducted, BTB shall have conducted a Phase II environmental audit, in each case by an independent and experienced environmental consultant; such audit as a condition to any acquisition, shall be satisfactory to the Trustees.

For the purpose of the foregoing policies, the properties, assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by BTB will be deemed to be those of BTB on a proportionate consolidated basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture. Except as specifically set forth to the contrary in the Contract of Trust, all of the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by BTB, but always subject to paragraph (a) of the investment guidelines above and Section 2.9 of the Contract of Trust and thus be constantly monitored for the purposes of the latter provisions.

### **Amendments to Investment Guidelines and Operating Policies**

Subject to the provisions of Section 6.4 of the Contract of Trust, the investment guidelines set out in the Contract of Trust and the operating policies contained in paragraphs (a), (e), (f), (g), (h) and (i) above may be amended only by Special Resolution of Unitholders. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

### **Application of Investment Guidelines and Operating Policies**

With respect to the investment guidelines and operating policies contained in the Contract of Trust, where any maximum or minimum percentage limitation is specified in any of the guidelines and policies therein contained, such guidelines and policies shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment or the taking of such action, the whole always subject to the provisions of paragraph (a) in the investment guidelines above and Section 2.9 of the Contract of Trust. Any subsequent change relative to any percentage limitation which results from a subsequent change in the Gross Book Value or adjusted Unitholders' equity (calculated in accordance with the Contract of Trust) will not require divestiture of any investment.

## Regulatory Matters

If at any time a government or regulatory authority having jurisdiction over BTB or any property of BTB shall enact any law, regulation or requirement which is in conflict with any investment guideline of BTB then in force (other than clause (a) of the investment guidelines above), such guideline in conflict shall, if the Trustees on the advice of legal counsel to BTB so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the Trustees shall not require the prior approval of Unitholders.

## DISTRIBUTION POLICY

### Distributions

BTB may distribute to Unitholders on each distribution date such percentage of the Distributable Income of BTB for the month immediately preceding the month in which the distribution date falls, as the Trustees may determine in their discretion, and, in the case of a distribution made on December 31st, the Trust may distribute an amount at least equal to its taxable income calculated prior to such distributions, in accordance with the next succeeding paragraph hereof.

On the last day of each Taxation Year, an amount equal to the net income of BTB for such Taxation Year, determined in accordance with the provisions of the Tax Act other than paragraph 82(l)(b) and subsection 104(6) thereof, including net realized capital gains (other than i) income and taxable capital gains of BTB arising on or in connection with an *in specie* redemption of Units which are paid or payable by BTB to redeeming Unitholders, ii) capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by BTB and iii) net income and net realized capital gains of BTB for the taxation year otherwise distributed or made payable to the Unitholders during such year) and the non-taxable portion of net realized capital gains of BTB, may be payable to Unitholders of record at the close of business on such day (whether or not such day is a business day).

The Trustees may designate and make payable any income or capital gains realized by BTB as a result of the redemption of Units (including any income or capital gains realized by BTB on the redemption of Units in specie) pursuant to Section 7.15 of the Contract of Trust to the redeeming Unitholders in accordance with subsection 7.15.7 of the Contract of Trust.

Distributions, if any, payable to Unitholders pursuant to Article 11 of the Contract of Trust shall be deemed to be distributions of income of BTB (including dividends), net realized taxable capital gains of BTB, BTB capital or other items in such amounts as the Trustees, in their absolute discretion determine and shall be allocated to the Unitholder in the same proportions as distributions received by the Unitholder, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances, including in accordance with subsection 7.15.7 of the Contract of Trust. For greater certainty it is hereby declared that any distribution of net realized capital gains of BTB shall include the non-taxable portion of the capital gains of BTB which are included in such distribution.

Distributions, if any, may be made on a Distribution Date proportionately to persons who are Unitholders as of the close of business on the record date for such distribution which shall be the last business day of the calendar month immediately preceding the month in which the Distribution date falls or such other date, if any, as is fixed by the Trustees in accordance with Section 8.7 of the Contract of Trust. Each year BTB intends to deduct such amounts as are paid or payable to Unitholders for the year as is necessary to ensure that BTB is not liable for income tax under Part I of the Tax Act in the related taxation year.

Distributions, if any, may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the estimates for the prior periods.

The Contract of Trust provides that the Trustees may declare to be payable and make distributions, from time to time, out of income, net realized capital gains, the capital of BTB or otherwise, in any year, in such amount or amounts and on such dates as the Trustees may determine to persons who are Unitholders at the record date for such distribution.

The Contract of Trust provides that a Unitholder shall have the legal right to enforce payment of any amount which is stated to be payable to a Unitholder hereunder.

### **Allocation**

Subject to clause (e) described under "Summary of Contract of Trust - Redemption of Units" unless the Trustees otherwise determine, the amount of (i) net income of BTB for a Taxation Year, determined in accordance with the provisions of the Tax Act other than paragraph 82(l)(b) and subsection 104(6) and (ii) net realized capital gains payable to Unitholders shall be allocated to the Unitholders for the purposes of the Tax Act in the same proportion as the total distributions made to Unitholders in the Taxation Year. The Trustees shall in each year make such other designations for tax purposes in respect of Distributable Income and other distributions that the Trustees consider to be reasonable in all of the circumstances.

### **Payment of Distributions**

Distributions shall be made by cheque payable to or to the order of the Unitholder or by electronic fund transfer or by such other manner of payment approved by the Trustees from time to time. The payment, if made by cheque, shall be conclusively deemed to have been made upon hand-delivery of a cheque to the Unitholder or to his agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at his address as it appears on the register of Unitholders unless the cheque is not paid on presentation. The Trustees may issue a replacement cheque if they are satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that they may in their discretion consider necessary.

The Trustees shall deduct or withhold from distributions payable to any Unitholder all amounts required by law to be withheld from such distribution and BTB shall remit such taxes to the appropriate governmental authority within the times prescribed by law. Unitholders who are non-residents will be required to pay all withholding taxes payable in respect of any distributions of income by BTB, whether such distributions are in the form of cash or additional Units. In the event of a distribution in the form of additional Units, the Trustees may sell Units of such Unitholder to pay the withholding taxes and to pay all of the Trustees' reasonable expenses with regard thereto and the Trustees shall have the power of attorney of such Unitholder to do so. Any such sale shall be made on any stock exchange on which the Units are then listed and upon such sale, the affected Unitholder shall cease to be the holder of such Units.

If the Trustees determine that BTB does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

### **Designations**

The Trustees shall make such designations, determinations and allocations for income tax purposes in respect of amounts paid or payable to Unitholders for such amounts that the Trustees consider to be reasonable, including, without limitation, designations relating to taxable dividends received by BTB in the year on shares of taxable Canadian corporations, net taxable capital gains of BTB in the year and foreign source income of BTB for the year. Where permitted by the Tax Act, the Trustees will make designations under the Tax Act so

that the amount distributed to a Unitholder but not deducted by BTB would not be included in the Unitholder's income for the purposes of the Tax Act.

### **Distribution Reinvestment and Unit Purchase Plans**

The Trustees may, subject to receipt of all regulatory approvals, in their sole discretion establish one or more distribution reinvestment plans or Unit purchase plans or Unit option plans at any time providing for the voluntary investment by Unitholders of Distributable Income. Such plan may entitle those Unitholders that elect to participate to a bonus distribution as a reduction of capital of BTB.

### **Distribution during the last three fiscal years**

The following is a summary of the distributions per Unit made by BTB for the last three fiscal year ending on December 31.

<b>Year</b>	<b>Distribution per Unit (\$)</b>
2010	0.0067
2009 (from February to December)	0.0067
2009 (January)	0.01333
2008 (From April to December)	0.01333
2008 (from January to March)	0.02329

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Units**

The beneficial interests in BTB are divided into interests of one class and of equal value, referred to as Units. The rights, limitations, restrictions and conditions attaching to the Units are described in the Contract of Trust (see "Summary of Contract of Trust"). The number of Units which BTB may issue is unlimited. Units will be issued in registered form and will be transferable, subject to terms and conditions of the Contract of Trust. Each Unit represents an equal interest in BTB with all other outstanding Units. All Units outstanding from time to time participate pro rata in any distribution by BTB and, in the event of termination of BTB, in the net assets of BTB remaining after satisfaction of all liabilities. No Unit has any preference or priority over any other. No Units shall be issued other than as fully paid and non-assessable. There are no pre-emptive rights attaching to the Units.

## Convertible Debentures

Series A Debentures - represent a direct debt obligation of BTB, and is governed by the Trust Indenture. The principal terms of the Series A Debentures are as follows:

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Principal Amount Issued:	\$12,883,000
Maturity:	October 3, 2011
Interest Rate:	8% per annum
Frequency of Payment:	Semi-annually
Conversion Privilege:	Convertible into Units at the option of the holder after October 3, 2008 at a price of \$2.55 per Unit
Redemption Right:	(a) after October 3, 2008 and prior to October 3, 2010, at 150% of \$2.55 per Unit (b) after October 3, 2010, at 125% of \$2.55 per Unit
Trust Indenture Date:	October 3, 2006

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Series B Debentures - represent a direct debt obligation of BTB, and is governed by the First Supplemental Indenture. The principal terms of the Series B Debentures are as follows:

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Principal Amount Issued:	\$13,020,000
Maturity:	March 31, 2013
Interest Rate:	8.5% per annum
Frequency of Payment:	Semi-annually
Conversion Privilege:	Convertible into Units at the option of the holder at any time at a price of \$2.30 per Unit
Redemption Right:	(a) after March 31, 2011 and prior to March 31, 2013, at 150% of \$2.30 per Unit (b) after March 31, 2012, at 125% of \$2.30 per Unit
First Supplemental Indenture Date:	March 20, 2008

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## Unit Option Plan

The Trustees may from time to time, in their discretion, and in accordance with the TSXV requirements, grant to Trustees, officers, investor relations consultants and technical consultants to BTB, non-transferable options to purchase Units, provided that the number of Units reserved for issuance will not exceed 10% of the issued and outstanding Units exercisable for a period of up to 5 years from the date of grant. The number of Units reserved for issuance to any individual trustee, officer or technical consultant will not exceed five percent (5%) of the issued and outstanding Units and the number of Units reserved for issuance to all investor relations consultants and technical consultants will not exceed two percent (2%) of the issued and outstanding Units. Options may be exercised no later than 90 days following cessation of the optionee's position with BTB provided that if the cessation of office, trusteeship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The Unit Option Plan provides that, for an investor relations consultant, no option shall be exercisable for a period exceeding twelve (12) months from the date the option is granted, with no more than ¼ of the options vesting in any three (3) month period. Any option granted to an investor relations consultant expires 30 days after the date that such person ceases to carry on investor relations activities on behalf of BTB.

Options granted under the Unit Option Plan must have an exercise price per Unit that shall not be less than the last closing price of the Unit before the date of the grant.

## MARKET FOR SECURITIES

### Trading Price and Volume

Units in BTB began trading on the TSXV on October 3, 2006 under the symbol, BTB.UN. The Series A Debentures began trading on the TSXV on October 3, 2006 under the symbol BTB.DB and the Series B Debentures began trading on the TSXV on March 20, 2008 under the symbol BTB.DB.B.

#### Units

The table below sets out the high and low trading price for the Units of BTB in each month of 2010 and the trading for the month.

	High (\$)	Low (\$)	Volume
January	0.94	0.73	753,065
February	0.78	0.57	652,531
March	0.81	0.72	578,289
April	0.80	0.63	2,110,209
May	0.74	0.62	5,040,668
June	0.72	0.64	572,638
July	0.70	0.64	887,148
August	0.69	0.66	698,388
September	0.70	0.67	2,854,634
October	0.70	0.65	3,928,034
November	0.86	0.68	9,182,946
December	0.77	0.72	5,097,648

### Series A Debentures

The table below sets out the high and low trading price for the Series A Debentures issued by BTB for each month of 2010, and the trading volume for the month.

	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January	95.00	87.70	169,000
February	90.00	90.00	10,000
March	90.25	88.00	155,000
April	-	-	-
May	95.00	90.00	82,000
June	95.00	90.00	295,000
July	95.00	94.00	61,000
August	99.00	93.50	184,200
September	100.00	95.00	141,000
October	99.75	95.00	183,000
November	100.00	99.00	135,000
December	102.00	100.00	497,000

### Series B Debentures

The table below sets out the high and low trading price for the Series B Debentures issued by BTB for each month of 2010, and the trading volume for the month.

	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January	96.00	75.05	239,000
February	97.00	85.00	115,000
March	85.00	80.05	175,000
April	95.00	87.00	53,000
May	88.05	87.00	79,000
June	90.00	83.01	101,000
July	86.05	83.00	195,000
August	85.15	84.00	71,000
September	93.00	85.11	70,000
October	94.00	92.00	161,000
November	100.00	95.01	303,000
December	99.01	98.00	236,000

## **TRUSTEES AND OFFICERS**

### **Current Board of Trustees and Listing of Officers**

The table below sets forth, as of December 31, 2010, for each Trustee and officer, their current position with BTB, the period of time they have served as a Trustee, the total number of Units held by them, and their principal occupation for the past five years.

<b>Name, age and Municipality of Residence and Present Office Held with BTB</b>	<b>Trustee / Officer Since</b>	<b># of Units Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised</b>	<b>Principal Occupation During the Past Five (5) Years</b>
Jocelyn Proteau <sup>(1)</sup> , Age 64 Verdun, Québec Chairman of the Board and Trustee	July 12, 2006	231,900	Corporate Director
Michel Léonard, Age 54 Westmount, Québec President, Chief Executive Officer and Trustee	July 12, 2006	1,266,578	President and Chief Executive Officer, BTB Real Estate Investment Trust Independent Contractor Colliers International (Québec) Inc.
Peter Polatos, Age 50 Rosemère, Québec Trustee	July 12, 2006	699,140	President, AMTB Management inc. Vice-President, Acquisition and Assistant Secretary BTB Real Estate Investment Trust Independent Contractor Colliers International (Québec) Inc. Vice-President, Business Development, Technoparc Saint-Laurent
Jean-Pierre Janson <sup>(1)</sup> , Age 59 Outremont, Québec Trustee	July 12, 2006	275,000	Executive Vice-President Richardson Partners Financial Limited
Richard Lord <sup>(1)(2)</sup> , Age 59 Saint-Laurent, Québec Trustee	July 12, 2006	190,000	President and Chief Executive Officer Richelieu Hardware Ltd.
Luc Lachapelle <sup>(2)(3)</sup> , Age 57 Saint-Laurent, Québec Trustee and Corporate Secretary	July 12, 2006	131,500	President and Chief Executive Officer Corlac Real Estate Inc. Vice-President, Real Estate Services Bombardier Inc.
Normand Beauchamp <sup>(1)(3)</sup> , Age 69 Verdun, Québec Trustee	July 12, 2006	308,386	President and Chief Executive Officer Capital NDSL Inc.
Claude Garcia <sup>(2)(3)</sup> , Age 70 Montreal, Québec Trustee	Oct. 20, 2006	361,000	Corporate Director
Fernand Perreault <sup>(2)(3)</sup> , Age 67 Longueuil, Québec Trustee	Sept. 23, 2010	—	Corporate Director First Vice President Real Estate Group Caisse de dépôt et placement du Québec
Benoit Cyr, Age 55 Laval, Québec Vice President and Chief Financial Officer	April 1, 2007	13,780	Vice President and Chief Financial Officer, BTB Real Estate Investment Trust Chief Financial Officer, Perfectly Natural Solutions Interim Chief Financial Officer, Saratoga Electronic Solutions Inc.
Michel Goudreault, Age 57 St-Jean-sur-Richelieu, Québec Vice President, Real Estate Management	Oct. 1, 2008	—	Vice President, Real Estate Management BTB Real Estate Investment Trust Les Halles du Richelieu inc.

- (1) Member of the Governance and Human Resources Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Investments Committee.

As of December 31, 2010, the Trustees and executive officers of BTB, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 3,477,284 Units of BTB, which represented approximately 6.35% of the issued and outstanding Units of BTB on a non-diluted basis.

## **Backgrounds of Trustees and Officers**

The following describes the business backgrounds of the Trustees and officers of BTB.

### ***Jocelyn Proteau – Chairman of the Board and Trustee***

Mr. Proteau has held senior management positions with various financial institutions. From March 1989 to June 2001, he was Chairman of the Board and Chief Executive Officer of the *Fédération des Caisses populaires Desjardins de Montréal et de l'Ouest du Québec*. From 1990 to April 2005, he was a member of the board of Desjardins Venture Capital and he also acted as President of its Investment Committee from 1995 to 2005. Mr. Proteau has acquired extensive experience as a director of several companies within the financial, service and retail fields. He has been a member of the board of Richelieu Hardware Ltd. since April 2005 and of 20-20 Technologies Inc. since July 2002. He has been Chairman of the Board of 20-20 Technologies Inc. from November 2004 to January 2007 and is now Vice Chairman of the Board and Senior Director. Mr. Proteau was a member of the Board of Standard Life Assurance Company PLC whose head office is located in Edimburg in Scotland from August 2003 to May 2009. He was also a director of Standard Life Insurance Company of Canada from August 2003 to May 2009, and Chairman of the latter from January 2005 to May 2009. Mr. Proteau also sits on several other boards, including CO2 Solutions Inc., Familiprix Inc., and *École des Hautes Études Commerciales (HEC Montréal)*. Mr. Proteau is a member of the *Conseil canadien sur la reddition de comptes* since June 2008 (CPAB-CCRC). Mr. Proteau studied Commercial Sciences at the *École des Hautes Études Commerciales* in Montréal.

### ***Michel Léonard – President, Chief Executive Officer and Trustee***

Mr. Léonard possesses more than 25 years of experience in the field of commercial real estate and has often played a fundamental role in helping numerous organizations of regional and national scale with strategic planning, analysis, renegotiation assignments and the implementation of complex relocation. He joined Colliers International (Québec) Inc. as senior Vice-President in November 2004. Mr. Léonard was one of the founders of Staubach Canada Inc. and held the position of President from 1989 to November 2004. Mr. Léonard obtained a Bachelor of Commerce in 1978 and a Bachelor of Civil Law in 1981, both from McGill University. He has been a member of the Québec Bar Association since 1982.

### ***Peter Polatos – Trustee***

Mr. Polatos is, since April 2009, President of AMTB Management Inc. a firm specialized in the acquisition, financing and management of commercial real estate. He was until March 31, 2009 Vice President, Acquisition and Assistant Treasurer of the Trust. He was until September 2005 Associate Vice-President at Colliers International (Québec) Inc. in September 2005 as an. From November 2001 to July 2005, he acted as Vice-President, Business Development for Technoparc Saint-Laurent and from March 1996 to September 2001 he acted as a consultant for the National Bank of Canada. He has extensive experience in real estate including with respect to the reorganization, development, management, acquisition or sale of real estate. Mr. Polatos obtained a Masters of Business Administration (MBA) degree in March 1997 from Concordia University.

### ***Jean-Pierre Janson – Trustee***

Mr. Janson has been Executive Vice-President of Richardson Partners Financial Limited since January 2005. Over the past 18 years, Mr. Janson has acted as Managing Director of CIBC Wood Gundy Financial Services (Québec) Inc. (Eastern Canada) and held senior management positions with Merrill Lynch Canada Inc. and Midland Walwyn Inc. He is heavily involved in the financial community and has been serving as a trustee of Opensky Capital Managed Protection Income Trust Fund since February 2005, as a director of Tri Origin Exploration Ltd. since May 2004 and as a director of Midland Exploration Inc. since February 2007.

### ***Richard Lord – Trustee***

Mr. Lord has been President, Chief Executive Officer and a director of Richelieu Hardware Ltd. since 1988, a company listed on the Toronto Stock Exchange since 1993. He has also been a member of the board of Colabor Group since 2005 and a director of 20-20 Technologies Inc. since March 1996. Mr. Lord holds a fellowship Certified Management Accountant (FCMA) degree from the Society of Management Accountants of Canada.

### ***Luc Lachapelle – Trustee and Corporate Secretary***

Mr. Lachapelle possesses more than 26 years of experience in the field of commercial real estate. Since February 2010, Mr. Lachapelle is President and Chief Executive Officer of Corlac Real Estate Inc. Previously, he joined Bombardier Inc. in October 1990, where he has been Vice-President, Real Estate Services up to January 29, 2010. Throughout his professional career, he has participated in all aspects of the development and redevelopment of industrial, commercial and residential projects in Canada, the United States and Europe. Before joining Bombardier Inc. Mr. Lachapelle was a partner in the law firm PÉPIN, LÉTOURNEAU, where he specialized in the area of construction surety bonds. Mr. Lachapelle was President of the Chamber of Commerce of Saint-Laurent in 1995. Mr. Lachapelle obtained a Master's Degree in Real Estate in 1990 from New York University and a Bachelor of Civil Law in 1975 from the University of Montréal. He has been a member of the Québec Bar since 1977.

### ***Normand Beauchamp – Trustee***

Mr. Beauchamp is President and Chief Executive Officer of Capital NDSL Inc., an investment company, since January 2000. He has spent his career in the communications industry, in particular within the Canadian broadcasting segment, including developing and operating radio and television stations and networks. Between April 1985 and February 2000, he was President, Chairman and Chief Executive Officer of Radiomutuel Inc., a publicly traded media company. He is a recipient of the Canadian Association of Broadcasters' highest award, the Gold Ribbon for Broadcast Excellence. Mr. Beauchamp has been involved as chairman or otherwise with numerous fundraisers and sits on various boards of directors. Mr. Beauchamp also sits on the board of directors of Dundee Corporation since 1991, of Astral Media Inc. since February 2000 and of Québec Railway Corporation Inc. since 2001.

### ***Claude Garcia – Trustee***

Mr. Garcia had a long career in the public and private sectors. From June 1993 to December 2004, he acted as President of Canadian Operations for The Standard Life Assurance Company. He currently sits on the board of Cogeco Inc., Cogeco Cable Inc. and Goodfellow Inc. He was Chairman of the Board of the Agence des partenariats public-privé du Québec (PPP Québec), he was also a director of the *Caisse de dépôt et placement du Québec* and chairs its Audit Committee. Mr. Garcia is a director of the *Institut de recherches cliniques de Montréal (IRCM)*, of the Canadian Life and Health Insurance OmbudService and a director of *L'Excellence, compagnie d'assurance-vie*. He graduated in Actuarial studies from *Université Laval*.

### ***Fernand Perreault – Trustee***

Mr. Perreault has over 30 years of experience in the field of real estate. From 1995 to December 2009, Mr. Perreault held senior managerial positions at the Caisse de dépôt et placement du Québec where he supervised real estate investments and coordinated activities of its real estate subsidiaries where he sat as Chairman of each subsidiary's board of directors. From 1987 to 1995 Mr. Perreault was President and Chief Executive Officer of SITQ's Real Estate group where he was instrumental in its growth, playing a key role in propelling it to the rank of leader in Quebec. He also spent several years at the Canada Mortgage and Housing Corporation. Mr. Perreault studied at the University of Ottawa where he obtained a law degree.

### ***Benoit Cyr – Vice President and Chief Financial Officer***

Mr. Cyr is a chartered accountant and he holds a MBA from HEC Montréal. He has a vast experience in the accounting and financial fields within a national accounting firm. Throughout his more than 30-year career, he has held positions such as Chief Financial Officer and Vice President, Finance and Administration, within several companies, namely, Perfectly Natural Solutions Inc., from 2005 to 2007, Unicel Architectural Inc., from 2004 to 2005, Raymark Xpert Business Systems Inc., from 2001 to 2004 and Elix Inc. from 1997 to 2001. Mr. Cyr also acted as interim Chief Financial Officer of Saratoga Electronic Solutions Inc. (SAR) in 2006 and 2007. Mr. Cyr was a member of the firm Groupe Mallette Maheu, a national accounting and audit firm, for 19 years, eight of which as a partner.

### ***Michel Goudreau – Vice-President, Real Estate Management***

Mr. Goudreau has over 30 years of experience in the field of real estate management, having managed properties for several financial institutions, including The Laurentian Bank. He began his career as an accredited appraiser for Fiducie du Québec and Desjardins Trust. Mr. Goudreau obtained a Bachelor in Administration from Université Laval and is a member of the *Ordre des évaluateurs agréés du Québec* and of the *Association des courtiers et agents immobiliers* of Quebec.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Mr. Beauchamp was a Director of Cinar Corporation, a company which was, among other things, the subject of a cease trade order. Mr. Beauchamp became a member of the board of directors after the cease trade order was issued as part of a workout group and completed his responsibilities as a director upon the sale of Cinar Corporation.

Other than as set out above, no Trustee or executive officer of BTB is, or has been within the past ten years, a director, officer of any other company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person. To obtain information regarding cease trade orders issued by a particular securities regulatory authority, investors should contact the securities regulatory authority that issued such order.

## **Penalties or Sanctions**

No Trustee or executive officer of BTB has, within the ten years preceding the date hereof:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

## **Conflicts of Interest**

There are potential conflicts of interest to which the Trustees and officers of BTB will be subject to in connection with the operations of BTB.

The Contract of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on BTB. As the Trustees may be engaged in a wide range of real estate and other activities, the Contract of Trust contains provisions, similar to those contained in the CBCA that require each Trustee to disclose to BTB any interest in a material contract or transaction or proposed material contract or transaction with BTB (or an affiliate of BTB). A Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction except in limited circumstances such as where the contract or transaction is one for indemnity under the provisions of the Contract of Trust or liability insurance. Each of Messrs. Michel Léonard and Peter Polatos has disclosed that he has an interest in any contract or transaction or proposed contract or transaction with the Management Company and its affiliates, including the Management Services Agreement and the Asset Management Agreement.

The Contract of Trust further provides that a property manager, the Trustees and officers of BTB (and their respective affiliates and associates) and the directors and officers thereof may, from time to time, be engaged, directly or indirectly, for their own account or on behalf of others (including without limitation as trustee, administrator, manager or property manager of other trusts or portfolios) in real estate investments and other activities identical or similar to and competitive with the activities of BTB and its subsidiaries. The Contract of Trust further provides that neither a property manager, a Trustee or officer of BTB, nor any of their respective affiliates or associates (or their respective directors and officers) shall incur or be under any liability to BTB, any Unitholder or any annuitant by reason of, or as a result of any such engagement or competition or the manner in which such person may resolve any conflict of interest or duty arising therefrom.

## **AUDIT COMMITTEE**

### **Audit Committee Disclosure**

The Board of Trustees of BTB ("Board") approved the Audit Committee charter on October 3, 2006. The charter was restated on April 23, 2008, a copy of which is attached as Schedule A.

### **Composition of the Audit Committee**

The members of the Audit Committee are Richard Lord, Luc Lachapelle, Claude Garcia and Fernand Perreault. All members of the Audit Committee are "independent" and "financially literate" as such terms are defined in Multilateral Instrument 52-110 – *Audit Committees*.

Each of the Audit Committee members therefore understands the accounting principles used by the Trust to prepare its financial statements and has the capacity to generally assess the application of the accounting principles related to the accounting of estimates, accounts receivable, accounts payable and reserves.

### Relevant Education and Experience

- Mr. Lord has been President, Chief Executive Officer and a director of Richelieu Hardware Ltd. since 1988, a company listed on the Toronto Stock Exchange since 1993. He has also been a member of the board of Colabor Group since 2005 and a director of 20-20 Technologies Inc. since March 1996. Mr. Lord holds a fellowship Certified Management Accountant (FCMA) degree from the Society of Management Accountants of Canada.
- Mr. Lachapelle has acquired more than 26 years' experience holding various positions in the commercial real estate field. Since February 2010, Mr. Lachapelle is President and Chief Executive Officer of Corlac Real Estate Inc. From 1990 to January 2010, Mr. Lachapelle was with Bombardier Inc., where he acted as Vice-President, Real Estate Services from 2000 onward. Mr. Lachapelle was awarded a Master's Degree in Real Estate in 1990 from New York University and a Bachelor's Degree in Civil Law in 1975 from the University of Montreal.
- Mr. Garcia is a corporate director. From June 1993 to December 2004, he acted as President of Canadian Operations for The Standard Life Assurance Company. He was a director of the *Caisse de dépôt et placement du Québec* and chaired its Audit Committee. Mr. Garcia is, and has been, a member of the Board of Directors of both public and private corporations. He graduated in Actuarial studies from *Université Laval*.
- Mr. Perreault has over 30 years of experience in the field of real estate. From 1995 to December 2009, Mr. Perreault held senior managerial positions at the Caisse de dépôt et placement du Québec where he supervised real estate investments and coordinated activities of its real estate subsidiaries where he sat as Chairman of each subsidiary's board of directors. From 1987 to 1995 Mr. Perreault was President and Chief Executive Officer of SITQ's Real Estate group where he was instrumental in its growth, playing a key role in propelling it to the rank of leader in Quebec. He also spent several years at the Canada Mortgage and Housing Corporation. Mr. Perreault studied at the University of Ottawa where he obtained a law degree.

### Pre-Approval Policies and Procedures

The Audit Committee is required to pre-approve all non-audit services to be provided to the Trust or its subsidiaries by external auditors. The Committee complies with the Audit Committee Charter established by the Board of Trustees and with the procedures which the Committee may itself from time to time establish.

### Fees for External Auditor Services

The fees invoiced for services provided by KPMG LLP., the auditors of the Trust for the two financial year ended December 31, are as follows:

	<u>2010</u>	<u>2009</u>
Audit Fees	\$115,000	\$145,000
Tax Fees <sup>(1)</sup>	230,370	10,395
Audit Related Fees <sup>(2)</sup>	113,350	20,000
Other <sup>(3)</sup>	69,500	---
Total of Fees	\$528,220	\$175,485

- (1) Professional fees related to income tax returns, professional fees related to tax requisite conditions of a REIT and due diligence professional fees related to the acquisition of CAGIM
- (2) Professional fees related to the IFRS transition, audit of operation expense statements of certain properties and professional services related to public offerings.
- (3) Due diligence professional fees related to the acquisition of CAGIM.

### **Audit Committee Oversight**

At no time since the inception of BTB was a recommendation of the Committee to nominate or compensate external auditors (currently, KPMG LLP) not adopted by the Board.

### **LEGAL PROCEEDINGS**

To the knowledge of BTB, it is not a party to any legal material proceedings.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the knowledge of BTB, its Trustees and officers have no interest in material transactions involving the Trust.

### **INTERESTS OF EXPERTS**

KPMG LLP are the auditors who prepared the auditors' report and the report on Canadian generally accepted accounting standards for BTB's annual financial statements as at December 31, 2010. As of December 31, 2010, KPMG LLP and its partners did not hold any registered or beneficial ownership interest, direct or indirect, in the securities of BTB.

De Grandpré Chait LLP are legal counsel to BTB. As of December 31, 2010, De Grandpré Chait LLP and its partners owned less than 1% of the issued and outstanding securities of BTB.

### **MATERIAL CONTRACTS**

The following are the material contracts presently entered into by BTB (or its subsidiaries):

- (a) Contract of Trust;
- (b) TB Contract of Trust;
- (c) Transfer and Registrar Agreement entered into between BTB and Computershare Investor Services Inc.;
- (d) Trust Indenture;
- (e) Note Indenture;
- (f) Agency Agreements;
- (g) Unit Option Plan;
- (h) Underwriting Agreement; and
- (i) First Supplemental Indenture.

Electronic copies of the contracts mentioned above may be accessed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Units is Computershare Investors Services Inc. at its principal office in Montreal, Québec.

The registrar and transfer agent for the Debentures is Computershare Trust Company of Canada at its principal office in Montreal, Québec.

The indenture trustee under the Trust Indenture is Computershare Trust Company of Canada at its principal office in Montreal, Québec.

### **ADDITIONAL INFORMATION**

Additional information related to BTB may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including Trustee's and executive officers' remuneration and indebtedness, principal holders of the Units and securities authorized for issuance under equity compensation plans, as applicable, is contained in BTB's prospectus dated March 22 2011 and BTB's Management Information Circular dated June 1, 2010. Additional financial information is provided in BTB's financial statements and management discussion and analysis for its most recently completed financial year.

## SCHEDULE A AUDIT COMMITTEE CHARTER

### *Purpose*

The Audit Committee (the “Committee”) is a committee of the board of trustees (the “Board”) of BTB Real Estate Investment Trust (“BTB”) to which the Board has delegated responsibilities.

The overall purpose of the Committee is to ensure that BTB management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of BTB, and to review BTB’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

### *Composition, Procedures and Organization*

- (a) The Committee shall consist of not fewer than three members of the Board each of whom shall be independent pursuant to the contract of trust of BTB in force. In addition, each member shall have the ability to read and understand a set of financial statements with a certain degree of complexity (“financially literate”) or must become financially literate within a reasonable period of time after his/her appointment to the Committee.
- (b) The Board, at its organizational meeting held in conjunction with or following each annual meeting of the unitholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (c) Unless the Board shall have appointed a Chairperson of the Committee, the members of the Committee shall appoint a Chairperson and a Secretary for each meeting of the Committee.
- (d) The Chief Executive Officer, the Chief Financial Officer, the internal auditors, if any, and the external auditors shall have a direct line of communication to the Committee through its Chairperson and may bypass management if deemed necessary. The Committee, through its Chairperson, may contact directly any employee in BTB as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
- (e) The Committee shall have access to such officers and employees of BTB and to BTB’s external auditors, and to such information respecting BTB, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (f) The members of the Committee and the Chairperson shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

### *Meetings*

- (g) Meetings of the Committee shall be conducted as follows:
  - (a) every question shall be decided by a majority of the votes cast. In case of equality of votes, the Chairperson shall be entitled to a second vote;

- (b) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chairperson of the Committee;
  - (c) the external auditors or any member of the Committee may request a meeting of the Committee;
  - (d) management representatives may be invited to attend all meetings except private sessions with the external auditors;
  - (e) the minutes of all meetings of the Committee shall be taken;
  - (f) the Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year end financial statements) and such other times as the external auditors and the Committee consider appropriate.
- (h) The quorum for meetings of the Committee shall be a majority of its members, present in person or by telephone or other telecommunication device, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.

*Mandate and Responsibilities*

- (i) The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to BTB's accounting principles, reporting practices and internal controls and its approval of BTB's annual and interim consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with BTB's internal auditors, if any, and external auditors and assess their performance;
  - (c) to ensure that the management of BTB has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
- (j) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by BTB, and to verify the independence of such external auditors;
  - (b) to review and approve the fees, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) to review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their reports;

- (ii) scope and quality of the audit work performed;
  - (iii) adequacy of BTB's financial and auditing personnel;
  - (iv) cooperation received from BTB's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of BTB;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
  - (viii) the non-audit services provided by the external auditors;
- (e) to discuss with the external auditors the quality and not just the acceptability of BTB's accounting principles;
  - (f) to implement structures and procedures to ensure that BTB meets the external auditors on a regular basis in the absence of management; and
  - (g) to approve all non-audit services to be provided to BTB or its subsidiaries by external auditors.
- (k) The duties and responsibilities of the Committee as they relate to BTB's internal auditors, if any, are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's response thereto.
- (l) The duties and responsibilities of the Committee as they relate to the internal control procedures of BTB are to:
- (a) review the appropriateness and effectiveness of BTB's policies and business practices which impact on the financial integrity of BTB, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under BTB's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of BTB; and

- (d) periodically review BTB's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented;
- (e) The Committee is also required to establish procedures:
  - (i) concerning the receipt, the retention and the treatment of complaints received by BTB with respect to accounting, internal accounting controls, or auditing matters;
  - (ii) concerning the confidential, anonymous submission by employees of BTB of concerns regarding questionable accounting or auditing matters.
- (m) The committee is also charged with the responsibility to:
  - (a) review BTB's interim statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) examine and approve the hiring policies of BTB with respect to partners and personnel whether past or present of the external auditors of BTB, whether the auditor is a current or a previous one;
  - (c) review and approve the financial sections of:
    - (i) the annual report to unitholders;
    - (ii) the annual information form, if required;
    - (iii) annual and interim MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of BTB; and
    - (vi) other public reports of a financial nature requiring approval by the Board, and
    - (vii) report to the Board with respect thereto;
  - (d) review regulatory filings and decisions as they relate to BTB's consolidated financial statements;
  - (e) review the appropriateness of the policies and procedures used in the preparation of BTB's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (f) review and report on the integrity of BTB's consolidated financial statements;
  - (g) review the minutes of any audit committee meeting of subsidiary companies or trusts;

- (h) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of BTB and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (i) review BTB's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
  - (j) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual meeting of unitholders.
- (n) The Committee shall review and assess the adequacy of this Charter on an annual basis and recommend to the Board any changes it deems appropriate. The Committee shall also consider changes to this Charter that may be necessary as a result of changes to legal and regulatory requirements.