Interim Consolidated Financial Statements of
(Unaudited)

BTB REAL ESTATE INVESTMENT TRUST

Three-month and six-month periods ended June 30, 2010

BTB REAL ESTATE INVESTMENT TRUST

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Financial Statements

BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Balance Sheet
(Unaudited)

June 30, 2010, with comparative figures as of December 31, 2009
(in thousands of dollars)

	2010	2009
Assets		
Income-producing properties (note 4):		
Buildings	$ 198,448	$ 163,437
Land	46,696	39,676
Intangible assets	8,991	8,252
	254,135	211,365
Property under development (note 5)	5,915	4,224
Fixed assets	126	29
Capitalized charges and other assets (note 6)	6,672	2,821
Prepaid expenses	2,306	1,883
Accounts receivable (note 7)	3,163	1,570
Cash and cash equivalents	3,706	376
	$ 276,023	$ 222,268
Liabilities and Unitholders' Equity		
Mortgage loans (note 8)	$ 174,650	$ 144,950
Convertible debentures (note 9)	24,023	23,544
Bank loans (note 10)	24,235	720
Accounts payable and accrued liabilities	9,497	6,092
Distributions payable to unitholders	226	226
	232,631	175,532
Unitholders' equity (note 11)	43,392	46,736
Litigation (note 18)		
	$ 276,023	$ 222,268

See accompanying notes to unaudited interim consolidated financial statements.

Approved by the Board

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statement of Earnings
(Unaudited)

Three-month and six-month periods ended June 30, 2010, with comparative figures for the three-month and six-month periods ended June 30, 2009
(in thousands of dollars, except per unit amounts)

	Three-month period ending June 30,		Six-month period ending June 30,	
	2010	2009	2010	2009
Operating revenues:				
Rental revenue from income-producing properties	$ 8,397	$ 7,721	$ 15,797	$ 15,195
Operating expenses:				
Operating costs	1,406	1,289	2,749	2,604
Property taxes and utilities	2,273	1,896	4,424	3,938
	3,679	3,185	7,173	6,542
Operating income before the undernoted items	4,718	4,536	8,624	8,653
Interest on loans	3,164	2,654	5,784	5,328
Amortization of deferred financing costs	231	185	447	373
Amortization of buildings and improvements	1,160	1,098	2,243	2,184
Amortization of intangible and other assets	561	564	1,095	1,086
Amortization of deferred leases cost	222	85	340	149
Interest accretion expenses on convertible debentures	118	106	230	207
Interest income	(8)	(3)	(9)	(5)
	5,448	4,689	10,130	9,322
Loss from real estate assets	730	153	1,506	669
Trust-related administrative expenses	492	373	853	623
Property management expenses	–	–	–	170
Unit-based compensation	6	6	12	12
Operating loss before income taxes	1,228	532	2,371	1,474
Future income taxes credit (note 12)	–	–	–	(107)
Net loss and comprehensive income	$ 1,228	$ 532	$ 2,371	$ 1,367
Loss per unit basic and diluted (note 13)	$ 0.036	$ 0.016	$ 0.070	$ 0.041

See accompanying notes to unaudited interim consolidated financial statements.

BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statement of Unitholders' Equity
(Unaudited)

Three-month and six-month periods ended June 30, 2010, with comparative figures for the three-month and six-month periods ended June 30, 2009
(in thousands of dollars)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2010	2009	2010	2009
Unitholders' contributions:				
Balance, beginning of period	$ 69,620	$ 69,579	$ 69,620	$ 69,539
Issuance of units	–	41	–	188
Future income taxes	–	–	–	(107)
Balance, end of period (note 11)	$ 69,620	$ 69,620	$ 69,620	$ 69,620
Cumulative loss:				
Balance, beginning of period	$ (8,839)	$ (5,750)	$ (7,696)	$ (4,915)
Net loss	(1,228)	(532)	(2,371)	(1,367)
Balance, end of period	$ (10,067)	$ (6,282)	$ (10,067)	$ (6,282)
Cumulative distributions:				
Balance, beginning of period	$ (18,215)	$ (15,506)	$ (17,538)	$ (14,610)
Distributions to unitholders	(677)	(677)	(1,354)	(1,573)
Balance, end of period	$ (18,892)	$ (16,183)	$ (18,892)	$ (16,183)
Contributed surplus:				
Balance, beginning of period	$ 173	$ 149	$ 167	$ 143
Unit options vested	375	6	381	12
Balance, end of period	$ 548	$ 155	$ 548	$ 155
Equity component of convertible debentures (note 9):				
Balance, beginning of period	$ 2,183	$ 2,183	$ 2,183	$ 2,183
Balance, end of period	$ 2,183	$ 2,183	$ 2,183	$ 2,183
Unitholders' equity	$ 43,392	$ 49,493	$ 43,392	$ 49,493

See accompanying notes to unaudited interim consolidated financial statements.

BTB REAL ESTATE INVESTMENT TRUST

Interim Consolidated Statement of Cash Flows
(Unaudited)

Three-month and six-month periods ended June 30, 2010, with comparative figures for the three-month and six-month periods ended June 30, 2009
(in thousands of dollars)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2010	2009	2010	2009
Cash flows from operating activities:				
Net loss	$ (1,228)	$ (532)	$ (2,371)	$ (1,367)
Net change in non-cash items:				
Amortization of income-producing properties and intangible assets	1,713	1,655	3,325	3,259
Accretion expense on convertible debentures	118	106	230	207
Amortization of deferred financing costs	231	185	448	373
Amortization of straight-line lease adjustment	(82)	(75)	(167)	(156)
Amortization of off market value attributable to leases	211	84	428	312
Amortization of capitalized leases cost	222	85	340	149
Unit option-based compensation expenses	6	6	12	12
Property management expenses	–	41	–	188
Future income taxes	–	–	–	(107)
Amortization of fixed assets	8	7	13	11
	1,199	1,562	2,258	2,881
Net change in non-cash operating working capital items	1,244	(29)	1,730	(182)
	2,443	1,533	3,988	2,699
Cash flows from financing activities:				
Mortgage loans, net of financing costs	22,400	–	23,515	64
Reimbursement of mortgage loans	(19,865)	(510)	(20,412)	(989)
Bank loans	21,920	(200)	22,369	240
Deferred financing costs	369	–	369	–
Distributions to unitholders	(677)	(676)	(1,354)	(1,792)
	24,147	(1,386)	24,487	(2,477)
Cash flows from investing activities:				
Business acquisition (note 3)	(20,350)	–	(20,350)	–
Additions to income-producing properties	(946)	(89)	(1,824)	(91)
Deferred leasing cost	(2,538)	(248)	(2,966)	(333)
Other assets	584	(10)	(5)	(12)
	(23,250)	(347)	(25,145)	(436)
Net change in cash and cash equivalents	3,340	(200)	3,330	(214)
Cash and cash equivalents, beginning of period	366	343	376	357
Cash and cash equivalents, end of period	$ 3,706	$ 143	$ 3,706	$ 143

See accompanying notes to unaudited interim consolidated financial statements.

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil Code of Québec pursuant to a trust agreement dated July 12, 2006, as amended and updated on August 1, 2006. Pursuant to a plan of arrangement, BTB acquired all of the assets of Capital ABTB Inc. ("ABTB") on October 3, 2006, in exchange for BTB's units. This arrangement is accounted for under the continuity of interests method.

1. Presentation:

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), using the same accounting policies as outlined in note 1 to the audited consolidated financial statements for the year ended December 31, 2009. BTB Real Estate Investment Trust's unaudited interim consolidated financial statements do not include all disclosures required by Canadian GAAP for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009.

2. Future accounting policies:

The Canadian Institute of Chartered Accountants ("CICA") Accounting Standards Board ("AcSB") has announced its decision to require that all publicly accountable enterprises be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. On that date, IFRS will replace the current Canadian GAAP, which will have a significant impact on the financial reporting of publicly accountable enterprises. Management is currently evaluating the impact that the future adoption of IFRS will have on the Trust's financial statements.

3. Acquisitions:

Business combinations carried in 2010

In May 2010, the Trust acquired 100% of the common shares of Corporation immobilière CAGIM ("CAGIM"). CAGIM is a real estate corporation headquartered in Québec, and owns a real estate portfolio of six high quality properties, consisting of three office buildings, two retail buildings, one industrial building and a land for future development.

Three of the buildings are owned in Partnership.

A cash consideration of $21,492 or $20,350, net of cash acquired of $1,142, was paid for this acquisition.

(in thousands of dollars, except per unit amounts)

3. Acquisitions (continued):

The transaction was accounted for using the purchase method. The results of operations of the business acquired are included in the interim consolidated financial statements from their acquisition date.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed:

Income properties:	
Buildings	$ 37,115
Land	7,013
Intangible assets:	
In-place operating leases	1,649
Client relationships	613
	46,390
Prepaid expenses and other	1,566
Accounts receivable	2,236
Mortgages payable	(27,564)
Accounts payable and accrued liabilities	(2,278)
Purchase price, less cash acquired	$ 20,350

The purchase price allocation at fair market value has not been finalized during the period and is subject to change.

4. Income-producing properties:

	June 30, 2010		
	Cost	Accumulated amortization	Amortized cost
Buildings	$ 210,467	$ 12,019	$ 198,448
Land	46,696	–	46,696
Intangible assets	17,695	8,704	8,991
	$ 274,858	$ 20,723	$ 254,135

(in thousands of dollars, except per unit amounts)

4. Income-producing properties (continued):

	December 31, 2009		
	Cost	Accumulated amortization	Amortized cost
Buildings	$ 173,213	$ 9,776	$ 163,437
Land	39,676	–	39,676
Intangible assets	15,434	7,182	8,252
	$ 228,323	$ 16,958	$ 211,365

Profits from the acquired buildings are accounted for in the consolidated statement of income as of their date of acquisition.

On a regular basis, the Trust incurs capital expenditures to continue to enhance its buildings. These capital expenditures, which relate to renovation, modernization and upgrade work, were incurred in order to maintain and expand the capacity and performance of the real estate portfolio. In the first two quarters of 2010, these investments totalled $225 (2009 - $89) and are generally non-recoverable from tenants.

5. Property under development:

At the end of 2009, the Trust began the redevelopment of an income producing property that had fallen vacant after the departure of a lessee and the signature of a long-term lease with Shoppers Drugmart. The Trust transferred from Income producing properties $4,224 to Property under development. During the period ended June 30, 2010, $1,599 of development costs have been incurred and capitalized.

6. Capitalized charges and other assets:

	June 30, 2010	December 31, 2009
Capitalized charges and other assets, at amortized cost:		
Leasing expenses	$ 5,935	$ 2,087
Deposits and other assets	737	734
	$ 6,672	$ 2,821

(in thousands of dollars, except per unit amounts)

7. Accounts receivable:

	June 30, 2010	December 31, 2009
Accounts receivable	$ 2,005	$ 652
Rents receivable, on a straight-line basis	1,158	918
	$ 3,163	$ 1,570

8. Mortgage loans:

Certain mortgages on income-producing properties assumed in connection with acquisitions carried out during the year were adjusted to reflect their fair value using the market interest rate at the acquisition date. These fair value adjustments are amortized over the remaining term of the loans using the effective interest rate method and recorded under interest on loans.

Mortgage loan issuance costs are deducted from the loan amounts, amortized over the term of the loans using the effective interest rate method and recorded under amortization of financing costs.

Mortgage loans are secured by immovable hypothecs on income-producing properties having a net carrying amount of approximately $254 million. They bear interest at annual rates ranging from 3.32% to 8.00%. The weighted average contractual rate was 5.64% as at June 30, 2010. They are payable monthly, and mature between December 2010 and April 2017.

(in thousands of dollars, except per unit amounts)

8. Mortgage loans (continued):

Mortgage loan repayments of future financial years are as follows:

	Principal repayment	Balances at expiry	Total
2010 (6 months)	$ 1,371	$ 3,405	$ 4,776
2011	3,110	18,035	21,145
2012	3,046	49,412	52,458
2013	2,437	31,259	33,696
2014	1,232	37,825	39,057
2015	648	12,857	13,505
2016	416	–	416
2017	108	10,167	10,275
	$ 12,368	$ 162,960	175,328
Plus fair value increment on assumed loans			173
Less unamortized financing costs			(851)
			$ 174,650

9. Convertible debentures:

As at June 30, 2010, the Trust had a series of outstanding convertible debentures:

	Principal	Interest rate	Conversion price per unit	Interest payment	Maturity
Series A	$ 12,883	8.0%	$ 2.55	semi-annual	October 2011
Series B	13,020	8.5%	2.30	semi-annual	March 2013

The components of the subordinated convertible debentures on the issue date are allocated as follows:

	Series A	Series B	Total
Liabilities	$ 11,381	$ 12,339	$ 23,720
Unitholders' equity	1,502	681	2,183
Capital	$ 12,883	$ 13,020	$ 25,903

(in thousands of dollars, except per unit amounts)

9. Convertible debentures (continued):

The accretion of the liability component of the subordinated convertible debentures, which increases as of the initial allocation on the issuance date to the final amount repayable, is recorded under accretion of liability component of convertible debentures.

	Series A	Series B	June 30, 2010	December 31, 2009
Liability component upon issuance	$ 11,381	$ 12,339	$ 23,720	$ 23,720
Accretion of liability component	1,048	267	1,315	1,085
	12,429	12,606	25,035	24,805
Less unamortized financing costs	(299)	(713)	(1,012)	(1,261)
Liability component	$ 12,130	$ 11,893	$ 24,023	$ 23,544

Series A:

In October 2006, the Trust issued Series A five-year redeemable, subordinated, unsecured convertible debentures, bearing 8% interest payable semi-annually and maturing in October 2011, amounting to $12,883. The debentures are convertible at the holder's option after October 2008, subject to certain terms and conditions, at a conversion price of $2.55 per unit ("Series A Conversion Price").

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

Series B:

In March 2008, the Trust issued $13,020 of 8.5% series B subordinated, convertible, redeemable, unsecured debentures, with interest payable semi-annually and maturing in five years, in March 2013. Debentures are convertible at the holder's option at any time before March 2013, at a conversion price of $2.30 per unit ("Series B Conversion Price").

9. Convertible debentures (continued):

Series B (continued):

Debentures are not redeemable before March 31, 2011, except in the case of a change in control. As of March 31, 2011, but before March 31, 2012, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the TSX Venture Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 150% of the conversion price. As of March 31, 2012, but before March 31, 2013, under certain conditions, the debentures will be redeemable, in whole or in part at any time for a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the current market price on the day prior to the date on which the notice of redemption is given is at least 125% of the conversion price.

10. Bank loans:

The Trust has available an acquisition line of credit facility for an amount of $25,000 for a period of two years. The line of credit is guaranteed by loans against properties held by the Trust. This facility carries interest at the higher of 10.5% per year and the preferred interest rate of TD Canada Trust plus 5% per year.

The lender also has the right to 2,500,000 warrants to acquire units of the Trust. Each warrant permits the holder to acquire one unit at a price of $0.7684 up to June 1, 2012.

Under certain conditions, the Fund has the right to renew this loan for one year. If the loan is renewed, the lender's warrants will be exercisable until the 31st of March 2013.

At June 30, 2010, the Trust used $22,850 of this credit facility.

The Trust has also available an operating credit facility for a maximum amount of $2,400. This facility bears interest at a rate of 1% above the base rate. This credit facility is secured by an immoveable hypothec on two properties having a carrying amount of $4,025. As at June 30, 2010, the Trust used an amount of $1,923 under this credit facility.

(in thousands of dollars, except per unit amounts)

11. Trust units issued and outstanding:

(a) The trust units issued and outstanding are as follows:

	Six-month period ended June 30, 2010			2009		
	Number of units		Value	Number of units		Value
Units outstanding, beginning of period	33,691,725	$	69,620	33,352,391	$	69,539
Units issued:						
Other issuances	–		–	339,334		188
Issued under exercise of options	–		–	–		–
	33,691,725		69,620	33,691,725		69,727
Future income tax	–		–	–		303
Units outstanding, end of period	33,691,725	$	69,620	33,691,725	$	70,030

(b) Unit option plan:

The Trust may grant options to its trustees, senior officers, investor relations consultants and technical consultants. The maximum number of units reserved for issuance under the unit option plan may not exceed 10% of the total number of units issued and outstanding. The trustees set the units’ exercise price at the grant date under the plan; the exercise price may not be less than the units’ quoted market price at the grant date, as set out in the TSX Venture Exchange’s guidelines. The options have a minimum term of five years as of the grant date and vest over a period of up to 18 months.

(in thousands of dollars, except per unit amounts)

11. Trust units issued and outstanding (continued):

(b) Unit option plan (continued):

The following tables present relevant information on options and changes in the balances during the year:

Grant date	Number of units	Expiry date	Exercise price
January 26, 2006	20,000	January 25, 2011	$ 1.00
October 3, 2006	460,000	October 3, 2011	2.15
April 2, 2007	100,000	April 1, 2012	2.65
June 15, 2007	1,560,000	June 15, 2012	2.76
September 8, 2008	595,000	September 8, 2013	1.11
October 1, 2008	50,000	October 1, 2013	0.90

	June 30, 2010		June 30, 2009	
	Unit options	Weighted average exercise price	Unit options	Weighted average exercise price
Outstanding, beginning of period	2,785,000	$ 2.26	2,785,000	$ 2.26
Granted	–	–	–	–
Exercised	–	–	–	–
Outstanding, end of period	2,785,000	$ 2.26	2,785,000	$ 2.26
Options vested, as at June 30	2,735,000	$ 2.25	2,392,000	$ 2.18
Weighted average term to expiry (years)		2.00		3.00

(in thousands of dollars, except per unit amounts)

11. Trust units issued and outstanding (continued):

(c) Unit-based compensation:

The compensation costs associated with the options granted were calculated using the Black-Scholes option pricing model based on the following assumptions:

Grant date	Volatility	Exercise price	Weighted average return on distributions	Weighted risk-free interest rate
January 26, 2006	75.0%	$ 1.00	– %	4.03%
October 3, 2006	15.3%	2.15	14.35%	3.90%
April 2, 2007	15.3%	2.65	10.60%	4.01%
June15, 2007	15.3%	2.76	18.10%	4.71%
September 8, 2008	32.0%	1.11	14.41%	3.01%
October 1, 2008	32.0%	0.90	17.77%	3.11%

Compensation expense is amortized using the graded vesting method.

The Black-Scholes option pricing model was developed to estimate the fair value of unrestricted exchange-traded options. In addition, option pricing models are based on highly subjective assumptions, including expected stock price volatility. Because the unit options of BTB's trustees, officers and employees are significantly different from exchange-traded options, and because changes in the subjective assumptions used can materially affect fair value estimates, in BTB management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the unit options of BTB's trustees, officers and employees.

(in thousands of dollars, except per unit amounts)

11. Trust units issued and outstanding (continued):

(d) Warrants:

The Trust has provided to a lender 2,500,000 warrants to acquire units of the Trust as remuneration for the line of credit.

Date of grant	Acquisition	Expiry date [i]	Exercise price
May 10, 2010	100%	June 1, 2012	$ 0.7644

[i] Under certain conditions, the Trust will have the option to renew the loan for one year at which time, the warrants life will then be extended to May 31, 2013.

12. Income taxes:

For purposes of income taxes, the Trust qualifies as a “Mutual Fund Trust.” In keeping with the terms of the Trust Agreement, trustees intend to distribute or allocate all taxable income earned directly by the Trust to the unitholders and to deduct these distributions and allocations for income tax purposes. Therefore, no income tax provision is required.

New tax system:

In the interest of tax fairness, the Canadian Department of Finance introduced measures into the Tax Act to provide for levying a tax on specified investment flow-through (“SIFT”) distributions so as to align the taxation of these entities more closely with that of companies. The new tax system does not apply to SIFT Trusts that qualify as Real Estate Investment Trusts (“REIT”) for any given taxation year. Globally, a Trust based in Canada is a REIT if its activities consist of acquiring and managing real estate and if it complies with certain rules governing its assets and revenues.

If the Trust continues to meet the qualifying conditions, the Trust will qualify as a REIT. The officers of the Trust have all the intentions to meet the conditions going forward.

(in thousands of dollars, except per unit amounts)

13. Earnings per unit:

The following table provides a reconciliation of the weighted average number of units outstanding used to calculate the basic and diluted net earnings per unit:

	June 30, 2010	June 30, 2009
Weighted average number of units outstanding - basic	33,691,725	33,583,981
Dilutive effect of options and warrants	–	–
Weighted average number of units outstanding - diluted	33,691,725	33,583,981

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

14. Related party transactions:

During the year, BTB entered into transactions with companies controlled by unitholders who are also members of the Trust's management. These transactions, which were carried out in the normal course of business, were measured at the exchange amount and recorded in the financial statements as follows:

	Six-month period ended	
	June 30, 2010	June 30, 2009
Property management expenses	$ –	$ 170

In February 2009, the Trust and this related party agreed to terminate the agreement.

15. Capital management:

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

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

(in thousands of dollars, except per unit amounts)

15. Capital management (continued):

The capital of the Trust is as follows:

	June 30, 2010	December 31, 2009
Mortgage loans	$ 174,650	$ 144,950
Convertibles debentures	24,023	23,544
Bank loans	24,235	720
	222,908	169,214
Unitholders' equity	43,392	46,736
	$ 266,300	$ 215,950
Overall debt/equity ratio	75.1%	70.4%
Debt/equity ratio (excluding convertible debentures)	67.0%	60.6%

The Trust agreement states that the Trust cannot incur a new debt if such debt would cause the Trust's total debt, excluding convertible debentures, to exceed 75% of the gross carrying amount of its buildings and other assets.

16. Financial instruments:

This section provides disclosures relating to the nature and extent of the Trust's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk as well as to how the Trust manages those risks.

Risk management strategies are likely to evolve in response to future conditions and circumstances, including the effects and consequences resulting from the current economic downturn. These future strategies may not fully insulate the Trust in the near term from adverse effects, the more significant of which relate to liquidity and capital resources as well as exposure to credit losses.

(a) Interest rate risk:

Interest rate risk reflects the risk of changes in the fair value or future cash flows of a financial instrument because of fluctuations in market interest rates. The Trust reduces its interest rate risk by spreading the maturities of its loans over a number of years and generally recovering its long-term debt bearing interest at a fixed rate. Accounts receivable and accounts payable and accrued liabilities do not bear interest.

16. Financial instruments (continued):

(a) Interest rate risk (continued):

All other mortgage loans and convertible debentures bear interest at fixed rates.

A 100-basis point increase or decrease in the average interest rate for the fiscal year, assuming that all the other variables stay the same, would have had no significant impact on the Trust's net income as at June 30, 2010.

(b) Credit risk:

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. BTB mitigates this risk by varying its tenant mix and spreading lease terms. Also, it is careful to avoid dependence on a single tenant which would represent a large portion of the Trust's operating revenue by analyzing the credit rating of any new major tenants. The Trust analyzes its accounts receivable on a regular basis and apply an allowance for doubtful accounts against the receivables for which there is a significant risk of non-recovery.

(c) Risk of liquidity:

Management of the liquidity risk requires the maintenance of sufficient cash resources, access to financing by means of committed credit facilities and the ability to lease vacant units. Because of the changing nature of underlying activities, the objective of the Trust is to ensure that it has flexibility and financing possibilities by maintaining its approved line of credit, by obtaining additional mortgage loans as the value of rental properties increases and by issuing convertible debentures or units in the market. Despite difficult conditions in capital markets during the year ended December 31, 2009, the Trust was able to renew its operating line of credit, in addition to obtaining additional term mortgage loans.

Term mortgage loan payments will mature in 2010, totalling $3,405. The main assumptions used by the Trust to estimate future cash flows in order to assess credit risk are as follows: the renewal or replacement of revolving credit facilities in 2010 under reasonable conditions in the normal course of business; no bankruptcy of a large tenant and the renewal of term mortgage loans of $3,405, maturing in 2010 under reasonable conditions, in the normal course of business. Management believes that it has taken into consideration all the facts and reasonable circumstances at the present time in order to make appropriate assumptions. However, there is always a risk that significant changes affecting market conditions may call the assumptions used into question.

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

As at June 30, 2010, the Trust was in compliance with all the covenants to which it was subject.

(in thousands of dollars, except per unit amounts)

16. Financial instruments (continued):

(c) Risk of liquidity (continued):

The Trust's cash position is regularly monitored by management. A schedule for the repayment of the principal of mortgage loans and other debt is shown in note 8.

(d) Fair value:

The fair value of BTB's financial assets and liabilities, including accounts receivable, cash and cash equivalents, accounts payable and accrued liabilities and distributions payable to unitholders, approximated their carrying value as at June 30, 2010 due to their short-term nature or based on current market rates.

As at June 30, 2010, the fair value of mortgage loans and convertible debentures approximated their carrying value. The fair value of mortgage loans and convertible debentures was estimated based on the current market rate for liabilities of similar terms and maturities.

17. Segmented information:

The Trust's operations fall in three categories of income-producing properties, located in Québec and Ontario.

The following tables present financial information on each of these property categories:

					Three-month period ended June 30, 2010
Properties	Office buildings	Commercial buildings	Industrial buildings	Mixed buildings	Total
Income from income-producing properties	$ 3,861	$ 1,418	$ 835	$ 2,283	$ 8,397
Amortization of income-producing properties and intangible assets	764	312	190	447	1,713
Net operating income (i)	1,917	1,001	610	1,190	4,718
Income-producing properties (at amortized cost)	118,677	51,497	25,184	58,777	254,135

(in thousands of dollars, except per unit amounts)

17. Segmented information (continued):

										Three-month period ended June 30, 2009
Properties		Office buildings		Commercial buildings		Industrial buildings		Mixed buildings		Total
Income from income-producing properties	$	3,336	$	1,374	$	769	$	2,242	$	7,721
Amortization of income-producing properties and intangible assets		701		314		188		453		1,656
Net operating income [i]		1,795		1,007		521		1,213		4,536
Income-producing properties (at amortized cost)		84,874		50,369		23,356		60,291		218,890

										Six-month period ended June 30, 2010
Properties		Office buildings		Commercial buildings		Industrial buildings		Mixed buildings		Total
Income from income-producing properties	$	6,941	$	2,726	$	1,625	$	4,505	$	15,797
Amortization of income-producing properties and intangible assets		1,442		612		375		896		3,325
Net operating income [i]		3,327		1,904		1,143		2,250		8,624

(in thousands of dollars, except per unit amounts)

17. Segmented information (continued):

					Six-month period ended June 30, 2009
Properties	Office buildings	Commercial buildings	Industrial buildings	Mixed buildings	Total
Income from income-producing properties	$ 6,377	$ 2,734	$ 1,557	$ 4,527	$ 15,195
Amortization of income-producing properties and intangible assets	1,346	636	376	902	3,260
Net operating income [(i)]	3,273	1,980	1,047	2,353	8,653

[(i)] Net operating income corresponds to “Operating income before undernoted items” in the Interim Consolidated Statement of Earnings.

18. Litigation:

Pursuant the acquisition of a real estate portfolio in February 2007, the Fund decided not to acquire one of the portfolio properties. The purchase agreement envisioned the possibility that the Fund would not acquire one or more of the properties and that all damages, if any, created by not acquiring one or all of the properties would be limited to the deposit held in trust by the legal counsel of the Fund. The total amount of the deposit held in trust is $250, whereby $50 is related to the property in question. The Seller has indicated on July 9, 2010 that they will be pursuing legally damages including interest for an amount of $1,959. Legal counsel of the Fund has indicated that the litigation is unfounded. The ultimate resolution to this matter and estimated damages, if any, cannot be determined and, accordingly, the Fund has not recorded any provision in its financial statements for this matter.