

BTB

REAL ESTATE INVESTMENT TRUST

MANAGEMENT DISCUSSION AND ANALYSIS

Quarter ended September 30, 2010

NOVEMBER 29, 2010

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MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The purpose of this management discussion and analysis is to allow the reader to assess the operating results of BTB Real Estate Investment Trust (“BTB” or the “Trust”) for the three and nine-month periods ended September 30, 2010, as well as its financial position on that date. The report also presents the Trust’s business strategies and the risk exposure it faces. This management discussion, dated November 26, 2010, should be read together with the unaudited consolidated financial statements and accompanying notes for the quarter ended September 30, 2010 and with the audited consolidated financial statements and accompanying notes for the fiscal year ended December 31, 2009 since they contain all the important information available at the time of this report. The Trust’s consolidated financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada. These interim consolidated financial statements have not been reviewed by the Trust’s auditors. **Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts.** Per unit amounts are calculated using the weighted average number of Trust units outstanding for the periods ended September 30, 2010 and 2009. Additional information about the Trust, including the 2009 Annual Information Form dated April 30, 2010, are available on the Canadian Security Administrators (“CSA”) website at www.sedar.com.

The audit committee and the Trust’s board of trustees have approved the contents of this Management Discussion and Analysis and the interim financial statements.

FORWARD-LOOKING STATEMENTS CAVEAT

Certain statements in this MD&A are “forward-looking statements” that reflect management’s expectations regarding BTB’s future growth, results of operations, performance and business prospects and opportunities. More specifically, certain statements in this MD&A, that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may” and similar expressions and statements relating to matters that are not historical facts, constitute “forward-looking statements”. These forward-looking statements are presented for the purpose of assisting BTB’s unitholders and financial analysts in understanding BTB’s operating environment, and may not be appropriate for other purposes. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. However, such forward-looking statements involve a certain number of risks and uncertainties, including those discussed under the heading “Risks and Uncertainties” and elsewhere in this MD&A. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this MD&A are based on what management believes to be reasonable assumptions, BTB cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. These forward-looking statements are made as at the date of this MD&A, and BTB assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

Prior-period results have been reclassified to conform to the presentation adopted in the current period.

NON-GAAP FINANCIAL MEASURES

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

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

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

2010 THIRD QUARTER HIGHLIGHTS

- Increase of 17.8% in operating revenues and 8.6% in net operating income mainly due to the acquisition of the CAGIM portfolio, acquired on May 10, 2010.
- Stability of the occupation rate in the third quarter at 90.5% (90.2% at the end of the second quarter of 2010).
- Most of the rentable areas coming up for renewal, since the beginning of the year, have been renewed. The average renewal rate of these leases is 7.1%.
- The « 3781 des Sources » building is again an income producing property since July 10, 2010 with the arrival of a branch of Shoppers Drug Mart (Pharmaprix) and of a branch of the Bank of Montreal on December 1, 2010

SUBSEQUENT EVENTS

- On November 11, 2010, the signature of conditional agreements to purchase the remaining interest on three buildings located in the district of Lebourgneuf in Quebec for a total consideration of \$10.85M.
- Public distribution on November 19, 2010 of 18 million trust units at \$0.67 per unit, providing a net inflow of capital of \$11.1M.

THE TRUST

BTB is an unincorporated open-ended real estate trust formed and governed under the laws of the Province of Quebec pursuant to a contract of trust. BTB began its real estate operations on October 3, 2006 and to date, it has acquired and owns 49 commercial and industrial properties in primary and secondary markets. BTB has now become an important real estate owner in geographical markets east of Ottawa. According to an article published in the newspaper “*Les Affaires*” in the fall of 2009, BTB is considered one of the 35 most important real estate property owners in the province of Québec. BTB’s units and Series A and Series B convertible debentures are traded on the TSX Venture Exchange under the symbols “BTB.un”, “BTB.DB” and “BTB.DB.B” respectively.

Since the fourth quarter of 2008, management of the Trust’s properties is, in the majority of cases, performed internally. As at September 30, 2010, 39 of the Trust’s 49 properties are entirely managed by the Trust’s employees. Management’s objective is to repatriate, when favourable circumstances prevail, the management of the Trust’s properties internally, under the terms of agreements between the Trust and its external managers, and thus achieve savings in management and operating fees with a centralized and improved management of the properties.

The following table provides the total acquisitions of the Trust since its inception:

	Number of properties	Leasable Area (sq. ft)	Assets Acquired (Thousand of \$)
As at September 30, 2010	49 ⁽¹⁾	2,857,400 ⁽¹⁾	284,706

⁽¹⁾ Three of the recently acquired properties, and totalling 428,000 sq.ft., are held in partnership.

Since April 2009, BTB’s management is entirely internalized and no service agreement and no asset management agreement are in force between BTB and its officers. The Trust therefore ensures that the interests of management and of its employees are aligned with those of the unitholders.

OBJECTIVES AND BUSINESS STRATEGY

The objectives of BTB are as follows:

- (i) Generate monthly cash distributions that are fiscally beneficial to unitholders;
- (ii) To grow the Trust's assets to increase distributable income and therefore fund distributions;
- (iii) To optimize the value of its assets through dynamic management of its properties in order to maximize the long-term value of its units.

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

HIGHLIGHTS AND SELECTED FINANCIAL INFORMATION

Since the beginning of its real estate operations in October 2006, the Trust has acquired 49 properties generating, on an annualized basis, revenues of more than \$36 million.

The table below presents highlights and selected financial information for the three and nine-month periods ended on September 30, 2010 and 2009.

Periods ended September 30 (in thousands of dollars, except ratios and per unit data)	Reference	Quarter		Cumulative (9 months)	
		2010	2009	2010	2009
FINANCIAL INFORMATION					
Operating income	Page 15	8,990	7,632	24,787	22,828
Net operating income	Page 16	5,208	4,610	13,832	13,226
EBITDA	Page 20	4,707	4,154	12,478	11,975
Recurring distributable income	Page 23	765	1,130	2,113	3,083
Distributions	Page 23	677	677	2,031	2,250
Recurring FFO	Page 25	714	1,189	2,129	3,122
Recurring AFFO	Page 26	1,049	1,310	2,922	3,716
Income properties, at cost	Page 30			284,706	232,770
Total assets	Page 30			273,749	223,899
Mortgage loans	Page 36			174,361	145,436
Convertible debentures	Page 37			24,267	23,308
Debt ratio – excluding convertible debentures	Page 39			66.9 %	61.0 %
Unitholders' equity	Page 39			41,340	48,273
FINANCIAL INFORMATION PER UNIT					
EBITDA	Page 20	14.0¢	12.3¢	37.0¢	35.6¢
Recurring distributable income	Page 23	2.3¢	3.4¢	6.3¢	9.2¢
Distributions	Page 23	2.0¢	2.0¢	6.0¢	6.7¢
Recurring FFO	Page 25	2.1¢	3.5¢	6.3¢	9.3¢
Recurring AFFO	Page 26	3.1¢	3.9¢	8.7¢	11.0¢
TAXATION OF DISTRIBUTIONS					
Income	Page 29	0%	0%	0%	0%
Deferred income	Page 29	100%	100%	100%	100%
OPERATIONAL INFORMATION					
Number of properties	Page 31			49	43
Rentable area (thousand sq. ft)	Page 31			2,857	2,269
Occupancy rate without CAGIM	Page 33			91.1%	92.0%
Occupancy rate with CAGIM	Page 33			90.5%	n/a
Average rate of increase of renewed leases	Page 32			7.1%	4.1%

ANALYSIS OF SOME HIGHLIGHTS

1) Performance indicators:

Some performance indicators, such as the distributable income, the FFO and the AFFO faced an important decrease in 2010 compared to the corresponding periods of 2009. The following table presents some specific items to explain this decrease :

(in thousands of dollars)	Quarter	Cumulative (9 months)
Loss of revenue related to the redevelopment of a building	---	215
Loss of revenue related to the decrease of occupancy rate in the “office” sector	200	515
Reorganisation and IFRS conversion expenses	65	186
	265	916

2) Acquisition of Cagim Real Estate Corporation (“CAGIM”)

a) Details of the acquisition

On May 10, 2010, the Trust acquired CAGIM (TSX-V : CIM) by way of a takeover bid and purchased all of the outstanding shares of the corporation. The transaction, for a amount of \$21,492 plus transaction fees, is summarised as follows:

(in thousands of dollars)	
Income properties	
Buildings	38,361
Land	7,172
Intangible assets	2,277
	47,810
Account receivables	1,633
Prepaid expenses and other assets	781
Cash	1,142
	51,366
Mortgage loans assumed	(27,564)
Accounts payable and accruals	(2,310)
Net purchase price	21,492

Subsequent to the acquisition, the Trust refinanced two of the six properties acquired, generating net additional cash of \$2,535, net of financing fees.

Previous to the acquisition by BTB of CAGIM, and in order to satisfy BTB's tax requirements, a legal and tax reorganization of CAGIM was performed, after which CAGIM became a subsidiary of BTB.

b) Properties now part of BTB's portfolio:

Complexe Lebourgneuf

A 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 231,900 square feet of rentable area. The main tenants of this building are Dessau, an engineering firm and the Government of Canada. This building has an occupancy rate of approximately 78%. BTB purchased a 50% interest in this building.

Place d'affaires Lebourgneuf – Phase II

A 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 109,600 square feet and its occupancy rate is almost 97%. The main tenant is Canada Post. The Trust purchased a 50% interest in this building.

Promenades St-Noël

This commercial building is located in the city of Thetford Mines. It has 55,000 square feet of rentable area and an occupancy rate of 85%. 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 7,800 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 86,600 square feet of rentable area and collectively have an occupancy rate of 100%. The main tenants of these buildings are Sport L.G.L. and Lessard Bicycles. The Trust has a 50% interest in these buildings.

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 110,400 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. This building has an occupancy rate of 87%.

c) CAGIM's contribution to BTB's financial results

The subsidiary's operations since its acquisition on May 10, 2010 up to September 30, 2010, and recognized are as follows, **before interim financing**:

Period from May 10, 2010 to September 30, 2010 (in thousands of dollars, except for amounts per unit)	
Operating income	2,277
Operating expenses	937
Net Operating income	1,340
Interest revenues	(8)
Interest on loans and other financial fees	565
Depreciation of income properties, intangible assets and fixed assets	311
Amortization of capitalized leasing costs	222
Net income before interim financing	250
<u>Performance Indicators</u>	
Contribution to the distributable income	485
Per unit	1.4¢
Contribution to FFO	746
Per unit	2.2¢
Contribution to AFFO	740
Per unit	2.2¢

Considering the transaction's temporary financing fees and the level of building occupancy, management estimates that for 2010, CAGIM's results will not significantly contribute to BTB's net results. We anticipate a slight positive contribution to the distributable income, to FFO and to AFFO.

d) Occupancy rate

Occupancy rate						
Complexe Lebourgneuf * (50%)	Place d'affaires Lebourgneuf Phase II (50%)	Promenade s St-Noël	Édifice Brinks	Édifice Lombard (50%)	Le Mesnil	Weighted average
78%	97%	85%	100%	100%	87%	87,0%

The Trust will invest energy and effort necessary to improve the occupancy rate of the recently constructed "Complexe Lebourgneuf". The Lebourgneuf suburb of Quebec City is very dynamic, in high demand with an important influx of population. The Trust is confident it will reach an occupancy rate of at least 85% in this building at the latest at the beginning of 2011.

e) Reconciliation of BTB's occupancy rate before and after the acquisition of CAGIM

Q3	Q3	Q3
BTB without CAGIM	CAGIM	BTB with CAGIM
91.1%	87%	90.5%

The occupancy rate of BTB without the CAGIM's portfolio presents a small decrease compared to the third quarter of 2009. Complexe Lebourgneuf, recently completed and not fully leased, may affect the global occupancy rate of BTB during the third quarter. Management is confident that the overall interest for Complexe Lebourgneuf will contribute to the increase of its occupancy rate by the beginning of the 2011 fiscal year.

REAL ESTATE PORTFOLIO

BTB owns 49 properties, at a total acquisition cost of approximately \$285 million and representing a total rentable area of over 2.8 million square feet. A description of the properties owned as at December 31, 2009 can be found in BTB's 2009 Annual Information Form dated April 30, 2010 available at www.sedar.com. The properties acquired in 2010 are briefly described in this report.

PERFORMANCE INDICATORS

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

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

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

OPERATING RESULTS

Statement of Earnings

The table below summarizes financial results for the three and nine-month periods ended September 30, 2010 and 2009. The table must be read in conjunction with our consolidated financial statements and the notes thereto.

Periods ended September 30 (in thousands of dollars)	Reference	Quarter		Cumulative (9 months)	
		2010	2009	2010	2009
Operating Income	Page 15	8,990	7,632	24,787	22,828
Operating Expenses	Page 15	3,782	3,022	10,955	9,602
Net operating income ⁽¹⁾	Page 16	5,208	4,610	13,832	13,226
Interest income		(7)	(1)	(16)	(7)
Interest on loans and other carrying charges	Page 17	4,053	2,953	10,514	8,824
Amortization of revenue producing properties, intangible assets and fixed assets	Page 18	1,961	1,659	5,299	4,929
Amortization of capitalized leasing costs	Page 18	75	86	415	234
Operating results from real estate assets		(874)	(87)	(2,380)	(754)
Trust-related administrative and real estate management expenses	Page 18	501	456	1,354	1,251
Compensation expense related to option plan	Page 19	---	6	12	18
Loss before future income taxes		1,375	549	3,746	2,023
Future income taxes (credit)		---	---	---	(107)
Net loss	Page 19	1,375	549	3,746	1,916

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

They are, however, frequently used in the real estate industry to measure operational performance. We define “net operating income” as operating income before financial costs, amortization costs, Trust-related administrative expenses, charges related to the option plan and future income taxes.

We define “operating result from real estate assets” as operating result before Trust-related administrative expenses, real estate management expenses, compensation expense related to the option plan and future income taxes.

Same-property portfolio

The same-property portfolio includes all the properties owned by BTB as at December 31, 2008, but do not include the financial spin-offs of the acquisitions and developments completed in 2009 and 2010..

Operating Income

During the third quarter of 2010, BTB experienced an increase of 17.8% of its revenues mainly due to the acquisition of the CAGIM portfolio and the reopening of a building previously being renovated. The increase is 8.6% for the nine-month period ended on September 30, 2010.

Revenues from the same-property portfolio have decreased slightly by 0.3% during the third quarter and by 0.5% during the nine-month period ended on September 30, 2010, mostly because the occupancy rate of the same-property portfolio has slightly decreased. This decrease was essentially felt in the sector of office buildings. This sector generates the highest revenue per square foot in BTB's portfolio. All other sectors of activity saw an increase in the occupancy rate during this quarter and the nine-month period ended September 30, 2010.

Periods ended September 30 (in thousands of dollars)	Quarter			Cumulative (9 months)		
	2010	2009	Δ%	2010	2009	Δ%
Same-property portfolio	7,501	7,525	(0.3)	22,391	22,506	(0.5)
Acquisitions and development	1,489	107	n/a	2,396	322	n/a
	8,990	7,632	17.8	24,787	22,828	8.6

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

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Rental revenue on the basis of in-place leases	9,116	7,653	25,174	23,005
Deferred rental revenue as per straight-line method	79	70	246	226
Amortization of the value attributable to leases which are not at market terms and conditions	(205)	(91)	(633)	(403)
Rental revenue from income-producing properties	8,990	7,632	24,787	22,828

Operating Expenses

Operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for in the leases. The amount of operating expenses, property taxes and services that BTB can recover from its tenants depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of fixed expenses. BTB pays particular attention to the respect of the existing leases and to the recovery of operating expenses of its properties. The increase in operational expenses is mainly due to higher real estate taxes following the new valuation assessment that came into effect in 2010 in numerous municipalities in the Province of Québec. The Trust made a detailed analysis of such new value assessment and, when thought necessary, the Trust filed applications for review or contesting the new evaluations of its properties. Due to the nature of BTB's leases, it will recoup most of such tax increases from its tenants.

Periods ended September 30 (in thousands of dollars)	Quarter			Cumulative (9 months)		
	2010	2009	Δ%	2010	2009	Δ%
Same-property portfolio	3,246	3,022	7.4	9,995	9,602	4.1
Acquisitions and development	536	---	n/a	960	---	n/a
	3,782	3,022	25.1	10,955	9,602	14.1

The following table details operating expenses for the periods ended September 30, 2010 and 2009:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Operating Expenses				
- Operating expenses	1,458	1,231	4,207	3,873
- Property taxes and utilities	2,324	1,791	6,748	5,729
Total operating expenses	3,782	3,022	10,955	9,602
% of operating revenues	42.1	39.6	44.2	42.1

Net operating income

BTB's net operating income is 57.9% of operating revenues for the third quarter ended September 30, 2010 compared to 55.8% for the nine-month period ended September 30, 2010. The net operating income increased by 13.0% in absolute terms for the third quarter of 2010 compared to the third quarter of 2009 and by 4.6% for the nine-month period ended September 30, 2010 compared to the NOI of the nine-month period ended September 30, 2009.

The net operating income is not a recognized financial measure in GAAP, but it is nonetheless frequently used in the field of real estate to assess operational performance. BTB defines it as operating income before interest on loans and other financial expenses, amortization of income-producing properties, intangible assets and other assets, amortization of deferred financing costs, Trust-related administrative expenses and future income taxes. This definition may differ from those used by other issuers, and therefore BTB's net operating income may not necessarily be comparable with theirs.

This performance indicator is particularly useful when compared to the indicator for the same-property portfolio of previous years, since it provides for transferring operating costs to tenants and generating rent increases that exceed cost increases. BTB notices a decrease in its net operating income of 5.5% for the same-property portfolio for the third quarter ended September 30, 2010 compared to the same period of 2009, and by 3.9% for the nine-month period of 2010 as a result, as previously explained, of an increase in the operating expenses and, mainly of an increase in real estate taxes as explained earlier and of a small decrease in the occupancy rate.

Periods ended September 30 (in thousands of dollars)	Quarter			Cumulative (9 months)		
	2010	2009	Δ%	2010	2009	Δ%
Same-property portfolio	4,255	4,503	(5.5)	12,396	12,904	(3.9)
Acquisitions and development	953	107	n/a	1,436	322	n/a
	5,208	4,610	13.0	13,832	13,226	4.6

Interest on loans and other financial charges

Interests on loans and other financial charges are generated by the following loans and financings:

- Mortgage loans contracted or assumed totalling approximately \$175.0 million, as at September 30, 2010 compared to \$146.1 million as at September 30, 2009. This increase results from BTB's assumption of CAGIM's mortgages pursuant to the transaction that occurred during the second quarter.
- Series A and B convertible debentures issued in the total amount of \$25.9 million, including the additional interest charges accrued to account for the accretion of liability component of convertible debentures.
- Operating and acquisition credit lines totalling \$24.2 million as at September 30, 2010 compared to \$0.7 million as at September 30, 2009. The acquisition line of credit of \$22.8 million was used for the acquisition of CAGIM outstanding shares.
- Amortization of deferred financing costs related to mortgage loans and convertible debentures, using the effective interest method throughout the term of the related debts.

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Interest on mortgage loans	2,424	2,119	6,719	6,334
Interest on debentures	534	534	1,602	1,604
Interest on operating and acquisition lines of credit	631	2	1,052	7
Amortization of deferred financing costs	346	192	793	566
Accretion of liability component of convertible debentures	118	106	348	313
	4,053	2,953	10,514	8,824
% of operating income (net of interest income)	45.0	38.7	42.4	38.6

The total interest payable on loans and other financial charges increased by \$1,100 during the third quarter ended September 30, 2010 compared to the corresponding quarter in 2009 due to assumed mortgages on acquired properties totalling \$353 and the use of the acquisition line of credit for an amount of \$608. Interest on loans and other financial charges represent 45.0% of operating revenues for the third quarter of 2010 compared to 38.7% for the same period in 2009 and 42.4% compared to 38.6% for the nine-month periods of 2010 and 2009. As soon as reasonably possible, management intends to refinance the acquisition line of credit used to purchase the CAGIM portfolio with a more economical financing.

As at September 30, 2010, the average weighted contractual rate of interest on mortgage loans was 5.64%, 20 basis points lower in comparison to September 30, 2009. This decrease is the result of favourable interest rates from mortgage refinancing for the properties acquired from CAGIM during the second quarter.

Amortization of income-producing properties and intangibles

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

GAAP requires that the cost of purchasing a building be allocated between tangible assets, comprising the land and the building, and intangible assets, such as operating leases and client relationships. Intangible assets are amortized over to the term of the affected leases on a straight-line basis. The average term of the leases in place as at September 30, 2010 is approximately five years. The resulting amortization is therefore accelerated relative to the depreciation of properties, which as previously mentioned, are amortized over 40 years.

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Income-producing properties	1,332	1,098	3,575	3,282
Intangibles	617	554	1,699	1,629
Fixed assets	12	7	25	18
	1,961	1,659	5,299	4,929

Amortization of capitalized leasing costs

Leasing costs consist of commissions payable to third party brokers and of incentives paid or granted to tenants when signing or renewing leases. These costs are capitalized and amortized over the term of the leases.

Trust-related administrative expenses

Trust-related administrative expenses include administrative expenses such as compensation paid to management and administrative staff, legal and accounting services, expenses relating to public nature of the Trust, insurance expenses, office expenses and bad debts. The charge in the third quarter of 2010 and for the nine-month period ended September 30, 2010 related to bad debts and legal fees pertaining thereto was \$46 and \$85 respectively.

As more fully described in the section entitled “New Accounting Policies” of the present document, the Trust will be obliged to adopt, beginning on January 1, 2011 and retroactively for 2010, the International Financial Reporting Standards (IFRS). The implementation of these new standards, which the Trust has already begun, caused the Trust to incur important additional administrative expenses. These expenses are incurred by the Trust on a punctual basis; however an important portion of these expenses will be incurred on a recurring basis as a result of the required annual evaluation of the fair market value of the Trust’s properties. For the reader’s benefit, the Trust has accounted distinctly for these expenses within the Trust’s administration expenses.

Finally, the Trust incurred legal expenses and expenses related to the maintenance of BTB's taxation status to ensure that its trust agreement is in conformity with IFRS principles. Consequently it is expected that the double trust structure of BTB be modified by regrouping the two trusts.

Periods ended September 30 (in thousand dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Trust-related administrative expenses	436	381	1,134	1,006
Reorganisation expenses related to IFRS transition	65	75	186	75
Expenses for abandoned projects	---	---	34	---
Real estate management fees	---	---	---	170
	501	456	1,354	1,251
In % of operating income	5.7	6.0	5.5	5.5

Compensation expense related to option plan

During the nine-month period ended September 30, 2010, BTB recorded unit-based compensation totalling \$12 for options granted to employees and trustees. The charge for the three-month period ended on September 30, 2010 is nil. The fair value of the options was calculated using the Black-Scholes option pricing model considering the assumptions explained in Note 11c of the financial statements for the quarter ended September 30, 2010.

Net Loss

The net loss amounted respectively to \$1,375 and \$3,746 for the three and nine-month periods ended September 30, 2010 compared to \$549 and to \$1,916 for the same periods of 2009.

Periods ended September 30 (in thousands of dollars, except per unit amounts)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Net loss	1,375	549	3,746	1,916
Basic and diluted loss per unit	4.1¢	1.6¢	11.1¢	5.7¢

The increase in net loss of the third quarter and of the nine-month cumulative period of 2010 compared to the corresponding periods for 2009 are explained as follows:

(in thousands of dollars)	Quarter	Cumulative (9 months)
Loss of revenue relating to the building in redevelopment	---	215
Loss of revenue relating to the decrease of the occupancy rate in the "office" sector	200	515
Non recurring expenses related to reorganisation and IFRS transition	65	186
Other elements	571	914
	836	1,830

Litigation

Pursuant to the acquisition of a real estate portfolio in February 2007, the Trust decided not to acquire one of the portfolio properties. The purchase agreement envisioned the possibility that the Trust would not acquire one or more of the properties if certain conditions were not met. All damages, if so, 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 Trust. The seller has indicated on July 9, 2010 that they would file legal proceedings for damages including interest for an amount of \$1,959,000. Legal counsel of the Trust has indicated that the litigation is unfounded. The ultimate resolution to this matter and estimated damages, if any, cannot be determined and, accordingly, the Trust has not recorded any provision in its financial statements for this matter.

EBTD and EBITDA

The Trust generated earnings before tax and depreciation (EBTD) of \$0.7 million for the third quarter of 2010, a decrease of a little more than \$0.5 million compared to the corresponding quarter of 2009 and of \$2.0 million for the nine-month period ended September 30, 2010, a decrease of \$1.2 million compared to the corresponding period of 2009. The Trust generated earnings before interest, tax, depreciation and amortization (EBITDA) of \$4.7 million, an increase of \$0.6 million compared to the third quarter of 2009 and of \$12.5 million for the nine-month period, an increase of \$0.5 million compared to the same period of 2009.

Periods ended September 30 (in thousands of dollars, except per unit data)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Net Loss	1,375	549	3,746	1,916
Income tax credits	---	---	---	(107)
Compensation expense related to option plan	---	6	12	18
Amortization of capitalized leasing costs	75	86	415	234
Amortization of income-producing properties, intangible assets and other assets	1,961	1,659	5,299	4,929
EBTD	661	1,202	1,980	3,158
Interest on loans and other carrying charges – net of earned interest	4,046	2,952	10,498	8,817
EBITDA	4,707	4,154	12,478	11,975
Per unit data				
EBTD (basic and diluted)	2.0¢	3.6¢	5.9¢	9.4¢
EBITDA (basic and diluted)	14.0¢	12.3¢	37.0¢	35.6¢

SEGMENTED INFORMATION

The Trust's operations are derived from four categories of properties, located in Quebec and in Ontario. The following tables present the contribution to revenues, to net operating income, and to amortization of each of these categories of properties for the quarters and nine-month periods ended September 30, 2010 and 2009.

Quarter ended September 30, 2010 (in thousands of dollars)	Office buildings		Commercial buildings		Industrial buildings		Mixed buildings		Total
	\$	%	\$	%	\$	%	\$	%	
Income from income-producing properties	4,264	47.4	1,636	18.2	813	9.0	2,277	25.4	8,990
Net operating income	2,238	42.9	1,181	22.7	613	11.7	1,176	22.7	5,208
Amortization of income-producing properties and intangible assets	941	48.3	356	18.3	206	10.6	446	22.8	1,949
Income-producing properties (at amortized cost)	119,856	45.8	58,342	22.3	25,012	9.6	58,298	22.3	261,508

Quarter ended September 30, 2009 (in thousands of dollars)	Office buildings		Commercial buildings		Industrial buildings		Mixed buildings		Total
	\$	%	\$	%	\$	%	\$	%	
Income from income-producing properties	3,014	39.5	1,545	20.2	765	10.0	2,308	30.3	7,632
Net operating income	1,728	37.5	1,035	22.5	592	12.8	1,255	27.2	4,610
Amortization of income-producing properties and intangible assets	698	42.2	315	19.1	188	11.4	451	27.3	1,652
Income-producing properties (at amortized cost)	84,105	38.7	50,030	23.0	23,097	10.6	59,931	27.7	217,163

Nine-month period ended September 30, 2010 (in thousands of dollars)	Office buildings		Commercial buildings		Industrial buildings		Mixed buildings		Total
	\$	%	\$	%	\$	%	\$	%	
Income from income-producing properties	11,205	45.2	4,362	17.6	2,438	9.8	6,782	27.4	24,787
Net operating income	5,565	40.2	3,085	22.3	1,756	12.7	3,426	24.8	13,832
Amortization of income-producing properties and intangible assets	2,393	45.4	962	18.2	579	11.0	1,340	25.4	5,274

Nine-month period ended September 30, 2009 (in thousands of dollars)	Office buildings		Commercial buildings		Industrial buildings		Mixed buildings		Total
	\$	%	\$	%	\$	%	\$	%	\$
Income from income-producing properties	9,071	39.7	4,601	20.2	2,322	10.2	6,834	29.9	22,828
Net operating income	4,993	37.8	3,007	22.7	1,634	12.4	3,592	27.1	13,226
Amortization of income-producing properties and intangible assets	2,043	41.6	951	19.4	560	11.4	1,356	27.6	4,910

DISTRIBUTABLE INCOME AND DISTRIBUTIONS

Distributable income does not constitute financial and accounting information as defined by GAAP. It is, however, information frequently given by income trusts. The definition of distributable income is contained in the trust agreement governing BTB and in the 2009 Annual Information Form.

Distributable income corresponds to net income as prescribed by GAAP, excluding depreciation of income properties, amortization of adjustments to leases which are not at market value, unit-based compensation expenses, amortization of deferred rental revenue subsequent to lease adjustment using the straight-line method, profits or losses on the disposition of properties and provision for future income taxes.

Periods ended September 30 (in thousand dollars, except per unit data)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Net loss (GAAP)	1,375	549	3,746	1,916
+ Depreciation of income-producing properties and intangible assets	1,949	1,652	5,274	4,911
+ Amortization of lease adjustment for leases which are not at market value	205	91	633	403
+ Unit-based compensation expenses	---	6	12	18
+ Future income taxes (credit)	---	---	---	(107)
+ Deferred rental income – straight-line basis accounting method	(79)	(70)	(246)	(226)
+ Non recurring expenses related to reorganisation and IFRS transition	65	---	186	---
Recurring distributable income	765	1,130	2,113	3,083
Distribution to unitholders	677	677	2,031	2,250
Per unit data:				
Recurring distributable income (basic and diluted)	2.3¢	3.4¢	6.3¢	9.2¢
Distributions	2.0¢	2.0¢	6.0¢	6.7¢
Distribution ratio / recurring distributable income	89%	60%	96%	73%

In the third quarter of 2010, the distributions represented 89% of the distributable income and 95% for the nine-month period ended on September 30, 2010.

Explanations were previously given to justify the increase of the net loss for the 2010 periods in comparison with the corresponding periods for 2009. These elements also had a direct impact on the decrease of the distributable income as well as an impact on the decrease of funds from operations (FFO) and adjusted funds from the adjusted operations (AFFO).

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

The following table shows this reconciliation:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Cash flows from operating activities (GAAP)	1,053	1,415	5,040	3,781
- Amortization of deferred financing costs	346	192	793	566
- Amortization of capitalized leasing costs	75	86	415	235
- Amortization of fixed assets	12	7	25	18
- Accretion of liability component of convertible debentures	118	106	348	313
- Unit-based compensation (as per management agreements)	---	---	---	188
- Change in non-cash working capital items	(198)	(106)	1,532	(622)
- Non recurring expenses related to reorganisation and IFRS transition	(65)	---	(186)	---
Recurring distributable income	765	1,130	2,113	3,083

Analysis of distributed cash

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

Periods ended September 30 (in thousand dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
A. Cash flows from operating activities	1,053	1,415	5,040	3,781
B. Net loss	1,375	549	3,746	1,916
C. Distributions to unitholders	677	677	2,031	2,469
D. Surplus (deficit) of cash flows from operating activities to distributions (A – C)	376	738	3,009	1,312

BTB may finance temporarily its distributions with its available operating credit facilities.

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

FUNDS FROM OPERATIONS (FFO)

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

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

The following table is reconciliation between the net loss established under GAAP and the FFO for the periods ended September 30, 2010 and 2009:

Periods ended September 30 (in thousands of dollars, except per unit data)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Net loss (GAAP)	1,375	549	3,746	1,916
+ Amortization of income-producing properties and intangible assets	1,949	1,652	5,274	4,911
+ Amortization of capitalized leasing costs	75	86	415	234
+ Future income taxes	---	---	---	(107)
+ Non recurring expenses related to reorganisation and IFRS transition	65	---	186	---
Recurring FFO	714	1,189	2,129	3,122
Per unit data:				
Recurring FFO per unit (basic and diluted)	2.1¢	3.5¢	6.3¢	9.3¢

For the third quarter ended September 30, 2010, the Trust posted recurring FFO of \$714 covering at more than 105% the Trust’s distributions, which totalled \$677 for the same period. For the nine-month period ended as at the same date, the Trust posted recurring FFO of \$2.1 million covering 105% the Trust’s distributions, which totalled more than \$2.0 million for the same period.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

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

BTB defines its AFFO as FFO adjusted to account for lease adjustments in accordance with the straight-line method (deferred rental revenue), amortization of deferred financing costs and other assets, amortization of leases which do not reflect market value, adjustments with regards to the liability component of convertible debentures, compensation expenses associated with purchase options, and property management expenses paid in units.

The Trust deducts a reserve for unrecoverable capital expenses in order to calculate the AFFO. The Trust allocates significant amounts to the regular maintenance of its properties in an attempt to reduce capital expenses as much as possible. The allocation for unrecoverable capital expenses is calculated on the basis of 1.3% of rental revenues. The management of BTB believes that this reserve adequately represents on a recurring long-term basis the unrecoverable and continuous investments that are necessary to the proper maintenance and to the improvement of its properties. The real non recoverable capital expenses disbursements amounted to \$3,055 for the 2010 three first quarters. An amount of \$2,419 was exceptionally invested in the re-development of a building that now has a new tenant, Shoppers Drug Mart.

The Trust also deducts a provision for rental fees in the amount of approximately 20¢ per square foot on an annualized basis. Even though the monthly disbursements for rental fees vary significantly from one quarter to another, management estimates that a linear provision of \$150 per quarter represents, in the long term, the average disbursements that the Trust will undertake. The real disbursements in the third quarter of 2010 however amounted to \$833. An important part of this amount was invested in a building of the CAGIM portfolio, more specifically in the Lebourgneuf Complex. At the time of the permanent financing this building, the mortgage lender reserved \$1 million for future rental fees related to the new property from its refinancing.

The following table provides a reconciliation of FFO and AFFO for the quarters and nine-month periods ended September 30, 2010 and 2009:

Periods ended September 30 (in thousands of dollars, except per unit data)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Recurring funds from operations	714	1,189	2,129	3,122
- Deferred rental revenue	(79)	(70)	(246)	(226)
+ Amortization of leases not at market value	205	91	633	403
+ Amortization of deferred financing costs	346	192	793	566
+ Unit-based compensation expenses	---	6	12	18
+ Accretion of liability component of convertible debentures	118	106	348	313
+ Amortization of fixed assets	12	7	25	18
+ Unit-based remuneration under management agreements	---	---	---	136
- Provisions for non-recoverable capital expenses	(117)	(99)	(322)	(297)
- Provision for rental fees	(150)	(112)	(450)	(337)
Recurring AFFO	1,049	1,310	2,922	3,716
Per unit data:				
AFFO per unit (basic and diluted)	3.1¢	3.9¢	8.7¢	11.0¢

The decrease in the AFFO during the third quarter of 2010 compared to 2009 is mostly due to the increase of the net loss for the period, a change in the method of remuneration that was previously paid to certain officers mostly in units until March 2009 and the increase of the provision for rental expenses.

RELATED PARTY TRANSACTIONS

Service and Asset Management Agreements

From the beginning of BTB's operations and until March 31, 2009, an agreement between the Trust and a management company, Gestion AMTB Inc. (the "Management Company") existed. In February 2009, the Trust and the Management Company terminated this agreement. Since then Mr. Michel Léonard is employed by BTB.

The following table provides the fees for the quarters and nine-month periods ended September 30, 2010 and 2009:

Periods ended September 30 (in thousands of dollars)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Management fees	---	---	---	170
Acquisition fees	---	---	---	---
	---	---	---	170

INCOME TAXES

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. The Trust is required by its contract of trust to distribute all of its taxable income to its unitholders, which currently enables the Trust to deduct such distributions for income tax purposes. Accordingly, prior to June 12, 2007, no provision for income taxes was recorded in the consolidated financial statements.

On June 12, 2007, amendments to the Income Tax Act (Canada) were proposed, which modified the tax treatment of certain income trusts and limited partnerships that are specified investment flow-through trusts or partnerships (“SIFTs”). On February 6, 2009, the Minister of Finance of Canada introduced legislation including certain measures previously announced and modifying the tax treatment applicable to SIFTs, which came into force on March 12, 2009. Pursuant to these measures, beginning on January 1, 2011, certain distributions from a SIFT that are related to the earnings arising from a business carried on in Canada by such SIFT will no longer be deductible from its income and will therefore be taxable in the hands of such SIFT at a rate generally similar to the combined provincial and federal tax rates applicable to the earnings of a corporate entity. The allocations or distributions of income and of capital gains subject to the SIFT rules will be similar to the tax treatment of a taxable dividend from a taxable Canadian corporation in the hands of the beneficiaries or partners of the SIFT.

Certain real estate investment trusts that satisfy certain specified conditions (the “REIT Exception”) are excluded from the SIFT definition and, therefore, will not be subject to the SIFT rules. In order to qualify for the REIT Exception in respect of a taxation year: (i) the REIT must, at no time in that taxation year, hold non-portfolio property other than “qualified REIT properties” (as defined in the Income Tax Act (Canada)); (ii) not less than 95% of the REIT’s revenues for that taxation year must be derived from rent from real or immovable properties, interest, capital gains from dispositions of real or immovable properties, dividends and royalties; (iii) not less than 75% of the REIT’s revenues for that taxation year must be derived from rent from, interest from mortgages or hypothecs on, and capital gains from the disposition of real or immovable properties located in Canada; and (iv) the REIT must, throughout the taxation year, hold real or immovable properties located in Canada, cash and certain government guaranteed debt or other bonds guaranteed by the Canadian government with a total fair market value that is not less than 75% of the REIT’s equity value.

As of September 30, 2010, BTB met all of these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not apply to BTB. BTB’s management intends to take the necessary steps to meet these conditions on an on-going basis in the future.

TAXATION OF DISTRIBUTIONS

For Canadian unitholders, distributions for taxation purposes are qualified as follows:

Quarters ended September 30	2010	2009
Taxable as other income	---	---
Deferred income	100%	100%
Total	100%	100%

COMPARATIVE SUMMARY OF QUARTERLY RESULTS

Following an initial public offering, BTB began its operations on October 3, 2006.

BTB's comparative quarterly information reflects this situation, as follows:

(in thousand dollars except amount per unit)	2010 Q-3	2010 Q-2	2010 Q-1	2009 Q-4	2009 Q-3	2009 Q-2	2009 Q-1	2008 Q-4	2008 Q-3
Rental revenue	8,990	8,397	7,400	7,498	7,632	7,721	7,474	7,733	7,199
Net operating income	5,208	4,718	3,906	4,283	4,610	4,499	4,117	4,364	4,268
Loss from real estate assets	874	730	776	376	87	153	516	380	230
Net loss	1,375	1,228	1,143	865	549	532	835	1,507	783
Loss per unit-basic and diluted	4.1¢	3.6¢	3.4¢	2.6¢	1.6¢	1.6¢	2.5¢	4.5¢	2.4¢
Recurring FFO	714	808	617	838	1,189	1,209	726	803	798
FFO per unit-basic and diluted	2.1¢	2.4¢	1.8¢	2.5¢	3.5¢	3.6¢	2.2¢	2.4¢	2.4¢
Recurring AFFO	1,049	1,041	842	977	1,310	1,309	1,099	1,262	1,395
AFFO per unit-basic and diluted	3.1¢	3.1¢	2.5¢	2.9¢	3.9¢	3.9¢	3.3¢	3.8¢	4.2¢

Note: The presentation of certain elements of the previous quarters has been changed to reflect the presentation used in 2010.

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

FINANCIAL SITUATION

The following table presents a summary of the assets, liabilities and unitholders' equity as at September 30, 2010 and December 31, 2009. It must be read together with the Trust's interim financial statements released with this management report and with the audited annual financial statements.

(in thousand dollars)	September 30, 2010	December 31, 2009
ASSETS		
Income-producing properties (at amortized cost)	261,508	211,365
Property under development	---	4,224
Other assets	12,241	6,679
Total	273,749	222,268
LIABILITIES		
Mortgage loans	174,361	144,950
Convertibles debentures	24,267	23,544
Acquisition and operating lines of credits	24,224	720
Other liabilities	9,557	6,318
Total	232,409	175,532
UNITHOLDERS' EQUITY		
Total	41,340	46,736
Total	273,749	222,268

The main changes to the balance sheet as at September 30, 2010 from the balance sheet as at December 31, 2009 result mostly from the acquisition of Cagim Real Estate Corporation on May 10, 2010.

PROPERTY PORTFOLIO

The following table presents information about our property portfolio:

(in thousand dollars)	September 30, 2010	September 30, 2009
Income properties (at cost)	284,706	232,770
Property under development	---	---
Other assets	12,241	6,736
Trust's gross book value	296,947	239,506
Number of properties	49	43
Rentable area (in thousands of sq. ft.)	2,857	2,269

Summary by sector of activity as of September 30, 2010

	Number of properties	Rentable area (sq.ft.)	%
Office	18	1,170,100	40.1
Retail	13	536,000	18.6
Industrial	8	577,200	20.2
Mixed use	10	574,100	20.1
Total	49	2,857,400	100.0

UNDER DEVELOPMENT

In December 2009, following the departure of the building's only tenant, BTB started the renovation of the building located at 3781 des Sources in Dollard-des-Ormeaux, in order to accommodate new tenants, one of which was scheduled to take occupancy in July 2010, namely a store of the Pharmaprix chain, member of the Shoppers Drug Mart group. The other tenant BTB secured for this property is Bank of Montreal. This building contained originally 33,000 square feet. It was renovated and now comprises approximately 28,000 square feet of rentable area. Pharmaprix signed a long-term lease for approximately 18,000 square feet and began its operations in July 2010.

RECENT ACQUISITIONS

On May 10, 2010, the Trust acquired by take-over bid, all the outstanding shares of Cagim Real Estate Corporation. The properties forming part of the CAGIM portfolio are described on page 10.

Subsequent event

As at November 22, 2010, the Trust announced that it has entered into two conditional agreements to purchase a 50% residual interest in three commercial buildings located in Quebec City. The Trust already has a 50% interest in each property.

REAL ESTATE OPERATIONS

Leasing Activities

The table below summarizes the fluctuation in available rentable area during the third quarter and the nine-month period ended September 30, 2010:

In Square Feet	Quarter	Cumulative
Available rentable area at the beginning of period	263,100	194,200
Acquisition of available rentable and developed areas	28,100	128,200
Rentable area of expired leases	17,900	77,000
Rentable area of leases terminated before term	27,100	57,900
Rentable area of leases expired and renewed	(11,800)	(48,000)
Rentable area of new leases executed	(60,000)	(146,000)
Others	700	1,800
Available Rentable area at the end of period	265,100	265,100

The Trust's leasing activity continued to be productive during the quarter. In spite of a period of economic uncertainty caused by a recent financial crisis, 11,800 square feet, being the better part of the rentable area coming up for renewal during the quarter, have been renewed. The renewal average rate of leases expired since the beginning of the year is 7.1%.

Other leases have been terminated before term in 2010, either pursuant to provisions allowing such termination, or by mutual agreement with tenants or following involuntary interruption of business. New leases for 60,000 square feet have been executed, largely compensating for these newly available areas.

Finally, negotiations have started with most of the tenants whose leases expire in 2010. Furthermore, new tenants have joined or will join the Trust's portfolio.

BTB would like to single out the following recent rental transactions:

3781 Des Sources, Dollard-des-Ormeaux

Following the departure of Fruiterie 440, BTB has concluded a long term lease with Pharmaprix (Shoppers Drug Mart) for a leasable area of about 18,000 square feet and with Bank of Montreal for an approximate rentable area of 5,000 square feet.

145 Saint-Joseph, Saint-Jean-sur-Richelieu

BTB has renewed the lease with the CSST (Government of Québec) for 10 years with an increase in rent and has expanded the space leased by the SAQ under a long term lease.

Complexe de Léry, Trois-Rivières

BTB has renewed the lease with Hydro-Québec for 10 years for a leasable area of about 40,000 square feet. It signed an agreement with Société Immobilière du Québec for 5 years with option to renew for 34,000 square feet. Furthermore, Deloitte has increased its leased area in this building by 10,000 square feet for a total of about 30,000 square feet. We should also mention the renewal of the leases of Astral, the Business Development Bank of Canada and Heenan Blaikie.

2122 Dollard Street, Lasalle

BTB has renewed the lease of the Government of Québec for about 12,000 square feet for 5 years.

2340 Lapinière, Brossard

The Trust rented a vacant space to a radiologic clinic, affiliated with Laboratoires Biron, a well-know group in Québec. This 10-year lease was concluded at higher net rent rates than those paid by the previous tenant, who was evicted.

1400 Antonio Barbeau, Montreal

The Trust has recently signed a lease with a furniture manufacturer for almost 23,000 square feet of leasable area.

Occupancy Rate

The following table presents occupancy rates by sector of activity based on firm agreements at the reference dates:

Sector of activity	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
Office	88.1%	87.7%	90.7%	93.3%	92.4%
Retail	88.5%	89.1%	88.9%	88.9%	95.1%
Industrial	93.4%	93.4%	93.3%	90.3%	93.3%
Mixed use	93.4%	92.5%	91.4%	94.2%	87.5%
Total portfolio	90.5%	90.2%	91.4%	91.5%	92.0%

The decrease in the occupancy rate is a direct result of the acquisition of Complexe Lebourgneuf. The construction of Complexe Lebourgneuf was recently completed and currently 78.1% of its rentable area is occupied. If we were to exclude this building from the calculation, the occupancy rate of the portfolio would be 91.3%, a slight decline of 0.7% compared to the rate as at September 30, 2009.

Except for the office sector, of which the Complexe Lebourgneuf is part, the three other sectors of activity of BTB showed an increase in the occupancy rate.

Lease Maturity

The following table details our lease maturity profile for the next five years:

	2011	2012	2013	2014	2015
Office					
Rentable area (sq.ft.)	123,481	88,864	159,716	136,003	111,847
Lease rate/square foot (\$)	10.16	10.06	10.74	12.84	12.00
% of office portfolio	10.50	7.55	13.58	11.56	9.51
Retail					
Rentable area (sq.ft.)	35,588	4,541	31,918	58,787	34,659
Lease rate/square foot (\$)	7.79	16.14	10.90	9.08	9.94
% of retail portfolio	6.65	0.85	5.97	10.99	9.48
Industrial					
Rentable area (sq.ft.)	5,250	115,873	30,279	123,899	—
Lease rate/square foot (\$)	7.73	4.05	5.83	3.53	—
% of industrial portfolio	0.91	20.07	5.25	21.46	—
Mixed-use					
Rentable area (sq.ft.)	133,220	63,748	36,178	62,235	73,766
Lease rate/square foot (\$)	8.38	11.97	11.13	13.56	8.83
% of mixed-use portfolio	23.21	11.11	6.30	10.84	12.85
Portfolio total					
Rentable area (sq.ft.)	297,539	273,026	258,091	380,924	220,272
Lease rate/square foot (\$)	9.04	8.06	10.24	9.35	10.61
% of portfolio	10.39	9.54	9.02	13.31	7.69

Top 10 Tenants

As at September 30, 2010, BTB managed approximately 600 leases representing an average area of approximately 4,500 square feet of space for each lease. The three most important tenants are Hydro-Québec, Annie Fruit and the "Végétarien" stores and the Société immobilière du Québec, accounting respectively for approximately 6.6%, 4.0% and 4.0% of BTB's revenue. BTB's revenue is generated by several leases with maturities that are staggered over time. An important portion of the Trust's revenue is generated by leases entered into with government agencies (federal, provincial and municipal) and public companies, representing more than 35.0% of total revenues, ensuring stability and quality of cash flows for the Trust's operating activities. The table below presents the contribution to revenue, in percentage of BTB's ten largest tenants:

Tenant	% of revenues	Leased space (sq.ft.)
Hydro-Québec	6.6	81,175
Annie Fruit Inc. / Le Végétarien	4.0	89,308
Société immobilière du Québec (SIQ)	4.0	88,880
Germain Larivière Inc.	3.3	101,194
Commission de la Santé et de la Sécurité du Travail (CSST)	2.9	46,664
Cornwall Warehousing Ltd.	2.8	214,719
Groupe Aro Inc.	2.6	40,000
Gestion Deloitte s.e.c.	2.1	29,438
Canadian Tire	2.0	53,000
Caisse Desjardins	2.0	34,674

CAPITAL RESOURCES

Long-term debt

The following table presents BTB's debt balances as at September 30, 2010, including mortgages payable and convertible debentures, by year of maturity and weighted average contractual interest rates:

Years of maturity	Balance of convertible debentures (in thousands of \$)	Balance of mortgages payable (in thousands of \$)	Weighted average contractual interest rate (%)
2010	—	1,039	4.66
2011	12,883	34,012	5.66
2012	—	50,311	6.17
2013	13,020	21,759	5.98
2014	—	40,292	5.85
2015	—	15,021	5.59
2016	—	—	—
2017	—	12,537	5.63
Total	25,903	174,971	5.98

As at September 30, 2010, the weighted average contractual interest rate of the long-term debt stood at 5.98%, being 5.64% for mortgages payable and 8.25% for convertible debentures.

Mortgage loans

As at September 30, 2010, the Trust's mortgage loans amounted to \$175.0 million compared to \$146.1 million as at September 30, 2009, before deferred financing costs and valuation adjustments, an increase of \$28.9 million mostly due to the acquisition of the CAGIM portfolio. As at September 30, 2010, the weighted average interest rate of the mortgages was 5.64%, compared to 5.84%, for the mortgage loans as at September 30, 2009, a decrease of 20 basis points. All mortgage loans bear interest at fixed rates.

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

The following table present the evolution in mortgage loans since the beginning of fiscal 2010:

(in thousand dollars)	\$
Balance as at December 31, 2009	145,583
Contracted or assumed mortgage loans	49,967
Balance reimbursed at expiration	(18,784)
Monthly principal repayments	(1,795)
Balance as at September 30, 2010	174,971

Note: Before unamortized financing costs.

The net book value of the mortgaged properties was approximately \$260 million as at September 30, 2010. Unamortized loan financing costs totalled \$773 and are amortized under the effective interest method for the term of the loans.

The following table, as of September 30, 2010, shows the future mortgage loan repayments for upcoming years:

Years ended December 31 (in thousands of dollars)					
Expiry		Yearly Principal repayments	Balance at maturity	Total	(%) of Total
2010	(3)	701	1,028	1,729	1.0
2011		2,896	33,007	35,903	20.5
2012		2,588	49,412	52,000	29.7
2013		2,205	19,908	22,113	12.6
2014		1,222	37,808	39,030	22.3
2015		648	12,857	13,505	7.7
2016		416	—	416	0.2
2017		108	10,167	10,275	6.0
Total		10,784	164,187	174,971	100%
Plus: Valuation adjustments on assumed loans				163	
Less: unamortized financing costs				(773)	
Balance as of September 30, 2010				174,361	

Convertible Debentures

(a) Series A

In October 2006, the Trust issued Series A subordinated unsecured convertible debentures in the amount of \$12,883,000. Interest is at the rate of 8% and is payable semi-annually. The debentures mature in October 2011. Subject to certain terms and conditions, the debentures are convertible at the request of the holder after October 2008 at a conversion price per unit of \$2.55 (the “Series A Conversion Price”). As at September 30, 2010, the closing market price for BTB’s units was \$0.68.

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

On the date of issue, the debentures were recorded in a \$11,381,000 liability component and a \$1,502,000 equity component of BTB.

(b) Series B

In March 2008, the Trust issued Series B subordinated unsecured convertible debentures in the amount of \$13,020,000. Interest is at the rate of 8.5% and is payable semi-annually. The debentures mature on March 31, 2013. Subject to certain terms and conditions, the debentures are convertible at the option of the holder at any time no later than March 31, 2013. The conversion price per unit is of \$2.30 (the "Series B Conversion Price"). As at September 30, 2010, the closing market price for BTB's units was \$0.68.

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

The Trust may, at its option and subject to certain conditions, elect to satisfy its obligation to pay the principal amount of the Series B debentures by issuing freely tradeable units to Series B debentureholders.

On the date of issue, the debentures were recorded in a \$12,339,000 liability component and a \$681,000 equity component of BTB.

Bank loans – Operation credit facility

BTB has an operating credit facility of \$2 million with a Canadian chartered bank. This credit facility is guaranteed by a collateral mortgage on two properties with a total net book value of \$4 million and bears interest at the bank's prime rate, plus 1%. As at September 30, 2010, an amount of \$2.2 million was used.

Acquisition credit facility

On March 23, 2010, the Trust announced that it had concluded a two-year commitment for a \$25 million acquisition line of credit with Firm Capital Mortgage Fund Inc. (the "lender"). The loan is secured by mortgages on properties directly or indirectly held by the Trust. The loan allows the Trust to acquire income producing properties. The management of the Trust intends to eventually refinance the loan with a more permanent source of capital.

The annual interest rate on the loan is the higher of 10.5% or the prime rate periodically posted from time to time by TD Canada Trust plus 5% annually.

A compensatory payout of warrants to acquire 2,500,000 Units of the Trust was granted to the lender. Each subscription warrant will allow the bearer to acquire one Trust unit for \$0.7644 until June 1, 2012. The Trust has the option to renew the line of credit for a period of one year, if it meets the conditions of the loan. If the Trust renews, the lender will be able to exercise the subscription warrants until May 31, 2013. A \$22.8 million disbursement was made on May 7, 2010 to acquire all the outstanding shares of CAGIM.

Debt ratio

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

The following table presents the Trust's debt ratios as at September 30, 2010 and December 31, 2009.

(in thousand dollars)	September 30, 2010	December 31, 2009
Mortgage loans	174,361	144,950
Convertible Debentures	24,267	23,544
Bank loans	24,224	720
Total long-term debt	222,852	169,214
Gross book value of the Trust	296,947	239,506
Loan to value ratio (excluding convertible debentures)	66.9%	60.8%
Total Loan to value ratio	75.0%	70.6%

According to the table above, the loan to value ratio (excluding convertible debentures) as at September 30, 2010 was 66.9% compared to 60.8% as at December 31, 2009. This increase in the loan to value ratio is attributable to the temporary financing used for the acquisition of CAGIM, which was completed by using an acquisition line of credit. It is of the intention of the management to re-finance this line of credit by means of permanent financing.

The following table presents the Trust's interest coverage ratios at September 30, 2010 and 2009.

(in thousand dollars, except for the ratios)	September 30, 2010	September 30, 2009
EBITDA ⁽¹⁾	12,478	11,975
Interest on loans	9,373	7,945
Interest coverage ratio	1.33	1.51

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

Unitholders' Equity

Unitholders' equity consists of the following:

(in thousand dollars)	September 30, 2010	December 31, 2009
Trust units	69,620	69,620
Unit options	548	167
Equity component of convertible debentures	2,183	2,183
Cumulative loss	(11,442)	(7,696)
Cumulative distributions to unitholders	(19,569)	(17,538)
	41,340	46,736

Trust Units

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

Periods ended September 30 (in # of units)	Quarter		Cumulative (9 months)	
	2010	2009	2010	2009
Outstanding units, beginning of period	33,691,725	33,691,725	33,691,725	33,352,391
Units issued				
- Public/private placement	---	---	---	---
- Other issuances	---	---	---	339,334
Units issued upon exercise of options	---	---	---	---
Units outstanding, end of period	33,691,725	33,691,725	33,691,725	33,691,725
Weighted average number of units outstanding (basic)	33,691,725	33,691,725	33,691,725	33,620,290
Weighted average number of units outstanding (diluted)	33,691,725	33,691,725	33,691,725	33,620,290

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

Unit Options

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

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

Quarter ended September 30	2010		2009	
	Unit Options	Weighted Average Exercise Price (\$)	Unit Options	Weighted Average Exercise Price (\$)
Outstanding, beginning of quarter	2,785,000	2.26	2,785,000	2.26
Granted	---	---	---	---
Exercised	---	---	---	---
Outstanding, end of quarter	2,785,000	2.26	2,785,000	2.26
Options vested as at September 30	2,735,000	2.28	2,392,000	2.18
Weighted average remaining term to expiry (years)		1.74		2.75

The purpose of granting unit options is to encourage the holder to acquire an ownership interest that increases over time and provides a financial incentive for the holder to consider the long-term interest

of BTB and its unitholders. Options also serve as non-cash compensation, thus preserving the cash resources of BTB during its early years.

Warrants

At the time of disbursement of the acquisition line of credit, the Trust granted Firm Capital Mortgage Fund a disbursement fee of 2,500,000 warrants to purchase units of the Trust. Each warrant entitles its owner to purchase one unit of the Trust at a price of \$0.7644 per unit until June 1st, 2012 and until May 31, 2013 if the loan is renewed.

Quarter ended September 30	2010		2009	
	Number	Exercise Price	Number	Exercise Price
Outstanding at beginning of quarter	---	---	---	---
Warrants granted	2,500,000	\$0.7644	---	---
Warrants exercised	---	---	---	---
Outstanding at end of quarter	2,500,000	\$0.7644	---	---

Diluted Capital Structure

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

(in # of units)	September 30, 2010	December 31, 2009
Units outstanding	33,691,725	33,691,725
Unit options	2,785,000	2,785,000
Warrants	2,500,000	---
Convertible debentures Series A	5,052,157	5,052,157
Convertible debentures Series B	5,660,870	5,660,870
	49,689,752	47,189,752

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

Subsequent event

As at November 19, 2010, the Trust announced that it has closed its public offering of 18,000,000 units, including the underwriters' over-allotment option for a total gross proceeds of \$12,060. The total net proceeds of approximately \$11,100 will be used to finance acquisitions and added to the working capital.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

BTB's significant accounting policies are described in Notes 1 and 2 to the December 31, 2009 audited financial statements and the reader is invited to refer to these financial statements. Management believes that the accounting policies most affected by estimates and by management's discretionary decisions during the preparation of financial statements are outlined below:

Income property acquisitions

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

- The fair value of land as at the acquisition date;
- The value of the replacement cost of buildings and leasehold improvements as of the acquisition date based on prevailing construction costs for buildings of a similar class and age;
- The value of deferred rental costs, including improvements made by in-place lessees according to estimates of prevailing tenant inducements, while accounting for the condition of tenants' premises and the remaining lease term;
- The value of lease origination costs, including leasing commissions, foregone rent and operating expenses recovered during an estimated lease-up period, based on estimates of the costs that would be required for the existing leases to be put in place under the same terms and conditions;
- The value ascribed to above and below-market rents based on the present value of the difference between the rents payable under the terms of the in-place leases and estimated market rents;
- The value of client relationships, based on the net costs averted if the tenants renew their leases at the end of the existing term, adjusted for the estimated probability that the tenants will renew; and
- The fair value of debt assumed on acquisition by reference to market interest rates.

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

Amortization of income properties

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

Impairment of income properties

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

Fair value of debentures payable

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

Unit option plan

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

NEW ACCOUNTING POLICIES

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that it will require publicly accountable enterprises to adopt International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for interim and annual financial statements relating to fiscal years beginning on January 1, 2011, with comparative figures presented on the same basis. The transition from Canadian GAAP to IFRS will be applicable for BTB starting January 1, 2011. BTB is in the process of evaluating the potential impact of IFRS to the consolidated financial statements. At this time, the Trust cannot quantify the impact that the future adoption of IFRS will have on its financial statements and operating performance measures; however, the impact will be material. Additional information will be provided as the Trust's conversion efforts progress and as the transition date approaches.

IFRS conversion plan

BTB has developed an IFRS changeover plan for the conversion of GAAP consolidated financial statements to IFRS. The first two phases of this plan, which consisted mainly of performing a diagnostic and setting up the changeover project, have been completed. Phase 3 "Development of accounting positions and identification and development of modifications required for IFRS disclosure" and Phase 4 "Solution implementation" are under way. The Board of Trustees monitors the work of the Audit Committee and takes the necessary measures to ensure that management fulfills its responsibilities and delivers a successful IFRS conversion within the established timeframe.

Furthermore, conversion to IFRS is an ongoing process as new standards and recommendations are issued regularly by the International Accounting Standards Board. Accordingly, IFRS on the date of adoption may differ from current IFRS. BTB therefore continues to assess the impact of the adoption of IFRS on its activities, procedures and accounting policies and it may modify its conversion plan as

further information on the adoption of IFRS in Canada becomes available. The Trust will publish additional information before its conversion in 2011.

An update of the key elements of the Trust's IFRS conversion plan include, but are not limited to:

Impact Assessment	Selected Key Activities	Progress to Date
Financial statement presentation	Identification of differences between IFRS and Canadian GAAP Assess and select accounting policy choices Quantify the effects related to conversion to IFRS Prepare financial statements and related note disclosures to comply with IFRS Commence audit of opening balance sheet	Complete Complete Nearly completed Preparation of annual skeleton financial statements in progress Audit procedures on opening balance sheet will start during the fourth quarter of 2010
Business Impacts of IFRS	Identify required resources – valuation and accounting – for technical analysis and implementation during the transition Develop a real estate valuation strategy Complete real estate valuation for the opening balance sheet as at January 1, 2010 Identify impact on contractual agreements. Where required, make amendments to agreements	Complete Complete Substantially complete The Trust amended its Declaration to remove the requirements to distribute its taxable income.
Training and communication	Technical training of accounting staff Communication of progress of conversion plan to internal and external stakeholders Educate Board of Trustees and the Audit Committee on the effects of IFRS	Training will start during the fourth quarter of 2010 Ongoing communication to external stakeholders through MD&A disclosure Board of Trustees and Audit Committee are updated quarterly
Information technology and data systems	Identify and addresses IFRS differences that require changes to financial systems Ensure appropriate changes to internal controls to address existing accounting policies and requirement for dual record keeping during 2010	Complete In progress
Internal control over financial reporting and disclosure controls and procedures	Design and implement real estate valuations process Revise existing control processes and procedures to address significant changes to	BTB is in the process of finalizing the valuation of its real estate portfolio IFRS differences with process impacts have been

	existing accounting policies and requirement for dual record keeping during 2010	identified and implementation of significant process changes has commenced
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Impact of adoption of IFRS

Adoption of IFRS will initially require retrospective application as of the transition date, on the basis that an entity has prepared its financial statements in accordance with IFRS since its formation. Certain adoptive relief mechanisms are available under IFRS to assist with difficulties associated with reformulating historical accounting information. The general relief mechanism is to allow for prospective, rather than retrospective treatment, under certain conditions as prescribed by IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The standard specifies that adjustments arising on the conversion of IFRS from Canadian GAAP should be recognized in opening retained earnings. It is currently anticipated that the only IFRS 1 optional exemption will relate to the business combinations. IFRS 1 generally provides for the business combinations standard to be applied either retrospectively or prospectively from the date of transition to IFRS (or to restate all business combinations after a selected date). Retrospective application would require an entity to restate all prior transactions that meet the definition of a business under IFRS.

Although BTB will elect to apply the business combinations standard prospectively to new business combinations consummated from January 1, 2010, because BTB expects to revalue substantially all of its investment property to fair value at transition to IFRS, the application of this option is expected to have limited application to BTB (*refer to discussion under IFRS Accounting Standards*).

IFRS Accounting Standards

IFRS is premised on a conceptual framework similar to Canadian GAAP; however, significant differences exist in certain areas of recognition, measurement and disclosure. This discussion has been prepared using the standards and interpretations currently issued and expected to be effective for BTB's first annual reporting period under IFRS for the year ending December 31, 2011. Certain accounting policies currently expected to be adopted under IFRS, and the application of such policies to certain transactions or circumstances may be modified and, as a result, the impact may be different than the Trust's current expectations. Further, the IASB is currently in the process of amending, or expects to amend, numerous accounting standards that will be applicable to the Trust. As these IFRS standards are amended, and as the Trust continues to evaluate the impact of adoption on its processes and accounting policies, BTB will provide updated disclosure where appropriate.

To date, the significant differences between IFRS and GAAP that might impact BTB's financial statements are as follows:

IAS 40, Investment Property

Investment property is immovable property held to earn rental revenue or for capital appreciation, or both. When implementing IFRS, BTB must account for its investment properties using either the cost model or the fair value model. The cost model is similar to GAAP. Under the fair value model, any

gain or loss arising from a change in the fair value of an investment property is recognized in the statement of earnings for the period in which it arises. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. With the fair value model, investment property is not depreciated.

The Board of Trustees has approved the use of the fair value model to measure investment properties when IFRS come into effect. This will lead to significant adjustments to the opening balance sheet, including the opening balances of income properties and unitholders' equity.

Business Combinations

Under both IFRS and current GAAP, business combinations are accounted for using the acquisition method. However, there are major differences between the two standards in other areas. The most important difference is that, under IFRS, transaction costs are expensed as incurred while Canadian GAAP requires these amounts to be included in the cost of the asset.

IAS 32, Financial Instruments – Presentation

According to this standard, Trust units may be treated as liabilities rather than as equity. For GAAP and IFRS purposes, a Trust unit is a financial instrument and must be disclosed as a liability if there is a contractual obligation to deliver cash or another financial asset to another entity. As a result of the commitment of BTB's trustees to pay unitholders all of its taxable income as per the Income Tax Act and as a result of BTB's obligation to redeem the financial instrument which is the unit for cash at the unitholders' request, Trust units will be deemed a liability for IFRS purposes. Should this interpretation be accurate and should it apply to BTB, the adoption of IFRS will have a significant impact on its financial statements. Consequently, at the Annual and Special Meeting of Unitholders held on June 29, 2010, the Trust's unitholders adopted the desired amendments to the Contract of Trust, namely the amendments providing for the elimination of the Trust's requirement to pay all of the taxable income and to redeem the financial instrument which is the units for cash at the unitholders' request. The purpose of these amendments allow BTB to continue including its issued and outstanding units as well as its distributions in unitholders' equity without having to reclassify these units as liabilities and the distributions as an expense for the year when IFRS are adopted.

Standing Interpretations Committee ("SIC") Interpretation SIC-15, Operating Leases - Incentives

Under GAAP, leasehold improvements and certain other leasing costs are capitalized and expensed to income as amortization over the lease term. Under IFRS, these incentives or a portion thereof may be viewed as incentives provided to the tenant which must be recognized as a reduction in rental income over the lease term. Application of this interpretation will affect only the presentation of financial data.

IAS 12, Income Taxes

BTB is a real estate investment trust that meets certain criteria set forth in the *Income Tax Act (Canada)* and enjoys special tax treatment whereby it can deduct the amounts it distributes to unitholders in order to avoid tax. Under EIC-107, Application of Section 3465 to Mutual Fund Trusts, Real Estate Investment Trusts, Royalty Trusts and Income Trusts, a REIT whose distributions exceed its taxable income is not required to report taxable income for the period and, if it meets certain criteria set forth

in the standard, is not required to report future income taxes relating to temporary differences, primarily differences between the carrying amount of the trust's real estate investments and the tax basis of the properties. IFRS does not currently include any standard equivalent to EIC-107. Under the current IFRS on income taxes, it appears that REIT will be permitted not to recognize future income taxes if the trust meets the criteria required to qualify for the REIT exemption.

CONTROLS AND PROCEDURES

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

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

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

Management evaluated the effectiveness of the DC&P and the Trust's ICFR as September 30, 2010, pursuant to the requirements of Multilateral Instrument 52-109.

RISKS AND UNCERTAINTIES

BTB and its properties are subject to the normal risks inherent in owning and managing real estate. Income properties are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises, and various other factors. The main types of risks to which BTB is subjected in the course of its activities as well as the measures implemented in order to minimise their impact are as follows:

General Business and Economic Conditions

Financial markets, interest rates, consumer spending, business investment, government spending, the level of capital market activity and volatility, and inflation impact the business and economic environments in which BTB operates and, ultimately, the level of business activity it conducts, the revenues it generates, and the cost and availability of its equity and debt.

Execution of BTB's Strategy

BTB's ability to achieve its objectives and implement its strategy impacts its financial performance. If the Trust does not meet or elect to change its strategic objectives, BTB's financial results could be adversely affected.

Acquisitions

Although BTB regularly explores opportunities for strategic acquisitions of real estate properties, there can be no assurance that BTB will be able to complete acquisitions on terms and conditions that meet its investment criteria. There can also be no assurance that BTB will achieve its financial or strategic objectives or that it will realize anticipated cost savings following acquisitions. The performance is contingent on the ability to retain tenants and key employees of acquired properties, and there can be no assurance that BTB will always succeed in doing so.

Operation risks

All immovable property investments are subject to risk exposures. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other vacant premises and various other factors.

The value of immovable property and improvements thereto may also depend on the solvency and financial stability of the tenants and the economic environment in which they operate. The Trust's operating revenues and distributable income would be adversely affected if one or more major tenants or a significant number of tenants were unable to meet their lease obligations or if a significant portion of vacant space in our properties could not be leased under economically favourable lease terms.

However, this risk is controlled by the diversification of BTB's portfolio, which allows the Trust to maintain foreseeable cash flows. This risk is also mitigated by the fact that tenants occupy an average leasable area of about 4,500 square feet, and that there are 600 different leases.

As a more and more fully integrated real estate investment trust, BTB can exercise tighter preventive control over its operations while developing a relationship of trust with its tenants and improving its operational and financial performance.

Debt and Refinancing

The Trust is exposed to debt financing risks, including the risk that existing mortgages payable secured by its properties cannot be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing mortgages. The Trust's profitability may be impacted by tight and unfavourable credit markets and interest rate changes, as interest on borrowings represents a significant cost in real estate property ownership. BTB seeks to reduce interest rate risks by spreading out the maturities of its mortgage loans and limiting the use of floating rate debt as much as possible.

Unitholder Liability

The Contract of Trust states that any written document identifying an immovable hypothec or, in the opinion of the trustees, a material obligation, must contain terms limiting liability to BTB's assets exclusively, and specify that no recourse may be taken against unitholders.

Competition

The Trust competes for suitable immovable property investments with third parties seeking immovable property investments similar to those of interest to the Trust. An increase in the

availability of investment funds and heightened interest in immovable property investments could increase competition for immovable property investments, thereby increasing purchase prices and reducing their yield. In addition, numerous property developers, managers and owners compete with the Trust in seeking tenants. The existence of competing developers, managers and owners and competition for the Trust's tenants could have an adverse effect on the Trust's ability to lease space in its properties and on the rents charged, and could adversely affect the Trust's revenues.

Government Regulation

BTB and its properties are subject to various government statutes and regulations. Any change in such statutes or regulations adverse to the Trust and its properties could affect the Trust's financial results. By their very nature, BTB's assets and business are not exposed to high environmental risk. In accordance with the operating principles stipulated in its Contract of Trust, BTB conducts an environmental audit before acquiring any new properties. In its leases, BTB requires that tenants conduct their business in compliance with environmental legislation, and that they be held liable for any damages resulting from their use of the leased premises.

Income Taxes

BTB currently qualifies as a mutual fund trust for income tax purposes. BTB is required by its Contract of Trust to annually distribute all of its taxable income to unitholders and thus is generally not subject to tax on such income. In order to maintain its current mutual fund status, BTB is required to comply with specific restrictions regarding its activities and its investments. If BTB were to cease to qualify as a mutual fund trust, the consequences could be material and adverse.

New Tax System

In connection with its Tax Fairness Plan, the federal Department of Finance introduced legislation to implement new tax measures to levy a tax on distributions of specified investment flow-through ("SIFT") trusts to bring taxation of these entities closer into line with that of corporations. Bill C-52 implementing these measures received Royal Assent on June 22, 2007.

In short, a SIFT trust is a trust that resides in Canada, its investments are listed or traded on a stock exchange or other public market and it holds one or more non-portfolio properties.

REIT Exception

The new tax system does not apply to SIFT trusts that qualify as real estate investment trusts ("REIT") for a given taxation year. Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions: (i) the only "non-portfolio properties" it owns during the year are "qualified REIT properties", (ii) at least 95% of its income for the taxation year is 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 from one or more of the following sources: "rent from real or immovable properties" to the extent that it is from such properties located in Canada; interest from mortgages on real or immovable properties located in Canada and capital gains from dispositions of real or immovable properties located in Canada; and (iv) no time in the taxation year is the total fair market value of all properties held by the trust, each of which is a real or immovable property located in Canada, an amount, or generally, a debt payable to the Government of Canada or to certain other public agencies, less than 75% of the equity value of the trust at that time.

On December 20, 2007, the Minister of Finance announced proposed technical amendments to further clarify the tax rules that apply to SIFTs. As at September 30, 2010, BTB met all of these conditions. As a result, the new SIFT trust tax rules would not apply to BTB. BTB's management intends to take the necessary steps to meet these conditions on a regular basis in the future.

Recruitment of Employees and Executives

Competition for qualified employees and executives is intense. If BTB is unable to attract and retain qualified employees and executives, its results of operations and financial condition, including the competitive position, may be materially adversely affected.

Capital Requirements

BTB accesses the capital markets from time to time through the issuance of debt, equity or equity-related securities. If BTB were unable to raise additional funds, then acquisition or development activities may be curtailed and property-specific financing renegotiated.

Other Risk Factors

For a more detailed list of the risk factors, please refer to the 2009 Annual Information Form of the Trust dated April 30, 2010 available on www.sedar.com.