Condensed consolidated interim financial statements of

(unaudited)

BTB

BTB Real Estate Investment Trust

Three-month periods ended March 31, 2011 and 2010

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Financial Statements
(Unaudited)

Three-month periods ended March 31, 2011 and 2010

Condensed consolidated interim financial statements

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Financial Position
(Unaudited)

March 31, 2011, with comparative figures as of, December 31, 2010 and January 1st, 2010
(in thousands of CAD dollars)

	Notes	March 31, 2011	December 31, 2010	January 1st, 2010
ASSETS				
Investment properties	4, 5	283,873	283,095	204,950
Investment properties under development	6	772	592	3,800
Property, plant and equipment		2,145	2,122	2,089
		286,790	**285,809**	**210,839**
Current assets				
Trade receivables	7	3,180	1,838	652
Other assets	8	4,912	3,236	2,613
Cash and cash equivalents	17	12,243	1,875	376
		20,335	**6,949**	**3,641**
		307,125	**292,758**	**214,480**
UNITHOLDERS' EQUITY AND LIABILITIES				
Unitholders' equity	12	**70,260**	**55,997**	**(30,796)**
Non-current liabilities				
Mortgage loans payable	9	180,610	180,473	144,950
Convertible debentures	10	44,847	24,514	23,544
Derivative financial instruments	10	2,463	115	111
Unit-based compensation and warrants	14	488	285	13
Bank loans	11	-	22,195	720
Net assets attributable to Unitholders		-	-	69,620
		228,408	**227,582**	**238,958**
Current liabilities				
Trade and other payables		7,980	8,833	6,092
Distributions payable to Unitholders		477	346	226
		8,457	**9,179**	**6,318**
		307,125	**292,758**	**214,480**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on June 9th, 2011:

(s) Michel Léonard, Trustee

(s) Jocelyn Proteau, Trustee

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Comprehensive Income
(Unaudited)

Three-month periods ended March 31, 2011 and 2010
(in thousands of CAD dollars)

	Notes	March 31, 2011	March 31, 2010
Operating revenues:			
Rental revenue from property	15	9,746	7,540
Operating expenses:			
Operating costs		1,736	1,343
Property taxes and public utilities		2,951	2,151
		4,687	3,494
Net operating income		**5,059**	**4,046**
Finance income		(15)	(2)
Financial expenses	16	5,328	3,029
Trust administration expenses		782	389
Distributions to unitholders		-	677
Income (loss) before transaction costs – business combination		**(1,036)**	**(47)**
Transaction costs – business combination		-	137
Net income (loss) being total comprehensive income for the period		**(1,036)**	**(184)**

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Changes in Unitholders' Equity
(Unaudited)

Three-month periods ended March 31, 2011 and 2010
(in thousands of CAD dollars)

	Notes	Unitholders' contributions	Cumulative income (loss)	Cumulative distributions	TOTAL
Balance at January 1st, 2011		**80,679**	**(23,086)**	**(1,596)**	**55,997**
Issuance of units	12	16,478	-	-	16,478
Distributions to unitholders		-	-	(1,179)	(1,179)
Comprehensive income		-	(1,036)	-	(1,036)
Balance as at March 31, 2011		**97,157**	**24,122**	**(2,775)**	**70,260**

	Notes	Unitholders' contributions	Cumulative income (loss)	Cumulative distributions	TOTAL
Balance at January 1st, 2010		**-**	**(30,796)**	**-**	**(30,796)**
Issuance of units		-	-	-	-
Distributions to unitholders		-	-	-	-
Comprehensive income		-	(184)	-	(184)
Balance at March 31, 2010		**-**	**(30,980)**	**-**	**(30,980)**

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Cash Flow
(Unaudited)

Three-month periods ended March 31, 2011 and 2010
(in thousands of CAD dollars)

	Notes	March 31, 2011	March 31, 2010
Operating activities			
Net income (loss) for the period		**(1,036)**	**(184)**
Adjustment for :			
Amortization of property, plant and equipment		20	15
Change in fair value of warrants		203	-
Change in non cash portion of derivative financial instruments		940	81
Accretion of non-derivative liability component of convertible debentures		360	216
Accretion of effective interest		175	112
Unit-based compensation		-	10
Amortization straight-line lease adjustment		(155)	(85)
Amortization of lease incentives		172	80
		679	245
Net change in non-cash working capital items	17	195	2,657
Cash generated from operating activities		**874**	**2,902**
Interest paid		(3,522)	(2,621)
Net cash (used in) from operating activities		**(2,648)**	**281**
Investing activities			
Acquisitions of property, plant and equipment		(43)	-
Additions to investment properties		(799)	(435)
Additions to investment properties under development		(180)	(873)
Net cash used in investing activities		**(1,022)**	**(1,027)**
Financing activities			
Net proceeds from issue of units	12	16,478	-
Net proceeds from issue of convertible debentures		21,385	-
Mortgage loans, net of financing costs		7,767	(31)
Repayment of mortgage loans		(7,694)	(547)
Bank loans (repayment)	11	(22,850)	1,595
Distributions to unitholders		(1,048)	-
Net cash (used in) from financing activities		**14,038**	**1,017**
Net increase (decrease) in cash and cash equivalents		**10,368**	**(10)**
Cash and cash equivalents, beginning period		**1,875**	**376**
Cash and cash equivalents, end of period	17	**12,243**	**366**

1. Reporting entity:

BTB real estate Investment Trust (the "Trust" or "BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of the Trust's registered office is 2155, Crescent street, Montreal (Quebec), Canada. The consolidated financial statements of the Trust as at and for the three months ended March 30, 2011 comprise the Trust and its wholly owned subsidiaries (together referred to as the "Trust") and the Trust's interest in jointly controlled entities and jointly controlled assets.

The consolidated financial statements of the Trust as at and for the year ended December 31, 2010 which were prepared under Canadian generally accepted accounting principles ("GAAP") are available at www.sedar.com

2. Basis of preparation:

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These are the Trust's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Trust is provided in **note 21** This note includes reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under Canadian GAAP (previous Canadian GAAP) to those reported for those periods and at the date of transition under IFRSs.

These condensed consolidated interim financial statements were approved by the Board of Directors on June 9, 2011.

2. Basis of preparation (continued):

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Investment property is measured at fair value;
- Derivative financial instruments are measured at fair value; and
- Unit-based awards and warrants are measured using a fair value-based method of accounting

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Trust's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management applying the Trust's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements.

(i) Judgements

The key judgements made in applying accounting policies that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are as follows:

2. Basis of preparation (continued):

(d) Use of estimates and judgements (continued)

(i) Judgements (continued)

Business combinations

The Trust acquires subsidiaries that own real estate. At the time of acquisition, the Trust considers whether the acquisition represents the acquisition of a business, i.e., where an integrated set of activities is acquired in addition to the property. More specifically, the following criteria are considered:

- The number of items of land and buildings owned by the subsidiary
- The extent to which significant processes are acquired and in particular the extent of ancillary services provided by the subsidiary
- Whether the subsidiary has allocated its own staff to manage the property and/or to deploy any processes (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information)

Business combinations (continued)

An acquisition of a business is accounted for as a business combination under IFRS 3 *Business Combinations* (see below).

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized in such a case.

Operating lease contracts – Trust as lessor

The Trust enters into commercial property leases on its investment properties. The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the leases as operating leases.

Classification of property

The Trust determines whether a property is classified as investment property or property, plant and equipment.

2. Basis of preparation (continued):

(d) Use of estimates and judgements (continued)

(ii) Use of estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next nine months are as follows:

Valuation of property

Investment properties and investment properties under development are stated at fair value at each reporting date. Gains or losses arising from changes in the fair values are included in profit or loss in the period in which they arise. Fair value is determined by management using internally generated valuation models or by independent real estate valuation experts using recognized valuation techniques. These techniques comprise both the Discounted Cash Flow Method and the Direct Capitalization method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Trust's investment properties.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as leasing fees, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at the reporting date.

The significant methods and assumptions used by management and the valuators in estimating the fair value of investment properties are set out below

2. Basis of preparation (continued):

(ii) Use of estimates (continued)

Techniques used for valuing investment property

The Direct Capitalization method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and application of investor yield or return requirements. One approach to value the investment property on this basis is to capitalize net rental income on the basis of an Initial Yield.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating investment property or a development investment property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the investment property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the fair value of the investment property.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRSs, unless otherwise indicated.

(a) Basis of consolidation

(i) Business combinations

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Trust measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

The Trust elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Trust incurs in connection with a business combination are expensed as incurred.

Acquisitions prior to January 1, 2010

As part of its transition to IFRSs, the Trust elected to restate only those business combinations that occurred on or after January 1, 2010.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Trust. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

(iii) Jointly controlled assets

Jointly controlled assets involve the venturers having joint control, and often joint ownership, of assets dedicated to the joint venture. These joint ventures do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset. The condensed consolidated interim financial statements include the Trust's proportionate share of the jointly controlled assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(iv) Jointly controlled entities

Joint ventures are those entities over whose activities the Trust has joint control, established by contractual agreement. The condensed consolidated interim financial statements include the Trust's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

3. Significant accounting policies (continued)

(b) Financial instruments

(i) Non-derivative financial assets

The Trust initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognized as a separate asset or liability.

The Trust has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents, trade receivables and other assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Trust initially recognizes bank loans, mortgage loans payable, the non-derivative component of convertible debt and trade and other payables on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Trust classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and changes therein are recognized immediately in profit or loss.

Other financial liabilities comprise bank loans, mortgage loans payable, convertible debentures, distributions payable to Unitholders and trade and other payables.

(iii) Trust units

Trust units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 *Financial Instruments: Presentation*, in which case, the puttable instruments may be presented as equity.

Prior to June 29 2010 BTB's trust units did not meet the conditions of IAS 32 and were classified and accounted for as financial liabilities.

On and after June 29 2010 BTB's trust units met the conditions of IAS 32 and were therefore reclassified and accounted for as equity.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Convertible debentures

The convertible debentures are convertible into trust units of the Trust. As BTB's trust units are redeemable at the option of the holder and are therefore considered puttable instruments in accordance with IAS 32, the convertible debentures are considered a liability containing liability-classified embedded derivatives.

(v) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in profit or loss.

(c) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The Trust makes payments to agents for services in connection with negotiating lease contracts with the Trust's lessees. These leasing fees are capitalized within the carrying amount of the related investment property and then considered in the fair value adjustment of the investment property at the next reporting period.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3. Significant accounting policies (continued)

(d) Investment property under development

Investment property under development is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss to the extent that fair value is reliably determinable. To the extent that fair value is not reliably determinable, the property is carried at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition, the layout and the construction of the asset. The cost of a self-constructed asset includes the cost of materials,direct labour, and any other costs directly attributable during the development of the asset.

(e) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses in accordance with the cost model.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

3. Significant accounting policies (continued)

(e) Property, plant and equipment

(ii) Depreciation

The estimated useful lives for the current and comparative periods are as follows:

Owner-occupied building	15 - 40 years
Equipment, furniture and fixtures	3 - 12 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iii) Impairment

The carrying amounts of the Trust's property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

(f) Leases

All existing rental leases related to the Trust's investment properties have been assessed as operating leases. The tenant's have a unilateral right to terminate within the statutory period.

(g) Revenue recognition

Rental revenue from property includes rents from tenants under leases, realty taxes and operating cost recoveries, lease cancellation fees and incidental income. Rental revenue is recognized when service has been rendered and the amount of expected consideration can be reliably estimated.

3. Significant accounting policies (continued)

(g) Revenue recognition (continued)

The Trust commences revenue recognition on its leases based on a number of factors. In most cases, revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date, or when the Trust is required to make additions to the leased property in the form of tenant improvements, upon substantial completion of the additions. Certain leases provide for tenant occupancy during periods for which no rent is due ("free rent period") or where minimum rent payments change during the term of the lease. Accordingly, rental revenue is recognized in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which user's benefit derived from the leased asset is diminished. These amounts are accounted for as accrued straight-line rent receivable under investment properties.

Lease incentives which are mostly payments of monetary allowances to tenants, are amortized over the lease term as a reduction of rental revenue. The lease term is the non-cancellable period of the lease together with any further extension for which the tenant has the option to continue the lease, where, at the inception of the lease, the Trust is reasonably certain that the tenant will exercise that option. Lease incentives are recognized as adjustments to the carrying amount of investment properties.

Premiums received to terminate leases are recognized in profit or loss when they arise.

(h) Earnings (loss) per unit

Basic net earnings (loss) per unit are calculated based on the weighted average number of units outstanding during the period. The calculation of diluted net earnings (loss) per unit reflects the potential exercise of outstanding unit options and the potential issuance of units under the terms of convertible debentures, if dilutive.

3. Significant accounting policies (continued)

(i) Operating segment

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Trust's other components. All operating segments' operating results are reviewed regularly by the Trust's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(j) Unit-based compensation

The Trust uses the fair value-based method of accounting for its unit-based awards, under which compensation expense is measured at grant date and recognized over the vesting period. Since all the units are considered liabilities, the awards are fair-valued at each reporting period and the change in the fair value is recognized as compensation expense. The unit-based compensation is presented as a liability.

(k) Warrants

Since all the units are considered liabilities, the warrants are fair-valued at each reporting period and the change in the fair value is recognized in profit or loss. The warrants are presented as liabilities.

(l) Income taxes

BTB is a mutual fund trust and a REIT pursuant to the Income Tax Act (Canada). Under current tax legislation, a REIT is entitled to deduct distributions of taxable income such that, it is not liable to pay income tax provided that its taxable income is fully distributed to Unitholders. BTB intends to continue to qualify as a REIT and to make distributions not less than the amount necessary to ensure that BTB will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the condensed interim consolidated financial statements.

3. Significant accounting policies (continued)

(m) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Trust.

(i) IFRS 9 Financial Instruments:

IFRS 9 Financial Instruments, which becomes mandatory for the Trust's 2013 consolidated financial statements is expected to impact the classification and measurement of financial assets. The extent of the impact has not been determined.

(ii) IAS 12 Income Taxes:

The IASB has published some limited scope amendments to IAS 12 *Income taxes*, which are relevant only when an entity uses the fair value model for measurement in IAS 40 Investment Property. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. To provide a practical approach in such cases, the amendment introduces a presumption that an investment property is recovered entirely through sale. This policy is effective for fiscal years after January 1, 2012. The Trust intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2012. The extent of the impact of adoption of the amendments has not yet been determined.

(in thousands of CAD dollars, except per unit amount)

4. Investment Properties

	March 31, 2011	December 31, 2010
Balance beginning of period	283,095	204,950
Additions :		
Direct acquisition of investment property (**note 5**)	-	11,026
Acquisition through business combinations (**note 5**)	-	47,947
Capital expenditures	177	1,141
Capitalized leasing fees	192	946
Lease incentives	430	2,849
Amortization of lease incentives	(172)	(426)
Amortization straight-line lease adjustment	151	460
Net transfer from properties under development	-	7,072
Change in fair value of investment properties	-	7,130
Balance end of the period	**283,873**	**283,095**

The fair value at January 1, 2010 was determined on the basis of valuations made by independent external appraisers having appropriate professional qualifications, using recognized valuation techniques, comprising both the Discounted Cash Flow and the Direct Capitalization methods.

For subsequent reporting periods, the Trust relied on external appraisers for a subset of its investment properties comprised of the ten most significant investment properties and 1/3 of the remaining investment properties. The selection of investment properties subject to external valuation is determined by management based on its assessment of circumstances that in its view, may impact the value of particular individual investment property. The fair value of the remaining investment properties is determined by management using the Direct Capitalization method.

External Valuation

At December 31, 2010 external appraisals were obtained for investment properties with an aggregate fair value of \$197,380 (January 1st, 2010 - \$204,950), and for an aggregate fair value of \$3,800 as at January 1st, 2010 for investment properties under development.

(in thousands of CAD dollars, except per unit amount)

4. Investment Properties (continued)

Internal Valuation

At December 30, 2010 management's valuation models were used for investment properties with an aggregate fair value of $85,715.

In its determination of fair value, management receives quarterly capitalization rate reports from external knowledgeable property valuators.

The capitalization rate reports provide a range of rates for various geographic regions and for various types and qualities of properties within each region. The Trust utilizes capitalization rates within ranges provided by external valuators. To the extent that the externally provided capitalization rate ranges change from one reporting period to the next; or should another rate within the provided ranges be more appropriate than the rate previously used, the fair value of the investment properties would increase or decrease accordingly.

The following table highlights the significant assumptions used in the modeling process for both internal and external appraisals:

As at December 31, 2010	Commercial	Office	Industrial	General purpose
Capitalization rate	7.75% - 10.00%	7.50% - 9.00%	7.75% - 9.50%	8.00% - 9.00%
Terminal discount rate	8.00% - 9.50%	7.75% - 9.00%	7.75% - 10.00%	8.00% - 9.25%
Discount rate	8.75% - 10.00%	8.25% - 9.50%	8.75% - 10.50%	8.75% - 10.00%

As at January 1st, 2010	Commercial	Office	Industrial	General purpose
Capitalization rate	8.00% - 9.50%	7.75% - 9.25%	8.00% - 9.75%	8.25% - 9.25%
Terminal discount rate	8.25% - 9.75%	8.00% - 9.25%	8.00% - 10.25%	8.25% - 9.50%
Discount rate	9.00% - 10.25%	8.50% - 9.75%	9.00% - 10.75%	9.00% - 10.25%

(in thousands of CAD dollars, except per unit amount)

5. ACQUISITONS

a) Business combinations

In May 2010, the Trust acquired 100% of the common shares of Corporation immobilière CAGIM ("CAGIM"), a real estate corporation headquartered in Québec City that owns a real estate portfolio of six properties consisting of three office buildings, two retail buildings, one industrial building and a lot for future development. Three of the properties were co-owned on acquisition.

The acquisition was settled for a cash consideration of $21,492, or $20,350 net of cash acquired of $1,142.

The transaction was accounted for using the acquisition method. Operating income from the acquired business is included in the consolidated financial statements as of the acquisition date.

The purchase price allocation of the assets acquired in these acquisitions was finalized on December 31, 2010.

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

	Fair value recognized on acquisition
Investment properties	48,447
Trade receivables	1,598
Other assets	362
	50,407
Mortgage loans payable	(27,218)
Trade and other payables	(2,839)
Total consideration	**20,350**

b) Asset acquisitions

In November 2010, the Trust acquired the remaining 50% interest in two commercial buildings located in Québec City for a purchase price of $10,850, including $6,693 through the assumption of mortgage loans and $4,157 in cash.

(in thousands of CAD dollars, except per unit amount)

5. ACQUISITONS (CONTINUED)

The assets and liabilities recognized in the condensed consolidated statement of financial position on the date of the acquisition during 2010 were as follow:

	Fair value of Assets acquired
Investment properties	11,026
Mortgage loans payable	(6,693)
Trade and other payables	(176)
Total consideration	**4,157**

6. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	March 31, 2011	December 31, 2010
Balance beginning of period	592	3,800
Additions :		
Acquisition through business combinations (**note 5**)		500
Capital expenditures	180	2,510
Capitalized leasing fees	-	403
Lease Incentives, at amortized cost	-	451
Net transfer to investment properties		(7,072)
Balance end of the period	**772**	**592**

Property under development

As at January 1, 2010, the Trust began the redevelopment of an investment property that had fallen vacant after the departure of a lessee and the signature of a long-term lease. The investment property was completed in July 2010. Therefore, the net value was transferred in investment properties from this date.

Land held for future development

The Trust is currently developing lands adjacent to an existing investment property located in Quebec city. The Trust has a 25 percent interest in this jointly controlled asset.

(in thousands of CAD dollars, except per unit amount)

7. Trade Receivables

	March 31, 2011	December 31, 2010	January 1st, 2010
Trade receivables	3,333	1,965	822
Provision for doubtful accounts	(177)	(146)	(180)
Net receivables	3,156	1,819	642
Other assets	24	19	10
Total	**3,180**	**1,838**	**652**

8. Others Assets

	March 31, 2011	December 31, 2010	January 1st, 2010
Prepaid expenses	4,618	2,898	1,883
Deposits	294	338	730
	4,912	**3,236**	**2,613**

9. Mortgages Loans Payable

Mortgage loans are secured by immovable hypothecs on investment properties having a fair value of approximately $282,085 as at March 31, 2011 (December 31, 2010 – $281,127; January 1st, 2010 – $206,700).

	March 31, 2011	December 31, 2010	January 1st, 2010
Fixed rate mortgages loans payable	180,783	180,633	141,840
Floating rate mortgages loans payable	325	325	3,743
Unamortized financing costs	(498)	(485)	(633)
Mortgages loans payable	**180,610**	**180,473**	**144,950**
Weighted average interest rate	**5.60%**	**5.63%**	**5.84%**
Weighted average term to maturity	**3.00**	**3.88**	**4.85**
Annual rates ranging	**3.32% – 8.5%**	**3.32% - 8.5%**	**3.00% - 8.00%**

(in thousands of CAD dollars, except per unit amount)

9. Mortgages Loans Payable (continued)

As at March 31, 2011, mortgage loan repayments are as follows:

	Repayment	Principal maturity	Balances at total
2011 (9 months)	2,676	26,938	29,614
2012	2,995	51,542	54,537
2013	2,409	29,854	32,263
2014	1,277	37,806	39,083
2015	707	12,857	13,564
2016	432	1,341	1,773
Thereafter	108	10,166	10,274
	10,604	**170,504**	**181,108**
Unamortized financing costs			(498)
			180,610

10. Convertible Debentures

As at March 31, 2011, the Trust had three series of convertible debentures outstanding

	Capital	Interest rate	Unit conversion price	Interest payments	Maturity
Series A	12,883	8.00%	$2.55	Semi-annual	October 2011
Series B	13,020	8.50%	$2.30	Semi-annual	March 2013
Series C	23,000	8.00%	$1.00	Semi-annual	January 2016

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

	Series A	Series B	Series C
Non-derivative liability component	11,381	12,339	21,592
Derivative financial instrument component	1,502	681	1,408
Capital	**12,883**	**13,020**	**23,000**

The accretion of the non-derivative liability component of the subordinated convertible debentures, which increases as of the initial allocation on the issuance date to the final amount repayable, is recorded under accretion of liability component of convertible debentures. The derivative financial instrument component is carried at fair value.

(in thousands of CAD dollars, except per unit amount)

10. Convertible Debentures (continued)

March 31, 2011	Series A	Series B	Series C	TOTAL
Non-derivative liability component upon issuance	11,381	12,339	21,592	45,312
Accretion of liability component	1,313	369	50,	1,732
	12,694	12,708	21,642	47,044
Unamortized financing costs	(120)	(518)	(1,559)	(2,197)
Non-derivative liability component	**12,574**	**12,190**	**20,083**	**44,847**
Derivative financial instrument component	**-**	**64**	**2,399**	**2,463**

December 30, 2010	Series A	Series B	TOTAL
Non-derivative liability component upon issuance	11,381	12,339	23,720
Accretion of liability component	1,223	334	1,557
	12,604	12,673	25,277
Unamortized financing costs	(180)	(583)	(763)
Non-derivative liability component	**12,424**	**12,090**	**24,514**
Derivative financial instrument component	**-**	**115**	**115**

Series A

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

Since November 2010, the debentures are redeemable at the Trust's option, for at least 125% of the Series A conversion price.

10. CONVERTIBLE DEBENTURES (CONTINUED)

Series B

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

As of March 31, 2011, but before March 31, 2012, under certain conditions, the debentures may be redeemed by the Trust at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the average weighted price based on the volume of units traded on the TSX Venture Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advance notice of redemption is given (the "current market price") is at least 150% of the conversion price. As of March 31, 2012, but before March 31, 2013, under certain conditions, the debentures may be redeemed by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price on the day prior to the date on which the notice of redemption is given is at least 125% of the conversion price.

At the Trust's option, Series B debentures may be redeemed in Trust units at maturity.

Series C

In January 2011, the Trust issued Series C subordinated convertible, redeemable, unsecured debentures bearing 8% interest payable semi-annually and maturing in January 2016, in the amount of $23,000. The debentures are convertible at the holder's option at any time before January 2016, at a conversion price of $1.00 per unit ("Series C Conversion Price").

Debentures are not redeemable before January 31, 2014, except in the case of a change in control. As of January 31, 2014, but before January 31, 2015, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the TSX Venture Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price. As of January 31, 2015, but before January 31, 2016, under certain conditions, the debentures will be redeemed by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price on the day prior to the date on which the notice of redemption is given is at least 95% of the conversion price.

11. Bank Loans

The Trust has access to an acquisition line of credit in the amount of $25,000 maturing in June 2012. The line of credit is guaranteed by mortgages against properties held by the Trust. This facility bears interest at the higher of 10.5% per year or TD Canada Trust's prime rate plus 5% per year.

As at March 31, 2011, no amount was drawn under the acquisition line of credit (December 31, 2010 - $22,850).

The Trust also has access to an operating credit facility for a maximum amount of $2,000. This facility bears interest at a rate of 1% above the base rate. This credit facility is secured by an immoveable hypothec on two properties having a value of $4,565. As at March 31, 2011, the Trust had not used any amount under this credit facility (December 31, 2010 - $Nil; January 1, 2010 - $720).

12. Trusts Units Issued And Outstanding

BTB is authorized to issue an unlimited number of trust units. Each trust unit represents a single vote at any meeting of Unitholders and entitles the Unitholder to receive a pro rata share of all distributions. The Unitholders have the right to require BTB to redeem their trust units on demand. Upon receipt of the redemption notice, all rights to and under the trust units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per trust unit ("Redemption Price"), as determined by a market formula. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust. BTB trust units are considered liability instruments under IFRS because the units are redeemable at the option of the holder.

Prior to June 29 2010 BTB's trust units did not meet the conditions of IAS 32 and were therefore classified and accounted for as liabilities.

On and after June 29 2010 BTB's trust units met the conditions of IAS 32 and were therefore reclassified and accounted for as equity.

In March 2011, the Trust completed a public issue of 19,450,000 units, excluding the over-allotment option, for total net proceeds of $16,478.

In November 2010, the Trust completed a public issue of 18,000,000 units, including an over-allotment option, for total net proceeds of $11,059.

(in thousands of CAD dollars, except per unit amount)

12. Trusts Units Issued And Outstanding (continued)

Trust units issued and outstanding are as follows:

	March 31, 2011		December 31, 2010	
	Units	**$**	**Units**	**$**
Units outstanding, beginning of period	51,691,725	80,679	33,691,725	69,620
Issue pursuant to a public issue	19,450,000	17,505	18,000,000	12,060
	71,141,725	98,184	51,691,725	81,680
Unit issue costs		(1,027)		(1,001)
Units outstanding, end of period	**71,141,725**	**97,157**	**51,691,725**	**80,679**

13. Earnings (Loss) Per Unit

BTB's trust units are considered puttable instruments in accordance with IAS 32. Puttable instruments are required to be accounted for as financial liabilities and, therefore, are not equity instruments for which a profit or loss per unit is required to be presented. Therefore, the Trust does not report a profit or loss per unit figure on its condensed interim consolidated statements of income and comprehensive income. However, for disclosure purposes only, the Trust has determined earnings per unit using the same basis that would apply in accordance with IAS 33 *Earnings Per Share*, had BTB's trust units been accounted for as equity, as management believes the calculation more appropriately reflects the nature of this financial instrument in the context of the Trust's business.

Net earnings (loss) per unit are calculated based on the weighted average number of shares outstanding as follows:

	March 31, 2011	March 31, 2010
Net earnings (loss)	(1,036)	(184)
Number of units outstanding - basic	71,141,725	33,691,725
Weighted average number of units outstanding - basic and diluted	52,510,380	33,691,725
Earnings (loss) per unit - basic	**(0.015) $**	**(0.005) $**
Earnings (loss) per unit – basic and diluted	**(0.020) $**	**(0.005) $**

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

(in thousands of CAD dollars, except per unit amount)

14. Unit-Based Compensation And Warrants

(a) Unit-based compensation

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 is limited to 10% of the total number of issued and outstanding units. The trustees set the exercise price at the time that the units are granted under the plan; the exercise price may not be less than the discounted market price of the units as determined under the policies of the TSX Venture Exchange on the date of grant. The options have a minimum term of five years as of the grant date and vest over a period of up to 18 months.

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

Grant date	Number of units	Maturity date	Exercise price
January 26, 2006	20,000	January 25, 2011	1.00
October 3, 2006	460,000	October 3, 2011	2.15
April 2, 2007	100,000	April 1, 2012	2.65
June 15, 2007	1,560,000	June 15, 2012	2.76
September 8, 2008	595,000	September 8, 2013	1.11
October 1st, 2008	50,000	October 1, 2013	0.90
	2,785,000		**2.26**

	March 31, 2011		**December 31, 2010**	
	Units options	**Weighted average exercise price**	**Units options**	**Weighted average exercise price**
Outstanding, beginning of period	2 785 000	2.26	2 785 000	2.26
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	(20 000)	1.00	-	-
Outstanding, end of period	**2 765 000**	**2.27**	**2 785 000**	**2.26**
Option vested	**2 715 000**	**2.26**	**2 735 000**	**2.25**
Weighted average remaining life (years)		**1.25**		**1.50**

(in thousands of CAD dollars, except per unit amount)

14. Unit-Based Compensation And Warrants (continued)

(b) Warrants

The Trust has provided to a lender 2,500,000 warrants to acquire trust units as compensatory payout for the acquisition line of credit (**note 11**). The warrants mature on June 1, 2012. Under certain conditions, the Trust will have the option of renewing the acquisition line of credit for one year. If the loan is renewed, the lender's warrants will be exercisable until May 31, 2013.

The warrants have a fair value of $455 at March 31, 2011 (December 31, 2010 – $252)

15. Rental Income

	March 31, 2011	March 31, 2010
Rental income contractually due from tenants	9 763	7 535
Lease incentive amortization	(172)	(80)
Straight-line lease adjustment	155	85
	9 746	**7 540**

16. Financial Expenses

	March 31, 2011	March 31, 2010
Interest on loans	2,563	2,076
Interest on convertible debentures	934	534
Interest on bank loans	356	10
Accretion of non-derivative liability component of convertible debentures	175	112
Accretion of effective interest	360	216
Net adjustment to fair value of derivative financial instruments	940	81
	5,328	**3,029**

(in thousands of CAD dollars, except per unit amount)

17. Supplementary Cash Flow Information

Cash and cash equivalents were as follows:

	March 31, 2011	March 31, 2010
Cash	12,142	366
Term deposits	101	-
	12,243	**366**

Changes in non-cash working capital items were as follows:

	March 31, 2011	March 31, 2010
Receivables	(1,338)	(543)
Other assets	(1,136)	(333)
Trade and other payables	2,669	3,533
	195	**2,657**

18. Capital management

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

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

The Trust's capital is as follows:

	March 31, 2011	December 31, 2010
Mortgage loans payable (1)	181,108	180,958
Convertible debentures (1)	48,903	25,903
Bank loans (1)	-	22,850
	230,011	**229,711**
Unitholders' equity	70,260	55,997
	300,271	**285,708**

(1) Excluding issue costs

(in thousands of CAD dollars, except per unit amount)

18. CAPITAL MANAGEMENT (CONTINUED)

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

	March 31, 2011	December 31, 2010
Total assets	307,125	292,758
Plus:		
Accumulated amortization on property, plant and equipment	345	325
	307,470	**293,083**

	March 31, 2011	December 31, 2010
Total debt / gross asset value ratio	**74.8%**	**78.4%**
Debt (2) / gross asset value ratio	**58.9%**	**69.5%**

(2) Excluding convertible debentures

FINANCIAL RISK MANAGEMENT

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these condensed consolidated interim financial statements.

(a) Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates this risk by varying its tenant mix and staggering lease terms; avoiding dependence on a single tenant for a significant portion of the Trust's operating revenues and conducting credit assessments for all major new tenants. The Trust analyzes its trade receivable on a regular basis and records a provision for doubtful accounts when there is a significant risk of non-recovery.

18. CAPITAL MANAGEMENT (CONTINUED)

(b) Interest rate risk

Interest rate risk reflects the risk of changes in the fair value or future cash flows of a financial instrument because of fluctuations in market interest rates. The Trust reduces its risk of changes in future cash flows by generally using long-term debt bearing interest at a fixed rate.

Except for a mortgage loan outstanding of $325 as at March 31, 2011, all other mortgage loans and convertible debentures bear interest at a fixed rate.

Since most mortgage loans are at a fixed rate, a 100-basis point increase or decrease in the average interest rate for the fiscal year, assuming that all other variables remain constant, would have had no significant impact on the Trust's net income for the three-month period ended March 31, 2011.

(c) Liquidity risk

Liquidity risk is managed by:

- maximizing cash flows from operations;
- adopting an investment property acquisition and improvement program that takes account of available liquidity;
- using credit facilities on the market;
- staggering mortgage loan maturities;
- maximizing the value of investment properties, thus increasing mortgage financing on renewal of loans; and
- issuing debt securities or Fund units on the financial markets.

During 2011, mortgage loans and Series A convertible debentures will become payable for a principal amount of approximately $39,821. The Trust intends to meet these obligations by:

- Renewing, on maturity, all maturing mortgages of a principal amount of $26,938;
- Using cash flows from operations, after capital expenditures and distributions to unitholders; and
- Issuing new debt securities and/or additional units on the market, on conditions deemed reasonable by the Trust.

18. CAPITAL MANAGEMENT (CONTINUED)

Management believes that the Trust will be able to obtain the financing required to make the payments coming due in the next year. However, there is a risk that changes affecting market conditions and access to financing may invalidate this assumption.

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

As at March 31, 2011, the Trust was in compliance with all the covenants to which it was subject.

The Trust's cash position is regularly monitored by management. A principal repayment schedule for mortgage loans and other debt is shown in **note 9.**

(d) Fair value

The fair value of Trust's financial assets and liabilities, including receivables, trade and other payables and distributions payable to unitholders, approximated their carrying amount as at March 31, 2011 because of their short-term maturity or because they are based on current market rates.

The fair value of mortgage loans was calculated by discounting cash flows from financial obligations using the period end market rate for various loans with similar risk and credit profiles. Using these assumptions, the estimated fair value of mortgage loans on March 31, 2011 amounted to $181,494 (December 31, 2010 - $185,153; January 1, 2010 – $137,323).

The fair value of debentures was determined by their period end market value. Using these assumptions, the estimated fair value of debentures on March 31, 2011 amounted to $50,325 (December 31, 2010 - $25,721; January 1, 2010 - $25,126).

The Trust uses a fair value hierarchy to categorize the type of valuation techniques from which fair value are derived. The Trust's use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) for the following financial instruments recorded at fair value as at March 31, 2011 were as follows:

(in thousands of CAD dollars, except per unit amount)

18. Capital management (continued)

	Derivative financial instrument component	Warrants	Unit-based compensation
Level 1 - valued using quoted market prices	-	-	-
Level 2 - valued using internal models (with observable market inputs)	2,463	455	33
Level 3 - valued using internal models (without observable market inputs)	-	-	-
	2,463	**455**	**33**

19. Operating Segments

For investment properties, discrete financial information is provided to the Board on an aggregated investment property basis. The information provided is net rentals (including gross rent and property expenses), valuations gains/losses and the net value of investment properties. The individual investment properties are aggregated into segments with similar economic characteristics. The Directors consider that this is best achieved by aggregating into commercial, office, industrial and general purpose segments.

Consequently the Trust is considered to have four reportable operating segments, as follows:

- Commercial segment
- Office segment
- Industrial segment
- General purpose

		March 31, 2011			
Properties	**Commercial**	**Office**	**Industrial**	**General purpose**	**TOTAL**
Investment properties	65,987	129,136	27,230	61,520	**283,873**
Investment properties under development	-	772	-	-	**772**
Rental revenue from property	1,855	4,674	883	2,334	**9,746**
Net operating income	1,108	2,217	618	1,116	**5,059**

(in thousands of CAD dollars, except per unit amount)

19. Operating Segments (continued)

	March 31, 2010				
Properties	**Commercial**	**Office**	**Industrial**	**General purpose**	**TOTAL**
Investment properties	45,721	79,818	23,400	56,449	**205,388**
Investment properties under development	-	4,673	-	-	**4,673**
Rental revenue from property	1,298	3,236	816	2,190	**7,540**
Net operating income	893	1,567	559	1,027	**4,046**

20. Subsequent Events

On April 4, 2011, the Trust acquired the remaining 50% interest in a commercial building located in Québec City for a purchase price of $19,350, including $12,368 through the assumption of a mortgage loan and $6,982 in cash.

On April 14, 2011, the Trust announced the closing of the over-allotment option from its previously announced $17,500 bought deal financing, which closed on March 29, 2011. The underwriters led by National Bank Financial Inc. and Dundee Securities Corporation and including Canaccord Genuity Corp. and HSBC Securities (Canada) Inc. exercised the over-allotment option and purchased 2,848,000 Units for total net proceeds to the Trust of approximately $2,400 net of underwriters' fee.

21. Explanation Of Transition to Ifrs

As stated in **note 2(a)**, these are the Trust's first consolidated financial statements prepared in accordance with IFRSs.

The accounting policies set out in **note 3** have been applied in preparing the condensed interim consolidated financial statements for the three-month period ended March 31, 2011, the comparative information presented in these financial statements for the three-month period ended March 31, 2010 and the year ended December 31, 2010 and in the preparation of an opening IFRS statement of financial position at January 1, 2010 (the date of transition).

In preparing its opening IFRS statement of financial position, the Trust has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRSs has affected the trust's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

In preparing these condensed interim consolidated financial statements in accordance with IFRS 1, the Trust is required to retrospectively apply all IFRS standards as of the reporting date with certain optional exemptions and certain mandatory exemptions.

The Trust elected to apply the following optional exemptions from full retrospective application:

(i) Business combination exemption:

The Trust has elected to not apply the requirements of IFRS 3 retrospectively to business combinations that occurred prior to the date of transition. Under the business combinations exemption, the carrying amounts of the assets acquired and liabilities assumed under previous Canadian GAAP at the date of the acquisition became their deemed carrying amounts under IFRS at that date. The application of the exception resulted in no changes to the carrying amounts of assets and liabilities at the date of transition.

(ii) Designation of financial assets and financial liabilities exemption:

The Trust elected to re-designate cash and cash equivalents from the held-for-trading category to loans and receivables.

As required by IFRS 1, the mandatory exemption requires that estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous Canadian GAAP, except when necessary to reflect differences in accounting policies or if there is evidence that those estimates were in error.

BTB REAL ESTATE INVESTMENT TRUST

Note to Condensed Consolidated Interim Financial Statement
(Unaudited)

Three-month period ended March 31, 2011 and 2010
(in thousands of CAD dollars, except for per unit amounts)

21. Explanation Of Transition to IFRS (continued)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Description under IFRS
		January 1st, 2010			
ASSETS					
Income producing properties	1	-	204,950	204,950	Investment properties
Buildings	1c), 2	163,437	(163,437)	-	
Land	1, 2	39,676	(39,676)	-	
Intangible assets	1d)	8,252	(8,252)	-	
Properties under development	1a)	4,224	(424)	3,800	Investment properties under development
Property, plant and equipment	2	29	2,060	2,089	Property, plant and equipment
				210,839	
Capitalized leasing costs, deposits and other assets	1e)	2,821	(2,821)	-	
Prepaid expenses	4	1,883	730	2,613	Other assets
Accounts receivable	3	1,570	(918)	652	Trade receivables
Cash and cash equivalents		376	-	376	Cash and cash equivalents
TOTAL ASSETS		**222,268**		**214,480**	

(in thousands of CAD dollars, except for per unit amounts)

21. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Description under IFRS
		January 1st, 2010			
LIABILITIES AND UNITHOLDERS' EQUITY					
Mortgage loans payable		144,950	-	144,950	Mortgage loans payable
Convertible debentures		23,544	-	23,544	Convertible debentures
Bank loans		720	-	720,	Bank loans
	7	-	111	111	Derivative financial instrument
	6	-	13	13	Unit-based compensation and warrants
Accounts payable and accrued liabilities		6,092	-	6,092	Trade and other payables
Distributions payable to unitholders		226	-	226	Distributions payable to unitholders
	5		69,620	69,620	Net assets attributable to Unitholder
EQUITY					
Unitholders' contributions	5	66,620	(69,620)	-	Unitholders' contributions
Cumulative loss		(7,696)	(23,100)	(30,796)	Cumulative loss
Cumulative distributions	5	(17,538)	17,538	-	Cumulative distributions
Contributed surplus	6, 7	2,350	(2,350)	-	
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		**222,268**		**214,480**	

BTB REAL ESTATE INVESTMENT TRUST

Note to Condensed Consolidated Interim Financial Statement
(Unaudited)

Three-month period ended March 31, 2011 and 2010
(in thousands of CAD dollars, except for per unit amounts)

21. Explanation Of Transition to IFRS (continued)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Description under IFRS
		March 31, 2010			
ASSETS					
Income producing properties	1	-	-	205,388	Investment properties
Buildings	1c), 2	162,232	(162,232)	-	
Land	1, 2	39,676	(39,676)	-	
Intangible assets	1d)	7,503	(7,503)	-	
Properties under development	1a)	5,097	(424)	4,673	Investment properties under development
Property, plant and equipment	2	26	2,048	2,074	Property, plant and equipment
				212,135	
Capitalized leasing costs, deposits and other assets	1e)	3,718	(3,718)	-	
Prepaid expenses	4	1,756	1,181	2,937	Other assets
Accounts receivable	3	2,198	1,001	1,197	Accounts receivable
Cash and cash equivalents		366	-	366	Cash and cash equivalents
TOTAL ASSETS		**222,702**		**216,635**	

BTB REAL ESTATE INVESTMENT TRUST

Note to Condensed Consolidated Interim Financial Statement
(Unaudited)

Three-month period ended March 31, 2011 and 2010
(in thousands of CAD dollars, except for per unit amounts)

21. Explanation Of Transition to IFRS (continued)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Description under IFRS
		March 31, 2010			
LIABILITIES AND UNITHOLDERS' EQUITY					
Mortgage loans payable		144,454	-	144,454	Mortgage loans payable
Convertible debentures		23,781	-	23,781	Convertible debentures
Bank loans		2,315	-	2,315	Bank loans
	7	-	192	192	Derivative financial instrument
	6	-	23	23	Unit-based compensation and warrants
Accounts payable and accrued liabilities		7,004	-	7,004	Trade and other payables
Distributions payable to unitholders		226	-	226	Distributions payable to unitholders
	5		69,620	69,620	Net assets attributable to Unitholder
EQUITY					
Unitholders' contributions	5	69,620	(69,620)	-	Unitholders' contributions
Cumulative loss		(8,839)	(22,141)	(30,980)	Cumulative loss
Cumulative distributions	5	(18,215)	18,215	-	Cumulative distributions
Contributed surplus	6, 7	2,356	(2,356)	-	
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		**222,702**		**216,635**	

BTB REAL ESTATE INVESTMENT TRUST

Note to Condensed Consolidated Interim Financial Statement
(Unaudited)

Three-month period ended March 31, 2011 and 2010
(in thousands of CAD dollars, except for per unit amounts)

21. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Description under IFRS
		December 31, 2010			
ASSETS					
Income producing properties	1	-	283,095	283,095	Investment properties
Buildings	1c), 2	212,214	(212,214)	-	
Land	1, 2	50,330	(50,330)	-	
Intangible assets	1d)	8,329	(8,329)	-	
Properties under development	1a)	-	592	592	Investment properties under development
	2	-	2,122	2,122	Property, plant and equipment
				285,809	
Capitalized leasing costs, deposits and other assets	1e)	6,770	(6,770)	-	
Prepaid expenses	4	2,898	338	3,236	Other assets
Accounts receivable	3	3,200	1,362	1,838	Trade receivables
Cash and cash equivalents		1,875	-	1,875	Cash and cash equivalents
TOTAL ASSETS		**285,616**		**292,758**	

BTB REAL ESTATE INVESTMENT TRUST

Note to Condensed Consolidated Interim Financial Statement
(Unaudited)

Three-month period ended March 31, 2011 and 2010
(in thousands of CAD dollars, except for per unit amounts)

21. Explanation Of Transition to IFRS (continued)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Description under IFRS
		December 31, 2010			
LIABILITIES AND UNITHOLDERS' EQUITY					
Mortgage loans payable		180,473	-	180,473	Mortgage loans payable
Convertible debentures		24,514	-	24,514	Convertible debentures
Bank loans		22,195	-	22,195	Bank loans
	7	-	115	115	Derivative financial instrument
	6	-	285	285	Unit-based compensation and warrants
Accounts payable and accrued liabilities		8,833	-	8,833	Trade and other payables
Distributions payable to unitholders		346	-	346	Distributions payable to unitholders
	5	-	-	-	Net assets attributable to Unitholder
EQUITY					
Unitholders' contributions	5	80,679	-	80,679	Unitholders' contributions
Cumulative loss		(13,669)	(9,417)	(23,086)	Cumulative loss
Cumulative distributions	5	(20,487)	18,891	(1,596)	Cumulative distributions
Contributed surplus	6, 7	2,732	(2,732)	-	
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		**285,616**		**292,758**	

(in thousands of CAD dollars, except for per unit amounts)

21. Explanation Of Transition to IFRS (continued)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition To IFRSs	IFRSs	Description under IFRS
		March 31, 2010			
Operating revenues:					**Operating revenues:**
Rental revenue from income producing properties	1b)	7,400	140	7,540	Rental revenue from property
Operating expenses:					**Operating expenses:**
Operating costs		1,343	-	1,343	Operating costs
Property taxes and public utilities		2,151	-	2,151	Property taxes and public utilities
		3,494		3,494	
Operating income from income producing properties before the undernoted items		**3,906**		**4,046**	**Net operating income**
Interest on loans	7	2,620	409	3,029	Financial expenses
Amortization of financing costs		216	(216)	-	
Amortization of building and improvements	1c)	1,083	(1,083)	-	
Amortization of intangible assets and other assets	1d)	534	(534)	-	
Amortization of deferred leases cost	1e)	118	(118)	-	
Accretion of liability component of convertible debentures		112	(112)	-	
Interest income		(1)	(1)	(2)	Finance income
Operating losses from income producing properties		**4,682**			
Trust administration expenses		361	28	389	Trust administration expenses
Unit-based compensation	6	6	(6)	-	Unit-based compensation
		-	677	677	Distributions expense
		(1,143)		**(47)**	**Comprehensive loss before transaction costs – business combination**
	8	-	137	137	Transaction costs – business combination
Net loss and comprehensive income		**(1,143)**		**(184)**	**Net comprehensive loss**

(in thousands of CAD dollars, except for per unit amounts)

21. Explanation Of Transition to IFRS (continued)

Description under previous Canadian GAAP	Notes	Previous GAAP	Effect of transition To IFRSs	IFRSs	Description under IFRS
		December 31, 2010			
Operating revenues:					**Operating revenues:**
Rental revenue from income producing properties	1b)	34,153	442	34,595	Rental revenue from property
Operating expenses:					**Operating expenses:**
Operating costs		5,981	-	5,981	Operating costs
Property taxes and public utilities		9,258	-	9,258	Property taxes and public utilities
		15,239		15,239	
Operating income from income producing properties before the undernoted items		**18,914**		**19,356**	**Net operating income**
Financial expenses	7	14,680	50	14,730	Financial expenses
		-	(46)	(46)	Finance income
Amortization of building and improvements	1c)	4,960	(4,960)	-	
Amortization of intangible assets	1d)	2,397	(2,397)	-	
Amortization of capitalized leasing costs, deposits and other assets	1e)	655	(655)	-	
Operating losses from income producing properties		**(3,778)**	-	-	
Trust administration expenses		1,914	256	2,170	Trust administration expenses
Settlement of a dispute		268	(268)	-	
Unit-based compensation	6	13	(13)	-	
		-	1,354	1,354	Distributions expense
					Net adjustment to fair value of:
	1a)	-	(7,130)	(7,130)	Investment properties
		(5,973)	-	**8,278**	**Comprehensive income (loss) before transaction costs – business combination**
	8	-	568	568	Transaction costs – business combination
Net (loss) and comprehensive income		**(5,973)**		**7,710**	**Net comprehensive income**

21. Explanation Of Transition to IFRS (continued)

NOTES TO THE RECONCILIATIONS

1) Investment Properties

The Trust's income properties and properties under development recognized under previous Canadian GAAP meet the definition of investment properties under IFRS, with the exception of the building partially owner-occupied which is accounted as a property, plant and equipment.

Under IAS 40, the Trust must account for its investment properties using either the cost model or the fair value model. The Trust has elected to recognize investment properties at the fair value at the transition date under which any gain or loss arising from a change in the fair value of an investment property is recognized in profit or loss for the period in which it arises. Under previous Canadian GAAP investment property was measured on a depreciated cost basis and classified as Buildings and Land or properties under development.

As a result of the adoption of the fair value method, the consolidated financial statements have been impacted as follows:

(a) Net increase (decrease) in investment properties of $(7,351) at January 2010, March 31, 2010 and $7,130 December 31, 2010 and in investment properties under development of $(424) and $nil respectively.

(b) *Reversal of amortization of the value attributable to leases which are not at market terms*: Under previous Canadian GAAP, operating revenues include amortization of an adjustment recorded at the time of acquisition, for the value of leases which are not at market terms. Under IFRS, the value attributable to leases which are not at market terms is incorporated in the fair value of the investment property. The impact arising from the change is a net increase in rental revenue of $217 for the three-month period ended March 31, 2010 and $839 for the year ended December 31, 2010.

(c) *Reversal of amortization of buildings and improvements*: Investment properties are measured at fair value in accordance with IAS 40. Therefore investment properties are not depreciated. The impact arising from the change is the write-off of accumulated depreciation against cumulative loss of $9,700 at January 1, 2010, $10,773 at March 31, 2010 and $14,086 at December 31, 2010; and a decrease in amortization of buildings and improvements of $1,073 for the three-month period ended March 31, 2010 and $4,919 for the year ended December 31, 2010. The balance of amortization expense applies to the owner-occupied building and was reclassified in the Trust administration expenses.

1) INVESTMENT PROPERTIES (CONTINUED)

(d) *Reversal of amortization of intangible and other assets*: Under previous Canadian GAAP, income producing properties include an intangible asset component representing the acquisition costs of in-place operating leases and client relationships, which are amortized over the terms of the related leases or the expected lengths of the client relationships. Under IFRS, such intangibles are incorporated in the fair value of the investment property. The impact arising from the change is the write-off of accumulated depreciation against cumulative loss of $7,182 at January 1, 2010 $7,931 at March 31, 2010 and $10,563 at December 31, 2010 and the decrease in amortization of intangible of $529 for the three-month period ended March 31, 2010 and $2,397 for the year ended December 31, 2010.

(e) *Reversal of capitalized leasing costs:* Under previous Canadian GAAP, capitalized rental costs which include rental expenses such as lease incentives and leasing fees are amortized under the straight-line method over the related lease terms.

(i) Under IFRS, leasing fees are incorporated in the fair value of the investment property and then considered in the fair value adjustment of the investment property at the next reporting period. As a result, upon initial adoption of IFRS, the balance of capitalized rental costs representing leasing fees in the amount of $689 at January 1, 2010, $758 at March 31, 2010 and $2,079 at December 31, 2010 have been written off against cumulative loss, resulting in no amortization of the related balances on a go forward basis. The impact arising from the change is a decrease in amortization of capitalized rental costs of $37 for the three-month period ended March 31, 2010 and $195 for the year ended December 31, 2010

(ii) Under IFRS, lease incentives costs (including tenant improvements) are recognized as a reduction of rental revenues over the lease term. The amount of capitalized rental costs representing lease incentives has been included in the carrying amount of the investment property. The impact arising from the change is a decrease in amortization of capitalized rental costs of $77 with a corresponding decrease in rental revenues of $77 for the three-month period ended March 31, 2010 and $397 for the year ended December 31, 2010.

2) Property, Plant And Equipment

Under *IAS 16 Property, Plant and Equipment*, the Trust must account for its property, plant and equipment using either the cost or revaluation models. The Trust has elected to use the cost model for its owner-occupied building. Upon initial adoption of IFRS, the carrying amount of owner-occupied building has been reclassified in property, plant and equipment.

The cost model is similar to previous Canadian GAAP except that under IFRS, when property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is accounted for separately (component accounting). Under previous Canadian GAAP, the Trust did not apply component accounting to the degree required by IFRS.

3) Trade Receivables

The Trust includes in the fair value of investment properties revenue from operating leases recognized on a straight-line basis. The impact arising from the change is a decrease in trade receivables of $918 as of January 1st, 2010, $1,001 at March 31, 2010 and $1,362 at December 31, 2010.

4) Other Assets

Deposits which were previously presented with *Capitalized rental costs and other assets* under GAAP, is now presented with prepaid expense.

5) Trust Units

As outlined in **note 3b)**, prior to June 29 2010 BTB's trust units did not meet the conditions of IAS 32 and were therefore classified and accounted for as liabilities. Therefore distributions prior to June 29 2010 have been expensed. Upon initial adoption of IFRS, the balance of cumulative distributions in the amount of $17,538 has been added to cumulative loss at January 1, 2010. The impact arising from the change is an increase in distributionto unitholders of $677 for the three-month period ended March 31, 2010 and $1,354 for the year ended December 31, 2010.

On and after June 29 2010 BTB's trust units met the conditions of IAS 32 for equity presentation and therefore distributionto unitholders were accounted for as equity.

6) Unit Based-Compensation and Warrants

The Trust's unit-based compensation are considered liabilities under which compensation expense is measured at grant date and recognized over the vesting period and at each reporting period the change in the fair value is recognized as compensation expense. Under previous Canadian GAAP unit-based compensation was considered an equity award and was recognized over the vesting period of the related grant (during the acquisition of rights). Upon initial adoption of IFRS, the related contributed surplus in the amount of $167 was adjusted against cumulative loss at January 1, 2010, $167 at March 31, 2010 and $167 at December 31, 2010. The impact arising from the change is an increase in Unit-based compensation of $5 for the three-month period ended March 31, 2010 and $7 for the year ended December 31, 2010 and increase in unit-based compensation on the statement of financial position of $13 as at January 1, 2010, $23 at March 31, 2010 and $33 at December 31, 2010.

Under IFRS, the warrants are considered liabilities with changes in fair value recognized in earnings. Under previous Canadian GAAP, warrants were treated as unit issue costs and amortized using the effective interest rate method. The impact arising from the change is decrease in contributed surplus in the amount of $369 at December 31, 2010 and a gain (loss) from change in the fair value of $117 for the year ended December 31, 2010.

7) Convertible Debentures

As outlined in **note 3b)**, under IFRS, instruments which convert to puttable instruments are considered to be liabilities. As such, the conversion option of the convertible debt is treated as a derivative instrument with changes in fair value recognized in profit or loss. Under previous Canadian GAAP the conversion option was recognized in Unitholder's equity and was not remeasured. This portion in the amount of $2,183 at January 1, 2010, at March 31, 2010 and at December 31, 2010 was reclassified into liabilities under IFRS; and the impact in profit or (loss) from the changes in fair value was a loss of $81 for the three-month period ended March 31, 2010 and $4 for the year ended December 31, 2010.

8) Business Combinations

For business combinations after the date of transition, the Trust has applied IFRS 3 *Business Combinations.* Under IFRS, acquisition-related costs are expensed as incurred under IFRS while under previous Canadian GAAP these amounts were included in the cost of acquisition.

The impact arising from this change is an increase in Transaction costs – business combination of $137 for the three-month period ended March 31, 2010 and $568 for the year ended December 31, 2010.