Condensed consolidated interim financial statements of

(unaudited)

BTB

BTB Real Estate Investment Trust

Three-month and six-month periods ended June 30, 2011

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Financial Statements
(Unaudited)

Three-month and six-month periods ended June 30, 2011

Condensed consolidated interim financial statements

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Financial Position
(Unaudited)

June 30, 2011, with comparative figures as of, December 31, 2010
(in thousands of CAD dollars)

	Notes	June 30, 2011	December 31, 2010
ASSETS			
Investment properties	4, 5	306,973	283,095
Investment properties under development	6	1,615	592
Property, plant and equipment		2,167	2,122
		310,755	**285,809**
Current assets			
Trade receivables	7	3,877	1,838
Other assets	8	5,278	3,236
Cash and cash equivalents	17	4,433	1,875
		13,588	**6,949**
		324,343	**292,758**
UNITHOLDERS' EQUITY AND LIABILITIES			
Unitholders' equity	12	**74,313**	**55,997**
Non-current liabilities			
Mortgage loans payable	9	192,054	180,473
Convertible debentures	10	45,200	24,514
Derivative financial instruments	10	2,794	115
Unit-based compensation and warrants	14	576	285
Bank loans	11	---	22,195
		240,624	**227,582**
Current liabilities			
Trade and other payables		8,910	8,833
Distributions payable to Unitholders		496	346
		9,406	**9,179**
		324,343	**292,758**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on August 11th, 2011:

(s) Michel Léonard ______________________, Trustee

(s) Jocelyn Proteau ______________________, Trustee

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Comprehensive Income
(Unaudited)

Three-month and six-month periods ended June 30, 2011 with comparative figures for the three-month and six-month periods ended June 30, 2010
(in thousands of CAD dollars)

	Notes	Three-month periods ended		Six-month periods ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Operating revenues:					
Rental revenue from property	15	10,215	8,468	19,961	16,008
Operating expenses:					
Operating costs		1,525	1,406	3,261	2,749
Property taxes and public utilities		2,930	2,273	5,881	4,424
		4,455	3,679	9,142	7,173
Net operating income		**5,760**	**4,789**	**10,819**	**8,835**
Finance income		(19)	(8)	(34)	(10)
Financial expenses	16	4,514	3,410	9,842	6,439
Trust administration expenses		816	475	1,598	863
Distributions to unitholders		---	677	---	1,354
Net adjustment to fair value of:					
Investment properties		(2,788)	(2,415)	(2,788)	(2,415)
Income before transaction costs – business combination		**3,237**	**2,650**	**2,201**	**2,604**
Transaction costs – business combination		---	300	---	437
Net income being total comprehensive income for the period		**3,237**	**2,350**	**2,201**	**2,167**

BTB REAL ESTATE INVESTMENT TRUST

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

Six-month periods ended June 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	18,771	---	---	18,771
Distributions to unitholders		---	---	(2,656)	(2,656)
Comprehensive income		---	2,201	---	2,201
Balance as at June 30, 2011		**99,450**	**(20,885)**	**(4,252)**	**74,313**

	Notes	Unitholders' contributions	Cumulative income (loss)	Cumulative distributions	TOTAL
Balance at January 1st, 2010		**---**	**(30,796)**	**---**	**(30,796)**
Reclassification of units	12	69,620	---	---	69,620
Distributions to unitholders		---	---	---	---
Comprehensive income		---	2,167	---	2,167
Balance at June 30, 2010		**69,620**	**(28,629)**	**---**	**40,991**

BTB REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statement of Cash Flow
(Unaudited)

Three-month and six-month periods ended June 30, 2011 with comparative figures for the three-month and six-month periods ended June 30, 2010
(in thousands of CAD dollars)

	Notes	Three-month periods ended		Six-month periods ended	
		June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
Operating activities					
Net income for the period		**3,237**	**2,350**	**2,201**	**2,166**
Adjustment for :					
Adjustment to fair value of investment properties		(2,788)	(2,415)	(2,788)	(2,415)
Amortization of property, plant and equipment		21	19	41	34
Change in fair value of warrants		(50)	(43)	153	(43)
Warrants issued		---	369	---	369
Change in non cash portion of derivative financial instruments		332	(103)	1,272	(22)
Accretion of non-derivative liability component of convertible debentures		383	221	743	427
Accretion of effective interest		187	118	362	230
Unit-based compensation		138	10	138	20
Amortization straight-line lease adjustment		(126)	(82)	(281)	(167)
Amortization of lease incentives		255	150	427	230
		1,589	594	2,268	829
Net change in non-cash working capital items	17	2,952	3,561	3,147	6,227
Cash generated from operating activities		**4,541**	**4,155**	**5,415**	**7,056**
Interest paid		(3,194)	(2,963)	(6,716)	(5,584)
Net cash from operating activities		**1,347**	**1,192**	**(1,301)**	**1,472**
Investing activities					
Business acquisition		---	(20,350)	---	(20,350)
Acquisitions of property, plant and equipment		(43)	---	(86)	-
Additions to investment properties	4, 5	(20,448)	(1,484)	(21,247)	(1,919)
Additions to investment properties under development		(843)	(819)	(1,023)	(1,692)
Net cash used in investing activities		**(21,334)**	**(22,653)**	**(22,356)**	**(23,961)**
Financing activities					
Net proceeds from issue of units	12	2,268	---	18,771	---
Net proceeds from issue of convertible debentures	10	---	---	21,360	---
Mortgage loans, net of financing costs		12,349	22,725	20,116	22,695
Repayment of mortgage loans		(982)	(19,844)	(8,676)	(20,391)
Bank loans (repayment)	11	---	21,920	(22,850)	23,515
Distributions to unitholders		(1,458)	---	(2,506)	---
Net cash (used in) from financing activities		**12,177**	**24,801**	**26,215**	**25,819**
Net increase (decrease) in cash and cash equivalents		**(7,810)**	**3,340**	**2,558**	**3,330**
Cash and cash equivalents, beginning period		**12,443**	**366**	**1,875**	**376**
Cash and cash equivalents, end of period	17	**4,433**	**3,706**	**4,433**	**3,706**

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 June 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.

2. Basis of preparation:

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the Trust's 2010 annual financial statements. In addition, for supplemental annual disclosures, see note 21 of the Trust's first quarter 2011 unaudited condensed consolidated interim financial statements. An explanation of how the transition from Canadian generally accepted accounting principles ("CGAAP") to International Financial Reporting Standards ("IFRS" or "GAAP") as at January 1, 2010 ("transition date") has affected the reported financial position, financial performance and cash flows of the Company, including the mandatory exceptions and optional exemptions under IFRS 1 is provided in the first quarter report ending March 31, 2011.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 11, 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

	June 30, 2011	December 31, 2010
Balance beginning of period	283,095	204,950
Additions :		
Direct acquisition of investment property (**note 5**)	19,638	11,026
Acquisition through business combinations (**note 5**)	---	47,947
Capital expenditures	460	1,141
Capitalized leasing fees	332	946
Lease incentives	817	2,849
Amortization of lease incentives	(427)	(426)
Amortization straight-line lease adjustment	270	460
Net transfer from properties under development	---	7,072
Change in fair value of investment properties	2,788	7,130
Balance end of the period	**306,973**	**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.

Internal Valuation

At June, 2011 management's valuation models were used for investment properties with an aggregate fair value of $216,370 (December 31, 2010 - $85,715).

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

4. INVESTMENT PROPERTIES (CONTINUED)

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 June 30, 2011	Commercial	Office	Industrial	General purpose
Capitalization rate	7.75% - 9.75%	7.50% - 8.75%	7.75% - 9.50%	7.50% - 8.75%

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%

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

5. ACQUISITONS

a) *Asset acquisitions*

In April 2011, the Trust acquired the remaining 50% interest in a commercial building located in Québec City for a purchase price of $19,350, including $12,424 through the assumption of a mortgage loan and $6,926 in cash.

The assets and liabilities recognized in the condensed consolidated statement of financial position on the date of the acquisition during 2011 were as follow:

	Fair value of Assets acquired
Investment properties	19,638
Mortgage loans payable	(12,424)
Trade and other payables	(288)
Total consideration	**6,926**

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.

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**

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

5. ACQUISITONS (CONTINUED)

b) 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**

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

6. Investment Properties Under Development

	June 30, 2011	December 31, 2010
Balance beginning of period	592	3,800
Additions :		
Acquisition through business combinations (**note 5**)		500
Capital expenditures	1,023	2,510
Capitalized leasing fees	---	403
Lease Incentives, at amortized cost	---	451
Net transfer to investment properties	---	(7,072)
Balance end of the period	**1,615**	**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.

7. Trade Receivables

	June 30, 2011	December 31, 2010
Trade receivables	3,998	1,965
Provision for doubtful accounts	(134)	(146)
Net receivables	3,864	1,819
Other assets	13	19
Total	**3,877**	**1,838**

8. Others Assets

	June 30, 2011	December 31, 2010
Prepaid expenses	4,878	2,898
Deposits	400	338
	5,278	**3,236**

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

9. Mortgages Loans Payable

Mortgage loans are secured by immovable hypothecs on investment properties having a fair value of approximately $304,333 as at June 30, 2011 (December 31, 2010 – $281,127).

	June 30, 2011	December 31, 2010
Fixed rate mortgages loans payable	192,226	180,633
Floating rate mortgages loans payable	325	325
Unamortized financing costs	(497)	(485)
Mortgages loans payable	**192,054**	**180,473**
Weighted average interest rate	**5.45%**	**5.63%**
Weighted average term to maturity	**2.88**	**3.88**
Annual rates ranging	**3.32% – 8.50%**	**3.32% - 8.50%**

As at June 30, 2011, mortgage loan repayments are as follows:

	Repayment	Principal maturity	Balances at total
2011 (6 months)	2,066	38,991	41,057
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
	9,994	**182,557**	**192,551**
Unamortized financing costs			(497)
			192,054

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

10. CONVERTIBLE DEBENTURES

As at June 30, 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.

June 30, 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	1,407	405	108	1,920
	12,788	12,744	21,700	47,232
Unamortized financing costs	(60)	(454)	(1,518)	(2,032)
Non-derivative liability component	**12,728**	**12,290**	**20,182**	**45,200**
Derivative financial instrument component	**---**	**32**	**2,762**	**2,794**

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

10. CONVERTIBLE DEBENTURES (CONTINUED)

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.

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.

10. Convertible Debentures (continued)

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 June 30, 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 $4,674. As at June 30, 2011, the Trust had not used any amount under this credit facility (December 31, 2010 - $Nil).

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

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 April 2011, the Trust closed the over-allotment option from its $17,500 bought deal financing, which closed on March 29, 2011. The underwriters exercised the over-allotment option and purchased 2,848,000 Units for total net proceeds to the Trust of approximately $2,435 net of underwriters' fee.

In March 2011, the Trust completed a public issue of 19,450,000 units, excluding the over-allotment option, for total net proceeds of $16,336.

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.

Trust units issued and outstanding are as follows:

	June 30, 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	22,298,000	20,068	18,000,000	12,060
	73,989,725	100,747	51,691,725	81,680
Unit issue costs		(1,297)		(1,001)
Units outstanding, end of period	**73,989,725**	**99,450**	**51,691,725**	**80,679**

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

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:

	Three-month periods ended		Six-month periods ended	
	June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
Net earnings	3,237	2,350	2,201	2,167
Number of units outstanding - basic	73,989,725	33,725,691	73,989,725	33,725,691
Weighted average number of units outstanding - basic and diluted	73,993,738	33,725,691	63,311,251	33,725,691
Earnings per unit - basic	**0.04**	**0.07**	**0.03**	**0.06**
Earnings per unit – basic and diluted	**0.04**	**0.07**	**0.03**	**0.06**

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
October 3, 2006	460,000	October 3, 2011	2.15
April 2, 2007	100,000	April 1, 2012	2.65
June 15, 2007	1,520,000	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
May 26, 2010	440,000	May 26, 2015	0.90
March 25, 2011	50,000	March 21, 2016	0.92
	3,215,000		**2.05**

	June 30, 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	490,000	0.90	---	---
Exercised	---	---	---	---
Cancelled	(60 000)	2.17	---	---
Outstanding, end of period	**3,215,000**	**2.05**	**2,785,000**	**2.26**
Option vested	**3,190,000**	**2.05**	**2,735,000**	**2.25**
Weighted average remaining life (years)		**1.88**		**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 $405 at June 30, 2011 (December 31, 2010 – $252)

15. Rental Income

	Three-month periods ended		Six-month periods ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Rental income contractually due from tenants	10,344	8,536	20,107	16,071
Lease incentive amortization	(255)	(150)	(427)	(230)
Straight-line lease adjustment	126	82	281	167
	10,215	**8,468**	**19,961**	**16,008**

16. Financial Expenses

	Three-month periods ended		Six-month periods ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Interest on loans	2,618	2,258	5,181	4,344
Interest on convertible debentures	994	534	1,928	1,068
Interest on bank loans	---	382	356	392
Accretion of non-derivative liability component of convertible debentures	187	118	362	230
Accretion of effective interest	383	221	743	427
Net adjustment to fair value of derivative financial instruments	332	(103)	1,272	(22)
	4,514	**3,410**	**9,842**	**6,439**

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

17. Supplementary Cash Flow Information

Cash and cash equivalents were as follows:

	Three-month and six-month periods ended	
	June 30, 2011	**June 30, 2010**
Cash	4,433	2,942
Term deposits	---	764
	4,433	**3,706**

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

	Three-month periods ended		Six-month periods ended	
	June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
Receivables	(690)	794	(2,028)	251
Other assets	(481)	148	(1,617)	(176)
Trade and other payables	4,123	2,619	6,792	6,152
	2,952	**3,561**	**3,147**	**6,227**

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.

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

18. CAPITAL MANAGEMENT (CONTINUED)

The Trust's capital is as follows:

	June 30, 2011	December 31, 2010
Mortgage loans payable [1]	192,551	180,958
Convertible debentures [1]	48,903	25,903
Bank loans [1]	---	22,850
	241,454	**229,711**
Unitholders' equity	74,313	55,997
	315,767	**285,708**

(1) Excluding issue costs

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.

	June 30, 2011	December 31, 2010
Total assets	324,343	292,758
Plus:		
Accumulated amortization on property, plant and equipment	370	325
	324,713	**293,083**

	June 30, 2011	December 31, 2010
Total debt / gross asset value ratio	**74.4%**	**78.4%**
Debt [2] / gross asset value ratio	**59.3%**	**69.5%**

(2) Excluding convertible debentures

18. Capital management (continued)

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.

(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 June 30, 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.

18. Capital management (continued)

(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 $51,874. The Trust intends to meet these obligations by:

- Renewing, on maturity, all maturing mortgages of a principal amount of $38,991;
- 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.

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 June 30, 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.**

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

18. Capital management (continued)

(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 June 30, 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 June 30, 2011 amounted to $197,833 (December 31, 2010 - $185,153).

The fair value of debentures was determined by their period end market value. Using these assumptions, the estimated fair value of debentures on June 30, 2011 amounted to $49,558 (December 31, 2010 - $25,721).

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 June 30, 2011 were as follows:

	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)	2,794	405	171
Level 3 - valued using internal models (without observable market inputs)	---	---	---
	2,794	**405**	**171**

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

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

Three-month period ended June 30, 2011

Properties	Commercial	Office	Industrial	General purpose	TOTAL
Investment properties	66,692	149,696	27,806,	62,779	**306,973**
Investment properties under development	---	1,615	---	---	**1,615**
Rental revenue from property	1,866	5,221	812	2,316	**10,215**
Net operating income	1,264	2,652	604	1,240	**5,760**

Three-month period ended June 30, 2010

Properties	Commercial	Office	Industrial	General purpose	TOTAL
Investment properties	54,025	119,332	26,515	57,290	**257,162**
Investment properties under development	5,492	500	---	---	**5,992**
Rental revenue from property	1,465	3,799	836	2,368	**8,468**
Net operating income	1,067	1,813	631	1,278	**4,789**

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

19. Operating Segments (continued)

Six-month period ended June 30, 2011					
Properties	**Commercial**	**Office**	**Industrial**	**General purpose**	**TOTAL**
Investment properties	66,692	149,696	27,806,	62,779	**306,973**
Investment properties under development	---	1,615	---	---	**1,615**
Rental revenue from property	3,721	9,895	1,695	4,650	**19,961**
Net operating income	2,372	4,869	1,222	2,356	**10,819**

Six-month period ended June 30, 2010					
Properties	**Commercial**	**Office**	**Industrial**	**General purpose**	**TOTAL**
Investment properties	54,025	119,332	26,515	57,290	**257,162**
Investment properties under development	5,492	500	---	---	**5,992**
Rental revenue from property	2,763	7,035	1,652	4,558	**16,008**
Net operating income	1,960	3,380	1,190	2,305	**8,835**

20. Subsequent Events

On July 13, 2011, the Trust announced the closing of the Series D unsecured subordinated convertible debentures bearing interest at 7.25% of a principal amount of $23,000 (the “debentures”), including the underwriters’ over-allotment option in respect of the debentures which was fully exercised. The debentures were sold to an underwriting syndicate for total net proceeds to the Trust of approximately $21,450, net of underwriters’ fees and investment expenses.

21. Explanation Of Transition to IFRS

The Trust's audited annual consolidated financial statements for the year ended December 31, 2011 will be the first audited annual consolidated financial statements that will be prepared in accordance with the requirements of IFRS including the application of IFRS 1. For the overall impact of IFRS on the opening balance sheet as at January 1st, 2010, including a discussion of the optional exemptions taken and the applicable mandatory exceptions, refer to the first quarter report for the period ending March 31, 2011.

The accounting policies set out in **note 3** have been applied in preparing the condensed interim consolidated financial statements for the six-month period ended June 30, 2011, the comparative information presented in these financial statements for the three-month period ended June 30, 2010 and the year ended December 31, 2010 and in the preparation of an opening IFRS statement of financial position at January 1, 2010.

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 thousands of CAD dollars, except for per unit amounts)

21. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Reconciliation of Unitholders' equity

	Explanatory notes	June 30, 2010
Total unitholders' equity under Canadian GAAP		**43,392**
Differences increasing (decreasing) unitholders' equity		
Fair value adjustment on investment property	1 (a)	5,359
Reversal of amortization of below-market leases	1 (b)	(428)
Reversal of amortization of investment properties	1 (c), (d)	(3,325)
Reversal of amortization of leasing costs	1 (e)	(123)
Adjustment of amortization of owner-occupied building	2	29
Adjustment of unit-based compensation	4	(146)
Fair value adjustment on warrants	4	(43)
Fair value adjustment on embedded derivatives included in convertible debentures	5	(4,165)
Expensing of transaction costs – business combination	6	441
Total unitholders' equity under IFRS		**40,991**

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

21. Explanation Of Transition to IFRS (continued)

Reconciliation of net income (loss) being total comprehensive income for the period

	Explanatory notes	Three-month period ended	Six-month period ended
		June 30, 2010	**June 30, 2010**
Net loss under Canadian GAAP		(1,228)	(2,371)
Differences increasing (decreasing) net income (loss)			
Fair value adjustment on investment property	1 (a)	2,415	2,415
Reversal of amortization of below-market leases	1 (b)	211	428
Reversal of amortization of investment properties	1 (c),(d)	1,713	3,325
Reversal of amortization of leasing costs	1 (e)	85	123
Adjustment of amortization of owner-occupied building	2	(11)	(19)
Expensing of distributions to unitholders	3	(677)	(1,354)
Adjustment of unit-based compensation	4	(4)	(8)
Fair value adjustment on warrants	4	43	43
Fair value adjustment on embedded derivatives included in convertible debentures	5	103	22
Expensing of transaction costs – business combination	6	(300)	(437)
Net income and comprehensive income under IFRS		**2,350**	**2,167**

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 (decrease) increase in fair value of investment properties of $(7,351) at January 1, 2010 and $2,415 for the three-month and six-month periods ended June 30, 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 $211 and $428 for the three-month and six-month periods ended June 30, 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 was a reversal of amortization buildings and improvements of $1,152 and $2,230 for the three-month and six-month periods ended June 30, 2010.

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 was a reversal of amortization on intangible assets of $561 and $1,095 for the three-month and six-month periods ended June, 30 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. The impact arising from the change is a decrease in amortization of capitalized leasing costs of $85 and $123 for the three-month and six-month periods ended June 30, 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 $150 and $230 with a corresponding decrease in rental revenues for the three-month and six-month periods ended June 30, 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) 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 the cumulative loss at January 1, 2010. The impact arising from the change is an increase in distributions to unitholders of $677 and $1,354 for the three-month and six-month periods ended June 30, 2010.

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

4) Unit Based-Compensation and Warrants

The Trust's unit-based compensation are considered liabilities under which the 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 vesting). Upon initial adoption of IFRS, the related contributed surplus was adjusted against cumulative loss in the amount of $167 at January 1, 2010. The impact arising from the change is an increase in unit-based compensation of $13 at January 1, 2010 and $4 and $8 for the three-month and six-month periods ended June 30, 2010.

Under IFRS, 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 a decrease in contributed surplus in the amount of $369 at June 30, 2010 and a gain from the change in fair value of $43 for the three-month and six-month periods ended June 30, 2010.

5) Convertible Debentures

As outlined in **note 3b)**, under IFRS, instruments which convert to puttable instruments are considered 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 was reclassified to liabilities under IFRS for $2,183 at January 1, 2010 and the impact in profit or (loss) from the changes in fair value was a gain of $2,072 at January 1, 2010 and $103 and $22 for the three-month and six-month periods ended June 30, 2010.

6) 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, 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 $4 at January 1, 2010 and $300 and $437 for the three-month and six-month periods ended June 30, 2010.