



# **ANNUAL INFORMATION FORM**

**YEAR ENDED DECEMBER 31, 2013**

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March 25, 2014

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## GLOSSARY

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

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

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

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

**“Contract of Trust”** means the contract of trust made as of July 12, 2006, as amended and restated as of August 1, 2006 and March 15, 2011 and from time to time governed by the laws of the Province of Québec, pursuant to which the Trust was established.

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

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

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

**“Distributable Income”** means for any period, the net income of BTB, on a consolidated basis, as determined in accordance with IFRS, adjusted to take into account the following:

- (a) fair value adjustment of investment properties;
- (b) depreciation of investment properties recognized at cost;
- (c) amortization of valuation adjustments on assumed loans;
- (d) unit-based compensation expense;
- (e) deferred tax expense;
- (f) accretion of non-derivative liability component of convertible debentures;
- (g) adjustment to fair value of warrants;
- (h) adjustment to fair value of derivative financial instruments;
- (i) lease incentive amortization;

- (j) adjustment to straight-line lease; and
- (k) business combination transaction costs;

provided that,

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

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

**“DRIP”** means the Distribution Reinvestment Plan.

**“Employee Unit Purchase Plan”** means the Unit Purchase Plan for the employees of BTB, dated as of June 12, 2013.

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

**“Fourth Supplemental Indenture”** means the supplemental indenture to the Trust Indenture, dated as of February 20, 2013 pursuant to which the Series E Debentures have been issued.

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

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

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

**“IFRS”** means the International Financial Reporting Standards as defined by the International Accounting Standards Board and that are adopted by the Accounting Standards Board of the Canadian Institute of Chartered Accountants as Canadian generally accepted accounting principles for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011.

**“Investment Properties”** means, unless the context requires otherwise, collectively as at December 31, 2013, the 69 properties owned by the Trust and **“Investment Property”** means any one of them.

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

**“Restricted Unit Plan”** means the Restricted Unit Plan, dated as of June 12, 2013.

**“Second Supplemental Indenture”** means the supplemental indenture to the Trust Indenture, dated as of January 11, 2011 pursuant to which the Series C Debentures have been issued.

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

**“Series C Debentures”** means the Series C 8% convertible redeemable unsecured subordinated debentures of BTB, due January 31, 2016, in the aggregate principal amount of \$23,000,000 issued pursuant to the Trust Indenture.

**“Series D Debentures”** means the Series D 7.25% convertible redeemable unsecured subordinated debentures of BTB, due July 31, 2018, in the aggregate principal amount of \$23,000,000 issued pursuant to the Trust Indenture;

**“Series E Debentures”** means the Series E 6.90% convertible redeemable unsecured subordinated debentures of BTB, due March 31, 2020, in the aggregate principal amount of \$23,000,000 issued pursuant to the Trust Indenture.

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

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

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

**“SIFT”** means specified investment flow-through entities for the purposes of the *Income Tax Act*.

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

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

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

**“TB Trust”** means BTB, Acquisitions and Operating Trust, a trust formed under the laws of the Province of Québec pursuant to the TB Contract of Trust.

**“TB Contract of Trust”** means the contract of trust of TB Trust dated July 12, 2006 pursuant to which BTB, Acquisitions and Operating Trust was formed under the laws of the Province of Québec, as amended and restated as of August 1<sup>st</sup>, 2006, March 15, 2011, May 4, 2011 and from time to time thereafter.

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

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

**“Third Supplemental Indenture”** means the supplemental indenture to the Trust Indenture, dated as of July 13, 2011 pursuant to which the Series D Debentures have been issued.

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

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

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

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

**“TSX”** means the Toronto Stock Exchange.

**“TSX-V”** means the TSX Venture Exchange.

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

**“Unit Option Plan”** means the Unit Option Plan of BTB adopted on October 3, 2006, as updated June 19, 2012.

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

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



## FORWARD LOOKING STATEMENTS

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

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

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

These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking-statements. Material assumptions that were applied in drawing a conclusion or making an estimate

set out in the forward-looking statements include: the ability of BTB to identify additional properties, the credit and financial stability of current and future tenants, the current hypothec and mortgage loan to value ratio and hypothec and mortgage interest rates remaining constant, equity and debt capital markets continuing to provide access to fund BTB's future growth on terms acceptable to the management of BTB and BTB being able to refinance its credit facilities, mortgages, hypothec loans and other outstanding indebtedness of BTB on terms acceptable to the management of BTB.

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

### **NON-IFRS MEASURES**

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

### **DISTRIBUTABLE INCOME**

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

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

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

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

## DATE OF INFORMATION

This AIF for BTB is for the fiscal year ended December 31, 2013. Except as otherwise indicated, information contained in this AIF is presented as at December 31, 2013.

As at December 31, 2013, BTB owned 69 properties with a market value of approximately \$530 million.

## CORPORATE STRUCTURE

### Background

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

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

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

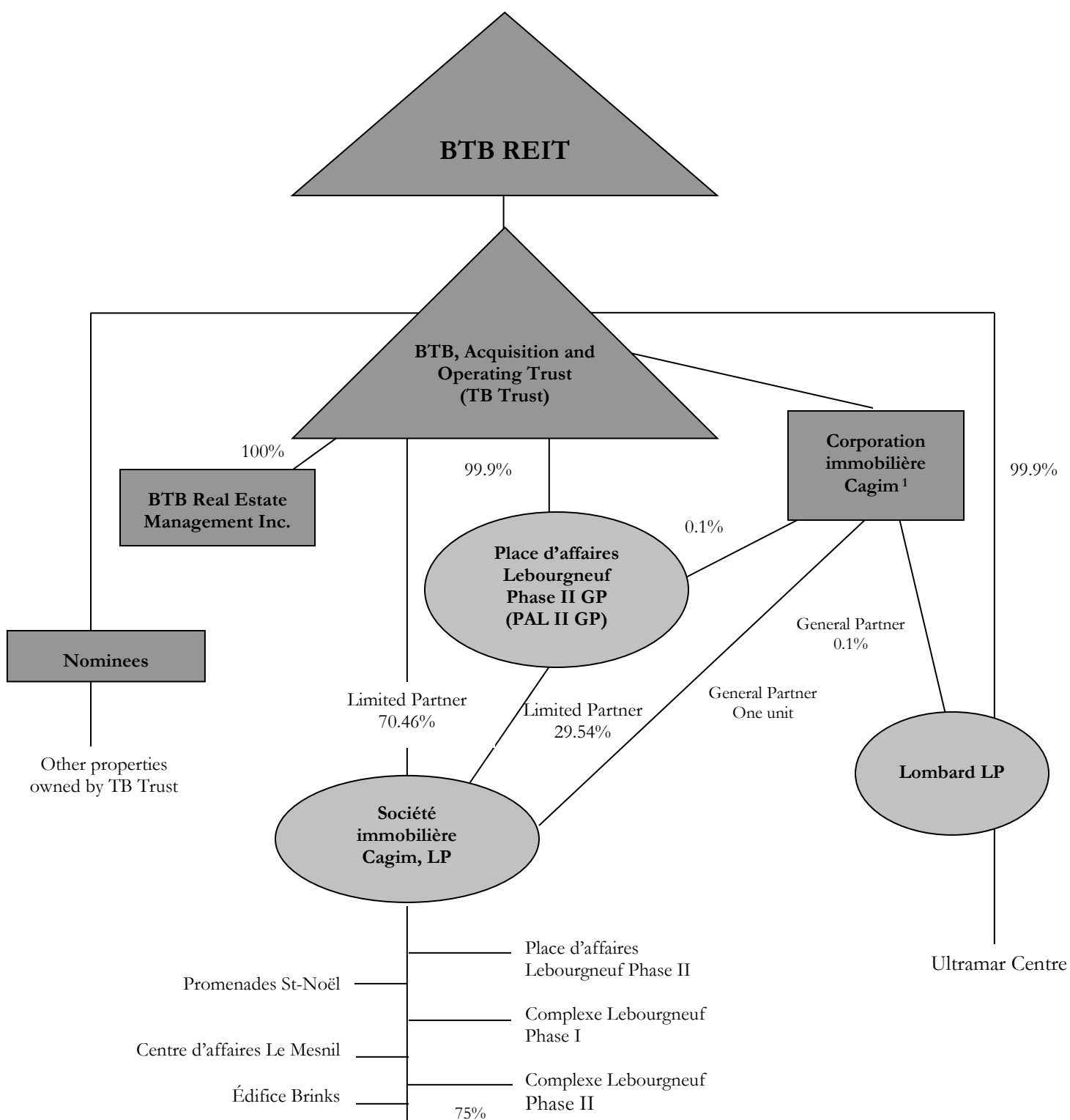
Prior to its reorganization as a real estate investment trust, BTB existed as a capital pool company known as “Capital ABTB Inc.”. Capital ABTB Inc. was incorporated under the CBCA on September 8, 2005 and completed its initial public offering and became a publicly-listed company on the TSX-V on January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

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

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

## Structure of BTB

The following diagram illustrates the organizational structure of BTB:



<sup>1</sup> Nominee for properties owned by Société Immobilière Cagim, LLP.

## DESCRIPTION OF THE BUSINESS

### Internal Growth Through Active Asset Management

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

### External Growth through Acquisitions

The trustees and management of the Trust have agreed to concentrate BTB's activities in the acquisition and management of commercial properties, more specifically in the office, industrial and retail sectors. BTB seeks accretive acquisitions in both primary and secondary markets that will present opportunities for favourable returns. BTB initially focused on acquiring income-producing office, industrial and retail properties in geographic markets east of Ottawa, Ontario with the objective of eventually expanding across Canada and thereby creating and enhancing a geographically diversified portfolio.

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

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

The objectives of BTB are to:

- (a) Generate cash distributions that are fiscally beneficial to unitholders.
- (b) To grow the Trust's assets through internal growth and accretive acquisition strategies in order to increase distributable income and therefore fund distributions.
- (c) To optimize the value of its assets through dynamic management of its properties in order to maximize the long-term value of its units.

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

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

### Overview of Property Portfolio

As at December 31, 2013, BTB's property portfolio was comprised of 69 properties totaling approximately 4.6 million square feet of office, commercial and general purpose properties located in the provinces of Québec and Ontario.

Province	Income Producing Properties	Leaseable Area	Occupancy Rate (%)	% of Leaseable Area
Québec	61	3,538,267	91.3	77.3
Ontario	8	1,042,004	93.9	22.7
<b>TOTAL</b>	<b>69</b>	<b>4,580,271</b>	<b>91.9</b>	<b>100%</b>

The following tables present each sector's contribution to revenues and net operating income for the year ended December 31, 2013 (in thousands of dollars):

	Commercial		Office		Industrial		General purpose		Total
	\$	%	\$	%	\$	%	\$	%	\$
Rental income from properties	11,684	18.4	27,007	42.6	8,855	14.0	15,889	25.0	<b>63,435</b>
Net operating income	7,163	20.3	13,058	37.0	7,324	20.7	7,791	22.0	<b>35,336</b>

The following table summarizes certain portfolio data based on the diversified sectors in which BTB operates. This table is as at December 31, 2013.

Sector	Fair Market Value (in thousand \$)	% Gross Book Value	Leaseable Area	% Leaseable Area	% of Net Operating Income
Office	101,675	19.2	651,689	14.2	20.3
Commercial	208,793	39.4	1,446,352	31.6	37.0
Industrial	100,561	19.0	1,506,973	32.9	20.7
General purpose	118,403	22.4	975,257	21.3	22.0
	<b>529,432</b>	<b>100%</b>	<b>4,580,271</b>	<b>100%</b>	<b>100%</b>

## Tenant Composition

BTB's properties have a diversified tenant base.

Property	Leasable Area	Major Tenant	Square Feet Occupied by Major Tenant	% of Property Occupied by Major Tenant	Year Built/Renovated
2900 Jacques-Bureau St., Laval	101,194	Germain Larivière Laval Inc.	101,194	100.0	2004
1125-1135 St-Martin Blvd. West, Laval	9,400	Lunetterie New Look	4,340	46.2	1969
4890-4898 Taschereau Blvd., Brossard	37,617	Bâton Rouge Restaurant	8,508	22.6	1986
7205-7235 St-Jacques St. West, Montreal	25,392	Industries Goodwill Renaissance	10,887	42.9	1995/2000
3627-3645 des Sources Blvd., Dollard-des-Ormeaux	35,823	Restaurant Terra Mare	5,445	15.2	1977
3761-3781 des Sources Blvd., Dollard-des-Ormeaux	28,176	Pharmaprix	18,176	64.5	2010
1863-1865 North Service Rd, Highway 40, Dorval	42,310	Marchon Canada	21,279	50.3	1968
2004-2016 René-Laennec Blvd., Laval	27,249	Cité de la Santé Hospital	7,759	28.5	1979/1989
1400-1440 Antonio-Barbeau St. Montreal	110,758	Lufa Farms	47,693	43.1	1978/2011
4105 Sartelon St. St-Laurent	44,480	John Meunier Inc.	44,480	100.0	1999/2004/2007
100 Montarville Blvd., Boucherville	27,674	Lyne Raiche – Nicholas Vouligny, dentists	2,878	10.4	1974
32 St-Charles West Longueuil	14,130	Groupe de Consultation MCE	3,619	25.6	1810/1854/1987
50 St-Charles West, Longueuil	20,437	Symbiose Communications	12,793	62.6	1982
85, St-Charles West Longueuil	31,820	Centre d'affaires du Vieux-Longueuil	8,104	25.5	1968
2865-2885 De Portland Blvd. Sherbrooke	16,720	Société de l'Assurance Automobile du Québec (SAAQ)	16,720	100.0	1994
2059 René Patenaude St., Magog	29,271	Groupe Epicia Inc.	29,271	100.0	2005
1639-1645 King East and 150-170 Duplessis Road Sherbrooke	76,974	Canadian Tire	53,001	68.9	1982/1998
Halles St-Jean 145 St-Joseph, St-Jean-sur-Richelieu	108,972	Commission de la Santé et de la Sécurité du Travail (CSST)	21,741	20.0	1940/1960/1989
Complexe de Léry 505 Des Forges and 1500 Royal Trois-Rivières	152,886	Hydro-Québec	36,289	23.7	1990
5810 and 5878 Sherbrooke St. East, Montreal	37,673	Centre Local de Services Communautaires (CLSC)	26,900	71.4	1967/1987

Property	Leasable Area	Major Tenant	Square Feet Occupied by Major Tenant	% of Property Occupied by Major Tenant	Year Built/Renovated
7001-7035 St-Laurent Blvd., Montreal	24,372	Réseau Admission	13,684	56.1	1939/1991
2212-2226 Dollard Lasalle	29,967	Société québécoise des Infrastructures (SQI)	15,063	50.3	1975
2340 Lapinière, Brossard	19,082	Imagix Immobilier Inc.	8,397	44.0	1983/1986
1001 Sherbrooke East, Montreal	128,318	Groupe Aro	40,825	31.8	1968/1989/1990
81-83 Turgeon, Ste-Thérèse	22,136	AAA Canada Inc.	2,105	10.5	1980
Place d'Affaires Lebourgneuf, Phase I, 6655 Pierre-Bertrand Blvd., Québec	186,105	Société québécoise des Infrastructures (SQI)	32,732	17.6	2006
2153-2155 Crescent Montréal	8,195	BTB Real Estate Investment Trust	6,150	50.0	1900s/2008
1640-1650 and 1645 King West, Sherbrooke	62,394	Commission de la Santé et de la Sécurité du Travail (CSST)	24,694	39.6	1960/1975
550-560 Henri-Bourassa, Montréal	40,135	Canada Post Corporation	9,780	24.4	1975/1977
3036-3094 Chambly, Longueuil	38,304	Familiprix	16,010	41.8	1992
204 de Montarville, Boucherville	29,474	ADP Canada	9,927	33.7	1988
3885 Harvey Chicoutimi	68,308	Société québécoise des Infrastructures (SQI)	22,797	33.4	1987
665-669, Thibeau, Trois-Rivières	13,471	Groupe Epicia Inc.	9,828	73.0	1988/1999
1100-1136 St-Joseph, Drummondville	25,273	Groupe Epicia Inc.	14,221	56.3	1979/2003
747-805 King East, Sherbrooke	33,035	Groupe Epicia Inc.	13,770	41.7	1989/1999
30-66 Jacques-Cartier Nord, Sherbrooke	31,260	Groupe Epicia Inc.	20,085	64.3	1992
1400 Marie-Victorin, St-Bruno	50,258	Approvisionnement Montérégie	7,972	15.9	1990
Complexe Lebourgneuf 825 Lebourgneuf, Québec	233,122	Energie Cardio	14,242	6.1	2009
Place d'affaires Lebourgneuf Phase II, 6700 Pierre-Bertrand, Québec	111,043	Canada Post Corporation	29,089	26.2	2007
Promenades St-Noël 1st Street West, Thetford Mines	56,015	Métro Richelieu Inc.	21,009	37.5	1959/2007
Edifice Brinks 191 Amsterdam, St-Augustin-de-Desmaures	7,747	Brinks Canada Ltd	7,747	100.0	2009
Édifice Lombard 909-915 Pierre-Bertrand, Québec	86,564	Piscines Trevi Inc.	37,369	43.2	1991



Property	Leasable Area	Major Tenant	Square Feet Occupied by Major Tenant	% of Property Occupied by Major Tenant	Year Built/Renovated
Centre d'affaires Le Mesnil 1170 Lebourgneuf, Québec	102,935	Société québécoise des Infrastructures (SQI)	18,350	17.8	1990
Complexe Lebourgneuf, Phase II 815 Lebourgneuf, Québec <sup>(2)</sup>	140,870	Investors Group Inc.	16,260	11.5	2012
2175 Des Entreprises, Terrebonne	60,000	Atis Group	60,000	100.0	2003
2205-2225 Des Entreprises Terrebonne	154,000	Atis Group	154,000	100.0	2003
5791 Laurier Blvd. <sup>(3)</sup> , Terrebonne	17,114	Pharmaprix	17,114	100.0	2007
5600 Côte-de-Liesse, Mont- Royal	75,000	Lise Watier Cosmetics Inc.	75,000	100.0	2001
1325 Hymus Blvd, Dorval	80,000	3E Logistics Inc.	80,000	100.0	1969
705 Boundary, Cornwall	144,000	Cornwall Warehousing	119,500	83.0	1969/1975/1979
725 Boundary, Cornwall	170,800	Canlyte	80,000	46.8	1969/1975/1979
805 Boundary, Cornwall	106,990	Cornwall Warehousing	40,899	38.2	Around 1970
2901 and 2905 Marleau, Cornwall	31,640	Sigma Point	28,000	88.5	1984/1989/2002
4535 Louis B. Mayer, Laval	41,000	Société Strongco GP Inc.	41,000	100.0	2007
7777 Trans-Canada Highway, St-Laurent	73,000	Plasticfab	73,000	100.0	1975
208-244 Migneron and 3400- 3420 Griffith, St-Laurent	52,100	Clicktouch Amérique Inc.	14,122	27.1	1985
7 Montclair - 9 Montclair <sup>(3)</sup> <sup>(4)</sup> , Gatineau	74,941	Public Works Government Services	44,222	59.0	1975/2001
11600-11800 De Salaberry Dollard-des-Ormeaux	128,739	Sobeys Québec Inc.	44,988	34.9	1982/2004
315-325 MacDonald St-Jean-sur-Richelieu	170,074	Ville de Saint-Jean-sur- Richelieu	61,034	35.9	1989/2003
245 Stafford Ouest, Ottawa	31,885	Liquor Control Board of Ontario	6,784	21.3	1985
80 Aberdeen, Ottawa	53,933	City of Ottawa	29,768	55.2	1960/2000
311 Ingersoll, Ingersoll	200,615	Hercules Tire and Rubber Co.	200,615	100.0	1980
1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd, Ottawa	132,067	Flextronics	48,731	36.9	1971/1983/1986/1 999/2000
2265-2665-2673 and 2681 Côte Saint-Charles, Saint-Lazare	15,186	Re/Max Royal	3,226	21.2	2011
3695 Des Laurentides, Laval	132,663	Pharmetics Inc.	132,663	100.0	1973/1989/1999 /2005
2111 Fernand-Lafontaine, Longueuil	47,830	Le Groupe S.M. Inc.	47,830	100.0	1988/2010

Property	Leasable Area	Major Tenant	Square Feet Occupied by Major Tenant	% of Property Occupied by Major Tenant	Year Built/Renovated
2350 Chemin du Lac, Longueuil	46,355	Le Groupe S.M. Inc.	46,355	100.0	1986/2011/2012
3705 Industriel, Sherbrooke	15,000	Le Groupe S.M. Inc.	15,000	100.0	1980/2010
<b>TOTAL</b>	<b>4,580,271</b>				

- (1) BTB has a 75% interest in that property.
- (2) BTB has a 50% interest in that property.
- (3) BTB has a 50% interest in that property.
- (4) Comprises two income-producing properties.

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

Tenant	Square Feet	% of Leasable Area	% of revenues
Société québécoise des Infrastructures (SQI)	139,785	3.1	3.9
Groupe Epicia Inc.	87,175	1.9	2.2
Atis, Portes et Fenêtres Corp.	219,725	4.8	2.0
Germain Larivière Inc.	101,194	2.2	1.7
Sobeys Québec Inc.	44,988	1.0	1.6
City of Ottawa	29,768	0.6	1.6
Commission de la Santé et de la Sécurité du Travail (CSST)	46,421	1.0	1.5
Flextronics	48,731	1.1	1.5
Aro Group Inc.	40,825	0.9	1.5
CSSS Lucile-Teasdale	26,900	0.6	1.4
Total: Top 10 Tenants	785,512	17.1	18.9
Total: BTB Portfolio	<b>4,580,271</b>		

## Schedule of Lease Maturities

The following table details leases which mature over the next calendar years.

<b>Date</b>	<b>Number of Tenants</b>	<b>Square Feet</b>	<b>% of Total Square Feet</b>
2014	134	478,235	10.4
2015	102	351,214	7.7
2016	105	426,334	9.3
2017	87	792,598	17.3
2018	64	348,021	7.6
2019	53	344,368	7.5
2020 to 2029	129	1,430,287	31.2
Administration	11	13,661	0.3
Monthly Rental	3	28,387	0.6
Vacant	-	367,166	8.1
<b>TOTAL</b>	<b>706</b>	<b>4,580,271</b>	<b>100.0</b>

## Mortgages Payable

The following table is a list of BTB's mortgage debt outstanding. The weighted average term to maturity is 4.44 years.

Property	Balance as at December 31, 2013 (in thousand \$)	Interest Rate (%)	Expiry
2900 Jacques-Bureau, Laval	7,544	5.84	February 2014
1125-1135 Saint-Martin Ouest, Laval	1,828	5.84	February 2014
4890-4898 Taschereau, Brossard	4,642	5.84	February 2014
7205-7235 Saint-Jacques West, Montréal	2,600	5.84	February 2014
3627-3645des Sources, Dollard-des-Ormeaux	3,318	5.84	February 2014
3761-3781 des Sources, Dollard-des-Ormeaux	3,187	5.84	February 2014
1863-1865 North Service Rd, Highway 40, Dorval	1,834	5.84	February 2014
1400-1440 Antonio-Barbeau St., Montreal	2,141	3.50	February 2014
4105 Sartelon St., St-Laurent	2,826	4.11	November 2017
100 Montarville, Boucherville	1,664	2.75	July 2015
32 Saint-Charles West, Longueuil	1,216	5.81	May 2014
50 Saint-Charles West, Longueuil	1,600	5.81	May 2014
85 Saint-Charles West, Longueuil	3,073	5.81	May 2014
2865-2885de Portland, Sherbrooke	1,681	4.11	November 2017
2059 René Patenaude, Magog	1,949	4.11	November 2017
1639 and 1645 King East, Sherbrooke	6,672	4.11	November 2017
Halles Saint-Jean	7,840	4.19	July 2020
145 Saint-Joseph, Saint-Jean-sur-Richelieu	4,784	4.54	July 2020
Complexe de Léry, 505 Des Forges and 1500 Royale, Trois-Rivières	15,885	4.11	November 2017
5810 and 5878 Sherbrooke East Montréal	2,245 1,466	3.54 4.95	April 2014 April 2016
7001-7035 St-Laurent, Montréal	2,899	4.11	November 2017
2212-2226 Dollard, Montréal (Lasalle)	1,380	4.00 <sup>(1)</sup>	April 2014
2340 Lapinière, Longueuil (Brossard)	2,621	3.75	February 2017
1001 Sherbrooke East, Montréal	10,038	4.11	November 2017
705 Boundary, Cornwall	2,680	3.50	December 2014
725 Boundary, Cornwall	2,680	3.50	December 2014
805 Boundary, Cornwall	1,603	3.50	December 2014
2901 and 2905 Marleau, Cornwall	889	3.50	December 2014
Place d'Affaires Lebourgneuf, Phase I 6655 Pierre-Bertrand, Québec	11,460	5.63	March 2017

Property	Balance as at December 31, 2013 (in thousand \$)	Interest Rate (%)	Expiry
Place Jacques Cartier 1640-1650 and 1645 King West, Sherbrooke	2,777	3.55	December 2016
550-560 Henri-Bourassa, Montréal	1,940	5.98	December 2014
3036-3094 de Chambly, Longueuil	2,605	5.26	October 2015
204 de Montarville Blvd., Boucherville	2,142	5.94	January 2015
3885 Harvey, Chicoutimi	1,949	6.15	December 2014
665-669 Thibeau Blvd., Trois-Rivières	941	3.475	October 2016
1100-1136 St-Joseph Blvd., Drummondville	1,725	3.475	October 2016
747-805 King East, Sherbrooke	3,611	3.909	November 2018
30-66 Jacques-Cartier Blvd. North, Sherbrooke	4,118	3.909	November 2018
1400 Marie-Victorin, St-Bruno	2,292	2.55	October 2014
Complexe Lebourgneuf, 825 Lebourgneuf, Québec	26,369	3.561	September 2016
Place d'affaires Lebourgneuf, Phase II, 6700 Pierre-Bertrand, Québec	9,243	4.72	December 2016
Promenades St-Noël, 100 1ère Rue Ouest, Thetford Mines Centre d'affaires Le Mesnil, 1170 Lebourgneuf, Québec	8,854 <sup>(2)</sup>	5.60	June 2015
Edifice Brinks, 191 Amsterdam, St-Augustin-de-Desmaures	1,363	5.75	January 2015
Édifice Lombard, 909-915 Pierre-Bertrand, Québec	5,091	5.32	August 2016
Complexe Lebourgneuf, Phase II <sup>(5)</sup> 815 Lebourgneuf, Québec	4,875 5,250 5,250	2.63 3.18 4.06	December 2015 December 2016 December 2018
5791 Laurier Blvd. Terrebonne <sup>(7)</sup>	1,061	5.68	March 2018
2175 Des Entreprises, Terrebonne	2,094	3.50	December 2016
2205-2225 Des Entreprises, Terrebonne	5,342	3.50	December 2016
5600 Côte-de-Liesse, Mont-Royal	4,492	3.50	December 2016
1325 Hymus Blvd., Dorval	1,393 937	6.36 4.388	May 2014 May 2014
4535 Louis B. Mayer, Laval	4,760 <sup>(5)</sup>	4.20	October 2037
7777 Transcanadienne, Saint-Laurent	2,884 <sup>(5)</sup>	4.20	October 2037
208-244 Mignerone and 3400-3420 Griffith, Saint-Laurent	2,571 <sup>(5)</sup>	4.20	October 2037
7 Montclair 9 Montclair, Gatineau <sup>(7)</sup>	4,112	3.18	October 2017
11600-11800 De Salaberry Dollard-des-Ormeaux	7,125 8,480	6.80 4.91	April 2024 April 2024
315-325 MacDonald Saint-Jean-sur-Richelieu	7,040 2,683	5.63 5.45	June 2016 June 2016

Property	Balance as at December 31, 2013 (in thousand \$)	Interest Rate (%)	Expiry
245 Stafford West, Ottawa	4,177	3.25	October 2017
80 Aberdeen, Ottawa	9,248 <sup>(5)</sup>	4.35	October 2037
311 Ingersoll, Ingersoll	6,330	6.14	July 2014
1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd, Ottawa	11,139	3.631	January 2018
2265-2665-2673 and 2681 Côte Saint-Charles Saint-Lazare	3,102 400 <sup>(6)</sup>	3.93 3.93	October 2016 June 2014
3695 Des Laurentides, Laval	7,000	4.02 <sup>(7)</sup>	April 2018
2111 Fernand-Lafontaine, Longueuil	3,576	3.95	November 2018
2350 Chemin du Lac, Longueuil	4,648	3.95	November 2018
3705 Industriel, Sherbrooke	858	3.95	November 2018
Loan pursuant to the sale of a property secured by a bank deposit	2,081	5.84	February 2014
<b>TOTAL</b>	<b>314,173</b>		

(1) Royal Bank of Canada's prime rate plus 1.75%.

(2) Global hypothec for these two properties.

(3) BTB has a 75% interest in that property.

(4) BTB has a 50% interest in these properties.

(5) Interest rate will be re-adjusted in September 2017.

(6) Balance of purchase price reimbursed on March 2014 by the implementation of a supplemental capital amount on the first rank mortgage of \$0.4 million at an interest rate of 4.40% maturing on October 2016.

(7) After giving effect to the interest rate swap.

The Trust also has an operating line of credit secured by hypothecs on the following properties:

Property	Balance as at December 31, 2013 (in thousand \$)	Interest Rate (%)	Expiry
2004-2016 René-Laennec, Laval } 2153-2155 Crescent, Montréal }	1,045	Floating <sup>(1)</sup>	N/A

(1) HSBC's prime rate plus 1 %.

The following table shows the scheduled mortgage repayments for the next few years.

<b>Expiry</b>	<b>Principal Repayments (in thousand \$)</b>	<b>Balance at Maturity (in thousand \$)</b>	<b>Total (in thousand \$)</b>	<b>Weighted Average Interest Rate (%)</b>
2014	8,260	60,731	68,991	5.14
2015	7,567	20,362	27,929	4.57
2016	6,864	70,038	76,902	4.09
2017	4,173	57,527	61,700	4.25
2018	2,309	35,493	37,802	3.79
2019 and thereafter	21,226	19,623	40,849	4.74
<b>T</b>	<b>50,399</b>	<b>263,774</b>	<b>314,173</b>	<b>4.44</b>
Plus: Valuation adjustments on unamortized assumed loans			1,642	
Less: unamortized financing costs			(1,999)	
<b>Financial statement balance as at Dec. 31, 2013</b>			<b>313,816</b>	

- (1) The Trust began negotiations to renew or refinance most loans maturing in 2014. The Trust refinanced two loans of approximately 27 million \$ maturing on February 1st, 2014 by six loans at an average rate of 3.34%. The Trust does not foresee any difficulty in renewing or refinancing the other loans maturing in 2014 on favourable terms.

## Employees

As at December 31, 2013, BTB employed 43 people. The services of Mr. Michel Léonard, President and Chief Executive Officer, of Mr. Benoit Cyr, Vice-President and Chief Financial Officer and of Mr. Dominic Gilbert, Vice President, Property Management are retained pursuant to employment contracts.

The services of 28 administrative employees (middle management and clerical staff) are retained pursuant to employment contracts. The services of 15 cleaning and maintenance employees are retained pursuant to employment contracts or non-exclusive service contracts.

## DEVELOPMENT OF THE BUSINESS

From the date of BTB's initial public offering on October 3, 2006 to December 31, 2010, BTB, through TB Acquisitions and Operating Trust, a wholly-owned subsidiary, acquired 51 properties and sold one. From January 1, 2011 to December 31, 2011, BTB acquired 5 properties. From January 1, 2012 to December 31, 2012, BTB acquired 11 properties and sold one. From January 1, 2013 to December 31, 2013, BTB acquired 5 properties and sold one. The following text presents the details of these transactions over the last three completed fiscal years, including a summary of the properties acquired since January 1, 2011.

## Acquisitions completed in 2011

(1) Before incidental costs

Property	City	Date Acquired	Type	Leasable Area (square feet)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/Renovated
5791 Laurier Blvd. <sup>(2)</sup>	Terrebonne	Aug. 15, 2011	Retail	17,114	2,190,000	2007
2175 Des Entreprises	Terrebonne	Oct. 28, 2011	Industrial	60,000	3,450,000	2003
2205-2225 Des Entreprises	Terrebonne	Oct. 28, 2011	Industrial	154,000	8,775,000	2003
5600 Côte-de-Liesse	Mount-Royal	Dec. 1, 2011	Industrial	75,000	7,550,000	2001
1325 Hymus Blvd	Dorval	Dec. 22, 2011	Industrial	80,000	5,500,000	1969

(2) BTB has a 50% interest in that property.

**5791 Laurier Boulevard, Terrebonne, Québec** - BTB acquired a 50% interest in this property that has a total leasable area of 17,114 square feet. This fully-leased property harbours a Shoppers/Pharmaprix pharmacy.

**2175 and 2205-2225 Des Entreprises Blvd, Terrebonne, Québec** - These two industrial properties of respectively 60,000 and 154,000 square feet of leasable area are fully-leased for 10 year terms. They are strategically located on one of Montreal's major highways, 25 kilometers from the Port of Montréal and 40 kilometers from the Pierre-Elliott Trudeau international airport. The two properties are fully leased to a major Canadian manufacturer of doors and windows.

**5600 Côte-de-Liesse, Town of Mount-Royal, Québec** - This property is strategically located right in the center of the industrial sector of the Town of Mount-Royal with easy access to two major highways (40 and 15), near the Montreal International Airport, and within close proximity to important laboratories and well-known universities. This industrial building has a total leasable area of 75,000 square feet and is fully-leased to Lise Watier Cosmétiques inc.

**1325 Hymus Boulevard, Dorval, Québec** - This industrial property has a total leasable area of 80,000 square feet. It is well situated on a highly trafficked area at the interchange of highway 40 and Des Sources Boulevard, one of the Island of Montreal's larger industrial parks, and a few minutes from Montreal International Airport. The building is fully-leased to Metro Logistics Inc. (3E Logistics), one of the most important supplier of third party logistics in Canada.



## Acquisitions completed in 2012

Property	City	Date Acquired	Type	Leasable Area (square feet)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/Renovated
4535 Louis B. Mayer	Laval	April 19, 2012	Industrial	41,000	6,850,000	2007
7777 Trans-Canada Highway	Saint-Laurent	April 19, 2012	Industrial	73,000	4,150,000	1975
208-244 Migneron and 3400-3420 Griffith	Saint-Laurent	April 19, 2012	Industrial	52,100	3,700,000	1985
80 Aberdeen	Ottawa	May 8, 2012	Office	53,933	14,100,000	1960/2000
245 Stafford West	Ottawa	Oct. 15, 2012	Office	31,757	6,580,000	1985
7 Montclair and 9 Montclair <sup>(2)</sup>	Gatineau	Nov. 5, 2012	General purpose	74,941	6,050,000	1975/2001
311 Ingersoll	Ingersoll	Nov. 7, 2012	Industrial	200,615	10,282,250	1980
11600-11800 De Salaberry	Dollard-des-Ormeaux	Dec. 21, 2012	Retail	128,739	26,959,950	1982/2004
315-325 MacDonald	Saint-Jean-sur-Richelieu	Dec. 21, 2012	General purpose	170,074	16,900,000	1989/2003
1-9 and 10 Brewer Hunt Way and 1260- 1280 Teron Rd.	Ottawa	Dec. 21, 2012	Office	132,067	18,500,000	1971/1983/1986/1999/2000

(1) Before incidental costs

(2) BTB has a 50% interest in these two properties.

**4535, Louis B. Mayer, Laval, Québec** - This industrial property is well situated with easy access onto highways 13, 15 and 440, within ten minutes of Montreal International Airport. This 41,000 square foot property is fully-leased to Société Strongco GP Inc. (TSX: SQP), a company specializing in selling, renting and repairing heavy equipment and machinery.

**7777 Trans-Canada Highway, Saint-Laurent, Québec** - This industrial property has a total leasable area of 73,000 square feet. It is well situated in one of the Island of Montreal's well-established industrial parks and benefits from an excellent exposure on the Trans-Canada Highway. This property is leased on a long-term basis to Plastifab, a subsidiary of PFP Corporation (TSX: PFP) that specializes in the manufacturing of molded polystyrene products.

**208-244 Migneron and 3400-3420 Griffith, Saint-Laurent, Québec** - Situated in Saint-Laurent's industrial park, this industrial building is just a few minutes from the Trans-Canada Highway and Côte-de-Liesse road. The property's total leasable area is 52,100 square feet. It is occupied by multiple tenants among which ClickTouch Amérique Inc., a company that designs and manufactures membrane keypads, and CPT Canada Power Technology, Canada's largest distributor of air-cooled engines and supplies.

**80 Aberdeen, Ottawa, Ontario** - Strategically situated in the Ottawa West district within close proximity to highway 417 and Preston Street, this office building has a total leasable area of 53,933 square feet and 39,201 square feet of land. This property is primarily leased to the City of Ottawa.

**245 Stafford Road W., Ottawa, Ontario** - This office building is situated in Ottawa West at the corner of Moodie Drive and Stafford Road. The property has a total leasable area of 31,757 square feet and 80,000 square feet of land. The building is fully-leased and occupied by multiple tenants among which the Toronto-Dominion Bank and LCBO.

**7 Montclair and 9 Montclair, Gatineau, Québec** - BTB acquired a 50% interest in two commercial and office buildings that have a total leasable area of 74,921 square feet. Situated near Casino Lac-Leamay, in the City of Gatineau, the buildings are fully-leased to various tenants including the Government of Canada, a retail location of L'Aubainerie chain, and a restaurant part of Houston Steakhouse chain.

**311 Ingersoll, Ingersoll, Ontario** - This industrial property has a leasable area of 200,615 square feet. It is situated at the crossroads of Ingersoll Street and Highway 401, one of Canada's busiest highways and opposite the CAMI Automotive plant (General Motors). It is located 10 minutes away from London, Ontario. The building is fully-leased to Hercules Tire Company of Canada, Inc., one of the world's leader in tire manufacturing and major purchaser of balance of stock liquidation from major tire manufacturers.

**11600 to 11800 De Salaberry Blvd., Dollard-des-Ormeaux, Québec** - This well-known and successful retail property is a premier neighborhood food anchored known as 'Marché de l'Ouest', prominently and centrally located in the West Island of Montreal. Its total leasable area is approximately 128,737 square feet and enjoys an occupancy rate of 99.7%. Its major tenants include IGA (Sobeys), Dollarama (TSX: DOL.TO), Bulk Barn and Madisons.

**315-325 MacDonald, Saint-Jean-sur-Richelieu, Québec** - This three-storey property is used by retail and office tenants on the ground floor, and office tenants on the second and third floors. The total leasable area of the property is approximately 170,074 square feet and its occupancy rate is 97.8%. Its largest tenants include City Hall for the city of Saint-Jean-sur-Richelieu including its Police station and the Government of Québec.

**1-9 and 10 Brewer Hunt Way and 1260-1280 Teron Rd., Ottawa, Ontario** - This campus style office complex located in the Kanata suburb of Ottawa of interlinked single-storey buildings totaling approximately 132,067 square feet and it is fully occupied. The main tenants are Flextronics (36.9%) (NASDAQ: FLEX) and Optelian (29.5%).

### Acquisitions réalisées en 2013

Property	City	Date Acquired	Type	Leasable Area (square feet)	Acquisition Cost <sup>(1)</sup> (\$)	Year Built/Renovated
2265-2665-2673 and 2681 Côte Saint-Charles	Saint-Lazare	February 22/ December 12, 2013	Commercial	15,186	5,000,000	2011
3695 Des Laurentides	Laval	April 2, 2013	Industrial	57,600	11,000,000	1973/1989/1999 /2005
2111 Fernand-Lafontaine	Longueuil	October 29, 2013	Office	47,830	5,000,000	1988/2010
2350 Chemin du Lac	Longueuil	October 29, 2013	Industrial	46,355	6,500,000	1986/2011/2012
3705 Industriel	Sherbrooke	October 29, 2013	Industrial	15,000	1,200,000	1980/2010

(1) Before incidental costs

**2265-2665-2673 and 2681 Côte Saint-Charles, Saint-Lazare, Québec** - This retail complex located in Saint-Lazare, Québec has a leasable area of 15,186 square feet. The tenants include Tim Hortons, A&W and a Sobeys convenience store.

**3695 Des Laurentides, Laval, Québec** – This is an industrial property with a leasable area of approximately 57,600 square feet. The property is located at the intersection of Highways 15 and 440, about ten minutes from Montreal International Airport, and is fully leased to Pharmetics.

**2111 Fernand-Lafontaine, Longueuil, Québec** - Situated in the City of Longueuil, with quick access to Montreal through Highways 20 and 132, this office property has a leasable area of approximately 46,355 square feet.

**2350 Chemin du Lac, Longueuil, Québec** - This property which is used as an environmental laboratory has a leasable area of approximately 46,355 square feet, and is situated ten minutes from downtown Montreal.

**3705 Industriel, Sherbrooke, Québec** - Located in Sherbrooke's industrial park, this laboratory and office property has a leasable area of approximately 15,000 square feet, and benefits from an excellent exposure with easy access to Highways 10, 55 and 410.

### **Disposal of a property in 2013**

In May 2013, the Trust disposed of a general-purpose property located at 2220 Lapinière, Longueuil, for a net consideration of \$2.3 million. The property no longer met the Trust's investment criteria.

### **Unit Issuances**

Pursuant to a Plan of Arrangement approved by Capital ABTB Inc. shareholders, effective October 3, 2006, there was a five for one consolidation of units outstanding, which resulted in the 12,000,000 outstanding shares of Capital ABTB Inc. being consolidated into 2,400,000 Units of BTB on October 3, 2006.

Since June 7, 2012, following a consolidation of the Units on the basis of one (1) post consolidation Unit for five (5) pre-consolidation Units, the Units, Series C Debentures, Series D Debentures and Series E Debentures have been listed and posted on the TSX. BTB's trading symbols remained unchanged upon graduation from the TSX-V to the TSX.

The table below shows the details of the issuance of Units from January 1 to December 31, 2013.

<b>Date</b>	<b>Issuance type</b>	<b>Total Securities Issued</b>	<b>Price per Security</b>
January 15, 2013	DRIP Entitlement	13,988 Units	\$4.1529 per Unit
February 15, 2013	DRIP Entitlement	14,396 Units	\$4.4157 per Unit
March 15, 2013	DRIP Entitlement	14,912 Units	\$4.3572 per Unit
April 15, 2013	DRIP Entitlement	16,201 Units	\$4.5356 per Unit
May 15, 2013	DRIP Entitlement	16,010 Units	\$4.6435 per Unit
June 17, 2013	DRIP Entitlement	15,348 Units	\$4.3449 per Unit
July 17, 2013	DRIP Entitlement	14,580 Units	\$4.3994 per Unit
July 29, 2013	Public	4,328,600 Units	\$4.65 per Unit
August 15, 2013	DRIP Entitlement	15,802 Units	\$4.1857 per Unit
September 16, 2013	DRIP Entitlement	17,222 Units	\$3.9681 per Unit
October 15, 2013	DRIP Entitlement	20,705 Units	\$4.0814 per Unit
November 15, 2013	DRIP Entitlement	22,113 Units	\$4.2741 per Unit
December 16, 2013	DRIP Entitlement	23,864 Units	\$4.2136 per Unit

### **Option Grants to Purchase Units**

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

From January 1, 2011 to December 31, 2011, 50,000 options were granted with an exercise price of \$0.92, 50,000 were granted with an exercise price of \$0.95 and a total of 550,000 expired or were cancelled.

On June 7, 2012, following the graduation of BTB to the TSX, the Units were consolidated on the basis of one (1) post consolidation Unit for five (5) pre-consolidation Units.

From January 1, 2012 to December 31, 2012, no options were granted and 324,000 options (post-consolidation) have expired. As at December 31, 2012, there were 227,000 options outstanding.

From January 1, 2013 to December 31, 2013, no options were granted and 129,000 options have expired. As at December 31, 2013, there were 98,000 options outstanding.

### **Deferred Units Plan**

BTB implemented a Deferred Unit Plan in June 2011. From January 1st, 2013 to December 31, 2013, 13,790 deferred units have been issued.

### **Employee Units Purchase Plan**

BTB implemented a Unit Purchase Plan for its employees in June 2013. Pursuant to this Plan, BTB grants, subject to certain limits, one Unit for each two Units purchased by an employee during a financial year. On February 21, 2014, 7,456 Units were issued to employees under the Plan.

### **Restricted Units Plan**

A Restricted Units Plan was implemented in June 2013. As at December, 31, 2013, no restricted Unit were issued.

## RISK FACTORS

The activities of the Trust and an investment in its securities involve certain risks and financial considerations.

Like all real estate entities, BTB is exposed, in the normal course of business, to various risk factors that may have an impact on its capacity to attain its strategic objectives. Accordingly, unitholders should consider the following risks and uncertainties when assessing the Trust's outlook in terms of investment potential.

BTB has not identified any significant changes to the risks and uncertainties to which it is exposed.

### **Access to Capital and Debt Financing, and Current Global Financial Conditions**

The real estate industry is capital-intensive. BTB will require access to capital to maintain its properties, as well as to fund its growth strategy and the significant capital expenditures it incurs from time to time. There can be no assurance that BTB will have access to sufficient capital (including debt financing) on terms favorable to BTB, including for financing the acquisition or development of properties, financing or refinancing of properties, or funding operating expenses. In addition, BTB may not be able to borrow funds under its credit facilities due to limitations on BTB's ability to incur debt set forth in the Contract of Trust. Failure by BTB to access required capital could adversely impact BTB's financial position and operating results and reduce the amount of cash available for distributions.

Financial conditions, including disruptions in international and regional credit markets and in other financial systems and deteriorating global economic conditions, could impede BTB's access to capital (including debt financing) or increase the cost of such capital. Failure to raise capital in a timely manner or under favourable terms could have a material adverse effect on BTB's financial position and operating results, including on its acquisition and development program.

### **Debt Financing**

BTB has and will continue to have substantial outstanding consolidated borrowings comprised primarily of mortgage loans, debentures, and borrowings under its acquisition and operating credit facilities. BTB intends to finance its growth strategy, including acquisitions and development projects, through a combination of its working capital and liquidity resources, including cash flows from operations, additional borrowings and public or private sales of equity or debt securities. BTB may not be able to refinance its existing debt or renegotiate the terms of repayment at favourable rates. In addition, the terms of BTB's indebtedness in general contain customary provisions that, upon an event of default, result in accelerated repayment of the amounts owed and that restrict the distributions that may be made by BTB. Therefore, upon an event of default under such borrowings or an inability to renew same at maturity, BTB's ability to make distributions will be adversely affected.

A portion of BTB's cash flows is dedicated to servicing its debt, and there can be no assurance that BTB will continue to generate sufficient cash flows from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional financing, including equity or debt financing.

BTB is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its properties cannot be refinanced or that the terms of such refinancing will not be as favourable as the terms of the existing loans. In order to minimize this risk, BTB tries to appropriately structure the timing of the renewal of significant tenant leases on its respective properties in relation to the times at which the hypothecary borrowings on such properties become due for refinancing.

## **Ownership of Immovable Property**

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

The value of immovable property and improvements thereto may also depend on the solvency and financial stability of tenants and the economic environment in which they operate. BTB's income and distributable income would be adversely affected if one or more major tenants or a significant number of tenants were unable to meet their lease obligations or if a significant portion of vacant space in the properties in which BTB has an interest cannot be leased on economically favorable lease terms. In the event of default by a tenant, delays or limitations may be experienced in enforcing BTB's rights as a lessor and substantial costs may be incurred to protect BTB's investment. The ability to rent unleased space in the properties in which BTB has an interest will be affected by many factors, including the level of general economic activity and competition for tenants by other properties. Costs may need to be incurred to make improvements or repairs to property as required by a new tenant. The failure to rent unleased space on a timely basis or at all or at rents that are equivalent to or higher than current rents would likely have an adverse effect on BTB's financial position and the value of its properties.

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

Immovable property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit BTB's ability to make changes to its portfolio promptly in response to changing economic or investment conditions. If BTB were to be required to liquidate its immovable property investments, the proceeds to BTB might be significantly less than the aggregate carrying value of its properties.

Leases for BTB's properties, including those of significant tenants, will mature over the short and long term. There can be no assurance that BTB will be able to renew any or all of the leases upon maturity or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact BTB's financial position and operating results and decrease the amount of cash available for distribution.

## **Competition**

BTB competes for suitable immovable property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future immovable property investments similar to those desired by BTB. Many of those investors have greater financial resources than BTB, or operate without the investment or operating restrictions of BTB or under more flexible conditions.

An increase in the availability of investment funds and heightened interest in immovable property investments could increase competition for immovable property investments, thereby increasing the purchase prices of such investments and reducing their yield.

In addition, numerous property developers, managers and owners compete with BTB in seeking tenants. The existence of competing developers, managers and owners and competition for BTB's tenants could have an adverse effect on BTB's ability to lease space in its properties and on the rents charged, and could adversely affect BTB's revenues and, consequently, its ability to meet its debt obligations.

## **Acquisitions**

BTB's business plan focuses on growth by identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and efficiently operating and leasing such properties. If BTB is unable to manage its growth effectively, this could adversely impact BTB's financial position and operating results, and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that BTB will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to unitholders will increase in the future.

## **Development Program**

Information regarding our re-development projects, development costs, capitalization rates and expected returns is subject to change, which may be material, as assumptions regarding items including, but not limited to, tenant rents, property sizes, leasable areas, and project completion timelines and costs are updated periodically based on revised plans, our cost tendering process, continuing tenant negotiations, demand for leasable space in our markets, our ability to obtain the required building permits, ongoing discussions with municipalities and successful property re-zonings. There can be no assurance that any assumptions in this regard will materialize as expected and changes could have a material adverse effect on our development program, asset values and financial performance.

## **Recruitment and Retention of Employees and Executives**

Competition for qualified employees and executives is intense. If BTB is unable to attract and retain qualified and capable employees and executives, the conduct of its activities may be adversely affected.

## **Government Regulation**

BTB and its properties are subject to various government statutes and regulations. Any change in such statutes or regulations that is adverse to BTB and its properties could affect BTB's operating results and financial performance.

In addition, environmental and ecological legislation and policies have become increasingly important in recent decades. Under various laws, BTB could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations, or for the costs of other remedial or preventive work. The failure to remove or remediate such substances, or to effect such remedial or preventive work, if any, may adversely affect an owner's ability to sell such property or to borrow using such property as collateral, and could potentially also result in claims against the owner by private plaintiffs or governmental agencies. Notwithstanding the above, BTB is not aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is BTB aware of any environmental condition with respect to any of its properties that, in its opinion, would involve material expenditure by BTB.

## **Limit on Activities**

In order to maintain its status as a "mutual fund trust" under the Tax Act, BTB cannot carry on most active business activities and is limited in the types of investments it may make. The Contract of Trust contains restrictions to this effect.

## **Tax-related risks**

Legislation (the "SIFT Rules") relating to the income taxation of publicly listed or traded trusts (such as income trusts and Real Estate Investment Trusts) changes the manner in which certain flow-through entities

and the distributions from such entities are taxed. Under the SIFT Rules, certain publicly listed or traded flow-through trusts, referred to as "specified investment flow-through" or "SIFT" trusts, are taxed in a manner similar to the taxation of corporations, and investors in SIFTs are taxed in a manner similar to shareholders of a corporation.

The new taxation regime introduced by the SIFT Rules is not applicable to entities that qualify for the exemption under the SIFT Rules applicable to certain Real Estate Investment Trusts (the "REIT Exemption"). The stated intention of the Minister of Finance (Canada) in introducing the REIT Exemption is to exempt certain Real Estate Investment Trusts from taxation as SIFTs in recognition of "the unique history and role of collective real estate investment vehicles." If the Trust fails to qualify for the REIT Exemption, it will be subject to certain tax consequences, including taxation in a manner similar to corporations and taxation of certain distributions in a manner similar to taxable dividends from a taxable Canadian corporation.

In order to qualify for the REIT Exemption in respect of a taxation year (i) at each time in the taxation year the fair market value at that time of all "non-portfolio properties" that are "qualified REIT properties" held by the trust is at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust; (ii) not less than 90% of the REIT's "gross REIT revenue" for that taxation year must be derived from (a) rent from real or immovable properties, (b) interest, (c) capital gains from dispositions of "real or immovable properties", (d) dividends or (e) royalties; (iii) not less than 75% of the REIT's "gross REIT revenue" for that taxation year must be derived from (a) rent from "real or immovable properties", (b) interest from mortgages or hypothecs on real or immovable properties, and (c) capital gains from the disposition of real or immovable properties; and (iv) at each time in the taxation year an amount, that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is a real or immovable property that is capital property, an eligible resale property, an indebtedness of a Canadian corporation represented by a bankers' acceptance, a property described by paragraph (a) or (b) of the definition "qualified investment" in section 204 of the Tax Act or a deposit with a credit union is not less than 75% of the REIT's equity value at that time.

As at December 31, 2013, considering the evaluation of BTB's assets and the results of its normal business activities, BTB's management believes that BTB currently meets all the criteria required to qualify for the REIT exception, as per the REIT exception currently in effect and in compliance with the changes that are being proposed for SIFT entities. As a result, BTB's management believes that the SIFT trust tax rules do not apply to BTB.

Management intends to conduct the Trust's business so that it continues to qualify for the REIT Exemption at all times after 2013. However, as the requirements of the REIT Exemption include complex revenue and asset tests, no assurance can be given that the Trust will in fact qualify for the REIT Exemption at all times.

### **Fluctuations in Cash Distributions**

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



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

Since June 7, 2012, following the migration of BTB to the TSX, the Units were consolidated on the basis of one (1) post consolidation Unit for five (5) pre-consolidation Units, the cash distribution is \$0.40 per Unit on an annualized basis.

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

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

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

### **Potential Unitholder Liability**

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

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

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

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

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

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

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

### **Potential Conflicts of Interest**

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

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

### **Market Price of Units**

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

## Legal Rights Attaching to Units

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

## Dilution

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

## SUMMARY OF THE CONTRACT OF TRUST

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

### Nature of BTB

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

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

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

### Rights of Unitholders

The rights of each Unitholder to call for a distribution or division of assets, monies, funds, income and capital gains held, received or realized by the Trustees are limited to those contained in the Contract of Trust and, except as provided in the Contract of Trust, no Unitholder shall be entitled to call for any partition or division of BTB's property or for a distribution of any particular asset forming part of BTB's property or of any particular monies or funds received by the Trustees. The legal ownership of the property of BTB and the right to conduct the activities of BTB are vested exclusively in the Trustees, and no Unitholder has or is

deemed to have any right of ownership in any of the property of BTB, except as specifically provided in the Contract of Trust. Except as specifically provided in the Contract of Trust, no Unitholder shall be entitled to interfere with or give any direction to the Trustees with respect to the affairs of BTB or in connection with the exercise of any powers or authorities conferred upon the Trustees under the Contract of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Contract of Trust.

### **Number of Trustees**

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

### **Independent Trustees**

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

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

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

### **Qualifications of Trustees**

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

### **Residency of Trustees**

A majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of the Trustees must be residents. If at any time a majority of the Trustees, a majority of the Independent Trustees, or a majority of any committee of Trustees are for any reason not residents or there are no Trustees who are residents, the Trustee or Trustees who are non-residents shall, immediately before that time, be deemed to have resigned and shall cease to be Trustees with effect from the time of such deemed resignation. If at any time the number of Trustees is less than the number required under the Contract of Trust and the remaining Trustee or Trustees fail or are unable to act in accordance with the Contract of Trust to appoint one or more additional Trustees or if, upon the resignation or deemed resignation of one or more Trustees there would be no Trustees, then the initial unitholder shall appoint one or more Trustees so that following such

appointment a majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of Trustees are residents and, failing such appointment, any remaining Trustee or Unitholder or officer of BTB or the Auditors, as the case may be, may apply to the Court for an order appointing one or more Trustees so that following such appointment a majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of Trustees are residents, to act until the next annual meeting of Unitholders or on such other terms as the Court may order. Any Trustee who is a Resident who proposes to become a Non-Resident shall notify the other Trustees thereof as soon as reasonably practicable and shall resign as a Trustee effective upon the day of such notification and shall be replaced with a Trustee who is a Resident.

### **Election of Trustees**

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

### **Limitations on Liability of Trustees**

Subject to the standard of care set forth in the Contract of Trust, none of the Trustees nor any officers, employees or agents of BTB shall be liable to any Unitholder or any other person for fault, in tort, contract or otherwise for any action taken or not taken in good faith in reliance on any documents that are, *prima facie*, properly executed; for any depreciation of, or loss to, BTB incurred by reason of the sale of any security; for the loss or disposition of monies or securities; for any action or failure to act by any person to whom the Trustees are permitted to delegate and have delegated any of their duties hereunder; or for any other action or failure to act including, without limitation, the failure to compel in any way any former Trustee to redress any breach of trust or any failure by any person to perform obligations or pay monies owed to BTB, unless such liabilities arise out of a breach of the standard of care, diligence and skill as set out in the Contract of Trust. If the Trustees have retained an appropriate expert, advisor or legal counsel with respect to any matter connected with their duties under the Contract of Trust, the Trustees may act or refuse to act based on the advice of such expert, advisor or legal counsel and, notwithstanding any provision of the Contract of Trust, including, without limitation, the standard of care, diligence and skill set out in the Contract of Trust, the Trustees shall not be liable for and shall be fully protected from any action or refusal to act based on the advice of any such expert, advisor or legal counsel which it is reasonable to conclude is within the expertise of such expert or advisor to give.

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

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

### **Conflicts of Interest**

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

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

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

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

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

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

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

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

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

## **Competition with BTB**

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

## **Units**

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

## **Ranking of Units**

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

## **Consideration for Units**

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

## **No Pre-Emptive Rights**

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

## **Fractional Units**

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

## **Allotment and Issue**

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

## **Rights, Warrants and Options**

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

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

## **Transferability**

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

## **Transfer of Units**

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

## **Non-Resident Ownership Constraint**

At no time may more than 49% of the Units outstanding be held or beneficially owned, directly or indirectly, for the benefit of non-residents. Furthermore, at no time shall non-residents hold or beneficially own, directly



or indirectly, Units or any other rights or options, including convertible debentures (for the purpose of this paragraph, such other rights and options being known as "**Options**") that may entitle them (conditionally or otherwise) to acquire Units that would result in more than 49% of the Units, at any time, being held or beneficially owned, directly or indirectly, by non-residents. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If BTB becomes aware that 49% of the Units and/or Options then outstanding are held, or may be held, for the benefit of non-residents or that such a situation is imminent, the Trustees may make a public announcement to such effect and shall not accept any subscription for Units or Options from any non-resident, issue any Units or Options to any such person or register or otherwise recognize the transfer of any Units or Options to any non-resident. If, notwithstanding the foregoing, the Trustees determines that more than 49% of the Units and/or Options are held or may become held for the benefit of non-residents, the Trustees may send a notice to non-resident holders of Units or Options, as shall be chosen on the basis of inverse order to the order of acquisition or registration, by law or by such other method that is authorized by the Trustees' determination, requiring them to sell their Units or Options or a portion thereof within a specified period of not more than 60 days. If the holders of Units or Options receiving such notice have not sold the specified number of Units or Options or provided the Trustees with satisfactory evidence that they are not non-residents of Canada and do not hold their Units or Options for the benefit of non-residents within such period, the Trustees may sell such Units or Options on behalf of such holders of Units or Options to a person or persons that are not non-residents of Canada and, in the interim, all rights attaching to such Units or Options (including any right to receive payments of interest) shall be immediately suspended and the rights of any such holders of Units or Options in respect of such Units or Options shall be limited to receiving the net proceeds of sale (net of any commission, tax or other cost of sale).

### **Redemption of Units**

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

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

- (B) 100% of the "closing market price" on the principal market on which the Units are listed for trading, on the Redemption Date;

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

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

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

- (d) Clause (c) shall not be applicable to Units tendered for redemption by a Unitholder, if:
- (i) the total amount payable by BTB pursuant to clause (c) in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (the "Monthly Limit"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month and, in the absence of such a waiver, Units tendered for redemption in any calendar month in which the total amount payable by BTB pursuant to clause (c) exceeds the Monthly Limit will be redeemed partly for cash pursuant to clause (c) and the balance, subject to any applicable regulatory approvals, by a distribution in specie of assets held by BTB in clause (e) on a pro rata basis;
  - (ii) at the time the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or

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

### **Annual Meeting**

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

### **Other Meetings**

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. Unitholders holding in the aggregate not less than 20% of the

outstanding Units of BTB may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition.

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

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

### **Chairperson**

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

### **Quorum**

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

## Voting

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

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

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

## Amendments to the Contract of Trust by the Trustees

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

- (a) amendments aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over BTB, its status as a "mutual fund trust" under the Tax Act or the distribution of Units;
- (b) amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws;
- (c) amendments which, in the opinion of the Trustees, provide additional protection for Unitholders;
- (d) amendments to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (e) amendments which in the opinion of the Trustees are necessary or desirable to enable BTB to issue Units for which the purchase price is payable on an instalment basis or to implement a Unit option, purchase or rights plan;
- (f) amendments to create one or more additional class of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units;
- (g) amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders; and

- (h) amendments for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees are not prejudicial to Unitholders and are necessary or desirable,

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

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

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

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

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

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

- (a) any amendment to the provisions of the Contract of Trust dealing with amendments to the Contract of Trust;
- (b) any exchange, reclassification or cancellation of all or part of the Units;
- (c) any amendment to change a right with respect to any outstanding Units of BTB or to reduce the amount payable thereon upon termination of BTB or to diminish or eliminate any voting rights pertaining thereto;
- (d) any amendment to the duration or term of BTB;
- (e) any amendment to increase the maximum number of Trustees (to more than 15) or to decrease the minimum number of Trustees (to less than five), any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees;
- (f) except as provided in the Contract of Trust, any constraint on the issue, transfer or ownership of Units or the change or removal of such constraints;

- (g) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;
- (h) any sale or transfer of the properties or assets of BTB as an entirety or substantially as an entirety other than as part of an internal reorganization of BTB's property as approved by the Trustees;
- (i) any distribution of BTB's property upon its termination;
- (j) any amendment to the Investment Guidelines and Operating Policies of BTB, except as provided in the Contract of Trust; or
- (k) any matter required to be passed by a Special Resolution under the Contract of Trust of TB Trust, as may be amended and restated from time to time.

## **INVESTMENT GUIDELINES AND OPERATING POLICIES**

### Investment Guidelines

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

- (a) Notwithstanding any other provisions of the Contract of Trust, BTB shall not make any investment or take any action or omit to take any action: (i) that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act (or otherwise disqualify BTB as a "mutual fund trust" within the meaning of the Tax Act); or (ii) that would result in Units being disqualified for investment by plans.
- (b) Except as otherwise prohibited in the Contract of Trust, BTB may, directly or indirectly, invest in:
  - (i) interests (including ownership and leasehold interests) in income-producing immovable property that is capital property of BTB;
  - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income-producing immovable property (or activities relating or ancillary thereto); and
  - (iii) such other activities as are consistent with the other investment guidelines of BTB.
- (c) BTB may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by BTB; provided that such joint venture arrangement contains terms and conditions which, in the opinion of management, are commercially reasonable, including such terms and conditions relating to restrictions on the transfer, acquisition and sale of BTB's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to BTB, provisions to limit the liability of BTB and its Unitholders to third parties, and provisions to provide for the participation of BTB in the management of the joint venture arrangement. For purposes hereof, a joint venture arrangement is an arrangement between BTB and one or more other persons pursuant to which BTB, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of BTB and in respect of which BTB may hold its interest jointly or in common or in another manner with others (subject to (a)) either directly or through the ownership of securities of a corporation or other entity, including a limited partnership or a limited liability company;

- (d) Except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue and except as otherwise permitted pursuant to the investment guidelines and operating policies of BTB, BTB may not hold securities of a person other than to the extent such securities would constitute an investment in immovable property (as determined by the Trustees) including securities of an entity wholly-owned, directly or indirectly, by BTB formed and operated solely for the purpose of holding a particular immovable property or immovable properties and provided further that, notwithstanding anything contained in the Contract of Trust to the contrary, but in all events subject to paragraph (a) above and Section 2.9 of the Contract of Trust, BTB may acquire securities of other real estate investment trusts;
- (e) BTB shall not invest in rights to or interests in mineral or other natural resources, including oil and gas, except as incidental to an investment in immovable property.
- (f) BTB shall not invest, directly or indirectly, in operating businesses unless such investment is an indirect investment and is incidental to a transaction:
  - (i) where revenue will be derived, directly or indirectly, principally from an immovable property;
  - (ii) where the operating businesses principally involve the ownership, maintenance, improvement, leasing or management, directly or indirectly, of an immovable property (in each case as determined by the Trustees); or
  - (iii) where the operating businesses have a considerable underlying asset base in real estate.
- (g) BTB shall not invest in raw land for development except for properties adjacent to existing properties of BTB for the purpose of the renovation or expansion of existing properties that are capital property of BTB or the development of new facilities which will be capital property of BTB.
- (h) BTB may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where the hypothec, mortgage, hypothecary bond or mortgage bond is issued by a subsidiary.
- (i) BTB may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where:
  - (i) the immovable property, which is security therefore, is income-producing immovable property which otherwise complies with the other investment guidelines of BTB adopted from time to time in accordance with the Contract of Trust and the guidelines set out herein;
  - (ii) the immovable hypothec or mortgage is an immovable hypothec or mortgage registered on title to the immovable property which is security therefore; and
  - (iii) the aggregate value of the investments of BTB in these instruments, after giving effect to the proposed investment, will not exceed 20% of the adjusted Unitholders' equity (calculated in accordance with the Contract of Trust).
- (j) Subject to paragraph (a) above, BTB may invest in immovable hypothecs or mortgages which are not first ranking for the purposes of providing, directly or indirectly, financing in connection with a



transaction in which BTB is the vendor or with the intention of using such hypothec or mortgage as part of a method for subsequently acquiring an interest in or control of an immovable property or a portfolio of properties.

- (k) BTB may invest an amount (which, in the case of an amount invested to acquire immovable property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the Gross Book Value of BTB in investments which do not comply with one or more of paragraphs (b), (c), (d), (g), (i) and (j) above and Section 6.2.3 of the Contract of Trust, but always subject to paragraph (a) above and Section 2.9 of the Contract of Trust.

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

### Operating Policies

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

- (a) BTB shall not purchase, sell, market or trade in currency or interest rate future contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 Mutual Funds of the Canadian Securities Administrators, as amended or replaced from time to time.
- (b) Any written instrument creating an obligation which is or includes the granting by BTB of an hypothec or mortgage, and to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of BTB, but that only property of BTB or a specific portion thereof shall be bound; BTB, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by BTB upon the acquisition of immovable property.
- (c) In addition to the provisions of paragraph (g) of the investment guidelines above, BTB may engage in construction or development of immovable property in order to maintain its immovable properties in good repair or to enhance the income-producing potential of properties that are capital property of BTB.
- (d) The title to each immovable property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law, in the name of BTB or a corporation or other entity wholly-owned by BTB or jointly by BTB with joint venturers or a corporation which is a nominee of BTB which holds a registered title to such immovable property pursuant to a nominee agreement with BTB.

- (e) BTB shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total consolidated indebtedness of BTB would be more than 75% of the Gross Book Value. For the purposes of this paragraph, the term "indebtedness" means any obligation of BTB for borrowed money (excluding any premium in respect of indebtedness assumed by BTB for which BTB has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Gross Book Value with respect to such interest rate subsidy), provided that:
- (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of BTB in accordance with GAAP;
  - (ii) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business and short term acquisition credit facilities; and
  - (iii) subordinate debentures will not constitute indebtedness.

If as a result of a material acquisition or if as a result of a material change in Gross Book Value the 75% limit is exceeded, the Trust shall reduce its indebtedness or issue additional Units, or take other action, in order to comply with such limit within the twelve months from the date such limit was exceeded, subject to such reasonable extensions beyond such 12-month period as approved by the Trustees.

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

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

paragraph (a) of the investment guidelines above and Section 2.9 of the Contract of Trust and thus be constantly monitored for the purposes of the latter provisions.

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

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

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

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

### **Regulatory Matters**

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

## **DISTRIBUTION POLICY**

### **Distributions**

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

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

The Trustees may designate and make payable any income or capital gains realized by BTB as a result of the redemption of Units (including any income or capital gains realized by BTB on the redemption of Units in

specie) pursuant to Section 7.15 of the Contract of Trust to the redeeming Unitholders in accordance with subsection 7.15.7 of the Contract of Trust.

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

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

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

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

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

### **Allocation**

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

### **Payment of Distributions**

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

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

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

### **Designations**

The Trustees shall make such designations, determinations and allocations for income tax purposes in respect of amounts paid or payable to Unitholders for such amounts that the Trustees consider to be reasonable, including, without limitation, designations relating to taxable dividends received by BTB in the year on shares of taxable Canadian corporations, net taxable capital gains of BTB in the year and foreign source income of BTB for the year. Where permitted by the Tax Act, the Trustees will make designations under the Tax Act so that the amount distributed to a Unitholder but not deducted by BTB would not be included in the Unitholder's income for the purposes of the Tax Act.

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

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

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

On June 7, 2012, following the migration of BTB on the TSX, the Units were consolidated on the basis of one (1) Unit post-consolidation for five (5) Units pre-consolidation. The following is a summary of the monthly distributions per Unit made by BTB for the last three fiscal years ended on December 31.

<b>Year</b>	<b>Monthly Distribution per Unit (\$)</b>
2013	0.0333
2012 (June 7 to December 31)	0.0333
2012 (January 1st to June 6)	0.0067
2011	0.0067

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Units**

The beneficial interests in BTB are divided into interests of one class and of equal value, referred to as Units. The rights, limitations, restrictions and conditions attaching to the Units are described in the Contract of Trust (see "Summary of Contract of Trust"). The number of Units which BTB may issue is unlimited. Units will be issued in registered form and will be transferable, subject to terms and conditions of the Contract of

Trust. Each Unit represents an equal interest in BTB with all other outstanding Units. All Units outstanding from time to time participate pro rata in any distribution by BTB and, in the event of termination of BTB, in the net assets of BTB remaining after satisfaction of all liabilities. No Unit has any preference or priority over any other. No Units shall be issued other than as fully paid and non-assessable. There are no pre-emptive rights attaching to the Units.

### **Convertible debentures**

**Series B Debentures** – The Series B Debentures represented a direct debt obligation of BTB, and were governed by the First Supplemental Indenture. The Series B Debentures have been delisted on March 31, 2013 following their reimbursement. The principal terms of the Series B Debentures were as follows:

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Principal Amount Issued:	\$13,020,000
Maturity:	March 31, 2013
Interest Rate:	8.5% per annum
Frequency of Payment:	Semi-annually
Conversion Privilege:	Convertible into Units at the option of the holder at any time at a price of \$11.50 per Unit
Redemption Right:	(a) after March 31, 2011 and prior to March 31, 2013, at 150% of \$11.50 per Unit (b) after March 31, 2012, at 125% of \$11.50 per Unit
First Supplemental Indenture Date:	March 20, 2008

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

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Principal Amount Issued:	\$23,000,000
Maturity:	January 31, 2016
Interest Rate:	8% per annum
Frequency of Payment:	Semi-annually
Conversion Privilege:	Convertible into Units at the option of the holder at any time at a price of \$5.00 per Unit
Redemption Right:	(a) after January 31, 2014 and prior to January 31, 2015, at 125% of \$5.00 per Unit (b) after January 31, 2015, at 100% of \$5.00 per Unit
Second Supplemental Indenture Date:	January 11, 2011

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

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Principal Amount Issued:	\$23,000,000
Maturity:	July 31, 2018
Interest Rate:	7.25% per annum
Frequency of Payment:	Semi-annually
Conversion Privilege:	Convertible into Units at the option of the holder at any time at a price of \$6.10 per Unit
Redemption Right:	(a) after July 31, 2014 and prior to July 31, 2016, at 125% of \$6.10 per Unit (b) after July 31, 2016, at 100% of \$6.10 per Unit
Third Supplemental Indenture Date:	July 13, 2011

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

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Principal Amount Issued:	\$23,000,000
Maturity:	March 31, 2020
Interest Rate:	6.90% per annum
Frequency of Payment:	Semi-annually
Conversion Privilege:	Convertible into Units at the option of the holder at any time at a price of \$6.15 per Unit
Redemption Right:	(a) after March 31, 2016 and prior to March 31, 2018, at 125% of \$6.15 per Unit (b) after March 31, 2018, at 100% of \$6.15 per Unit
Fourth Supplemental Indenture Date:	February 20, 2013

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### Unit Option Plan

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

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

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

### **Distribution Reinvestment Plan**

On October 1, 2011, the Trust implemented a distribution reinvestment plan allowing a unitholder to choose to receive its distributions in units, with a discount of 5% on the market value of the units. During 2013, 205,141 units have been issued under the plan.

## **MARKET FOR SECURITIES**

### **Trading Price and Volume**

Units in BTB began trading on the TSX-V on October 3, 2006 under the symbol, BTB.UN. The Series A Debentures began trading on the TSX-V on October 3, 2006 under the symbol BTB.DB and have been delisted on October 3, 2011 following their reimbursement. The Series B Debentures began trading on the TSX-V on March 20, 2008 under the symbol BTB.DB.B and have been delisted on March 3q, 2011 following their reimbursement.. The Series C Debentures began trading on the TSX-V on January 11, 2011 under the symbol BTB.DB.C. The Series D Debentures began trading on the TSX-V on July 13, 2011 under the symbol BTB.DB.D and the Series E Debentures began trading on the TSX on February 20, 2013 under the symbol BTB.DB.E.

On June 7, 2012, following the migration of BTB on the TSX, the Units were consolidated on the basis of one (1) post-consolidation Unit for five (5) pre-consolidation Units.

### Units

The table below sets out the high and low trading price for the Units of BTB in each month of 2013 and the trading volume for the month.

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January	4.75	4.26	1,929,588
February	4.70	4.54	991,309
March	4.65	4.56	804,095
April	4.85	4.63	1,764,668
May	5.04	4.67	1,433,648
June	4.85	4.21	1,309,325
July	4.83	4.46	1,393,015
August	4.59	4.32	837,093
September	4.63	4.04	1,176,076
October	4.55	4.21	716,272
November	4.55	4.38	638,434
December	4.49	4.40	533,078



### Series B Debentures

The table below sets out the high and low trading price for the Series B Debentures issued by BTB for each month of 2013, and the trading volume for the month.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	102.75	100.00	429,000
February	105.80	100.00	459,000
March	102.00	101.00	152,000

### Series C Debentures

The table below sets out the high and low trading price for the Series C Debentures issued by BTB for each month of 2013, and the trading volume for the month.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	104.99	103.10	159,000
February	105.00	103.11	109,000
March	104.10	103.26	291,000
April	104.25	100.01	121,000
May	105.50	103.75	82,000
June	104.25	100.00	135,000
July	103.05	100.01	85,500
August	102.50	102.10	206,000
September	102.50	102.10	92,000
October	102.50	100.00	382,000
November	102.00	100.00	438,000
December	101.50	96.10	488,000

### Series D Debentures

The table below sets out the high and low trading price for the Series D Debentures issued by BTB for each month of 2013, and the trading volume for the month.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	102.01	100.00	489,000
February	102.00	101.06	227,000
March	102.03	100.97	267,000
April	102.00	98.50	314,000
May	102.85	101.10	251,000
June	101.00	99.00	131,000
July	101.25	99.00	165,000
August	100.55	98.00	249,000
September	105.49	98.50	191,000
October	101.01	98.00	154,000
November	101.75	94.00	123,000
December	97.50	94.00	176,000

### Series E Debentures

The table below sets out the high and low trading price for the Series E Debentures issued by BTB for each month of 2013, and the trading volume for the month.

Month	High (\$)	Low (\$)	Volume
Since February 20	99.99	98.40	2,003,000
March	100.00	98.49	559,000
April	100.50	98.76	751,000
May	102.00	100.31	553,000
June	101.00	97.00	549,000
July	100.00	97.00	233,000
August	99.00	98.00	120,000
September	99.00	97.01	154,000
October	98.00	92.20	306,000
November	98.00	95.55	153,000
December	97.00	93.00	217,000

## TRUSTEES AND OFFICERS

### Current Board of Trustees and Listing of Officers

The table below sets forth, as of December 31, 2013, for each Trustee and officer, their current position with BTB, the period of time they have served as a Trustee, the total number of Units held by them, and their principal occupation for the past five years.

Name, Municipality of Residence and Present Office Held with BTB	Trustee / Officer Since	# of Units Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised	Principal Occupation During the Past Five (5) Years
Jocelyn Proteau <sup>(1)</sup> Montréal, Québec Chairman of the Board and Trustee	July 12, 2006	53,872	Corporate Director
Michel Léonard Westmount, Québec President, Chief Executive Officer and Trustee	July 12, 2006	339,853	President and Chief Executive Officer, BTB Real Estate Investment Trust
Peter Polatos <sup>(3)</sup> Rosemère, Québec Trustee	July 12, 2006	164,128	President, AMTB Management inc. Vice-President, Acquisition and Assistant Secretary BTB Real Estate Investment Trust (2006-2009)
Jean-Pierre Janson <sup>(1)</sup> Outremont, Québec Trustee	July 12, 2006	65,000	Managing Director, National Wealth Management Richardson GMP Ltd.
Richard Lord <sup>(1)(2)</sup> Saint-Laurent, Québec Trustee	July 12, 2006	73,611	President and Chief Executive Officer Richelieu Hardware Ltd.
Luc Lachapelle <sup>(2) (3)</sup> Saint-Laurent, Québec Trustee and Corporate Secretary	July 12, 2006	40,000	President and Chief Executive Officer Corlac Real Estate Inc. Vice-President, Real Estate Services Bombardier Inc.

Name, Municipality of Residence and Present Office Held with BTB	Trustee / Officer Since	# of Units Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised	Principal Occupation During the Past Five (5) Years
Normand Beauchamp <sup>(1)(3)</sup> Montréal, Québec Trustee	July 12, 2006	100,077	President and Chief Executive Officer Capital NDSL Inc.
Claude Garcia <sup>(2)(3)</sup> Grondines, Québec Trustee	Oct. 20, 2006	123,209	Corporate Director
Fernand Perreault <sup>(2) (3)</sup> Longueuil, Québec Trustee	Sept. 23, 2010	—	Corporate Director First Vice President Real Estate Group Caisse de dépôt et placement du Québec
Benoit Cyr Laval, Québec Vice President and Chief Financial Officer	April 1, 2007	20,999	Vice President and Chief Financial Officer, BTB Real Estate Investment Trust
Daniel G. Oana <sup>(4)</sup> Lachine, Québec Vice President, Location	March 7, 2011	4,975	Vice President, Location, BTB Real Estate Investment Trust Director of Corporate Development Dayan Group (2008-2011)
Dominic Gilbert Ile Perrot, Québec Vice President, Property Management	August 12, 2013	—	Vice President, Property Management, BTB Real Estate Investment Trust General Manager, Canderel Management Inc. (2008-2013)

- (1) Member of the Governance and Human Resources Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Investments Committee.
- (4) Ceased employment on February 20, 2014.

As at December 31, 2013, the Trustees and executive officers of BTB, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 985,724 Units of BTB, which represented approximately 3.48% of the issued and outstanding Units of BTB on a non-diluted basis.

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

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

Other than as set out above, no Trustee or executive officer of BTB is, or has been within the past ten years, a director, officer of any other company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or

instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person. To obtain information regarding cease trade orders issued by a particular securities regulatory authority, investors should contact the securities regulatory authority that issued such order.

### **Penalties or Sanctions**

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

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

### **Conflicts of Interest**

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

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

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

## **AUDIT COMMITTEE**

### **Audit Committee Disclosure**

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

## Composition of the Audit Committee

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

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

## Relevant Education and Experience

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

## Pre-Approval Policies and Procedures

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

## Fees for External Auditor Services

The fees invoiced for services provided by KPMG LLP, the auditors of the Trust for the last two fiscal years ended December 31, are as follows:

	<u>2013</u>	<u>2012</u>
Audit Fees <sup>(3)</sup>	\$287,500	\$397,162
Tax Fees <sup>(1)</sup>	58,200	104,408
Audit Related Fees <sup>(2)</sup>	54,950	30,000
Total of Fees	\$400,650	\$531,570

- (1) Professional fees related to the annual audit, interim reviews and interventions during public offerings, tax return preparation, and consulting fees related to REIT Rules compliance.
- (2) Professional fees related to tax returns, and consulting fees related to the REIT Rules compliance and indirect taxes.
- (3) Professional fees related to the implementation of new “IFRS”, audit operating expenses of certain properties, review of internal controls and procedures over financial reporting and translation of continuous information documents.

## Audit Committee Oversight

At no time since the inception of BTB was a recommendation of the Committee to nominate or compensate external auditors (currently, KPMG LLP) rejected by the Board.

## LEGAL PROCEEDINGS

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

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

## INTERESTS OF EXPERTS

KPMG LLP are the auditors who prepared the auditors’ report and the report on Canadian generally accepted accounting standards for BTB’s annual financial statements as at December 31, 2013. As at December 31, 2013, KPMG LLP and its partners did not hold any registered or beneficial ownership interest, direct or indirect, in the securities of BTB.

De Grandpré Chait LLP are legal counsel to BTB. As at December 31, 2013, De Grandpré Chait LLP and its partners owned less than 1% of the issued and outstanding securities of BTB.

## MATERIAL CONTRACTS

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

- (a) Contract of Trust;
- (b) TB Contract of Trust;
- (c) Transfer and Registrar Agreement entered into between BTB and Computershare Investor Services Inc.;

- (d) Trust Indenture;
- (e) Note Indenture;
- (f) Agency Agreements;
- (g) Underwriting Agreements;
- (h) Unit Option Plan;
- (i) Unitholder Rights Plan;
- (j) First Supplemental Indenture;
- (k) Second Supplemental Trust Indenture;
- (l) Third Supplemental Trust Indenture;
- (m) Fourth Supplemental Trust Indenture;
- (n) Deferred Units Plan;
- (o) Distribution Reinvestment Plan;
- (p) Employee Units Purchase Plan;
- (q) Restricted Units Plan.

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

#### **TRANSFER AGENT AND REGISTRAR**

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

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

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

#### **ADDITIONAL INFORMATION**

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

Additional information, including Trustee's and executive officers' remuneration and indebtedness, principal holders of the Units and securities authorized for issuance under equity compensation plans, as applicable, is contained in BTB's Management Information Circular dated May 22, 2012. Additional financial information is provided in BTB's financial statements and management discussion and analysis for its most recently completed fiscal year.

## SCHEDULE A AUDIT COMMITTEE CHARTER

### *Purpose*

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

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

### *Composition, Procedures and Organization*

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

### *Meetings*

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



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

*Mandate and Responsibilities*

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

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

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

- (j) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual meeting of unitholders.
  
- (n) The Committee shall review and assess the adequacy of this Charter on an annual basis and recommend to the Board any changes it deems appropriate. The Committee shall also consider changes to this Charter that may be necessary as a result of changes to legal and regulatory requirements.

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