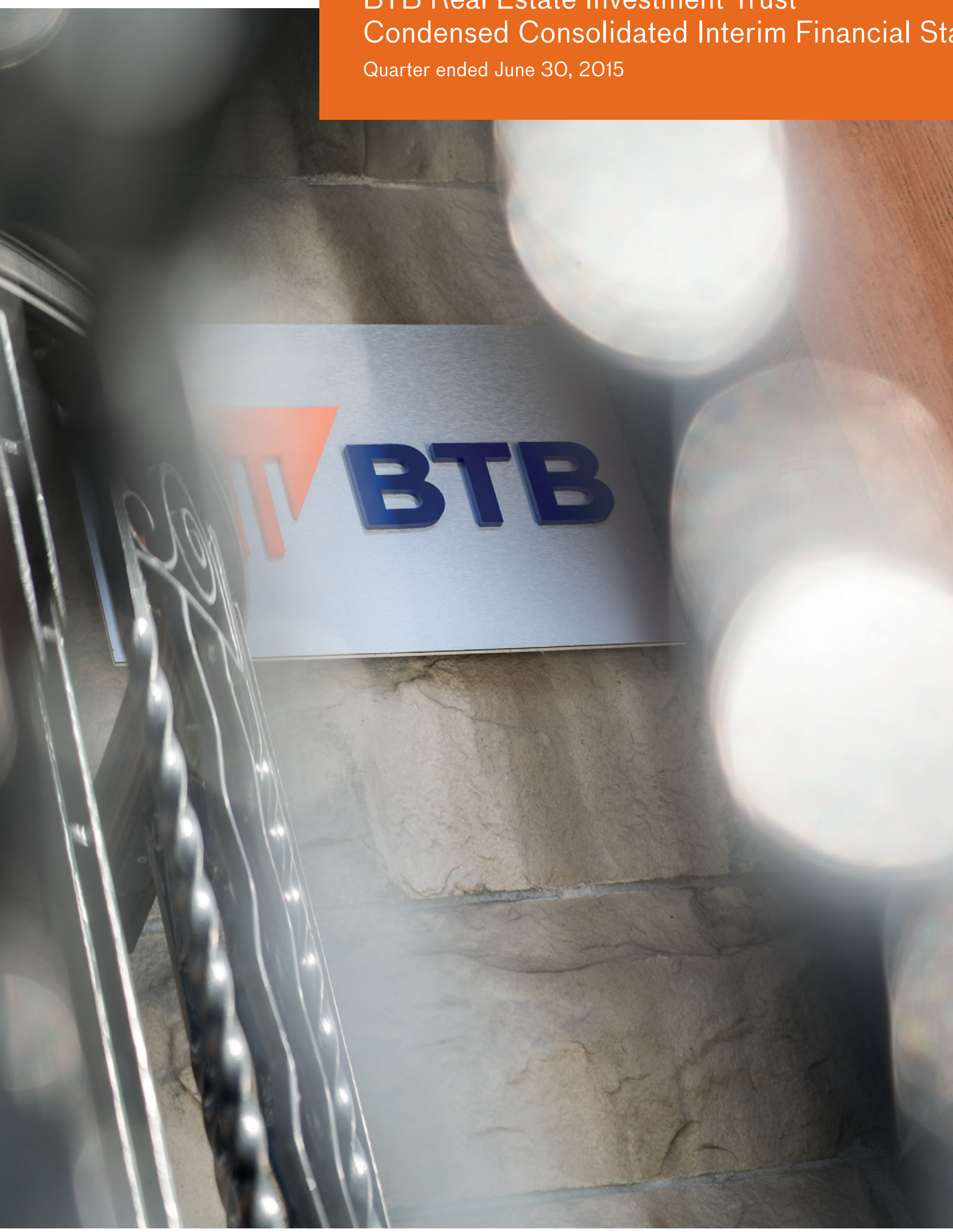
Building on solid foundations

BTB Real Estate Investment Trust
Condensed Consolidated Interim Financial Statements
Quarter ended June 30, 2015



Condensed Consolidated Interim Financial Statements

Three-month period ended June 30, 2015

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BTB Real Estate Investment Trust

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in thousands of CAD dollars)

	Notes	As at June 30, 2015	As at December 31, 2014
		$	$
ASSETS			
Investment properties	3, 4, 5	609,725	571,462
Property and equipment	6	2,250	2,296
Derivative financial instruments	13	37	53
Restricted cash	7	213	1,717
Other assets	8	7,086	3,439
Receivables	9	1,612	1,342
Cash and cash equivalents		1,535	6,428
Total assets		**622,458**	**586,737**
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgage loans payable	10	348,501	329,943
Convertible debentures	11	65,714	65,186
Bank loans	12	12,580	—
Derivative financial instruments	13	273	145
Unit-based compensation	14	84	213
Trade and other payables		14,946	12,457
Distributions payable to unitholders		1,207	1,194
Total liabilities		**443,305**	**409,138**
Unitholders' equity		**179,153**	**177,599**
		622,458	**586,737**

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Board on August 6, 2015.

Michel Léonard, Trustee

Jocelyn Proteau, Trustee

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended June 30, 2015	2014	For the six-month periods ended June 30, 2015	2014
		$	$	$	$
Operating revenues					
Rental revenues from properties	16	17,603	16,202	35,932	32,746
Operating expenses					
Property taxes and public utilities		4,698	4,147	9,963	9,045
Other operating costs		2,721	2,707	5,653	5,369
		7,419	6,854	15,616	14,414
Net operating income		**10,184**	**9,348**	**20,316**	**18,332**
Finance costs		5,427	5,036	10,782	10,074
Net adjustment to fair value of derivative financial instruments		(12)	(1,196)	144	(2,209)
Net financing costs	17	5,415	3,840	10,926	7,865
Trust administration expenses		861	981	2,082	1,943
Expenses for abandoned transaction	18	184	—	184	—
Net income before the following item		**3,724**	**4,527**	**7,124**	**8,524**
Net changes in fair value of investment properties		—	796	—	796
Net income being total comprehensive income for the period		**3,724**	**5,323**	**7,124**	**9,320**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(Unaudited - in thousands of CAD dollars)

For the six-month period ended June 30, 2015	Notes	Unitholders' contributions	Cumulative distributions	Cumulative comprehensive income	Total
Balance at January 1, 2015		**182,284**	**(38,248)**	**33,563**	**177,599**
Issuance of units	15	1,640	—	—	1,640
Distributions to unitholders		—	(7,210)	—	(7,210)
		183,924	(45,458)	33,563	172,029
Comprehensive income		—	—	7,124	7,124
Balance as at June 30, 2015		**183,924**	**(45,458)**	**40,687**	**179,153**

For the six-month period ended June 30, 2014					
Balance at January 1, 2014		**157,207**	**(25,295)**	**20,680**	**152,592**
Issuance of units		24,075	—	—	24,075
Distribution to unitholders		—	(5,859)	—	(5,859)
Comprehensive income		—	—	9,320	9,320
Balance as at June 30, 2014		**181,282**	**(31,154)**	**30,000**	**180,128**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in thousands of CAD dollars)

	Notes	For the three-month periods ended June 30, 2015	2014	For the six-month periods ended June 30, 2015	2014
		$	$	$	$
Operating activities					
Net income for the period		3,724	5,323	7,124	9,320
Adjustment for:					
Increase in fair value of investment properties		—	(796)	—	(796)
Depreciation of property and equipment	6	44	45	89	78
Unit-based compensation		16	10	191	34
Straight-line lease adjustment	16	(158)	(195)	(382)	(348)
Lease incentive amortization	16	506	437	998	824
Net financing costs	17	5,415	3,840	10,926	7,865
		9,547	8,664	18,946	16,977
Net change in non-cash operating items		1,246	(2,237)	(2,564)	(3,858)
Net cash from operating activities		**10,793**	**6,427**	**16,382**	**13,119**
Investing activities					
Additions to investment properties	3, 4	(3,137)	(33,218)	(37,811)	(34,800)
Net proceeds from disposal of investment properties		—	4,656	—	4,656
Additions to property and equipment	6	(1)	(12)	(43)	(63)
Net cash used in investing activities		**(3,138)**	**(28,574)**	**(37,854)**	**(30,207)**
Financing activities					
Mortgage loans, net of financing costs		(26)	20,316	23,835	46,786
Repayment of mortgage loans		(2,805)	(2,316)	(5,456)	(33,318)
Bank loans, net of financing costs		1,240	—	12,580	—
Repayment of bank loans		—	(3,291)	—	(1,045)
Net proceeds from issue of units		333	23,429	333	23,429
Net distributions to unitholders		(3,183)	(2,534)	(6,355)	(5,060)
Reduction in restricted cash	7	732	85	1,504	3,834
Interest paid		(3,771)	(3,371)	(9,862)	(9,382)
Net cash (used in) from financing activities		**(7,480)**	**32,318**	**16,579**	**25,244**
Net increase (decrease) in cash and cash equivalents		**175**	**10,171**	**(4,893)**	**8,156**
Cash and cash equivalents, beginning of period		**1,360**	**515**	**6,428**	**2,530**
Cash and cash equivalents, end of period		**1,535**	**10,686**	**1,535**	**10,686**

See accompanying notes to condensed consolidated interim financial statements.

BTB Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

1. Reporting Entity

BTB Real Estate Investment Trust ("BTB") is an unincorporated open-ended real estate investment trust formed and governed under the Civil code of Quebec pursuant to a trust agreement and is domiciled in Canada. The address of BTB's registered office is 2155, Crescent street, Montreal, Quebec, Canada. The condensed consolidated interim financial statements of BTB for the six-month periods ended June 30, 2015 and 2014 comprise BTB and its wholly-owned subsidiaries (together referred to as the "Trust") and the Trust's interest in joint operations.

2. Basis of Preparation

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the Trust's consolidated financial statements for the years ended December 31, 2014 and 2013.

The accounting policies applied by the Trust in these unaudited condensed consolidated interim financial statements are the same as those applied by the Trust in its consolidated financial statements for the year ended December 31, 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 6, 2015.

(b) Basis of presentation and measurement

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

- Investment properties are measured at fair value;
- Derivative financial instruments are measured at fair value;
- Unit-based compensation is measured using a fair value-based method of accounting.

The Trust presents its condensed consolidated interim statements of financial position based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

The significant judgments made by management in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

(e) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these condensed consolidated interim financial statements.

(i) IFRS 9, Financial Instruments ("IFRS 9")

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The new standard is effective for the Trust's annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(ii) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In May 2014 the IASB issued IFRS 15 in replacement of IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The new standard was effective for the Trust's annual

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
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period beginning on January 1, 2017. On July 22, 2015, the IASB confirmed their decision to defer the effective date of this standard by one year. Therefore IFRS 15 will be effective for the Trust's annual reporting periods beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

3. Investment Properties

	Six-month period ended June 30, 2015	Year ended December 31, 2014
	$	$
Balance beginning of period	571,462	529,432
Acquisition of investment properties (note 4)	34,970	40,121
Disposal of investment properties (note 5)	—	(4,725)
Capital expenditures	2,611	5,572
Government grants	(132)	(120)
Capitalized leasing fees	288	1,137
Capitalized lease incentives	1,142	3,088
Lease incentives amortization	(998)	(1,793)
Straight-line lease adjustment	382	610
Net changes in fair value of investment properties	—	(1,860)
Balance end of period	**609,725**	**571,462**

The fair value of a subset of the Trust's investment properties comprised of the ten most significant investment properties and approximately 1/3 of the remaining investment properties is determined annually on the basis of valuations made by independent external appraisers having appropriate professional qualifications, using recognized valuation techniques, comprising the Discounted Cash Flow, the Direct Capitalization and Comparable methods. The selection of investment properties subject to external valuation is determined by management based on its assessment of circumstances that in its view, may impact the value of a particular individual investment property. The fair value of the remaining investment properties is determined by management using internally generated valuations based on the Direct Capitalization method.

At June 30, 2015 no external appraisals were obtained for any investment properties (December 31, 2014 - external appraisals obtained for investment properties having an aggregate fair value of $381,600).

BTB Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

The fair value of investment properties is based on Level 3 inputs. There have been no transfers during the period between levels. The significant inputs used to determine the fair value of the Trust's investment properties are as follows:

	Commercial	Office	Industrial	General purpose
As at June 30, 2015				
Capitalization rate	6.25% - 10.00%	6.50% - 9.25%	6.50% - 10.00%	7.00% - 8.25%
Terminal capitalization rate	7.00% - 8.00%	7.00% - 7.75%	7.25% - 9.75%	7.25% - 8.25%
Discount rate	7.75% - 8.75%	7.50% - 8.50%	7.50% - 10.50%	7.75% - 9.00%
As at December 31, 2014				
Capitalization rate	6.25% - 10.00%	6.50% - 9.25%	7.00% - 10.00%	7.00% - 8.25%
Terminal capitalization rate	7.25% - 8.00%	7.00% - 7.75%	7.25% - 9.75%	7.25% - 8.25%
Discount rate	7.75% - 8.75%	7.50% - 8.50%	7.75% - 10.50%	7.75% - 9.00%

Valuations determined by the Direct Capitalization method are most sensitive to changes in capitalization rate. An increase in the capitalization rate, other things being equal, will result in a decrease in fair value of the investment properties and vice-versa.

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Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

4. Acquisitions

(a) 2015 Asset acquisitions

The relative fair value of the assets and liabilities recognized in the condensed consolidated interim statement of financial position on the date of the acquisition during 2015 were as follows:

				Fair value recognized on acquisition			
Acquisition date	**Property type**	**Location**	**Interest acquired**	**Investment properties, including transaction costs**	**Mortgage loans payable**	**Trade and other payables, including transaction costs**	**Total cash consideration paid**
			%	$	$	$	$
January 2015	Industrial	Ottawa, ON	100	12,525	—	—	12,525
January 2015	Commercial	Delson, QC	100	21,500	—	123	21,377
Transaction costs				945	—	945	—
Total				**34,970**	**—**	**1,068**	**33,902**

(b) 2014 Asset acquisitions

The relative fair value of the assets and liabilities recognized in the condensed consolidated interim statement of financial position on the date of the acquisition during 2014 were as follows:

				Fair value recognized on acquisition			
Acquisition date	**Property type**	**Location**	**Interest acquired**	**Investment properties, including transaction costs**	**Mortgage loans payable**	**Trade and other payables, including transaction costs**	**Total cash consideration paid**
			%	$	$	$	$
May 2014	Commercial	Saint-Jean-sur-Richelieu, QC	100	31,600	—	24	31,576
August 2014	Industrial	Saint-Augustin-de-Desmaures, QC	100	8,300	—	—	8,300
Transaction costs				221	—	221	—
Total				**40,121**	**—**	**245**	**39,876**

5. Disposal

There were no disposals during the six-month period ended June 30, 2015.

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Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

In May 2014, the Trust partially disposed of an office investment property located in the city of Sherbrooke for gross proceeds of $525 (net proceeds of $522 after giving effect to trade and other payables assumed by the purchaser).

In April 2014, the Trust disposed of a commercial investment property located in Montreal for gross proceeds of $4,200 (net proceeds of $4,134 after giving effect to trade and other payables assumed by the purchaser).

6. Property and Equipment

	Owner-occupied land	Owner-occupied building	Equipment, furniture and fixtures	Rolling stock	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2013	494	1,924	472	82	**2,972**
Additions	—	10	67	—	**77**
Balance at December 31, 2014	494	1,934	539	82	**3,049**
Additions	—	—	9	34	**43**
Balance at June 30, 2015	494	1,934	548	116	**3,092**
Accumulated Depreciation					
Balance at December 31, 2013		310	259	19	**588**
Depreciation for the period		69	81	15	**165**
Balance at December 31, 2014		379	340	34	**753**
Depreciation for the period		36	44	9	**89**
Balance at June 30, 2015		415	384	43	**842**
Net carrying amount					
Balance at December 31, 2014	494	1,555	199	48	**2,296**
Balance at June 30, 2015	494	1,519	164	73	**2,250**

7. Restricted Cash

Restricted cash consists of an amount of $213 (December 31, 2014 - $1,717) provided in guarantee of mortgage loans. The permitted use of restricted cash is to fund certain future capital expenditures.

BTB Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

8. Other Assets

	As at June 30, 2015	As at December 31, 2014
	$	$
Prepaid expenses	6,046	2,599
Deposits	1,040	840
Total	**7,086**	**3,439**

9. Receivables

	As at June 30, 2015	As at December 31, 2014
	$	$
Rents receivable	1,570	1,195
Provision for doubtful accounts	(235)	(312)
Net rents receivable	1,335	883
Unbilled recoveries	(103)	65
Other receivables	380	394
Total	**1,612**	**1,342**

10. Mortgage Loans Payable

Mortgage loans payable are secured by immovable hypothecs on investment properties having a fair value of approximately $603,335 as at June 30, 2015 (December 31, 2014 – $565,187).

	As at June 30, 2015	As at December 31, 2014
	$	$
Fixed rate mortgage loans payable	336,698	317,677
Floating rate mortgage loans payable	12,806	13,107
Unamortized fair value assumption adjustments	1,147	1,270
Unamortized financing costs	(2,150)	(2,111)
Mortgage loans payable	**348,501**	**329,943**
Weighted average interest rate	4.08%	4.13%
Weighted average term to maturity (years)	4.89	4.68
Range of annual rates	2.63% - 6.80%	2.63% - 6.80%

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Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

As at June 30, 2015, the mortgage loan scheduled repayments are as follows:

	Scheduled repayments	Principal maturity	Total
	$	$	$
2015*	5,368	20,301	25,669
2016	10,055	74,327	84,382
2017	6,778	67,394	74,172
2018	4,867	35,492	40,359
2019	3,359	39,059	42,418
Thereafter	30,723	51,781	82,504
	61,150	**288,354**	**349,504**
Unamortized fair value assumption adjustments			1,147
Unamortized financing costs			(2,150)
			348,501

*For the six-month period remaining.

In March 2013, the Trust entered into an interest rate swap agreement on a floating interest rate mortgage to hedge the variability in cash flows attributed to fluctuating interest rates. Settlement on both the fixed and variable portion of the interest rate swap occurs on a monthly basis. The original principal amount of the interest rate swap was $7,150, the maturity date is April 2023 and the effective fixed interest rate is 4.02%. As at June 30, 2015, the outstanding principal amount was $6,630 (December 31, 2014 – $6,756). The Trust does not apply hedge accounting to such cash flow hedging relationships (see note 13).

11. Convertible Debentures

As at June 30, 2015, the Trust had three series of subordinated, convertible, redeemable debentures outstanding.

	Capital	Interest rates		Unit conversion price	Interest payments	Maturity
		Coupon	Effective			
		%	%	$		
Series C	22,854	8.00	9.78	5.00	Semi-annual	January 2016
Series D	23,000	7.25	8.47	6.10	Semi-annual	July 2018
Series E	23,000	6.90	7.90	6.15	Semi-annual	March 2020

BTB Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

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

	Series C	Series D	Series E
	$	$	$
Non-derivative liability component	21,592	21,346	22,690
Conversion and redemption options liability component	1,408	1,654	310
	23,000	**23,000**	**23,000**

The accretion of the non-derivative liability component of the subordinated convertible debentures, which increases as of the initial allocation on the issuance date to the final amount repayable, is recorded under finance costs. The conversion and redemption options liability component is measured at fair value.

	Series C	**Series D**	**Series E**	**Total**
	$	$	$	$
As at June 30,2015				
Non-derivative liability component upon issuance	21,592	21,346	22,690	65,628
Accretion of non-derivative liability component	1,220	810	86	2,116
	22,812	22,156	22,776	67,744
Conversion options exercised by holders	(144)	—	—	(144)
	22,668	22,156	22,776	67,600
Unamortized financing costs	(217)	(761)	(908)	(1,886)
Non-derivative liability component	**22,451**	**21,395**	**21,868**	**65,714**
Conversion and redemption options (asset) liability component at fair value	**(43)**	**2**	**4**	**(37)**

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Notes to Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014
(Unaudited - in thousands of CAD dollars, except per unit amounts)

	Series C	Series D	Series E	Total
	$	$	$	$
As at December 31,2014				
Non-derivative liability component upon issuance	21,592	21,346	22,690	65,628
Accretion of non-derivative liability component	1,058	693	66	1,817
	22,650	22,039	22,756	67,445
Unamortized financing costs	(408)	(866)	(985)	(2,259)
Non-derivative liability component	**22,242**	**21,173**	**21,771**	**65,186**
Conversion and redemption options asset component at fair value	**(12)**	**(19)**	**(22)**	**(53)**

Series C

In January 2011, the Trust issued Series C subordinated convertible, redeemable, unsecured debentures bearing 8% interest payable semi-annually and maturing in January 2016, in the amount of $23,000. The debentures are convertible at the holder's option at any time before January 2016, at a conversion price of $5.00 per unit ("Series C Conversion Price").

Since January 31, 2015 and until January 31, 2016, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

During the second quarter of 2015, conversion options have been exercised by holders on debentures representing a nominal amount of $146.

Series D

In July 2011, the Trust issued Series D subordinated convertible, redeemable, unsecured debentures bearing 7.25% interest payable semi-annually and maturing in July 2018, in the amount of $23,000. The debentures are convertible at the holder's option at any time before July 2018, at a conversion price of $6.10 per unit ("Series D Conversion Price").

Until July 31, 2016, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price. As of July 31, 2016, but before July 31, 2018, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

Series E

In February 2013, the Trust issued Series E subordinated convertible, redeemable, unsecured debentures bearing 6.90% interest payable semi-annually and maturing in March 2020, in the amount of $23,000. The debentures are convertible at the holder's option at any time before March 2020, at a conversion price of $6.15 per unit ("Series E Conversion Price").

These debentures are not redeemable before March 31, 2016, except in the case of a change in control. As of March 31, 2016, but before March 31, 2018, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their principal amount plus accrued, unpaid interest, provided that the average weighted price based on the volume of units traded on the Toronto Stock Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date on which an advanced notice of redemption is given (the "current market price") is at least 125% of the conversion price. As of March 31, 2018, but before March 31, 2020, under certain conditions, the debentures will be redeemable by the Trust, in whole or in part at any time and for a redemption price equal to the principal amount thereof plus accrued and unpaid interest. The Trust may, under certain conditions, elect to satisfy its obligation to pay the principal amount of the debentures that are to be redeemed or that have matured by issuing a number of units obtained by dividing the principal amount of the debentures by 95% of the current market price on the date of redemption or maturity.

12. Bank Loans

The Trust has access to an acquisition line of credit in the amount of $15,000. This line of credit bears interest at a rate of 3.25% above the prime rate. As at June 30, 2015, $11,100 was due under the acquisition line of credit (December 31, 2014 - $nil).

The Trust also has access to an operating credit facility for a maximum amount of $2,000. This facility bears interest at a rate of 0.75% above the prime rate. As at June 30, 2015, $1,480 was due under the operating credit facility (December 31, 2014 – $nil)

The acquisition line of credit and the operating credit facility are secured by an immoveable first rank hypothec on three properties having a value of $6,576 (December 31, 2014 – $6,497) and by an immoveable second rank hypothec on two properties having a value of $61,867 (December 31, 2014 – $61,675).

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13. Fair Value Measurement

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include the fair value of cash and cash equivalents, restricted cash, receivables, deposits, trade and other payables and distributions payable to unitholders, which approximated their carrying amount as at June 30, 2015 and December 31, 2014 because of their short-term maturity.

As at June 30, 2015	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 11)	(37)	—	—	(37)
Interest rate swap	273	—	273	—
For which fair values are disclosed				
Mortgage loans payable (note 10)	348,501	—	357,828	—
Convertible debentures, including their conversion and redemption features	65,677	69,198	—	—
Bank loans (note 12)	12,580	—	12,580	—

As at December 31, 2014	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
	$	$	$	$
Measured at fair value				
Conversion and redemption options of convertible debentures (note 11)	(53)	—	—	(53)
Interest rate swap	145	—	145	—
For which fair values are disclosed				
Mortgage loans payable (note 10)	329,943	—	337,749	—
Convertible debentures, including their conversion and redemption features	65,133	69,688	—	—

The fair value of mortgage loans payable was calculated by discounting cash flows from future payments of principal and interest using the period end market rate for various loans with similar risk and credit profiles. The period end market rates have been estimated by reference to published mortgage rates by major financial institutions for similar maturities.

The fair value of convertible debentures, including their conversion and redemption features, was determined with reference to the last quoted trading price preceding the period end.

The fair value of bank loans was calculated by discounting cash flows from financial obligations using the period end market rate for similar instruments.

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The fair values of derivative financial instruments, which comprise the conversion and redemption options of convertible debentures and an interest rate swap, are based respectively on the partial differential equation method and the discounted future cash flows method. The assumptions used in the partial differential equation method are estimated by reference to the Trust’s unit price and its volatility, and take into account the credit risk of the financial instrument. The assumptions used in the discounted future cash flows method are estimated by reference to the Canadian Dealer Offered Rate (“CDOR”) forward rates.

Such fair value estimates are not necessarily indicative of the amounts the Trust might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

The following tables provide a reconciliation of Level 3 fair value measurements on the condensed consolidated interim statements of financial position:

	Conversion and redemption options of convertible debentures
	$
Six-month period ended June 30, 2015	
Balance beginning of period	(53)
Change for the period recognized in profit and loss under Net adjustment to fair value of derivative financial instruments	16
Balance end of period	**(37)**

	Conversion and redemption options of convertible debentures
	$
Year ended December 31, 2014	
Balance beginning of year	1,723
Change for the year recognized in profit and loss under Net adjustment to fair value of derivative financial instruments	(1,776)
Balance end of year	**(53)**

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The following table provides a sensitivity analysis for the volatility applied in fair value measurement of the conversion and redemption options of convertible debentures at June 30, 2015:

	Conversion and redemption options of convertible debentures	Volatility
	$	%
Volatility sensitivity		
Increase (decrease)		
(0.50%)	(83)	13.65
June 30, 2015	(37)	14.15
0.50%	21	14.65

As shown in the sensitivity analysis above, the fair value of the conversion and redemption options of convertible debentures is impacted by a change in the volatility used in the valuation model. Generally, an increase in the volatility, other things being equal, will result in an increase in fair value of the conversion and redemption options of convertible debentures and vice-versa. In some cases, when the fair value of the redemption option component is increasing more than the fair value of the conversion option component, an increase in volatility will result in a decrease in fair value of the conversion and redemption options.

14. Unit-based Compensation

(a) Unit option plan

The Trust may grant options to its trustees, senior officers, investor relations consultants, and technical consultants. The maximum number of units reserved for issuance under the unit option plan is limited to 10% of the total number of issued and outstanding units. The trustees set the exercise price at the time that the units are granted under the plan; the exercise price may not be less than the discounted market price of the units as determined under the policies of the Toronto Stock Exchange on the date of grant. The options have a minimum term of five years as of the grant date and vest over a period of up to 18 months.

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The following table presents relevant information on changes in the number of unit options during the period:

For the six-month periods ended June 30,	2015		2014	
	Units options	Weighted average exercise price	Units options	Weighted average exercise price
Outstanding, beginning of period	74,000	4.50	98,000	4.51
Forfeited / Cancelled	—	—	(10,000)	4.60
Exercised	(74,000)	4.50	—	—
Outstanding, end of period	—	—	**88,000**	**4.50**
Options vested	—	—	**88,000**	**4.50**
Weighted average remaining life (years)		—		**0.90**

As at June 30, 2015, the liability related to the plan was $nil (December 31, 2014 - $17). The related expense recorded in profit and loss amounted to $20 for the six-month period ended June 30, 2015 (for the six-month period ended June 30, 2014 – income of $1). 74,000 options were exercised under this plan for the six-month period ended June 30, 2015 (no options for the six-month period ended June 30, 2014).

(b) Deferred unit compensation plan for trustees and certain executive officers

The Trust offers a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, the trustees and certain executive officers may elect to receive as compensation either cash, deferred units, or a combination of both.

The following table presents relevant information on changes in the number of deferred units during the period:

For the six-month periods ended June 30,	2015	2014
	Deferred Units	Deferred Units
Outstanding, beginning of period	—	29,771
Trustees' compensation	—	5,619
Distributions paid in units	—	1,384
Outstanding, end of period	**—**	**36,774**

As at June 30, 2015, the liability related to the plan was $nil (December 31, 2014 - $nil). No expense was recorded in profit and loss for the six-month period ended June 30, 2015 (for the six-month period ended June 30, 2014 - $35). As part of the settlement, the Trust issued 36,491 units and paid an amount of $3

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under this plan during the third quarter of 2014 (no issuance and no amount for the six-month period ended June 30, 2015).

(c) Employee unit purchase plan

The Trust offers an optional employee unit purchase plan to all its employees. Under this plan, the employees may contribute, each year, pursuant to a maximum of 3% to 7% of their base salary depending of their years of experience with the Trust. For each two units purchased by an employee, the Trust shall issue one unit from treasury.

As at June 30, 2015, the liability related to the plan was $nil (December 31, 2014 - $37, representing a total of 7,758 units to issue). The related expense recorded in profit and loss amounted to $1 for the six-month period ended June 30, 2015 (for the six-month period ended June 30, 2014 - $nil). The 7,758 units related to 2014 purchases have been issued in February 2015 (7,456 units related to 2013 purchases - February 2014).

(d) Restricted unit compensation plan

The Trust offers a restricted unit compensation plan for all executive officers and key employees. Under this plan, the executive officers and key employees are eligible to receive restricted units.

The following table presents relevant information on changes in the restricted units:

For the six-month periods ended June 30,	**2015**	**2014**
	Restricted units	Restricted units
Outstanding, beginning of period	39,816	—
Granted	62,868	—
Vested / Settled	(51,601)	—
Outstanding, end of period	**51,083**	**—**

As at June 30, 2015, the liability related to the plan was $84 (December 31, 2014 - $159). The related expense recorded in profit and loss amounted to $170 for the six-month period ended June 30, 2015 (for the six-month period ended June 30, 2014 - $nil). As part of settlement, the Trust issued 51,601 units under this plan for the six-month period ended June 30, 2015 (no issuance made for the six-month period ended June 30, 2014).

15. Trust Units Issued and Outstanding

BTB is authorized to issue an unlimited number of trust units. Each trust unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions. The unitholders have the right to require BTB to redeem their trust units on demand. Upon receipt of the redemption notice, all rights to and under the trust units tendered for redemption are surrendered and the

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holder thereof is entitled to receive a price per trust unit ("Redemption Price"), as determined by a market formula. The Redemption Price is to be paid in accordance with the conditions provided for in the Declaration of Trust. BTB trust units are considered liability instruments under IFRS because the units are redeemable at the option of the holder, however they are presented as equity in accordance with IAS 32.

In June 2014, the Trust completed a public issue of 5,436,000 units, including the over-allotment option, for total net proceeds of $23,429.

Trust units issued and outstanding are as follows:

	For the six-month period ended June 30,		For the year ended December 31,	
		2015		**2014**
	Units	$	Units	$
Units outstanding, beginning of period	34,133,967	182,284	28,325,538	157,207
Issue pursuant to a public issue	—	—	5,436,000	24,734
Unit issue costs	—	—	—	(1,305)
	34,133,967	182,284	33,761,538	180,636
Issue pursuant to the distribution reinvestment plan	184,768	842	318,482	1,400
Issue pursuant to conversion of convertible debentures (note 11)	29,200	144	—	—
Issue pursuant to the unit option plan (note 14 (a))	74,000	371	—	—
Issue pursuant to the deferred unit compensation plan (note 14 (b))	—	—	36,491	169
Issue pursuant to the employee unit purchase plan (note 14 (c))	7,758	38	7,456	33
Issue pursuant to the restricted unit compensation plan (note 14 (d))	51,601	245	10,000	46
Units outstanding, end of period	**34,481,294**	**183,924**	**34,133,967**	**182,284**

(a) Distribution reinvestment plan

BTB offers a distribution reinvestment plan for its trust unitholders. Participation in the plan is optional and under the terms of the plan, cash distributions on trust units are used to purchase additional trust units. The trust units are issued from BTB's treasury at a price based on the volume-weighted average of the trading prices on the Toronto Stock Exchange for the last five trading days before the distribution date, less a discount of 5%.

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16. Rental Revenues from Properties

	Three-month period ended June 30,		Six-month period ended June 30,	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Rental income contractually due from tenants	17,951	16,444	36,548	33,222
Lease incentive amortization	(506)	(437)	(998)	(824)
Straight-line lease adjustment	158	195	382	348
	17,603	**16,202**	**35,932**	**32,746**

17. Net Financing Costs

	Three-month periods ended June 30,		Six-month periods ended June 30,,	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Financial income	(8)	(9)	(21)	(22)
Interest on mortgage loans payable	3,534	3,320	7,047	6,668
Interest on convertible debentures	1,271	1,274	2,545	2,548
Interest on bank loans	175	76	279	88
Other interest expense	20	13	44	27
Accretion of non-derivative liability component of convertible debentures	151	138	300	274
Accretion of effective interest on mortgage loans payable, convertible debentures and bank loans	284	224	588	491
Net adjustment to fair value of derivative financial instruments	(12)	(1,196)	144	(2,209)
	5,415	**3,840**	**10,926**	**7,865**

18. Expenses for abandoned transaction

For the six-month period ended June 30, 2015, due diligence expenses of $184 were incurred for the proposed acquisition of a major property portfolio (for the six-month period ended June 30, 2014 - $nil). As certain preliminary conditions were not met, management decided to terminate the acquisition project and write off any expenses incurred to date.

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19. Expenses by Nature

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Depreciation	44	45	89	78
Employee benefits expense	903	974	1,861	1,926

20. Earnings per Unit

BTB's trust units being puttable financial instruments presented as equity in accordance with IAS 32 (see note 15), the Trust is not required to report a profit or loss per unit figure on its condensed consolidated interim statements of comprehensive income. However, for disclosure purposes only, the Trust has determined basic earnings per unit using the same basis that would apply in accordance with IAS 33, *Earnings per Share*.

Net earnings per unit are calculated based on the weighted average number of units outstanding as follows:

	Three-month periods ended June 30,		Six –month periods ended June 30,	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Net income	3,724	5,323	7,124	9,320
Weighted average number of units outstanding – basic	34,386,779	29,137,187	34,304,957	28,752,385
Earnings per unit – basic	**0.11**	**0.18**	**0.21**	**0.32**

21. Operating Lease Income

The Trust as lessor enters into leases on its investment properties. Initial lease terms are generally between three and ten years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to terminate before the end of the lease term.

22. Operating Segments

For investment properties, discrete financial information is provided to the Chief Executive Officer (''CEO'') on an aggregated investment property basis. The information provided is net rentals (including gross rent and property expenses), the change in fair value of investment properties and fair value of investment properties. The individual investment properties are aggregated into segments with similar

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economic characteristics. The CEO considers that this is best achieved by aggregating into commercial, office, industrial and general purpose segments.

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

- Commercial
- Office
- Industrial
- General purpose

	Commercial	Office	Industrial	General purpose	Total
	$	$	$	$	$
Three-month period ended June 30, 2015					
Investment properties	161,478	208,580	123,371	116,296	**609,725**
Rental revenue from properties	4,445	6,272	2,876	4,010	**17,603**
Net operating income	2,821	2,804	2,412	2,147	**10,184**
Three-month period ended June 30, 2014					
Investment properties	129,568	210,225	100,694	119,429	**559,916**
Rental revenue from properties	3,172	6,774	2,461	3,795	**16,202**
Net operating income	2,023	3,270	2,031	2,024	**9,348**

	Commercial	Office	Industrial	General purpose	Total
	$	$	$	$	$
Six-month period ended June 30, 2015					
Rental revenue from properties	8,541	13,566	5,755	8,070	**35,932**
Net operating income	5,140	6,220	4,778	4,178	**20,316**
Six-month period ended June 30, 2014					
Rental revenue from properties	6,027	13,964	4,898	7,857	**32,746**
Net operating income	3,693	6,777	3,917	3,945	**18,332**

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23. Commitments and Contingencies

(a) Contractual obligations

The Trust entered into a binding agreement under which the Trust is committed to pay, up to a maximum of $1,275, for the refurbishment of an investment property acquired in October 2013. As at June 30, 2015, the Trust has paid $979 in refurbishment work (December 31, 2014 - $604). Amount of $163, presented in restricted cash, is available to fund the execution of the remaining obligation.

The Trust currently has two investment properties under firm contract, where conditions have been waived that, if completed, represents an acquisition of $28,500. It is expected that the transaction will close during the third quarter of 2015.

(b) Operating leases as lessee

The annual future payments required under operating leases expiring between 2017 and 2070 are as follows:

	Total
	$
Within one year*	98
Over one year but within five years	783
Over five years	14,709
	15,590

*For the six-month period remaining.

The related expense recorded in profit and loss amounted to $87 for the six-month period ended June 30, 2015 (for the six-month period ended June 30, 2014 - $44).

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(c) Finance leases as lessee

The annual future payments required under finance leases expiring between 2018 and 2024 are as follows:

	As at June 30, 2015			As at December 31, 2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	$	$	$	$	$	$
Within one year*	69	31	38	47	19	28
Over one year but within five years	655	172	483	201	56	145
Over five years	579	74	505	139	25	114
	1,303	**277**	**1,026**	**387**	**100**	**287**

*As at June 30, 2015, for the six-month period remaining.

The present value of the minimum lease payments is recorded in Trade and other payables.

In 2014 the Trust entered into a commitment for a total consideration of $1,014 in exchange for work to be performed on an investment property. The total amount is financed under a finance lease contract. As of June 30, 2015 work has been completed for the total consideration (December 31, 2014 - $243). The corresponding lease obligation has been recognized in Trade and other payables.

(d) Litigation

The Trust is involved with litigations and claims which arise from time to time in the normal course of business. These litigations and claims are generally covered by insurance. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust's condensed consolidated interim financial statements.

24. Subsequent Events

In July 2015, the Trust concluded a refinancing agreement for two of its properties for a total amount of $17,500, at an interest rate of 4.06% maturing in 10 years. The amount has been used to reimburse two existing financings of $ 12,124 bearing a weighted average interest rate of 5.64% and for general Trust purposes.

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25. Comparatives Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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