Management Discussion and Analysis

Quarter ended June 30, 2015

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Introduction

The purpose of this Management Discussion and Analysis is to allow the reader to evaluate the operating results of BTB Real Estate Investment Trust ("BTB" or the "Trust") for the quarter ended June 30, 2015, as well as its financial position on that date. The report also presents the Trust's business strategies and the risk exposure it faces. This MD&A dated August 6, 2015 should be read together with the unaudited condensed consolidated interim financial statements and accompanying notes for the quarter ended June 30, 2015. It discusses any significant information available up to the date of this MD&A. The Trust's consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square foot amounts. Per unit amounts are calculated using the weighted average number of trust units outstanding for the quarters ended June 30, 2015 and 2014. Additional information about the Trust, including the 2014 Annual Information Form, is available on the Canadian Security Administrators ("CSA") website at www.sedar.com and on our website at www.btbreit.com.

The Audit Committee and the Trust's Board of Trustees have approved the contents of this quarterly Management Discussion and Analysis and the quarterly financial statements dated August 6, 2015.

Forward-Looking Statements Caveat

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make forward-looking statements in this MD&A, other filings with Canadian regulators, reports to unitholders and other communications. These forward-looking statements include statements regarding our future objectives, strategies to achieve our objectives, as well as statements with respect to our beliefs, outlooks, plans, objectives, expectations, forecasts, estimates and intentions. The words “may,” “could,” “should,” “outlook,” “believe,” “plan,” “forecast,” “estimate,” “expect,” “propose,” and the use of the conditional and similar words and expressions are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include general economic conditions in Canada and elsewhere, the effects of competition in the markets where we operate, the impact of changes in laws and regulations, including tax laws, successful execution of our strategy, our ability to complete and integrate strategic acquisitions successfully, potential dilution, our ability to attract and retain key employees and executives, the financial position of lessees, our ability to refinance our debts upon maturity and to lease vacant space, our ability to complete developments on plan and on schedule and to raise capital to finance our growth, as well as changes in interest rates.

We caution that the foregoing list of important factors likely to affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to BTB, investors and others should carefully consider these factors and other facts and uncertainties. Additional information about these factors can be found in the “Risks and Uncertainties” section of this quarterly MD&A.

BTB cannot assure investors that actual results will be consistent with any forward-looking statements and BTB assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances, except as required under applicable securities regulations.

Non-IFRS Financial Measures

Net property income, distributable income, funds from operations ("FFO") and adjusted funds from operations ("AFFO") are non-IFRS performance measures and do not have standardized meanings prescribed by IFRS. These measures, net operating income and net property income from the same-property portfolio are used by BTB to improve the investing public’s understanding of operating results and the Trust’s performance. IFRS are International Financial Reporting Standards defined and issued by the IASB, in effect as at the date of this MD&A.

These measures cannot be compared to similar measures used by other issuers. However, BTB presents its FFO in accordance with the Real Property Association of Canada (REALpac) White Paper on Funds from Operations, as revised in November 2012.

Securities regulations require that these measures be clearly defined, that they be readily comparable to the most similar IFRS measures, and that they not be assigned greater weight than IFRS measures.

The Trust

BTB is an unincorporated open-ended real estate trust formed and governed under the laws of the Province of Québec pursuant to a trust agreement. BTB began its real estate operations on October 3, 2006 and up to June 30, 2015, it has acquired and owns 73 commercial, office and industrial properties in primary and secondary markets. BTB is an important real estate owner in geographical markets in Québec and eastern Ontario. The units and Series C, D and E convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN”, “BTB.DB.C”, “BTB.DB.D” and “BTB.DB.E”, respectively.

Most of the Trust’s properties are managed internally, with 59 of the Trust’s 73 properties held to date entirely managed by the Trust’s employees. Management’s objective is to resume, when favourable circumstances prevail, internal management of the Trust’s properties under agreements between the Trust and its external managers, thereby achieving savings in management and operating fees through centralized and improved property management.

The following table provides a summary of the property portfolio:

	Number of properties	Leasable area (sq. ft.)	Fair value (thousands of $)
As at June 30, 2015[1]	**73**	**5,080,265**	**609,725**

(1) These figures include a 50% interest in a 17,114 square-foot building in a Montréal suburb, a 75% interest in a 140,870 square-foot building in Québec City and a 50% interest in two buildings totalling 74,941 square feet in Gatineau, Québec.

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

Objectives and Business Strategies

BTB’s primary objective is to maximize total returns to unitholders. Returns include cash distributions and long-term appreciation in the value of units. More specifically, the objectives are as follows:

(i) Generate stable monthly cash distributions that are reliable and fiscally beneficial to unitholders.

(ii) Grow the Trust’s assets through internal growth and accretive acquisition strategies in order to increase distributable income and therefore fund distributions.

(iii) Optimize the value of its assets through dynamic management of its properties in order to maximize the long-term value of its units. Strategically, BTB has purchased and seeks to acquire properties with low vacancy rates, good lessee quality, superior locations, low lease turnover potential and properties that are well maintained and require a minimum of future capital expenditures.

Highlights of the Second Quarter of 2015 vs the Second Quarter of 2014

As at June 30, 2015

- 73 properties
- More than 5 million leasable square feet
- More than $620 million in assets
- More than $155 million in market capitalization

Increase

- 8.6% in rental income
- 8.9% in operating income
- 18.8% in recurring distributable income, and from 13.7¢ to 13.8¢ per unit
- 20.3% in recurring AFFO, and from 11.8¢ to 12.0¢ per unit

Improvement

- In the weighted average interest rate on mortgage debt from 4.23% to 4.08%
- In the average maturity of mortgage loans from 4.68 years as at December 31, 2014 to 4.89 years as at June 30, 2015

Significant leasing activities

- 106,000 square feet leased or renewed, with an increase in average rate of renewed leases of 4.69%
- Loss of certain tenants, bringing the occupancy rate down by 2%

Subsequent event

On July 3, 2015, refinancing of two properties in the Québec City area in the amount of $17.5 million, at a rate of 4.06% and for a 10-year term. This refinancing results in annual savings of approximately $200,000 compared to the financings that were repaid.

Selected Financial Information

As at June 30, 2015, the Trust owns 73 properties generating, on an annualized basis, revenues of more than $70 million.

The following table presents highlights and selected financial information for the three- and six-month periods ended June 30, 2015 and June 30, 2014:

Periods ended June 30
(in thousands of dollars, except for ratios and per unit data)

		Quarter		Cumulative (6 months)	
		2015	**2014**	**2015**	**2014**
	Reference	$	$	$	$
Financial information					
Rental income	Page 16	**17,603**	16,202	**35,932**	32,746
Net operating income[1]	Page 18	**10,184**	9,348	**20,316**	18,332
Net property income from the same-property portfolio[1]	Page 23	**5,606**	5,691	**11,574**	11,379
Recurring distributable income[1]	Page 27	**4,739**	3,990	**9,236**	7,668
Distributions	Page 28	**3,615**	3,023	**7,211**	5,857
Recurring funds from operations (FFO) [1]	Page 29	**4,420**	3,786	**8,486**	7,174
Recurring adjusted funds from operations (AFFO)[1]	Page 30	**4,132**	3,436	**8,009**	6,561
Total assets	Page 37			**622,458**	586,737
Investment properties	Page 40			**609,725**	559,120
Mortgage loans payable	Page 42			**348,501**	327,418
Convertible debentures	Page 44			**65,714**	64,543
Mortgage liability ratio	Page 46			***56.1%***	*56.1%*
Total debt ratio	Page 46			***68.9%***	*67.9%*
Weighted average interest rate on mortgage debt	Page 42			***4.08%***	4.23%
Unitholders’ equity	Page 47			**179,153**	180,128
Market capitalization				**156,545**	154,638
Financial information per unit					
Units outstanding (000)	Page 48			**34,481**	33,912
Weighted average number of units outstanding (000)	Page 48	**34,387**	29,137	**34,305**	28,752
Recurring distributable income	Page 28	**13.8¢**	13.7¢	**26.9¢**	26.7¢
Distributions	Page 28	**10.5¢**	10.0¢	**21.0¢**	20.0¢
Payout ratio on recurring distributable income	Page 28	***76.3%***	*75.8%*	***78.1%***	*76.4%*
Cash payout ratio on recurring distributable income	Page 28	***67.1%***	*67.4%*	***68.8%***	*68.0%*
Recurring FFO	Page 29	**12.9¢**	13.0¢	**24.7¢**	25.0¢
Payout ratio on recurring FFO	Page 29	***81.8%***	*79.8%*	***85.0%***	*81.6%*
Recurring AFFO	Page 30	**12.0¢**	11.8¢	**23.3¢**	22.8¢
Payout ratio on recurring AFFO	Page 31	***87.5%***	*88.0%*	***90.0%***	*89.3%*
Unitholders’ equity	Page 47			**5.20**	5.31
Tax on distributions					
Revenue	Page 52			***0.0%***	*0.0%*
Tax deferral	Page 52			***100%***	*100.0%*
Operational information					
Number of properties	Page 38			**73**	70
Leasable area (thousands of sq. ft.)	Page 39			**5,080**	4,779
Occupancy rate	Page 34			***90.8%***	*92.8%*
Increase in average lease renewal rate	Page 34	***4.69%***	*3.36%*	***4.40%***	6.13%

(1) Financial term not defined by IFRS

Real Estate Portfolio

BTB owns 73 quality properties which have a fair value of $610 million representing a total leasable area of close to 5.1 million square feet. A concise description of the properties owned as at December 31, 2014 can be found in the Trust's Annual Information Form available at www.sedar.com. The properties acquired in the first two quarters of 2015 are described on page 38 of this MD&A.

Summary of properties as at June 30, 2015

Operating segment	**Number of properties**	**Leasable area (sq. ft.)**	**Occupancy rate (%)**
Office	22	1,443,267	*81.6*
Commercial	16	1,037,021	*92.1*
Industrial	20	1,537,242	*96.7*
General purpose	13	936,189	*94.0*
Subtotal	71	**4,953,719**	*90.8*
Industrial properties under redevelopment	2	**126,546**	—
Total	**73**	**5,080,265**	—

Performance Indicators

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

- **Net operating income and the net property income of the same-property portfolio**, which provide an indication of the profitability of existing portfolio operations and BTB's ability to increase its revenues and reduce its operating costs;
- **Distributable income per unit**, which enables investors to determine the stability of distributions;
- **Funds from operations ("FFO") per unit**, which provide an indication of BTB's ability to generate cash flow;
- **Adjusted funds from operations ("AFFO") per unit**, which takes into account rental fees and capital expenditures and which may vary substantially from one year to the next;
- **The debt-equity ratio**, which is used to assess BTB's financial integrity and its capacity for additional acquisitions;
- **The interest coverage ratio**, which is used to measure BTB's ability to use operating results to pay interest on its debt using its operating revenues;
- **The occupancy rate**, which provides an indication of the optimization of rental space and the potential revenue gain from the Trust's property portfolio.

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

Operating Results

The following table summarizes financial results for the periods ended June 30, 2015 and June 30, 2014. The table should be read in conjunction with our condensed consolidated interim financial statements and the notes thereto.

Periods ended June 30
(in thousands of dollars)

		Quarter		Cumulative (6 mois)	
		2015	**2014**	**2015**	**2014**
	Reference	**$**	$	**$**	$
Rental income	Page 16	**17,603**	16,202	**35,932**	32,746
Operating expenses	Page 17	**7,419**	6,854	**15,616**	14,414
Net operating income	Page 18	**10,184**	9,348	**20,316**	18,332
Financial income	Page 27	**(8)**	(9)	**(21)**	(22)
Financial expenses	Page 19	**5,423**	3,849	**10,947**	7,887
Trust administration expenses	Page 19	**861**	981	**2,082**	1,943
Expenses for abandoned transaction	Page 20	**184**	—	**184**	—
Fair value adjustment on investment properties	Page 22	**—**	(796)	**—**	(796)
Net income and comprehensive income	Page 22	**3,724**	5,323	**7,124**	9,320

Rental income

BTB actively acquired properties in 2014 and 2015. Acquisitions completed in 2015 are shown in the "Investment Properties" section of this MD&A. Due to this acquisition activity, rental income increased by $1,401 or 8.6% for the second quarter of 2015 compared to the same quarter of 2014, and by $3,186 or 9.7% for the 2015 cumulative period compared to the same period of 2014.

Rental income includes all amounts earned from tenants related to lease agreements, including basic rent and additional rent from operating expense recoveries. It also includes other service charges for parking and storage, lease termination revenues and straight-line rent adjustments.

Some of the Trust's leases include clauses providing for the recovery of rental income based on amounts that increase every few years. These increases are negotiated when the leases are signed. Under IFRS, these increases must be recognized on a straight-line basis over the terms of the leases.

In the second quarter of 2015, rent adjustments of $158 (2014: $195) were recorded on a straight-line basis. For the six-month period, these adjustments totalled $382 (2014: $348).

In the second quarter of 2015, BTB recorded amortization of $506 (2014: $437) as a reduction in rental income, which represents amortization of lease incentives afforded to lessees. For the six-month period, amortization totalled $998 (2014: $824).

The following table provides a reconciliation of rental income on the basis of in-place leases and rental income from investment properties.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Rental income on the basis of in-place leases	**17,951**	16,444	**36,548**	33,222
Straight-line rental income adjustment	**158**	195	**382**	348
Amortization of lease incentives	**(506)**	(437)	**(998)**	(824)
Rental income from investment properties	**17,603**	16,202	**35,932**	32,746

Operating expenses

Operating expenses are expenses directly related to real estate operations and are generally charged back to tenants as provided for in the contractual terms of the leases. Operating expenses include property taxes and public utilities, costs related to indoor and outdoor maintenance, heating, ventilation and air conditioning, elevators, insurance, janitorial services and management and operating fees. The amount of operating expenses that BTB can recover from its tenants depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of expenses. Most of BTB's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses. BTB pays particular attention to compliance with existing leases and the recovery of these operating expenses.

BTB recorded an increase in operating expenses of $565 or 8.2% between the second quarter of 2014 and the second quarter of 2015 and $1,202 or 8.3% for the cumulative period, mainly due to acquisitions in the last few quarters.

The following table shows the breakdown of operating expenses for the periods ended June 30, 2015 and 2014.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Operating expenses				
Operating costs	**2,721**	2,707	**5,653**	5,369
Property taxes and public utilities	**4,698**	4,147	**9,963**	9,045
Total operating expenses	**7,419**	6,854	**15,616**	14,414
% of rental income	***42.1***	*42.3*	***43.5***	*44.0*

As a percentage of rental income, operating expenses declined 0.2% over the quarter, totalling 42.1%, and 0.5% for the cumulative period, totalling 43.5%.

Net operating income

Net operating income is used in the real estate industry to measure operational performance. BTB defines it as rental income from properties, less operating expenses of investment properties. This definition may differ from that of other issuers and accordingly, BTB's net operating income may not be comparable to the net operating income of other issuers.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Net operating income	**10,184**	9,348	**20,316**	18,332
% of rental income	***57.9***	*57.7*	***56.5***	*56.0*

Net operating income increased 8.9% for the second quarter of 2015 compared to 2014 and 10.8% since the beginning of the year.

Net operating income is reduced by non-cash rental income adjustments. Before adjustments, net operating income was as follows:

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Net operating income	**10,184**	9,348	**20,316**	18,332
Straight-line rental income adjustments	**(158)**	(195)	**(382)**	(348)
Adjustments related to amortization of lease incentives	**506**	437	**998**	824
Net operating income before rental income adjustments	**10,532**	9,590	**20,932**	18,808
% of rental income on the basis of in-place leases	***58.7***	*58.3*	***57.3***	*56.6*

Financial expenses

Financial expenses arise from the following loans and financings:

- Mortgage loans payable contracted or assumed totalling approximately $349.5 million as at June 30, 2015, compared to $328 million as at June 30, 2014. The increase resulted from the financing of acquisitions and refinancing of certain properties during the last 12 months.
- Series C, D and E convertible debentures for a total par value of $69 million.
- Operating and acquisition lines of credit used as needed, which allowed primarily for the acquisition of accretive properties during fiscal 2014 and 2015.
- Financing costs on mortgages, convertible debentures and other loans netted against the related debt and amortized on an effective interest basis over the expected life of the debt.

The following table shows the breakdown of financial expenses for the reporting periods:

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Interest expense on mortgage loans payable	**3,534**	3,320	**7,047**	6,668
Interest expense on debentures	**1,271**	1,274	**2,545**	2,548
Interest expense on acquisition line of credit	**173**	76	**274**	88
Interest expense on operating line of credit and other interest expenses	**22**	13	**49**	27
Interest expenses	**5,000**	4,683	**9,915**	9,331
Accretion of effective interest	**284**	224	**588**	491
Accretion of non-derivative liability component of convertible debentures	**151**	138	**300**	274
Financial expenses before following item:	**5,435**	5,045	**10,803**	10,096
Fair value adjustment on derivative financial instruments (debenture conversion options and interest rate swap)	**(12)**	(1,196)	**144**	(2,209)
Financial expenses	**5,423**	3,849	**10,947**	7,887

Before recognition of fair value adjustments on derivative financial instruments (debenture conversion options and interest rate swap), financial expenses increased by $390 during the second quarter of 2015 compared to the same quarter in 2014, and by $707 during the cumulative period. The increases are due to financings related to acquisitions completed in the last 12 months. New financings put in place in 2015 are described in more detail in the “Capital Resources” section on page 45 of this MD&A.

Financial expenses can be allocated among interest expenses amounting to $5,000 for the quarter (2014: $4,683) and $9,915 for the six-month period (2014: $9,331) and non-monetary items. Non-monetary items include, but are not limited to fair value adjustments on derivative financial instruments in credit positions of $12 for the quarter (2014: $1,196) and debit positions of $144 for the cumulative six-month period (2014: credit positions of $2,209). Fair values fluctuate from one quarter to another. These adjustments result from changes in the value of the Trust’s units on stock exchanges during the reporting quarters and changes in the value of conversion options and interest rate swaps compared with the amounts recorded at the end of previous quarters.

As at June 30, 2015, the average weighted contractual rate of interest on mortgage loans payable was 4.08%, 15 basis points lower than the rate in effect as at June 30, 2014. For 27 consecutive quarters, the weighted average interest rate has remained stable or declined. Interest rates on first-ranking mortgage financings ranged from 2.63% to 6.80% as at June 30, 2015. The weighted average term of financing in place as at June 30, 2015 was 4.89 years (4.81 years as at June 30, 2014).

Trust administration expenses

Trust administration expenses include administrative costs such as payroll expenses and professional fees associated with executive and administrative staff, the compensation plan for trustees, legal and auditing services, expenses related to listed fund status, insurance costs, office expenses and bad debts and related legal fees. These administrative expenses were down 11.9% for the second quarter of 2015 compared to the same quarter of 2014, and equivalent for the cumulative period. Trust administration expenses include amortization of the head office building and property and equipment, as well as unit-based compensation, a non-monetary item that affects the volatility of administrative expenses from quarter to quarter.

Trust administration expenses for the cumulative period include a non-recurring trustee compensation expense of $195, including unit-based compensation of $125.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Administrative expenses	**827**	939	**1,855**	1,855
Amortization	**18**	32	**36**	54
Unit-based compensation	**16**	10	**191**	34
Trust administration expenses	**861**	981	**2,082**	1,943

Expenses for abandoned transaction

In the normal course of business, the Trust's management assesses various investment property acquisition projects. Some of these are not completed and the costs incurred are expensed during the quarter in which the decision not to go through with the acquisition is made.

Due diligence expenses of $184 were incurred for the proposed acquisition of a major property portfolio. As certain preliminary conditions were not met, management decided to terminate the acquisition project and write off any expenses incurred to date.

As the costs were high due to the size of the valued portfolio, they will be treated as an unusual item in the performance indicators.

Fair value adjustment on investment properties

Under IAS 40, the Trust accounts for its investment properties at fair value and recognizes the gain or loss arising from a change in the fair value in profit or loss for the periods in which it arises.

The fair value of investment properties is determined using the discounted cash flow method, the capitalized net operating income method or the comparable method, which are generally accepted valuation methods.

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

Market conditions remained relatively stable during the second quarter of 2015. Management therefore determined that no fair value adjustment to the Trust's properties was required.

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

	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 June 30, 2014				
Capitalization rate	6.25% – 10.00%	6.75% – 9.25%	6.50% – 10.50%	7.00% – 8.25%
Terminal capitalization rate	6.50% – 8.25%	6.50% – 9.25%	7.00% – 10.50%	7.25% – 8.50%
Discount rate	7.25% – 9.00%	7.50% – 9.75%	7.50% – 10.75%	7.50% – 9.25%

The weighted average capitalization rate for the entire portfolio as at June 30, 2015 was 7.42% (2014: 7.43%), down 3 basis points since December 31, 2014.

As at June 30, 2015, BTB has estimated that a 0.25% change in the capitalization rate applied to the overall portfolio would change the fair value of the investment properties by approximately $20.6 million.

Net income and comprehensive income

BTB generated net income of $3.7 million for the second quarter of 2015, down $1.6 million from the first quarter of 2014. The difference was primarily due to the revenue recognition of fair value adjustments to the property portfolio for approximately $0.8 million and derivative financial instruments for approximately $1.2 million in the second quarter of 2014, whereas a fair value adjustment of only $12 was recognized in the second quarter of 2015.

Periods ended June 30
(in thousands of dollars, except for per unit data)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
	$	$	**$**	$
Net income and comprehensive income	**3,724**	5,323	**7,124**	9,320
Per unit	**10.8¢**	18.3¢	**20.7¢**	32.4¢

Net income and comprehensive income fluctuate from one quarter and year to another based on certain highly volatile monetary items. Consequently, the fair value of derivative financial instruments and the fair value of the property portfolio fluctuate based on the stock market volatility of BTB units, the forward interest rate curve and the discount and capitalization rates of the property portfolio.

The following table presents net income and comprehensive income before these volatile non-monetary items.

Periods ended June 30
(in thousands of dollars, except for per unit data)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Net income and comprehensive income	**3,724**	5,323	**7,124**	9,320
Volatile non-monetary items				
±Fair value adjustment on investment properties	**—**	(796)	**—**	(796)
±Fair value adjustment on derivative financial instruments	**(12)**	(1,196)	**144**	(2,209)
Net income and comprehensive income before volatile non-monetary items	**3,712**	3,331	**7,268**	6,315
Per unit	**10.8¢**	11.4¢	**21.2¢**	22.0¢

This table shows an increase of 11.4% in net income for the quarter and 15.1% for the cumulative period, before the non-monetary items mentioned above.

Operating Results – Same-Property Portfolio

Same-property portfolio

The same-property portfolio includes all the properties owned by BTB as at January 1, 2014, but does not include the financial spin-offs of disposals, acquisitions and developments completed in 2014 and 2015.

The following table summarizes the results of the same-property portfolio.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Rental income	**15,429**	15,710	**32,013**	32,052
Operating expenses	**6,779**	6,802	**14,322**	14,191
Net operating income	**8,650**	8,908	**17,691**	17,861
Interest expense on mortgage loans payable	**3,044**	3,217	**6,117**	6,482
Net property income	**5,606**	5,691	**11,574**	11,379
Increase (decrease) in net property income from the same-property portfolio	***(1.5%)***		***1.7%***	

Net property income from the same-property portfolio provides an indication of the profitability of existing portfolio operations and BTB's ability to increase its revenues and reduce its costs. It is defined as rental income from properties from the same-property portfolio, less operating expenses and interest on mortgage financing of the same portfolio.

In recent quarters, management agreed to redevelop and repurpose two industrial properties: 1863-1865 Transcanadienne in Dorval, Québec and 805 Boundary Road in Cornwall, Ontario. Consequently, these properties are excluded from the same-property portfolio figures.

In January 2015, Groupe Épicia filed under the *Bankruptcy and Insolvency Act*, and was thus able to terminate certain leases in effect before the end of their term. Two commercial spaces and one industrial space totalling 40,000 square feet were closed.

One of the commercial spaces was redeveloped and 80% of the original space is now leased at more advantageous terms and conditions than previously.

During the quarter, two office tenants decided to exercise their early lease termination clauses for spaces totalling approximately 53,000 square feet. In one case, the Trust is contesting the exercise of the clause as it was not in accordance with the terms of the lease in effect.

Rental Income

Rental income from the same-property portfolio decreased 1.8% in the second quarter ended June 30, 2015 compared to the same quarter of 2014, and 0.1% for the six-month period ended on the same dates.

Due to the closing of Groupe Épicia's commercial and industrial spaces and the early termination of two office space leases, the Trust lost total rental income of approximately $300 for the quarter ended June 30, 2015. If not for these two situations, rental income from the same-property portfolio would have been stable instead of decreasing by 1.8%.

The following table provides a reconciliation of income from the same-property portfolio and the total portfolio.

Periods ended June 30
(in thousands of dollars)

	Quarter			Cumulative (6 months)		
	2015	**2014**	*Δ%*	**2015**	**2014**	*Δ%*
	$	$		**$**	$	
Same-property portfolio	**15,429**	15,710	*(1.8)*	**32,013**	32,052	*(0.1)*
Acquisitions, disposals and development	**2,174**	492	*n/a*	**3,919**	694	*n/a*
Rental income	**17,603**	16,202	*8.7*	**35,932**	32,746	*9.7*

Operating expenses

Operating expenses of the same-property portfolio were down 0.3% for the second quarter of 2015 compared to the same quarter of 2014, and 0.9% for the cumulative period.

The following table provides a reconciliation of operating expenses from the same-property portfolio and the total portfolio.

Periods ended June 30
(in thousands of dollars)

	Quarter			Cumulative (6 months)		
	2015	**2014**	*Δ%*	**2015**	**2014**	*Δ%*
	$	$		**$**	$	
Same-property portfolio	**6,779**	6,802	*(0.3)*	**14,322**	14,191	*0.9*
Acquisitions, disposals and development	**640**	52	*n/a*	**1,294**	223	*n/a*
Net operating income	**7,419**	6,854	*8.2*	**15,616**	14,414	*8.3*

Net operating income

Net operating income from the same-property portfolio was down 2.9% for the second quarter of 2015 compared to the same quarter of 2014, and 1.0% for the cumulative period.

The closing of Groupe Épicia's commercial and industrial spaces and the early termination of two office space leases had an estimated impact on net operating income of $300 for the quarter. If not for these two situations, net operating income from the same-property portfolio would have increased by 0.5% instead of decreasing.

The following table provides a reconciliation of net operating income from the same-property portfolio and the total portfolio.

Periods ended June 30
(in thousands of dollars)

	Quarter			Cumulative (6 months)		
	2015	**2014**	***Δ%***	**2015**	**2014**	***Δ%***
	$	$		**$**	$	
Same-property portfolio	**8,650**	8,908	*(2.9)*	**17,691**	17,861	*(1.0)*
Acquisitions, disposals and development	**1,534**	440	*n/a*	**2,625**	471	*n/a*
Net operating income	**10,184**	9,348	*8.9*	**20,316**	18,332	*10.8*

Net operating income of the same-property portfolio before non-cash adjustments was as follows:

Periods ended June 30
(in thousands of dollars)

	Quarter			Cumulative (6 months)		
	2015	**2014**	***Δ%***	**2015**	**2014**	***Δ%***
	$	$		**$**	$	
Net operating income	**8,650**	8,908	*(2.9)*	**17,691**	17,861	*(1.0)*
Straight-line rental income adjustments	**(112)**	(198)	*n/a*	**(297)**	(351)	*n/a*
Adjustment related to amortization of lease incentives	**506**	437	*n/a*	**998**	824	*n/a*
Net operating income before rental income adjustments	**9,044**	9,147	*(1.1)*	**18,392**	18,334	*0.3*

Except for the commercial space that was redeveloped, if none of the vacated spaces are re-leased by the end of the year, the Trust estimates a shortfall of approximately $525 for the third quarter of 2015 and $485 for the fourth quarter of 2015. These shortfalls will have a significant impact on some of the Trust's performance indicators but do not affect the Trust's profitability or its ability to meet its commitments and distributions.

The Trust is currently making a considerable effort to attract new tenants and fill these new vacancies as quickly as possible.

Interest expense

As shown by the following table, interest expense on mortgage loans payable in the same-property portfolio decreased by 5.4% in the second quarter of 2015 and 5.6% for the cumulative six-month period compared to the same periods of 2014, due to the refinancing of loans that matured at more advantageous rates, despite increased financing on certain properties.

The following table reconciles the interest expense of the same-property portfolio with the interest expense of the total portfolio.

Periods ended June 30
(in thousands of dollars)

	Quarter			Cumulative (6 months)		
	2015	**2014**	*Δ%*	**2015**	**2014**	*Δ%*
	$	$		**$**	$	
Same-property portfolio	**3,044**	3,217	*(5.4)*	**6,117**	6,482	*(5.6)*
Acquisitions and development	**490**	103	*n/a*	**930**	186	*n/a*
Interest expense on mortgage loans payable	**3,534**	3,320	*6.4*	**7,047**	6,668	*5.7*

Distributable Income and Distributions

The notion of “distributable income” does not constitute financial information as defined by IFRS. It is, however, a measurement that is frequently used by investors in real estate trusts. In our opinion, distributable income is an effective tool for assessing the Trust’s performance.

We define distributable income as net income determined under IFRS, before fair value adjustments of investment properties and derivative financial instruments, accretion of the liability component of convertible debentures, rental income arising from the recognition of leases on a straight-line basis, the amortization of lease incentives, the accretion of effective interest and certain other non-cash items.

The following table shows the calculation of distributable income.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Net income and comprehensive income (IFRS)	**3,724**	5,323	**7,124**	9,320
± Fair value adjustment on investment properties	**—**	(796)	**—**	(796)
+ Amortization of an investment property and other property and equipment	**44**	45	**89**	78
+ Unit-based compensation expense	**16**	10	**191**	34
+ Accretion of the liability component of convertible debentures	**151**	138	**300**	274
± Fair value adjustment on derivative financial instruments	**(12)**	(1,196)	**144**	(2,209)
+ Amortization of lease incentives	**506**	437	**998**	824
- Straight-line rental income adjustment	**(158)**	(195)	**(382)**	(348)
+ Accretion of effective interest	**284**	224	**588**	491
Distributable income	**4,555**	3,990	**9,052**	7,668
Unusual item				
Expenses for abandoned transaction	**184**	—	**184**	—
Recurring distributable income	**4,739**	3,990	**9,236**	7,668

The following table shows the reconciliation of distributable income (non-IFRS measure) and cash flows from operating activities presented in the financial statements.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Cash flows from operating activities (IFRS)	**10,792**	6,427	**16,381**	13,119
+ Financial revenues	**8**	9	**21**	22
+ Net change in operating items	**(1,245)**	2,237	**2,565**	3,858
- Interest expense on mortgage loans payable	**(3,534)**	(3,320)	**(7,047)**	(6,668)
- Interest expense on convertible debentures	**(1,271)**	(1,274)	**(2,545)**	(2,548)
- Interest expense on acquisition line of credit	**(173)**	(76)	**(274)**	(88)
- Interest expense on operating line of credit and other interest expenses	**(22)**	(13)	**(49)**	(27)
Distributable income	**4,555**	3,990	**9,052**	7,668

Distributions and per unit data

Periods ended June 30
(in thousands of dollars, except for per unit data)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
	$	$	**$**	$
Distributions				
Cash distributions	**3,181**	2,688	**6,354**	5,213
Distributions reinvested under the distribution reinvestment plan	**434**	335	**856**	646
Total distributions to unitholders	**3,615**	3,023	**7,210**	5,859
Percentage of reinvested distributions	***12.0%***	*11.1%*	***11.9%***	*11.0%*
Per unit data				
Distributable income	**13.3¢**	13.7¢	**26.4¢**	26.7¢
Recurring distributable income	**13.8¢**	13.7¢	**26.9¢**	26.7¢
Distributions	**10.5¢**	10.0¢	**21.0¢**	20.0¢
Payout ratio (1)	***76.3%***	*75.8%*	***78.1%***	*76.4%*
Cash payout ratio(2)	***67.1%***	*67.4%*	***68.8%***	*68.0%*

(1) The payout ratio corresponds to total distributions divided by recurring distributable income.
(2) The cash payout ratio corresponds to cash distributions divided by recurring distributable income.

Recurring distributable income for the second quarter increased by $749, from $3,990 to $4,739, between 2014 and 2015. Recurring distributable income per unit for the second quarter of 2015 was 13.8¢ compared to 13.7¢ in 2014, a 0.7% increase.

Distributions to unitholders totalled 10.5¢ per issued unit in the second quarter of 2015 and 21.0¢ for the cumulative period, compared to 10.0¢ and 20.0¢ for the same periods in 2014.

The payout ratio for recurring distributable income was 76.3% in the second quarter of 2015 compared to 75.8% in the second quarter of 2014, and 78.1% for the 2015 cumulative period compared to 76.4% for 2014, reflecting a surplus of recurring distributable income over distributions. The increase in the payout ratios is entirely due to the 2¢ increase in the distribution per unit, or 5% on an annual basis, implemented in September 2014.

In the second quarter of 2015, 12.0% of distributions (2014: 11.1%) were reinvested under the distribution reinvestment plan implemented by BTB in 2011. More than $0.8 million (2014: $0.6 million) of the Trust’s cash has thereby been preserved through unit conversions since the beginning of the year.

Funds from Operations (FFO)

The notion of funds from operations ("FFO") does not constitute financial and accounting information as defined by IFRS. It is, however, a measurement that is frequently used by real estate companies and real estate investment trusts. The following is a list of some of the adjustments to net income, calculated according to IFRS, which are non-cash items that create volatility:

- Fair value adjustment on investment properties
- Amortization of properties that continue to be recognized at acquisition cost (Trust's head office)
- Amortization of lease incentives
- Fair value adjustment on derivative financial instruments

Our calculation method is consistent with the method recommended by REALpac, but may differ from measures used by other real estate investment trusts. Consequently, this method may not be comparable to methods used by other issuers.

The following table provides a reconciliation of net income and comprehensive income established according to IFRS and FFO for the periods ended June 30, 2015 and 2014:

Periods ended June 30
(in thousands of dollars, except for per unit data)

	Quarter		**Cumulative (6 months)**	
	2015	**2014**	**2015**	**2014**
	$	$	**$**	$
Net income and comprehensive income (IFRS)	**3,724**	5,323	**7,124**	9,320
± Fair value adjustment on investment properties	**—**	(796)	**—**	(796)
+ Amortization of a property recognized at cost	**18**	18	**36**	35
+ Amortization of lease incentives	**506**	437	**998**	824
± Fair value adjustment on derivative financial instruments	**(12)**	(1,196)	**144**	(2,209)
FFO	**4,236**	3,786	**8,302**	7,174
Unusual item				
Expenses for abandoned transaction	**184**	—	**184**	—
Recurring FFO	**4,420**	3,786	**8,486**	7,174
FFO per unit	**12.3¢**	13.0¢	**24.2¢**	25.0¢
Recurring FFO per unit	**12.9¢**	13.0¢	**24.7¢**	25.0¢
Recurring FFO payout ratio[1]	***81.8%***	*79.8%*	***85.0%***	*81.6%*
Recurring FFO cash payout ratio[2]	***72.0%***	*71.0%*	***74.9%***	*72.7%*

[1] The recurring FFO payout ratio corresponds to total distributions divided by recurring FFO.
[2] The recurring FFO cash payout ratio corresponds to cash distributions divided by recurring FFO.

Recurring FFO increased by 16.7% for the second quarter of 2015 compared to 2014, mainly as a result of accretive property acquisitions and a decrease in the average mortgage loan interest rate. Recurring FFO per unit for the second quarter amounted to 12.9¢ in 2015, approximately the same as for the second quarter of 2014. The recurring FFO payout ratio stood at 81.8% for the second quarter of 2015 compared to 79.8% for the same quarter of 2014. The increase in the payout ratio for the second quarter of 2015 and the cumulative period compared to 2014 was essentially due to the 5% increase in the distribution implemented in September 2014.

Adjusted Funds from Operations (AFFO)

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

BTB defines AFFO as its FFO, adjusted to take into account other non-cash items that impact comprehensive income and do not enter into the calculation of FFO, including:

- Straight-line rental income adjustment
- Accretion of effective interest following amortization of financing expenses
- Accretion of the liability component of convertible debentures
- Amortization of other property and equipment
- Unit-based compensation expenses

The Trust deducts a provision for non-recoverable capital expenses in calculating AFFO. The Trust allocates significant amounts to the regular maintenance of its properties in an attempt to reduce capital expenses as much as possible. Since 2013, the allocation for non-recoverable capital expenses is calculated on the basis of 2% of rental revenues.

The Trust also deducts a provision for rental fees in the amount of approximately 20¢ per square foot on an annualized basis. Even though quarterly rental fee disbursements vary significantly from one quarter to another, management considers that this provision fairly presents, in the long term, the average disbursements that the Trust will undertake. These disbursements consist of inducements paid or granted when leases are signed, and of brokerage commissions.

The following table provides a reconciliation of FFO and AFFO for the periods ended June 30, 2015 and 2014:

Periods ended June 30
(in thousands of dollars, except for per unit data)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
	$	$	**$**	$
FFO	**4,236**	3,786	**8,302**	7,174
- Straight-line rental income adjustment	**(158)**	(195)	**(382)**	(348)
+ Accretion of effective interest	**284**	224	**588**	491
+ Accretion of the liability component of convertible debentures	**151**	138	**300**	274
+ Amortization of other property and equipment	**26**	27	**53**	51
+ Unit-based compensation expenses	**16**	10	**191**	34
- Provision for non-recoverable capital expenses	**(352)**	(324)	**(717)**	(655)
- Provision for rental fees	**(255)**	(230)	**(510)**	(460)
AFFO	**3,948**	3,436	**7,825**	6,561
Unusual item				
Expenses for abandoned transaction	**184**	—	**184**	—
Recurring AFFO	**4,132**	3,436	**8 ,009**	6,561
AFFO per unit	**11.5¢**	11.8¢	**22.8¢**	22.8¢
Recurring AFFO payout ratio	**12.0¢**	11.8¢	**23.3¢**	22.8¢
Recurring AFFO payout ratio[1]	***87.5%***	*88.0%*	***90.0%***	*89.3%*
Recurring AFFO cash payout ratio[2]	***77.0%***	*78.2%*	***79.3%***	*79.5%*

[1] The recurring AFFO payout ratio corresponds to total distributions divided by recurring AFFO.
[2] The recurring AFFO cash payout ratio corresponds to cash distributions divided by recurring AFFO.

The increase of 20.3% in recurring AFFO for the second quarter of 2015 compared with the second quarter of 2014 is due to accretive investment property acquisitions and a drop in the average mortgage loan interest rate. Recurring AFFO per unit amounted to 12.0¢ in the second quarter of 2015 compared to 11.8¢ in 2014, a 1.7% increase. The recurring AFFO payout ratio stood at 87.5% at the end of the second quarter of 2015 compared to 88.0% at the end of the second quarter of 2014, showing a surplus of funds from operations over distributions.

For the cumulative six-month period, recurring AFFO per unit stood at 23.3¢ compared to 22.8¢ in 2014, a 2.2% increase.

Segmented Information

The Trust's operations are derived from four categories of properties located in Québec and Ontario. The following tables present each category's contribution to revenues and net operating income for the periods ended June 30, 2015 and 2014.

Quarters ended June 30 (in thousands of dollars)	Commercial		Office		Industrial		General purpose		Total
	$	%	$	%	$	%	$	%	$
Quarter ended June 30, 2015									
Investment properties	**161,478**	***26.5***	**208,580**	***34.2***	**123,371**	***20.2***	**116,296**	***19.1***	**609,725**
Rental income from properties	**4,445**	***25.3***	**6,272**	***35.6***	**2,876**	***16.3***	**4,010**	***22.8***	**17,603**
Net operating income	**2,821**	***27.7***	**2,804**	***27.5***	**2,412**	***23.7***	**2,147**	***21.1***	**10,184**
Quarter ended June 30, 2014									
Investment properties	129,568	*23.2*	210,225	*37.5*	100,694	*18.0*	119,429	*21.3*	559,916
Rental income from properties	3,172	*19.6*	6,774	*41.8*	2,461	*15.2*	3,795	*23.4*	16,202
Net operating income	2,023	*21.6*	3,270	*35.0*	2,031	*21.7*	2,024	*21.7*	9,348

Six-month periods ended June 30 (in thousands of dollars)	Commercial		Office		Industrial		General purpose		Total
	$	%	$	%	$	%	$	%	$
Six-month period ended in 2015									
Rental income from properties	**8,541**	***23.8***	**13,566**	***37.7***	**5,755**	***16.0***	**8,070**	***22.5***	**35,932**
Net operating income	**5,140**	***25.3***	**6,220**	***30.6***	**4,778**	***23.5***	**4,178**	***20.6***	**20,316**
Six-month period ended in 2014									
Rental income from properties	6,027	*18.4*	13,964	*42.6*	4,898	*15.0*	7,857	*24.0*	32,746
Net operating income	3,693	*20.1*	6,777	*37.0*	3,917	*21.4*	3,945	*21.5*	18,332

Comparative Summary of Quarterly Results

As at June 30 (in thousands of dollars, except for per unit data)	**2015 Q-2**	2015 Q-1	2014 Q-4	2014 Q-3	2014 Q-2	2014 Q-1	2013 Q-4	2013 Q-3
	$	$	$	$	$	$	$	$
Rental income	**17,603**	18,329	17,558	16,866	16,202	16,544	16,348	15,452
Net operating income	**10,184**	10,132	10,008	9,643	9,348	8,984	9,061	8,760
Net income (loss) and comprehensive income	**3,724**	3,400	(1,405)	4,968	5,323	3,997	7,732	5,660
Net income (loss) per unit	**10.8¢**	9.9¢	(4.1)¢	14.6¢	18.3¢	14.1¢	27.3¢	21.0¢
Recurring distributable income	**4,739**	4,497	4,734	4,224	3,990	3,677	3,581	3,202
Recurring distributable income per unit	**13.8¢**	13.1¢	13.9¢	12.4 ¢	13.7 ¢	13.0¢	12.7¢	11.9¢
Recurring funds from operations (FFO)	**4,420**	4,066	4,214	3,838	3,786	3,388	3,490	2,836
Recurring FFO per unit	**12.9¢**	11.9 ¢	12.4¢	11.3 ¢	13.0¢	11.9¢	12.3¢	10.5¢
Recurring adjusted funds from operations (AFFO)	**4,132**	3,876	4,153	3,657	3,436	3,117	3,049	2,668
Recurring AFFO per unit	**12.0¢**	11.3¢	12.2 ¢	10.8¢	11.8 ¢	11.0¢	10.8¢	10.0¢
Distributions	**3 615**	3,596	3,581	3,514	3,023	2,834	2,827	2,821
Distributions per unit	**10.5¢**	10.5 ¢	10.5¢	10.3¢	10.0 ¢	10.0¢	10.0¢	10.0¢

Real Estate Operations

Leasing activities

The following table summarizes changes in available leasable area during the periods ended June 30.

Periods ended June 30 (in square feet)	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
Available leasable area at beginning of period	**356,152**	348,681	**340,348**	367,166
Available leasable area purchased (sold)	**—**	5,296	**3,066**	5,296
Leasable area of properties under redevelopment	**—**	(25,907)	**—**	(46,938)
Leasable area of expired leases	**127,108**	159,630	**314,791**	265,699
Leasable area of leases terminated before term	**78,611**	37,382	**94,951**	46,678
Leasable area of renewed leases	**(41,119)**	(130,323)	**(176,470)**	(215,701)
Leasable area of new leases signed	**(64,777)**	(60,530)	**(120,662)**	(89,885)
Other	**(1,499)**	(673)	**(1,548)**	1,241
Available leasable area at end of period	**454,476**	333,556	**454,476**	333,556

The Trust's leasing operations were significant during the second quarter of 2015. More than 106,000 square feet of leases were signed with new tenants (2014: 191,000) or renewed.

The average rate of expired and renewed leases rose 4.69% during the second quarter (2014: increase of 3.36%).For the cumulative six-month period, the average rate increased by 4.40% (2014: 6.13%).

Occupancy rates

The following table provides occupancy rates by operating segment based on firm lease agreements signed as at the date of this report:

	June 30, 2015	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**
	%	%	%	%	%
Operating segment					
Office	***81.6***	86.8	86.6	87.9	87.7
Commercial	***92.1***	91.2	92.3	92.7	92.1
Industrial	***96.7***	98.5	98.3	98.5	98.3
General purpose	***94.0***	94.5	93.7	92.2	92.9
Total portfolio	***90.8***	92.8	92.7	92.9	92.8

The overall occupancy rate is down by 2.0% since March 31, 2015 and since June 30, 2014. It stood at 90.8% at the end of the second quarter of 2015.

The early departure of two major tenants occupying 53,000 square feet in two office buildings explains the decrease in the office property occupancy rate from 86.8% to 81.6%.

The decrease in the industrial segment's occupancy rate was due to the closing of Groupe Épicia's warehouse.

Lease maturity

The following table shows the lease maturity profile for the next few years:

	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Office						
Leasable area (sq. ft.)	**77,426**	213,357	157,077	111,677	178,351	113,848
Average lease rate/square foot ($)	**$13.79**	$14.24	$12.75	$13.05	$14.63	$14.38
% of office portfolio	***5.4%***	*14.8%*	*10.9%*	*7.7%*	*12.4%*	*7.9%*
Commercial						
Leasable area (sq. ft.)	**45,932**	36,098	112,419	116,934	159,560	61,407
Average lease rate/square foot ($)	**$10.38**	$8.77	$12.73	$14.43	$12.87	$12.23
% of commercial portfolio	***4.4%***	*3.5%*	*10.8%*	*11.3%*	*15.4%*	*5.9%*
Industrial						
Leasable area (sq. ft.)	**—**	92,013	540,417	—	77,072	24,062
Average lease rate/square foot ($)	**—**	$9.46	$4.62	—	$4.00	$5.37
% of industrial portfolio	***0.0%***	*6.0%*	*35.2%*	*0.0%*	*5.0%*	*1.6%*
General purpose						
Leasable area (sq. ft.)	**52,368**	129,342	47,866	108,436	116,248	80,463
Average lease rate/square foot ($)	**$9.21**	$9.14	$14.24	$12.61	$11.60	$12.36
% of general purpose portfolio	***5.6%***	*13.8%*	*5.1%*	*11.6%*	*12.4%*	*8.6%*
Total portfolio						
Leasable area (sq. ft.)	**175,726**	470,810	857,779	337,047	531,231	279,780
Average lease rate/square foot ($)	**$11.53**	$11.49	$7.71	$13.39	$11.90	$12.55
% of total portfolio	***3.5%***	*9.5%*	*17.3%*	*6.8%*	*10.7%*	*5.6%*

Top 10 tenants

As at June 30, 2015, BTB managed close to 700 leases, with an average area of more than 7,300 square feet. The three largest tenants are Société québécoise des infrastructures (SQI), Propriétés Shoppers inc. and Atis Portes et Fenêtres Corp., accounting respectively for 3.7%, 2.0% and 1.9% of revenues, generated by a number of leases whose maturities are spread over time. Approximately 30% of the Trust’s total revenues are generated by leases entered into with government agencies (federal, provincial and municipal) and public companies, ensuring stable and high-quality cash flows for the Trust’s operating activities.

The following table shows the contribution of the T rust's top 10 tenants as a percentage of revenues as at June 30, 2015:

	% of revenue	Leased area (square feet)
Client		
Société québécoise des infrastructures (SQI)	3.7	139,785
Propriétés Shoppers Inc.	2.0	65,497
Atis Portes et Fenêtres Corp.	1.9	219,941
Provigo Distribution Inc.	1.8	107,642
Flextronics	1.8	48,731
Strongco	1.8	81,442
Le Groupe SM inc.	1.6	109,185
Germain Larivière Inc.	1.6	101,194
City of Ottawa	1.5	29,768
CSST	1.4	46,421

Financial Position

The following table presents the Trust's balance sheet as at June 30, 2015 and December 31, 2014. It should be read in conjunction with the Trust's condensed consolidated interim financial statements and the notes thereto.

(in thousands of dollars)

	Reference	June 30, 2015	December 31, 2014
		$	$
Assets			
Investment properties	Page 40	**609,725**	571,462
Amounts receivable from tenants and other receivables	Page 41	**1,612**	1,342
Other assets	Page 41	**9,373**	5,788
Cash, cash equivalents and reserved cash	Page 41	**1,748**	8,145
Total assets		**622,458**	586,737
Liabilities			
Mortgage loans payable	Page 42	**348,501**	329,943
Convertible debentures	Page 44	**65,714**	65,186
Bank loans	Page 46	**12,580**	—
Accounts payable and other liabilities		**16,510**	14,009
Total liabilities		**443,305**	409,138
Equity			
Unitholders' equity	Page 47	**179,153**	177,599
Total liabilities and equity		**622,458**	586,737

The main changes in the balance sheet as at June 30, 2015 compared to the balance sheet as at December 31, 2014 primarily reflect the acquisition of two investment properties in the first quarter of 2015 and the related mortgage financings.

Assets

Investment properties

Over the years, BTB has fuelled its growth through high-quality property acquisitions based on strict selection criteria, while maintaining an appropriate allocation among four activity segments: office, commercial, industrial and general-purpose properties.

The real estate portfolio consists of direct interests in wholly-owned investment properties and the Trust's share of the assets, liabilities, revenues and expenses of jointly-controlled investment properties.

The fair value of investment properties stood at $610 million as at June 30, 2015 compared to $607 million as at March 31, 2015, and $571 million as at December 31, 2014.

Acquisitions of investment properties

Since the beginning of 2015, the Trust acquired the following properties:

- On January 28, 2015, a 116,415-square-foot industrial building, adjacent to Ottawa's Macdonald-Cartier International Airport for $12.6 million. Built in 2006 on a 6-acre lot, the building is occupied by a single tenant, Lowe-Martin, one of Canada's largest printers. The sale and leaseback transaction included a 15-year lease.

- On January 30, 2015, a major shopping centre in Delson, a Montréal suburb, for $21.5 million. The 145,546-square-foot centre houses several major national retail businesses and restaurants including Loblaws, Pharmaprix, SAQ, National Bank, Tim Hortons, Harvey's and Subway.

Summary by operating segment

As at June 30

	2015			2014		
	Number of properties	**Leasable area (sq. ft.)**	**%**	**Number of properties**	**Leasable area (sq. ft.)**	**%**
Office	**22**	**1,443,267**	***28.4***	22	1,444,916	*30.2*
Commercial	**16**	**1,037,021**	***20.4***	14	853,458	*17.9*
Industrial	**20**	**1,537,242**	***30.3***	18	1,380,427	*28.9*
General purpose	**13**	**936,189**	***18.4***	14	973,760	*20.4*
Subtotal	**71**	**4,953,719**	***97.5***	68	4,652,561	*97.4*
Industrial properties under redevelopment	**2**	**126,546**	***2.5***	2	126,546	*2.6*
Total	**73**	**5,080,265**	***100.0***	70	4,779,107	*100.0*

Investments in investment properties held

BTB invests in permanent capital improvement projects to preserve the quality of infrastructure and services provided to tenants. These disbursements include value-maintenance investments corresponding to expenditures required to keep properties in their current operating condition, as well as property improvement and redevelopment projects intended to increase leasable area, occupancy rates or rental space quality. In some cases, capital expenditures can be recovered from rent.

Capital expenditures for the quarter ended June 30, 2015 totalled $2,310, compared to $811 for the same quarter of 2014, of which $1,008 was recoverable (2014: $336). Capital expenditures do not include repair and maintenance costs. Capital expenditures vary from one period to another depending on the activities required or planned for each property.

Upon the signing of several leases, the Trust makes disbursements for leasehold improvements or incentives applicable to the leased areas to meet the specific needs of tenants. Leasing fees are also paid to independent brokers. These disbursements amounted to $0.8 million for the quarter ended June 30, 2015, similar to the same quarter of 2014. The leasing fees and leasehold improvements apply to both new tenants and tenants whose leases are renewed for all properties. The amount of leasing fees and leasehold improvements varies depending on the renewal schedule, vacancy rates and tenancy profile.

The following table summarizes expenditures in maintenance capital expenditures, as well as incentives and leasing fees, for the periods ended June 30, 2015 and 2014.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
	$	$	**$**	$
Recoverable maintenance capital expenditures	**1,008**	336	**1,059**	689
Non-recoverable maintenance capital expenditures	**1,302**	475	**1,420**	808
Total maintenance capital expenditures	**2,310**	811	**2,479**	1,497
Leasing fees and leasehold improvements	**827**	831	**1,430**	1,727
Total	**3,137**	1,642	**3,909**	3,224

The following table shows changes in the fair value of investment properties during the periods ended June 30.

Periods ended June 30
(in thousands of dollars)

	Quarter		Cumulative (6 months)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Balance, beginning of period	**606,858**	530,780	**571,462**	529,432
Additions :				
Acquisitions	**78**	31,665	**34,970**	31,665
Disposals	**—**	(4,725)	**—**	(4,725)
Capital expenditures net of government grants	**2,310**	811	**2,479**	1,497
Leasing fees and leasehold improvements	**827**	831	**1,430**	1,727
Fair value gains	**—**	796	**—**	796
Other non-monetary changes	**(348)**	(242)	**(616)**	(476)
Balance, end of period	**609,725**	559,916	**609,725**	559,916

Investment properties under redevelopment

The Trust decided to invest significant amounts in redeveloping and repositioning two properties:

- **1863-1865 Transcanadienne, Montréal – Québec** - This industrial property is currently completely vacant. The Trust plans to invest approximately $1 million to repurpose this property. Plans are now being prepared.

- **805 Boundary Road, Cornwall – Ontario** - The Trust plans to divide this industrial property into two, with one section fully rented under a long-term lease with Canada Post. The Trust plans to significantly redevelop the other section, which is subject to a few short-term leases. The Trust intends to invest approximately $1 million and is waiting for the municipal permits to begin the work.

Amounts receivable from tenants and other receivables

Amounts receivable from tenants and other receivables increased from $1,342 as at December 31, 2014 to $1,612 as at June 30, 2015. The increase is mainly due to the determination and charging of rental adjustments to actual property operating costs. These amounts are summarized below:

(in thousands of dollars)

	June 30, 2015	**December 31, 2014**
	$	$
Amounts receivable from tenants	**1,570**	1,195
Allowance for doubtful accounts	**(235)**	(312)
	1,335	883
Recovery from unbilled tenants	**—**	294
Excess of recoveries over chargeable amounts	**(103)**	—
Other receivables	**380**	165
	1,612	1,342

Other assets

Other assets include property and equipment net of accumulated depreciation required for the Trust's operations, prepaid expenses and derivative financial instruments in debit positions. They are summarized below:

(in thousands of dollars)

	June 30, 2015	**December 31, 2014**
	$	$
Property and equipment	**3,091**	3,049
Accumulated depreciation	**(841)**	(753)
	2,250	2,296
Prepaid expenses	**6,046**	2,599
Derivative financial instruments	**37**	53
Other	**1,040**	840
	9,373	5,788

Cash, cash equivalents and reserved cash

(in thousands of dollars)

	June 30, 2015	**December 31, 2014**
	$	$
Available cash	**1,535**	6,428
Reserved cash	**213**	1,717
	1,748	8,145

Capital Resources

Long-term debt

The following table shows the balances of BTB's indebtedness as at June 30, 2015, including mortgage loans payable and convertible debentures, based on year of maturity and corresponding weighted average contractual interest rates:

As at June 30, 2015 (in thousands of dollars)	Balance of convertible debentures	Balance of mortgages payable	Weighted average contractual interest rate
	$	$	%
Year of maturity			
2015	–	20,451	4.48
2016	22,854	78,214	4.95
2017	–	72,833	4.11
2018	23,000	39,569	5.03
2019	–	44,217	3.56
2020 and thereafter	23,000	94,220	4.88
Total	**68,854**	**349,504**	**4.63**

Weighted average contractual interest rate

As at June 30, 2015, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.63%, i.e. 4.08% for mortgages payable and 7.38% for convertible debentures.

Weighted average maturity

As at June 30, 2015, the weighted average maturity of mortgage loans was 4.89 years.

Mortgage loans payable

As at June 30, 2015, the Trust's mortgage loans payable amounted to $349.5 million compared to $330.8 million as at December 31, 2014, before deferred financing costs and valuation adjustments, an increase of $18.7 million due to acquisition financings completed in 2015, net of principal repayments on monthly payments.

As at June 30, 2015, the weighted average interest rate was 4.08%, compared to 4.23% for mortgage loans on the books as at June 30, 2014, a drop of 15 basis points. Except for three loans with a total balance of $6.2 million as at June 30, 2015, all other mortgages payable bear interest at fixed rates or are coupled with an interest rate swap.

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

The following table summarizes changes in mortgage loans payable during the periods ended June 30, 2015:

As at June 30, 2015
(in thousands of dollars)

	Quarter	**Cumulative (6 months)**
	$	**$**
Balance at beginning of period	352,309	330,784
Mortgage loans contracted or assumed	—	24,175
Balance repaid at maturity	—	—
Monthly principal repayments	(2,805)	(5,455)
Balance as at June 30, 2015	**349,504**	**349,504**

Note: Before unamortized financing costs and valuation adjustments.

Except for a property under redevelopment valued at $1,825, and three properties partially securing the acquisition and operating lines of credit as at June 30, 2015, all of the Trust's other properties were mortgaged as at June 30, 2015. Unamortized loan financing costs totalled $2,150 and are amortized under the effective interest method over the term of the loans.

The following table, as at June 30, 2015, shows future mortgage loan repayments for the next few years:

As at June 30, 2015
(in thousands of dollars)

	Principal repayment	**Balance at maturity**	**Total**	**% of total**
	$	$	$	
Maturity				
2015 (6 months)	5,368	20,301	25,669	7.4
2016	10,055	74,327	84,382	24.1
2017	6,778	67,394	74,172	21.2
2018	4,867	35,492	40,359	11.6
2019	3,359	39,059	42,418	12.1
2020 and thereafter	30,723	51,781	82,504	23.6
Total	**61,150**	**288,354**	**349,504**	**100.0**
+ Valuation adjustments on assumed loans			1,147	
- Unamortized financing costs			(2,150)	
Balance as at June 30, 2015			**348,501**	

Since the beginning of 2015, the Trust entered into the following financing agreements:

- $8.3 million for a 15-year term, bearing interest at a rate of 3.58%, for the sale and leaseback acquisition of an industrial property in the city of Ottawa, at a cost of $12.6 million.

- $14.0 million for a 15-year term, bearing interest at a rate of 3.55%, for the acquisition of a shopping centre in Delson, a Montréal suburb, at a cost of $21.5 million.
- In July 2015, the Trust entered into a $17,500 refinancing agreement on two properties, at a 4.06% rate of interest and for a 10-year term. The total amount was used to repay two outstanding financings of $12,124 bearing interest at an average rate of 5.64% and for general Trust purposes.

Convertible debentures

(a) Series C

In January 2011, the Trust issued Series C convertible, unsecured, subordinated debentures, bearing 8% interest, in the amount of $23 million. Interest is payable semi-annually and the debentures mature on January 31, 2016. The debentures are convertible at the option of the holder at any time no later than January 31, 2016, subject to certain conditions. The conversion price is $5.00 per unit (the "Series C conversion price"). As at June 30, 2015, the closing market price of BTB units was $4.54. An amount of $146 was already converted.

Since January 31, 2015, but before January 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.

The Trust may, at its option and subject to certain conditions, elect to satisfy its obligation to pay the principal amount of the Series C debentures by issuing freely tradable units to Series C debenture holders.

On the date of issuance, the debentures were recorded as a $21.6 million non-derivative liability component and a $1.4 million derivative financial instrument component.

The Trust must refinance the Series C debentures in the amount of $23 million by January 31, 2016, either by issuing a new debenture or by issuing units.

(b) Series D

In July 2011, the Trust issued Series D convertible, unsecured, subordinated debentures, bearing 7.25% interest, in the amount of $23 million. Interest is payable semi-annually and the debentures mature on July 31, 2018. The debentures are convertible at the option of the holder at any time no later than July 31, 2018, subject to certain conditions. The conversion price is $6.10 per unit (the "Series D conversion price"). As at June 30, 2015, the closing market price of BTB units was $4.54.

Since July 31, 2014, but before July 31, 2016, under certain conditions, the debentures will be redeemable by the Trust at a redemption price equal to their initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series D conversion price and, as of July 31, 2016, but before July 31, 2018, at a price equal to their principal amount plus accrued, unpaid interest.

The Trust may, at its option and subject to certain conditions, elect to satisfy its obligation to pay the principal amount of the Series D debentures by issuing freely tradable units to Series D debenture holders.

On the date of issuance, the debentures were recorded as a $21.3 million non-derivative liability component and a $1.7 million derivative financial instrument component.

(c) Series E

In February 2013, the Trust issued Series E convertible, unsecured, subordinated debentures, bearing 6.90% interest, in the amount of $23 million. Interest is payable semi-annually and the debentures mature on March 31, 2020. The debentures are convertible at the option of the holder at any time no later than March 31, 2020, subject to certain conditions. The conversion price is $6.15 per unit (the "Series E conversion price"). As at June 30, 2015, the closing market price of BTB units was $4.54.

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 initial principal amount plus accrued, unpaid interest, provided that the unit market price is at least 125% of the Series E conversion price and, as of March 31, 2018, but before March 31, 2020, to a price equal to their principal amount plus accrued, unpaid interest.

The Trust may, at its option and subject to certain conditions, elect to satisfy its obligation to pay the principal amount of the Series E debentures by issuing freely tradable units to Series E debenture holders.

On the date of issuance, the debentures were recorded as a $22.7 million non-derivative liability component and a $0.3 million derivative financial instrument component.

As at June 30, 2015, only the Series C debentures met the conditions necessary for an authorized redemption. Debentures totalling $146 were converted in the second quarter of 2015.

As at June 30, 2015
(in thousands of dollars)

	Series C	**Series D**	**Series E**	**Total**
Contractual interest rate	8%	7.25%	6.90%	
Effective interest rate	9.78%	8.47%	7.90%	
Date of issuance	January 2011	July 2011	February 2013	
Per-unit conversion price	$5.00	$6.10	$6.15	
Date of interest payment	January 31 and July 31	January 31 and July 31	March 31 and September 30	
Maturity date	January 2016	July 2018	March 31, 2020	
Balance as at June 30, 2015	**22,451**	**21,395**	**21,868**	**65,714**

Bank loan – Operating credit facility

BTB has an operating credit facility of $2 million with a Canadian chartered bank that can be increased to $20 million under certain conditions. This credit facility is partially secured by a first-ranking collateral mortgage on three properties and a second-ranking collateral mortgage on two properties and bears interest at the bank's base rate, plus 0.75%. As at June 30, 2015, $1.5 million of the credit facility had been used.

Bank loans – acquisition credit facility

BTB has an acquisition credit facility of $15 million with a Canadian chartered bank that can be increased to $20 million under certain conditions. This credit facility is partially secured by a first-ranking collateral mortgage on three properties and a second-ranking collateral mortgage on two properties. It bears interest at the bank's base rate, plus 3.25%. As at June 30, 2015, $11.1 million of the credit facility had been used.

The Trust intends to repay the acquisition credit facility in full over the next few quarters through a unit issuance.

Debt ratio

Under the terms of its trust agreement, the Trust cannot contract a mortgage loan if, after having contracted the said loan, the total debt exceeds 75% of the gross carrying amount of the Trust. When establishing this calculation, the convertible debentures are not considered in the calculation of total indebtedness. Moreover, also under its trust agreement, in case of default with respect to this condition, the Trust has 12 months from the date of recognizing this default to perform the transactions necessary to remedy the situation.

The following table presents the Trust's debt ratios as at June 30, 2015 and June 30, 2014.

As at June 30 (in thousands of dollars)	2015	2014
	$	**$**
Mortgage loans payable [(1)]	**349,504**	328,150
Convertible debentures [(1)]	**68,854**	69,000
Acquisition credit facility	**11,100**	–
Total long-term debt	**429,458**	397,150
Gross book value of the Trust	**623,299**	585,053
Mortgage liability ratio (excluding convertible debentures and acquisition credit facility)	***56.1%***	*56.1%*
Total debt ratio	**68.9%**	*67.9%*

(1) Gross amounts

According to the table above, the mortgage liability ratio, excluding the convertible debentures and acquisition credit facility as at June 30, 2015, amounted to 56.1%, a ratio equivalent to that of June 30, 2014. Including the convertible debentures and the acquisition credit facility, the ratio stood at 68.9%, up 1.0% from June 30, 2014. The increases primarily resulted from the use of $11.1 million of the acquisition credit facility. Management intends to repay the acquisition credit facility through a contingent unit issuance. The Trust seeks to finance its acquisitions with debt ratios of 60% to 70% because the cost of mortgage financings is lower than the capital cost of the Trust's equity.

Interest coverage ratio

The Trust calculates its interest coverage ratio by dividing net operating income by interest expense net of interest income. The interest coverage ratio is used to assess BTB's ability to pay interest on its debt using its operating revenues. For the quarter ended June 30, 2015, the interest coverage ratio stood at 2.04, up 4 points from the second quarter of 2014, showing the Trust's financial strength and ability to cover the cost of its debt.

Periods ended June 30
(in thousands of dollars, except for the ratios)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
	$	$	**$**	$
Net operating income	**10,184**	9,348	**20,316**	18,332
Interest expense, net of interest income[(1)]	**4,992**	4,674	**9,894**	9,309
Interest coverage ratio	***2.04***	*2.00*	***2.05***	*1.97*

(1) Interest expense excludes accretion of effective interest, accretion of non-derivative liability component of convertible debentures and the fair value adjustment on derivative financial instruments.

Unitholders' equity

Unitholders' equity consists of the following:

(in thousands of dollars)	**June 30, 2015**	**December 31, 2014**
	$	**$**
Trust units	**183,924**	182,284
Cumulative profit	**40,687**	33,563
Cumulative distributions to unitholders	**(45,458)**	(38,248)
Unitholders' equity	**179,153**	177,599

Distribution reinvestment plan

On October 1, 2011, the Trust implemented a distribution reinvestment plan under which unitholders may elect to receive distributions in units, with a 5% discount on their market value. Under the program, 92,374 units were issued during the second quarter of 2015 (2014: 72,332 units) and 184,768 units were issued since the beginning of the year (2014: 142,805).

Units outstanding

The following table summarizes units issued and the weighted number of units for the same periods.

Periods ended June 30
(in number of units)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
	Units	**Units**	**Units**	**Units**
Units outstanding, beginning of period	**34,285,720**	28,403,467	**34,133,967**	28,325,538
Units issued				
Public offering	—	5,436,000	—	5,436,000
Distribution reinvestment plan	**92,374**	72,332	**184,768**	142,805
Awards under employee unit purchase plan	—	—	**7,758**	7,456
Awards under the restricted unit compensation plan	—	—	**51,601**	—
Unit options exercised	**74,000**	—	**74,000**	—
Conversion of Series C debentures	**29,200**	—	**29,200**	—
Units outstanding, end of period	**34,481,294**	33,911,799	**34,481,294**	33,911,799
Weighted average number of units outstanding	**34,386,779**	29,137,187	**34,304,957**	28,752,385

Unit options

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

The following table provides details on unit options granted:

Periods ended June 30
(in number of options)

	2015		2014	
	Unit options	**Weighted average exercise price**	**Unit options**	**Weighted average exercise price**
		$		**$**
Outstanding, beginning of period	**74,000**	**4.50**	98,000	4.51
Expired	—	—	(10,000)	4.60
Exercised	**74,000**	**4.50**	—	—
Outstanding, end of period	—	—	88,000	4.50
Options vested as at June 30	—	—	88,000	4.50
Weighted average remaining term to expiry (years)	—	—		0.90

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

Deferred unit compensation plan

The Trust has implemented a deferred unit compensation plan for its trustees and certain executive officers. Under this plan, beneficiaries may elect to receive their compensation in cash, deferred units or a combination of both.

The following table summarizes deferred units outstanding during the periods ended June 30, 2015 and 2014:

Periods ended June 30
(in number of units)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
Deferred units outstanding, beginning of period	—	33,407	—	29,771
Deferred units issued	—	2,638	—	5,619
Distributions converted to deferred units	—	729	—	1,384
Deferred units outstanding, end of period	—	36,774	—	36,774

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a period of up to three years. The purpose of the plan is to encourage senior officers to achieve the Trust's long-term growth objectives and align their interests with the interests of unitholders. The plan is also an executive retention tool.

The following table summarizes restricted units outstanding during the periods ended June 30, 2015 and 2014.

Periods ended June 30
(in number of units)

	Quarter		Cumulative (6 months)	
	2015	**2014**	**2015**	**2014**
Restricted units outstanding, beginning of period	**14,198**	—	**39,816**	—
Restricted units issued	**36,885**	—	**62,868**	—
Restricted units settled	**—**	—	**(51,601)**	—
Restricted units outstanding, end of period	**51,083**	—	**51,083**	—

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, a maximum of 3% to 7% of their base salary depending on their years of experience with the Trust. For each two units purchased by an employee, the Trust shall issue one unit from treasury. During the quarter, no units were issued under the plan (June 30, 2014: nil).

Off-balance sheet arrangements and contractual commitments

The Trust is currently party to a firm contract under which it has agreed to acquire two investment properties worth totally $28.5 million approximately. The transaction will be financed by an $18.5 million mortgage loan and by using the acquisition credit facility. The transaction should be completed before the end of the third quarter.

BTB does not have any other off-balance sheet arrangements that have or are likely to have an impact on its operating results or financial position, specifically its cash position and sources of financing.

During the quarter ended June 30, 2015, BTB complied with all of its loan commitments and was not in default with any covenant at the balance sheet date.

Income Taxes

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. The trustees intend to distribute or allocate all of the taxable income to its unitholders and to deduct these distributions for income tax purposes.

A special tax regime applies to trusts that are considered specified investment flow-through (SIFT) entities as well as those individuals who invest in SIFT entities. Under this regime, SIFT entities must generally pay taxes on their income at rates that are close to those of companies. In short, a SIFT entity is an entity (including a trust) that resides in Canada, whose investments are listed on a stock exchange or other public market and that holds one or more non-portfolio properties.

However, for a given taxation year, BTB is not considered a SIFT entity and is therefore not subject to SIFT rules if, during that year, it constitutes a real estate investment trust (REIT).

Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions all year long: i) the total fair market value of all the ”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 the “non-portfolio assets” held by the trust ii) not less than 90% of its “gross REIT revenue” for the taxation year is from one or more of the following sources: rent from “real or immovable properties,” interest, dispositions of “real or immovable properties” that are capital properties, dividends, royalties and dispositions of “eligible resale properties” iii) not less than 75% of its “gross REIT revenue” for the taxation year comes from one or more of the following sources: rent from “real or immovable properties,” interest from mortgages on “real or immovable properties,” and dispositions of “real or immovable properties” that are capital properties 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 “real or immovable property” which is a capital property, an “eligible resale property,” an indebtedness of a Canadian corporation represented by a banker’s acceptance, cash or, generally, an amount receivable from the Government of Canada or from certain other public agencies; and v) the investments that are made therein are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

As at June 30, 2015, BTB met all of these conditions and qualified as a REIT. As a result, the SIFT trust tax rules do not apply to BTB. BTB’s management intends to take the necessary steps to meet the conditions for the REIT Exception on an on-going basis in the future.

Nonetheless, there is no guarantee that BTB will continue to meet all the required conditions to be eligible for the REIT exception for 2015 or any other subsequent year.

Taxation of Unitholders

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

Quarters ended June 30	**2015**	**2014**
	%	%
Taxable as other income	**—**	—
Tax deferred	***100***	*100*
Total	***100***	***100***

Summary of Significant Accounting Policies and Estimates

BTB's significant accounting policies and estimates are described in Note 2 to the unaudited condensed consolidated interim financial statements for the quarter ended June 30, 2015 and the reader is invited to refer to these financial statements.

(a) Functional and presentation currency
The consolidated 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.

(b) Use of estimates and judgments
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Critical judgements in applying accounting policies
The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

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

- The extent to which significant inputs and processes are acquired and in particular the extent of ancillary services provided by the acquiree.
- Whether the acquiree has allocated its own staff to manage the investment property and/or to deploy any processes.
- The number of investment properties owned by the acquiree.

An acquisition of a business is accounted for as a business combination under IFRS 3, *Business Combinations*.

When the acquisition does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values.

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

(ii) Key sources of estimation uncertainty
The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

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

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lease income and costs, future revenue streams, capital expenditures of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those cash flows. These estimates are based on local market conditions existing at the reporting date.

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

Techniques used for valuing investment properties
The Direct Capitalization method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires estimation of future cash inflows and application of investor yield or return requirements.

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

The Comparable method involves the comparison of the Trust's investment properties to similar investment properties that have transacted within a recent time frame from which a fair value is estimated based on the price per square foot of these comparable sales.

Derivative financial instruments
Derivative financial instruments, including embedded derivatives, are recognized on the consolidated statement of financial position at fair value. Subsequent to initial recognition, these derivatives are measured at fair value. The fair value of derivative instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. Changes in estimated fair value at each reporting date are included in profit and loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

Unit options
The Trust has a unit option plan for the benefit of management. The plan does not provide for cash settlement. The Trust recognizes compensation expense on unit options granted, based on their fair value, which is calculated using the Black-Scholes model. The compensation expense is amortized using the graded vesting method. The valuation model requires management to make estimates for the expected life, volatility, the average dividend yield of distributions and the average risk-free interest rate.

(c) Basis of consolidation

(i) Business combinations
Business combinations are accounted for using the acquisition method. Accordingly, the consideration transferred for the acquisition of a business is the fair value of the assets transferred, and any debt and trust units issued by the Trust on the date control of the acquired entity is obtained. Acquisition-related costs, other than those associated with the issue of debt or trust units, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date. The Trust measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

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

(ii) Subsidiaries
Subsidiaries are entities controlled by the Trust. Control exists when the Trust has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. The consolidated financial statements include the Trust's proportionate share of the joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(d) Financial instruments

Financial assets and liabilities are recognized when the Trust becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Trust's designation of such instruments.

(i) Non-derivative financial assets

Loans and receivables

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

Loans and receivables comprise restricted cash, receivables and cash and cash equivalents.

Cash and cash equivalents

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

Restricted cash

Restricted cash mainly includes amounts which are held in interest-bearing reserve accounts and are expected to be utilized over the coming years to fund certain expenses related to investments, as well as amounts provided in guarantee of mortgage loans.

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(ii) Non-derivative financial liabilities

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

Non-derivative financial liabilities comprise mortgage loans payable, convertible debentures, bank loans, trade and other payables and distributions payable to unitholders.

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

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

BTB's trust units meet the conditions of IAS 32 and are therefore presented as equity.

(iv) Convertible debentures
The convertible debentures, which are considered financial liabilities, are convertible into trust units of the Trust. Since BTB's trust units meet the definition of a financial liability, the conversion and redemption options are considered embedded derivatives.

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

(e) Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. The Trust capitalizes into investment property the costs incurred to increase their capacity, replace certain components and make improvements after the acquisition date. The Trust also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. Investment property includes income properties, properties under development and land held for future development if necessary.

Cost includes expenditures that are directly attributable to the acquisition of the investment property.

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

Should the use of a property change and be reclassified as property and equipment, its fair value at the date of reclassification would become its cost for subsequent accounting.

(f) Property and equipment

(i) Recognition and measurement
Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses in accordance with the cost model.

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

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

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

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

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

Owner-occupied building	40 years
Equipment, furniture and fixtures	2 - 12 years
Rolling stock	2 - 5 years

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

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

(g) Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the arrangement conveys a right to use the asset. When substantially all risks and rewards of ownership are transferred from the lessor to the lessee, lease transactions are accounted for as finance leases. All other leases are accounted for as operating leases.

(i) Trust as lessor
All existing rental leases related to the Trust's investment properties have been assessed as operating leases.

(ii) Trust as lessee
Leases of assets classified as finance leases are presented in the consolidated statements of financial position according to their nature. The interest element of the lease payment is recognized over the term of the lease based on the effective interest rate method and is included in financing expense. Payments made under operating leases are recognized in income on a straight-line basis over the term of the lease.

(h) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Trust expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(i) Revenue recognition

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

The Trust commences revenue recognition on its leases based on a number of factors. In most cases, revenue recognition under a lease begins when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date, or when the Trust is required to make additions to the leased property in the form of tenant improvements, upon substantial completion of the additions. Certain leases provide for tenant occupancy during periods for which no rent is due (“free rent period”) or where minimum rent payments change during the term of the lease. Accordingly, rental revenue is recognized in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which user’s benefit derived from the leased asset is diminished. Any deferred amounts related to the straight-line lease adjustments are recognized within investment properties. Leases generally provide for the tenants’ payment of maintenance expenses of common elements, property taxes and other operating costs, such payment being recognized as operating revenues in the period when the right to payment vests.

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

Cancellation fees or premiums received to terminate leases are recognized in profit and loss when they arise.

(j) Government grants

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Trust will comply with the conditions associated with the grant. Grants that compensate the Trust for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Trust for the cost of an asset are deducted from the carrying amount of the asset.

(k) Earnings per unit
The Trust presents basic earnings per unit data for its Trust units. Basic earnings per unit are calculated by dividing the profit or loss attributable to unit holders of the Trust by the weighted average number of units outstanding during the period, adjusted for own units held.

(l) Finance income and finance costs
Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest on mortgage loans payable, convertible debentures, bank loans and other payables, as well as accretion of the non-derivative liability component of convertible debentures, and accretion of effective interest on mortgage loans payable, convertible debentures and bank loans, and finance income.

Net financing costs comprise finance costs and changes in the fair value of derivative financial instruments.

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

(n) Unit-based compensation

(i) Unit option plan
The Trust uses the fair value-based method of accounting for its unit-based awards, under which compensation expense is measured at grant date and recognized over the vesting period. The units are considered financial liabilities and the awards are also considered financial liabilities and measured at fair-value at each reporting period and the change in the fair value is recognized as compensation expense in profit and loss.

(ii) Deferred unit compensation plan for trustees and certain executive officers
Compensation costs related to the deferred unit compensation plan for trustees and certain executive officers are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust's unit, and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss.

(iii) Employee unit purchase plan
Compensation costs related to the employee unit purchase plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust's unit, and are revalued at settlement date. Any changes in fair value are recognized as compensation expense in profit or loss.

(iv) Restricted unit compensation plan

Compensation costs related to the restricted unit compensation plan are recognized at the time they are granted. These units are initially measured at fair value based on the trading price of the Trust's unit, and are revalued at the end of each reporting period, until settlement. Any changes in fair value are recognized as compensation expense in profit or loss. The compensation expense is amortized using the graded vesting method.

(o) Income taxes

BTB is a mutual fund trust and a Real Estate Investment Trust (''REIT'') pursuant to the *Income Tax Act* (Canada). Under current tax legislation, a REIT is entitled to deduct distributions of taxable income such that, it is not liable to pay income tax provided that its taxable income is fully distributed to unitholders. BTB has reviewed the proscribed conditions under the *Income Tax Act* (Canada) and has determined that it qualifies as a REIT for the year. BTB intends to continue to qualify as a REIT and to make distributions not less than the amount necessary to ensure that BTB will not be liable to pay income taxes. Accordingly, no current or deferred income taxes have been recorded in the consolidated financial statements.

(p) Fair value measurement

The Trust measures financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

New Accounting Policies

In 2014, the Trust adopted IFRIC 21, *Levies*. The application of this interpretation had no impact on the Trust's consolidated financial statements.

The following paragraphs present new accounting standards that apply to BTB but that have not been adopted yet.

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.

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 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.

Risks and Uncertainties

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 in its business.

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 significant capital expenditures 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 for future property acquisitions and redevelopments, including for the financing or refinancing of properties, for funding operating expenses or for other purposes. 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 results of operations and reduce the amount of cash available for distributions.

New market events and 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 results of operations, including on its acquisition and development program.

Debt financing

BTB has and will continue to have substantial outstanding consolidated borrowings comprised primarily of hypothecs, property mortgages, debentures, and borrowings under its acquisition and operating credit facilities. BTB intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and liquidity resources, including cash f lows 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, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of immovable property regardless of whether the property is producing any income. If BTB is unable to meet mortgage payments on a 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 from time to time 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 results of operations 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 the BTB's tenants could have an adverse effect on the BTB's ability to lease space in its properties and on the rents charged, and could adversely affect the BTB's revenues and, consequently, its ability to meet its debt obligations.

Retail sector

Since the beginning of 2015, the retail sector has suffered economic difficulties that have led to the closing of certain chains and to the bankruptcy of certain companies in Canada. Even though none of these occupied any rental space in BTB's properties, their disappearance has led to an important increase in available space on the markets. This availability might lead to a downward pressure on leasable space and to an increase in competition to fill the vacant spaces.

Acquisitions

BTB's business plan focuses on growth by identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. If BTB is unable to manage its growth effectively, this could adversely impact BTB's financial position and results of operations, 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 development projects, development costs, capitalization rates and expected returns are subject to change, which may be material, as assumptions regarding items including, but not limited to, tenant rents, building 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 real estate or to borrow using such real estate 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 it believes would involve material expenditure by BTB.

Limit on activities

In order to maintain its status as a "mutual fund trust" under the *Income 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) and partnerships 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 and partnerships referred to as "specified investment flow-through" or "SIFT" trusts and partnerships 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 taxation regime introduced by the SIFT Rules is not applicable to funds that qualify for the exemption under the SIFT Rules applicable to certain Real Estate Investment Trusts (the "REIT Exemption"). 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, the REIT must meet the following conditions: i) the total fair market value of all the "non-portfolio properties" that are "qualified REIT properties" held by the trust is always at least 90% of the total fair market value at that time of all the "non-portfolio assets" held by the trust; (ii) not less than 90% of the REIT's gross revenues for that year come from one or more of the following sources: rent from "real or immovable properties," interest, dispositions of "real or immovable properties" that are capital properties, dividends, royalties and dispositions of "eligible resale properties," (iii) not less than 75% of the REIT's gross revenues for that year must come from one or more of the following sources: rent from "real or immovable properties," interest from mortgages on "real or immovable properties" and dispositions of "real or immovable properties" that are capital properties; (iv) the REIT must, throughout the year, hold properties, each of which is a "real or immovable property" which is a capital property, an "eligible resale property," debt from a Canadian company represented by a banker's acceptance, cash, or generally a Canadian government debt instrument or one from another government agency with a total fair market value that is not less than 75% of the REIT's equity value at that time; and v) the investments that are made therein are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

As at June 30, 2015, based on a review of BTB's assets and revenues from its regular business activities, management believes the Trust currently meets all the conditions to qualify for the REIT Exemption. Accordingly, management does not expect the SIFT tax rules to apply to BTB.

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of BTB are responsible for establishing and maintaining disclosure controls and procedures (“DC&P” and internal control over financial reporting (“ICFR”), as those terms are defined in Canadian Securities Administrators Multilateral Instrument 52-109.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that the DC&P were effective as at the end of the quarter ended June 30, 2015 and that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the period in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of BTB concluded that ICFR was effective as at the end of the quarter ended June 30, 2015, and, more specifically, that the financial reporting is reliable and that the financial statements have been prepared for financial reporting purposes in accordance with IFRS.

During the second quarter of 2015, management made no changes to internal control over financial reporting that materially affected, or are likely to materially affect, internal control over financial reporting.