BTB

BTB Real Estate Investment Trust

Quarter ended March 31, 2016

Management Discussion and Analysis

Building Trust

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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 March 31, 2016, 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 May 5, 2016 should be read together with the unaudited condensed consolidated interim financial statements and accompanying notes for the quarter ended March 31, 2016. It discusses any significant information available up to the date of this MD&A. The Trust's consolidated annual 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 March 31, 2016 and 2015. Additional information about the Trust, including the 2015 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.

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 operating 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 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 March 31, 2016, it has acquired and owns 72 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 D, E and F convertible debentures are traded on the Toronto Stock Exchange under the symbols “BTB.UN”, “BTB.DB.D” “BTB.DB.E”, and “BTB.DB.F”, respectively.

Most of the Trust’s properties are managed internally, with 66 of the Trust’s 72 properties held as at March 31 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 March 31, 2016[(1)]	**72**	**5,143,955**	**634,804**

(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.

BTB’s management also regularly performs a strategic portfolio assessment to determine whether it is financially advisable to hold onto certain investments. BTB may dispose of certain assets if their size, location and/or profitability do not meet the Trust’s current criteria.

In such cases, BTB expects to use the proceeds from the sale of assets to reduce debt.

HIGHLIGHTS OF THE FIRST QUARTER OF 2016 VS THE FIRST QUARTER OF 2015

- 72 properties
- More than 5.1 million leasable square feet
- More than $646 million in assets
- More than $161 million in market capitalization

Increase

- 1.2% in rental income
- 4.1% in assets
- 3.7% in FFO

Improvement

- In the weighted average interest rate on mortgage debt from 4.08% to 3.93%

Leasing activities

- 185,000 square feet of leases renewed, for a retention rate of 31.3% of leases expiring in 2016
- 3.41% increase in the average rate of expired and renewed leases

Acquisition

- On February 15, 2016, an office building located in downtown Montréal for $11 million. The property, entirely leased to a single tenant under a long-term lease, has a leasable area of 52,500 square feet.

SELECTED FINANCIAL INFORMATION

As at March 31, 2016, the Trust owns 72 properties generating, on an annualized basis, revenues of close to $75 million.

The following table presents highlights and selected financial information for the quarters ended March 31, 2016 and March 31, 2015:

Quarters ended March 31
(in thousands of dollars, except for ratios and per unit data)

	Reference	2016 $	2015 $
Financial information			
Rental income	Page 16	**18,550**	18,329
Net operating income[(1)]	Page 17	**10,119**	10,132
Net property income from the same-property portfolio[(1)]	Page 21	**5,743**	6,349
Distributable income[(1)]	Page 23	**4,455**	4,497
Distributions	Page 24	**3,655**	3,596
Funds from operations (FFO) [(1)]	Page 25	**4,216**	4,066
Adjusted funds from operations (AFFO)[(1)]	Page 25	**3,840**	3,876
Total assets	Page 29	**646,742**	621,279
Investment properties	Page 31	**634,804**	606,858
Mortgage loans payable	Page 33	**374,729**	351,241
Convertible debentures	Page 34	**69,097**	65,519
Mortgage liability ratio	Page 36	***58.1%***	*56.6%*
Debt-equity ratio – convertible debentures	Page 46	***11.2%***	*11.1%*
Debt-equity ratio – acquisition line of credit	Page 46	***1.9%***	*1.8%*
Total debt ratio	Page 36	***71.2%***	*69.5%*
Weighted average interest rate on mortgage debt	Page 33	***3.93%***	*4.08%*
Unitholders' equity	Page 37	**174,845**	178,104
Market capitalization		**161,007**	171,429
Financial information per unit			
Units outstanding (000)	Page 38	**34,850**	34,286
Weighted average number of units outstanding (000)	Page 38	**34,785**	34,222
Distributable income	Page 24	**12.8¢**	13.1¢
Distributions	Page 24	**10.5¢**	10.5¢
Payout ratio on distributable income	Page 24	***82.0%***	*80.0%*
Cash payout ratio on distributable income	Page 24	***71.0%***	*70.6%*
FFO	Page 25	**12.1¢**	11.9¢
Cash payout ratio on FFO	Page 25	***75.0%***	*78.1%*
AFFO	Page 25	**11.0¢**	11.3¢
Cash payout ratio on AFFO	Page 26	***82.3%***	*81.9%*
Unitholders' equity	Page 37	**5.02**	5.20
Market price		**4.62**	5.00
Tax on distributions			
Revenue	Page 40	***0.0%***	*0.0 %*
Tax deferral	Page 40	***100%***	*100 %*
Operational information			
Number of properties	Page 30	**72**	73
Leasable area (thousands of sq. ft.)	Page 30	**5,147**	5,082
Occupancy rate	Page 28	***91.5%***	*92.8%*
Increase in average lease renewal rate	Page 27	***3.41%***	*3.72%*

(1) Financial term not defined by IFRS

SELECTED QUARTERLY INFORMATION

The following table summarizes the Trust's financial information for the last eight quarters.

As at March 31 (in thousands of dollars except for per unit data)	**2016 Q-1**	**2015 Q-4**	**2015 Q-3**	**2015 Q-2**	**2015 Q-1**	**2014 Q-4**	**2014 Q-3**	**2014 Q-2**
	$	$	$	$	$	$	$	$
Rental income	**18,550**	18,539	18,421	17,603	18,329	17,558	16,866	16,202
Net operating income[(1)]	**10,119**	10,020	10,958	10,184	10,132	10,008	9,643	9,348
Net income (loss) and comprehensive income	**3,551**	(2,124)	3,669	3,724	3,400	(1,405)	4,968	5,323
Net income (loss) per unit	**10.2¢**	(6.1¢)	10.6¢	10.8¢	9.9¢	(4.1¢)	14.6¢	18.3¢
Distributable income[(1)]	**4,455**	4,211	5,286	4,739	4,497	4,734	4,224	3,990
Distributable income per unit[(1)]	**12.8¢**	12.2¢	15.3¢	13.8¢	13.1¢	13.9¢	12.4¢	13.7¢
Funds from operations (FFO)[(1)]	**4,216**	3,710	4,321	4,236	4,066	4,214	3,838	3,786
FFO per unit[(1)]	**12.1¢**	10.7¢	12.5¢	12.7¢	11.9¢	12.4¢	11.3¢	13.0¢
Adjusted funds from operations (AFFO)[(1)]	**3,840**	3,588	4,663	4,132	3,876	4,153	3,657	3,436
AFFO per unit[(1)]	**11.0¢**	10.4¢	13.5¢	12.0¢	11.3¢	12.2¢	10.8¢	11.8¢
Distributions	**3,655**	3,640	3,628	3,615	3,596	3,581	3,514	3,023
Distributions per unit	**10.5¢**	10.5¢	10.5¢	10.5¢	10.5¢	10.5¢	10.3¢	10.0¢

(1) Non-IFRS measure

REAL ESTATE PORTFOLIO

BTB owns 72 quality properties which have a fair value of $635 million representing a total leasable area of more than 5.1 million square feet. A concise description of the properties owned as at December 31, 2015 can be found in the Trust's Annual Information Form available at www.sedar.com. The property acquired during the first quarter of 2016 is described on page 30 of this MD&A.

Summary of properties as at March 31, 2016

Operating segment	Number of properties	Leasable area (sq. ft.)	Occupancy rate (%)
Office	27	1,920,977	*85.8*
Commercial	17	1,107,058	*92.1*
Industrial	19	1,490,887	*97.1*
General purpose	6	442,472	*95.6*
Subtotal	69	**4,961,394**	***91.5***
Properties under redevelopment	3	**182,561**	
Total	**72**	**5,143,955**	

On January 1, 2016, the Trust reclassified some properties to better reflect the current mix of tenant activities**.**

PERFORMANCE INDICATORS

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

- **Net operating income of the same-property portfolio**, which provides an indication of the profitability of existing portfolio operations and BTB's ability to increase its revenues, reduce its operating costs and generate organic growth;
- **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 other non-cash items as well as investments in 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.
- The **payout ratios,** which enable investors to assess the stability of distributions against distributable income, FFO and AFFO**.**
- The **increase in average rate of renewed leases**, which measures organic growth and the Trust's ability to increase its rental income.

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 quarters ended March 31, 2016 and March 31, 2015. The table should be read in conjunction with our condensed consolidated interim financial statements and the notes thereto.

Quarters ended March 31
(in thousands of dollars)

	Reference	2016	2015
		$	$
Rental income	Page 16	**18,550**	18,329
Operating expenses	Page 17	**8,431**	8,197
Net operating income	Page 17	**10,119**	10,132
Financial revenues	Page 23	**(21)**	(13)
Financial expenses	Page 18	**5,576**	5,524
Trust administration expenses	Page 19	**1,013**	1,221
Net income and comprehensive income	Page 20	**3,551**	3,400

Rental income

BTB acquired properties during fiscal 2015 and the first quarter of 2016. BTB also disposed of four properties in the fourth quarter of 2015. With the net contribution of these acquisitions, rental income increased by $221 or 1.2% for the first quarter of 2016 compared to the same quarter of 2015.

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 first quarter of 2016, rent adjustments of $100 (2015: $224) were recorded on a straight-line basis.

In the first quarter of 2016, BTB recorded amortization of $479 (2015: $492) as a reduction in rental income, which represents amortization of lease incentives afforded to lessees.

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

Quarters ended March 31
(in thousands of dollars)

	2016	2015
	$	$
Rental income on the basis of in-place leases	**18,929**	18,597
Straight-line rental income adjustment	**100**	224
Amortization of lease incentives	**(479)**	(492)
Rental income from investment properties	**18,550**	18,329

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 $234 or 2.9% between the first quarter of 2015 and the first quarter of 2016. Maintenance, repairs and other operating costs remained relatively stable, increasing less than 1% from 2015 to 2016. Higher electricity rates were offset by lower consumption due to mild temperatures in winter 2016. However, property taxes increased significantly. BTB annually reviews the property values of its properties and, if any are considered too high, files an objection with the municipalities concerned.

The following table shows the breakdown of operating expenses for the quarters ended March 31, 2016 and 2015.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Operating expenses		
Maintenance, repairs and other operating costs	**2,962**	2,932
Property taxes and public utilities	**5,469**	5,265
Total operating expenses	**8,431**	8,197
% of rental income	***45.5***	*44.7*

As a percentage of rental income, operating expenses increased 0.8% over the quarter, from 44.7% for the first quarter of 2015 to 45.5%.

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 the combined 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.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Net operating income	**10,119**	10,132
% of rental income	***54.5***	*55.3*

Net operating income was stable for the first quarter of 2016 compared to 2015.

Net operating income is reduced by non-cash rental income adjustments. Before adjustments, net operating income increased by 0.9% for the quarter and was as follows:

Quarters ended March 31 (in thousands of dollars)	2016	2015
	$	$
Net operating income	**10,119**	10,132
Straight-line rental income adjustments	**(100)**	(224)
Adjustments related to amortization of lease incentives	**479**	492
Net operating income before rental income adjustments	**10,498**	10,400
% of rental income on the basis of in-place leases	***55.5***	*55.9*

Financial expenses

Financial expenses arise from the following loans and financings:

- Mortgage loans payable contracted or assumed totalling approximately $376 million as at March 31, 2016, compared to $352 million as at March 31, 2015. The increase resulted from the financing of acquisitions and refinancing of certain properties during the last 12 months.
- Series D, E and F convertible debentures for a total par value of $72.7 million.
- Operating and acquisition lines of credit used as needed, which allowed primarily for the acquisition of properties during fiscal 2015 and the first quarter of 2016.
- 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 quarters:

Quarters ended March 31 (in thousands of dollars)	2016	2015
	$	$
Interest expense on mortgage loans payable	**3,658**	3,513
Interest expense on debentures	**1,291**	1,274
Interest expense on acquisition line of credit	**156**	101
Interest expense on operating line of credit and other interest expenses	**27**	27
Interest expenses	**5,132**	4,915
Accretion of effective interest	**275**	304
Accretion of non-derivative liability component of convertible debentures	**74**	149
Financial expenses before following item:	**5,481**	5,368
Fair value adjustment on derivative financial instruments (debenture conversion options and interest rate swap)	**95**	156
Financial expenses	**5,576**	5,524

Before recognition of fair value adjustments on derivative financial instruments (debenture conversion options and interest rate swap), financial expenses increased by $113 during the first quarter of 2016 compared to the same quarter in 2015.

Financial expenses can be allocated among interest expenses amounting to $5,132 for the quarter (2015: $4,915) and non-monetary items. Non-monetary items include, but are not limited to, fair value adjustments on derivative financial instruments in the amount of $95 for the quarter (2015: $156 debit position). 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 March 31, 2016, the average weighted contractual rate of interest on mortgage loans payable was 3.93%, 15 basis points lower than the rate in effect at March 31, 2015. For 30 consecutive quarters, the weighted average interest rate has remained stable or declined. Interest rates on first-ranking mortgage financings ranged from 2.83% to 6.80% as at March 31, 2016. The weighted average term of financing in place as at March 31, 2016 was 5.21 years (5.12 years as at March 31, 2015).

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 $68 or 6.7% for the quarter compared to the same quarter last year due to strict control of the Trust’s fixed expenses. 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.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Administrative expenses	**960**	1,028
Amortization	**16**	18
Unit-based compensation	**37**	175
Trust administration expenses	**1,013**	1,221

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 quarters 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 quarter 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 in the Trust’s geographical market remained relatively stable during the first quarter 2016. 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 modelling process for both internal and external appraisals:

	Commercial	Office	Industrial	General purpose
As at March 31, 2016				
Capitalization rate	6.25 % – 10.00 %	6.50 % – 9.25 %	6.50 % – 9.75 %	7.25 % – 8.25 %
Terminal capitalization rate	7.00 % – 8.50 %	6.75 % – 7.75 %	7.75 % – 9.75 %	7.50 % – 8.00 %
Discount rate	7.75 % – 9.00 %	7.25 % – 8.50 %	8.25 % – 10.50 %	8.00 % – 8.50 %
As at March 31, 2015				
Capitalization rate	6.25% – 10.00%	6.50% – 9.25%	6.50% – 10.00%	7.25% – 8.25%
Terminal capitalization rate	7.00% – 8.25%	7.00% – 7.75%	7.75% – 9.75%	7.50% – 7.50%
Discount rate	7.75% – 9.00%	7.50% – 8.50%	7.50% – 10.50%	8.00% – 8.25%

The weighted average capitalization rate for the entire portfolio as at March 31, 2016 was 7.33% (March 31, 2015: 7.41%), down one basis point since December 31, 2015 and down 8 basis points from a year earlier.

As at March 31, 2016, 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 $22 million.

Net income and comprehensive income

BTB generated net income of $3.6 million for the first quarter of 2016, up $151 from the first quarter of 2015.

Quarters ended March 31 (in thousands of dollars, except for per unit data)	2016	2015
	$	$
Net income and comprehensive income	**3,551**	3,400
Per unit	**10.2¢**	9.9¢

Adjusted net income and comprehensive income

Net income and comprehensive income fluctuate from one quarter 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 adjusted net income and comprehensive income before these volatile non-monetary items.

Quarters ended March 31 (in thousands of dollars, except for per unit data)	2016	2015
	$	$
Net income and comprehensive income	**3,551**	3,400
Volatile non-monetary items		
±Fair value adjustment on derivative financial instruments	**95**	156
Adjusted net income and comprehensive income	**3,646**	3,556
Per unit	**10.5¢**	10.4¢

This table shows an increase of 2.5% in quarterly adjusted net income, before the non-monetary items mentioned above. Quarterly adjusted net income per unit increased 1.0%.

OPERATING RESULTS – SAME-PROPERTY PORTFOLIO

Same-property portfolio

The same-property portfolio includes all the properties owned by BTB as at January 1, 2015, but does not include the financial spin-offs of disposals, acquisitions and developments completed in 2015 and 2016.

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

Quarters ended March 31 (in thousands of dollars)	2016	2015
	$	$
Rental income	**16,373**	17,166
Operating expenses	**7,389**	7,514
Net operating income	**8,984**	9,652
Interest expense on mortgage loans payable	**3,241**	3,303
Net property income	**5,743**	6,349
Increase in net property income from the same-property portfolio	***(9.5%)***	

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.

Rental Income

Rental income from the same-property portfolio decreased by 4.6% in the first quarter ended March 31, 2016 compared to the same quarter of 2015. The decrease was mainly felt in the office segment. Two properties were responsible for substantially all of the decrease: "1001 Sherbrooke East" in Montréal, which had an actual 37% occupancy rate as at March 31, 2016 (2015: 95%) and "50 St-Charles West" in Longueuil, which had an actual 33% occupancy rate as at March 31, 2016 (2015: 100%).

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

Quarters ended March 31 (in thousands of dollars)	2016	2015	*Δ%*
	$	$	
Same-property portfolio	**16,373**	17,166	*(4.6)*
Acquisitions, disposals and development	**2,177**	1,163	*n/a*
Rental income	**18,550**	18,329	*1.5*

Operating expenses

Operating expenses of the same-property portfolio were down 1.7% for the first quarter of 2016 compared to the same quarter of 2015. Lower operating expenses for the quarter were due to a decrease of more than 2.7% in maintenance and repair expenses, a 7.3% decrease in energy expense due to mild winter conditions during the first quarter of 2016, while property taxes increased by 2.8% in the first quarter.

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

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**	*Δ%*
	$	$	
Same-property portfolio	**7,389**	7,514	*(1.7)*
Acquisitions, disposals and development	**1,042**	683	*n/a*
Operating expenses	**8,431**	8,197	*2.9*

Net operating income

Net operating income from the same-property portfolio was down 6.9% for the first quarter of 2016 compared to the same quarter of 2015. As explained above, and despite strict control of operating expenses which decreased by 1.7%, the decrease in operating income primarily reflects the underperformance of two properties: 1001 Sherbrooke Est in Montréal and 50 St-Charles in Longueuil.

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

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**	*Δ%*
	$	$	
Same-property portfolio	**8,984**	9,652	*(6.9)*
Acquisitions, disposals and development	**1,135**	480	*n/a*
Net operating income	**10,119**	10,132	*(0.1)*

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

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**	*Δ%*
	$	$	
Net operating income	**8,984**	9,652	*(6.9)*
Straight-line rental income adjustments	**(51)**	(206)	*n/a*
Adjustment related to amortization of lease incentives	**479**	473	*n/a*
Net operating income before rental income adjustments	**9,412**	9,919	*(5.1)*

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 1.9% in the first quarter of 2016 compared to the same quarter of 2015, 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.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**	*Δ%*
	$	$	
Same-property portfolio	**3,241**	3,303	*(1.9)*
Acquisitions and development	**417**	210	*n/a*
Interest expense on mortgage loans payable	**3,658**	3,513	*4.1*

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.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Net income (loss) and comprehensive income (IFRS)	**3,551**	3,400
+ Amortization of an investment property and other property and equipment	**44**	45
+ Unit-based compensation expense	**37**	175
+ Accretion of the liability component of convertible debentures	**74**	149
+ Fair value adjustment on derivative financial instruments	**95**	156
+ Amortization of lease incentives	**479**	492
- Straight-line rental income adjustment	**(100)**	(224)
+ Accretion of effective interest	**275**	304
Distributable income	**4,455**	4,497

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

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Cash flows from operating activities (IFRS)	**6,709**	5,589
+ Financial revenues	**21**	13
+ Net change in operating items	**2,857**	3,810
- Interest expense on mortgage loans payable	**(3,658)**	(3,513)
- Interest expense on convertible debentures	**(1,291)**	(1,274)
- Interest expense on acquisition line of credit	**(156)**	(101)
- Interest expense on operating line of credit and other interest expenses	**(27)**	(27)
Distributable income	**4,455**	4,497

Distributions and per unit data

Quarters ended March 31 (in thousands of dollars, except for per unit data)	2016	2015
	$	$
Distributions		
Cash distributions	**3,162**	3,174
Distributions reinvested under the distribution reinvestment plan	**493**	422
Total distributions to unitholders	**3,655**	3,596
Percentage of reinvested distributions	***13.5%***	*11.7%*
Per unit data		
Distributable income	**12.8¢**	13.1¢
Distributions	**10.5¢**	10.5¢
Payout ratio (1)	***82.0%***	*80.0%*
Cash payout ratio(2)	***71.0%***	*70.6%*

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

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

Distributable income for the first quarter decreased by $42, from $4,497 to $4,455, between 2015 and 2016. Distributable income per unit for the first quarter of 2016 was 12.8¢ compared to 13.1¢ in 2015, a 2.3% decrease.

The decrease reflects the same-property portfolio's underperformance for the first quarter, as explained on pages 21 and 22.

Distributions to unitholders totalled 10.5¢ per issued unit for each of the first quarters of 2016 and 2015.

The payout ratio for distributable income was 82.0% in the first quarter of 2016 compared to 80.0% in the first quarter of 2015, reflecting a surplus of distributable income over distributions.

Distribution reinvestment plan

In the first quarter of 2016, 13.5% of distributions (2015: 11.7%) were reinvested under the distribution reinvestment plan implemented by BTB in 2011. Approximately $0.5 million (2015: $0.4 million) of the Trust's cash has thereby been preserved through unit conversions during the first quarter of 2016.

Until April 15, 2016, the plan's discount rate was 5%. The Trust has announced that as of May 16, 2016, the rate will be lowered to 3% in line with the discount offered by most Canadian REITs.

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
- Leasing payroll expenses (starting in 2016)

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 quarters ended March 31, 2016 and 2015:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	**2016**	**2015**
	$	$
Net income and comprehensive income (IFRS)	**3,551**	3,400
+ Amortization of a property recognized at cost	**16**	18
+ Amortization of lease incentives	**479**	492
+ Fair value adjustment on derivative financial instruments	**95**	156
+ Leasing payroll expenses	**75**	—
FFO	**4,216**	4,066
FFO per unit	**12.1¢**	11.9¢
FFO payout ratio(1)	***86.7%***	*88.4%*
FFO cash payout ratio(2)	***75.0%***	*78.1%*

(1) The FFO payout ratio corresponds to total distributions divided by FFO.

(2) The FFO cash payout ratio corresponds to cash distributions divided by FFO.

FFO increased by 3.7% for the first quarter of 2016 compared to 2015. FFO per unit for the first quarter amounted to 12.1¢ in 2016 compared to 11.9¢ in 2015. The FFO payout ratio stood at 86.7% for the first quarter of 2016 compared to 88.4% for the same quarter of 2015.

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

Furthermore, 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. 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 25¢ (2015: 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 and leasing payroll expenses.

The following table provides a reconciliation of FFO and AFFO for the quarters ended March 31, 2016 and 2015:

Quarters ended March 31 (in thousands of dollars, except for per unit data)	2016	2015
	$	$
FFO	**4,216**	4,066
- Straight-line rental income adjustment	**(100)**	(224)
+ Accretion of effective interest	**275**	304
+ Accretion of the liability component of convertible debentures	**74**	149
+ Amortization of other property and equipment	**28**	27
+ Unit-based compensation expenses	**37**	175
- Provision for non-recoverable capital expenses	**(370)**	(366)
- Provision for rental fees	**(320)**	(255)
AFFO	**3,840**	3,876
AFFO per unit	**11.0¢**	11.3¢
AFFO payout ratio(1)	***95.2%***	*92.8%*
AFFO cash payout ratio(2)	***82.3%***	*81.9%*

(1) The AFFO payout ratio corresponds to total distributions divided by AFFO.
(2) The AFFO cash payout ratio corresponds to cash distributions divided by AFFO.

AFFO per unit amounted to 11.0¢ in the first quarter of 2016 compared to 11.3¢ in 2015, a 2.7% decrease. The AFFO payout ratio stood at 95.2% at the end of the first quarter of 2016 compared to 92.8% at the end of the first quarter of 2015.

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 quarters ended March 31, 2016 and 2015.

Quarters ended March 31 (in thousands of dollars)	Commercial		Office		Industrial		General purpose		Total
	$	%	$	%	$	%	$	%	$
Quarter ended March 31, 2016									
Investment properties	167,752	*26.5*	287,824	*45.3*	116,969	*18.4*	62,259	*9.8*	634,804
Rental income from properties	4,701	*25.3*	9,040	*48.7*	2,682	*14.5*	2,127	*11.5*	18,550
Net operating income	2,639	*26.1*	4,230	*41.8*	2,197	*21.7*	1,053	*10.4*	10,119
Quarter ended March 31, 2015									
Investment properties	170,498	*28.2*	254,399	*41.9*	116,117	*19.1*	65,844	*10.8*	606,858
Rental income from properties	4,436	*24.2*	8,799	*48.0*	2,719	*14.8*	2,375	*13.0*	18,329
Net operating income	2,509	*24.8*	4,287	*42.3*	2,209	*21.8*	1,127	*11.1*	10,132

On January 1, 2016, the Trust reclassified some properties to better reflect the current mix of tenant activities. The comparative figures were reclassified to conform to the current period presentation.

REAL ESTATE OPERATIONS

Leasing activities

The following table summarizes changes in available leasable area during the quarters ended March 31.

Quarters ended March 31 (in square feet)	2016	2015
Available leasable area at beginning of quarter	**408,243**	340,348
Available leasable area purchased (sold)	—	3,066
Leasable area of expired leases	**189,387**	187,683
Leasable area of leases terminated before term	**11,811**	16,340
Leasable area of renewed leases	**(158,785)**	(135,351)
Leasable area of new leases signed	**(26,543)**	(55,885)
Other	**(1,883)**	(49)
Available leasable area at end of quarter	**422,230**	356,152

The Trust's leasing operations were significant during the first quarter of 2016. More than 185,000 square feet of leases were signed with new tenants or renewed during the quarter (2015: 190,000).

The average rental rate of expired and renewed leases rose 3.41% during the first quarter (2015: 3.72%).

Occupancy rates

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

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
		%	%	%	%
Operating segment					
Office	**85.8**	85.8	83.6	84.1	88.3
Commercial	**92.1**	92.5	92.1	92.0	91.2
Industrial	**97.1**	97.1	96.6	96.6	98.4
General purpose	**95.6**	96.3	96.1	95.3	95.9
Total portfolio	**91.5**	91.7	91.0	90.8	92.8

The overall occupancy rate is down by 0.2% since December 31, 2015 and down by 1.3% since March 31, 2015. It stood at 91.5% at the end of the first quarter of 2016.

Retention rate

The retention rate for leases expired in 2016 was 31.3% for the first quarter of 2016 (2015: 31.0%).

Lease maturity

The following table shows the lease maturity profile for the next quarters of 2016 and the next few years:

	2016	2017	2018	2019	2020	2021
Office						
Leasable area (sq. ft.)	225,451	137,434	192,145	315,918	127,585	227,816
Average lease rate/square foot ($)	$14.37	$12.40	$12.83	$13.76	$14.39	$12.35
% of office portfolio	*11.74%*	*7.15%*	*10.00%*	*16.45%*	*6.64%*	*11.86%*
Commercial						
Leasable area (sq. ft.)	39,202	104,947	133,809	183,923	67,440	74,845
Average lease rate/square foot ($)	$9.61	$12.85	$14.02	$11.91	$13.36	$13.02
% of commercial portfolio	*3.54%*	*9.48%*	*12.09%*	*16.61%*	*6.09%*	*6.76%*
Industrial						
Leasable area (sq. ft.)	5,852	544,917	—	77,072	37,310	440,803
Average lease rate/square foot ($)	$5.34	$4.79	—	$4.00	$4.91	$6.34
% of industrial portfolio	*3.55%*	*36.55%*	—	*5.17%*	*2.50%*	*29.57%*
General purpose						
Leasable area (sq. ft.)	51,233	34,163	29,874	49,955	80,380	104,065
Average lease rate/square foot ($)	$10.51	$15.33	$15.83	$13.43	$13.15	$9.51
% of general purpose portfolio	*11.58%*	*7.72%*	*6.75%*	*11.29%*	*18.17%*	*23.52%*
Total portfolio						
Leasable area (sq. ft.)	368,738	821,461	355,828	626,868	312,715	847,529
Average lease rate/square foot ($)	$12.03	$7.53	$13.53	$11.99	$12.72	$8.94
% of total portfolio	*7.43%*	*16.56%*	*7.17%*	*12.63%*	*6.30%*	*17.08%*

Top 10 tenants

As at March 31, 2016, BTB managed more than 600 leases, with an average area of more than 8,000 square feet. The three largest tenants are Public Works Canada, Société québécoise des infrastructures (SQI) and Provigo Distribution Inc., accounting respectively for 6.1%, 3.0% and 2.3% of revenues, generated by a number of leases whose maturities are spread over time. Approximately 33% 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 Trust's top 10 tenants as a percentage of revenues as at March 31, 2016:

	% of revenue	Leased area (square feet)
Client		
Canada Public Works	6.1	205,836
Société québécoise des infrastructures (SQI)	3.0	123,851
Provigo Distribution Inc.	2.3	107,642
Shoppers Realty Inc.	2.2	64,304
Atis Portes et Fenêtres Corp.	1.8	219,941
Strongco	1.7	81,442
Flextronics	1.7	48,731
Le Groupe SM inc.	1.5	109,185
Germain Larivière Inc.	1.5	101,194
CSSS Haut-Richelieu-Rouville	1.4	70,242

FINANCIAL POSITION

The following table presents the Trust's balance sheet as at March 31, 2016 and December 31, 2015. It should be read in conjunction with the Trust's condensed consolidated interim financial statements and the notes thereto.

(in thousands of dollars)

	Reference	March 31, 2016 $	December 31, 2015 $
Assets			
Investment properties	Page 31	**634,804**	622,651
Amounts receivable from tenants and other receivables	Page 32	**2,574**	1,981
Other assets	Page 32	**7,500**	4,261
Cash, cash equivalents and reserved cash	Page 32	**1,864**	4,189
Total assets		**646,742**	633,082
Liabilities			
Mortgage loans payable	Page 33	**374,729**	366,596
Convertible debentures	Page 34	**69,097**	68,866
Bank loans	Page 35	**13,500**	9,800
Accounts payable and other liabilities	Page 37	**14,571**	13,461
Total liabilities		**471,897**	458,723
Equity			
Unitholders' equity	Page 37	**174,845**	174,359
Total liabilities and equity		**646,742**	633,082

The main changes in the balance sheet as at March 31, 2016 compared to the balance sheet as at December 31, 2015 reflect the acquisition of a property and the related mortgage and bank 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 $635 million as at March 31, 2016 compared to $607 million as at March 31, 2015 and $623 million as at December 31, 2015.

Acquisition of investment properties

On February 15, 2016, BTB acquired an office building located in downtown Montréal for $11 million. The property, entirely leased to a single tenant under a long-term lease, has a leasable area of 52,500 square feet.

Proposed disposal of investment properties

Following strategic deliberations, the Trust has agreed to sell certain assets when the circumstances are right. The proceeds of disposal from the sale of these assets will be used to repay debt. There were no disposals during the first quarter of 2016.

Summary by operating segment

As at March 31	**2016**			**2015**		
	Number of properties	**Leasable area (sq. ft.)**	**%**	**Number of properties**	**Leasable area (sq. ft.)**	**%**
Office	**27**	**1,920,977**	***38.7***	26	1,799,826	*36.3*
Commercial	**17**	**1,107,058**	***22.3***	18	1,163,320	*23.5*
Industrial	**19**	**1,490,887**	***30.1***	19	1,490,887	*30.1*
General purpose	**6**	**442,472**	***8.9***	8	501,172	*10.1*
Subtotal	**69**	**4,961,394**	***100.0***	71	4,955,205	*100.0*
Properties under redevelopment	**3**	**182,561**		2	126,546	
Total	**72**	**5,143,955**		73	5,081,751	

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 March 31, 2016 totalled $428 compared to $169 for the same quarter of 2015, of which $54 for the quarter was recoverable (2015: $51). Capital expenditures do not include repair and maintenance costs. Capital expenditures vary from one quarter 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 and incentives applicable to the leased areas to meet the specific needs of tenants, as well as leasing fees that are paid to independent brokers. These disbursements totalled $767 for the quarter ended March 31, 2016, compared to $603 for the same quarter of 2015. 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 quarters ended March 31, 2016 and 2015.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Recoverable maintenance capital expenditures	**54**	51
Grants	**—**	—
Recoverable maintenance capital expenditures net of grants	**54**	51
Non-recoverable maintenance capital expenditures(1)	**374**	118
Total maintenance capital expenditures	**428**	169
Leasing fees and leasehold improvements	**767**	603
Total	**1,195**	772

(1) Includes $225 related to investment properties under redevelopment (March 31, 2015: $4)

The following table shows changes in the fair value of investment properties during the quarters ended March 31.

Quarters ended March 31 (in thousands of dollars)	**2016**	**2015**
	$	$
Balance, beginning of quarter	**622,651**	571,462
Additions:		
Acquisitions	**11,337**	34,892
Capital expenditures net of grants	**428**	169
Leasing fees and leasehold improvements	**767**	603
Other non-monetary changes	**(379)**	(268)
Balance, end of quarter	**634,804**	606,858

Investment properties under redevelopment

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

- **1863-1865 Transcanadienne, Montréal – Québec** - This industrial property is currently completely vacant. To date, the Trust will invest approximately $1 million to repurpose this property.

- **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. If the Trust proceeds with its project, it intends to invest approximately $1 million.

- **100, 1ère rue Ouest, Thetford Mines – Québec –** The Trust is considering completely demolishing this building and redeveloping this property into a modern retail business site. The Trust is waiting for the required authorizations.

Amounts receivable from tenants and other receivables

Amounts receivable from tenants and other receivables increased from $1,981 as at December 31, 2015 to $2,574 as at March 31, 2016. 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)	**March 31, 2016**	**December 31, 2015**
	$	$
Amounts receivable from tenants	**1,339**	1,125
Allowance for doubtful accounts	**(323)**	(329)
	1,016	796
Recovery from unbilled tenants	**436**	105
Balance of sale receivable	**600**	600
Other receivables	**522**	480
	2,574	1,981

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)	**March 31, 2016**	**December 31, 2015**
	$	$
Property and equipment	**3,225**	3,203
Accumulated depreciation	**(955)**	(911)
	2,270	2,292
Prepaid expenses	**4,697**	1,285
Other	**533**	684
	7,500	4,261

Cash, cash equivalents and reserved cash

(in thousands of dollars)	**March 31, 2016**	**December 31, 2015**
	$	$
Available cash	**1,813**	4,138
Reserved cash	**51**	51
	1,864	4,189

CAPITAL RESOURCES

Long-term debt

The following table shows the balances of BTB's indebtedness as at March 31, 2016, including mortgage loans payable and convertible debentures, based on year of maturity and corresponding weighted average contractual interest rates:

As at March 31, 2016 (in thousands of dollars)	**Balance of convertible debentures**	**Balance of mortgages payable**	**Weighted average contractual interest rate**
	$	**$**	**%**
Year of maturity			
2016	—	72,032	4.07
2017	—	60,318	3.85
2018	23,000	41,272	5.05
2019	—	41,973	3.57
2020	49,700	20,294	6.11
2021 and thereafter	—	140,303	4.04
Total	**72,700**	**376,192**	**4.44**

Weighted average contractual interest rate

As at March 31, 2016, the weighted average contractual interest rate of the Trust's long-term debt stood at 4.44%, i.e. 3.93% for mortgages payable and 7.10% for convertible debentures.

Mortgage loans payable

As at March 31, 2016, the Trust's mortgage loans payable amounted to $376 million compared to $352 million as at March 31, 2015, before deferred financing costs and valuation adjustments, an increase of $24 million due to acquisition financings completed in 2015 and during the first quarter of 2016, certain refinancings and principal repayments on monthly payments.

As at March 31, 2016, the weighted average interest rate was 3.93%, compared to 4.08% for mortgage loans on the books as at March 31, 2015, a drop of 15 basis points. As at March 31, 2016, all mortgages payable bear interest at fixed rates or are coupled with an interest rate swap.

The weighted average term of existing mortgage financings was 5.2 years as at March 31, 2016 and 5.1 years as at March 31, 2015.

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 first quarter ended March 31, 2016:

As at March 31, 2016 (in thousands of dollars)	$
Balance at beginning of quarter	**367,953**
Mortgage loans contracted or assumed	**11,133**
Balance repaid at maturity or upon disposal	—
Monthly principal repayments	**(2,894)**
Balance as at March 31, 2016	**376,192**

Note: Before unamortized financing costs and valuation adjustments.

Except for two properties under redevelopment valued at $4.6 million, and a property partially securing the acquisition and operating lines of credit as at March 31, 2016, all of the Trust's other properties were mortgaged as at March 31, 2016. Unamortized loan financing costs totalled $2,428 and are amortized under the effective interest method over the term of the loans.

The following table, as at March 31, 2016, shows future mortgage loan repayments for the next few years:

As at March 31, 2016 (in thousands of dollars)	**Principal repayment**	**Balance at maturity**	**Total**	**% of total**
	$	**$**	**$**	
Maturity				
2016 (9 months)	**8,472**	70,409	78,881	21.0
2017	**8,610**	57,226	65,836	17.5
2018	**6,849**	38,091	44,940	11.9
2019	**5,432**	37,872	43,304	11.5
2020	**4,915**	17,577	22,492	6.0
2021 and thereafter	**35,226**	85,513	120,739	32.1
Total	**69,504**	**306,688**	**376,192**	**100.0**
+ Valuation adjustments on assumed loans			965	
- Unamortized financing costs			(2,428)	
Balance as at March 31, 2016			**374,729**	

During the quarter, the Trust entered into the following financing agreements:

- In February 2016, a loan of $7.3 million for a 5-year term, bearing interest at rate of 2.77% and a second ranking loan of $2.6 million for a 2 year-term, bearing interest at 5.9%. These two loans were used to acquire an office building in Montréal, Québec for $11 million.

- In February 2016, a refinancing agreement in the additional amount of $1.6 million for a 5-year term, bearing interest at 3.30%, on a 75%-owned office building.

Convertible debentures

(a) 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 March 31, 2016, the closing market price of BTB units was $4.62.

Since July 31, 2015, 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.

(b) 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 March 31, 2016, the closing market price of BTB units was $4.62.

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.

(c) Series F

In December 2015, the Trust issued Series F subordinated, convertible, unsecured debentures, bearing 7.15% interest, in the amount of $26.7 million. Interest is payable semi-annually and the debentures mature on December 31, 2020. The debentures are convertible at the holder's option at any time before December 31, 2020, subject to certain conditions. The conversion price is $5.65 per unit (the "Series F conversion price"). As at March 31, 2016, the closing market price of BTB units was $4.62.

As of March 31, 2018, but before December 31, 2019, 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 F conversion price and, as of December 31, 2019, but before December 31, 2020, at a redemption price equal to their principal amount plus accrued and unpaid interest.

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

(in thousands of dollars)	Series D	Series E	Series F	Total
Contractual interest rate	7.25%	6.90%	7.15%	
Effective interest rate	8.47%	7.90%	8.47%	
Date of issuance	July 2011	February 2013	December 2015	
Per-unit conversion price	$6.10	$6.15	$5.65	
Date of interest payment	January 31 and	March 31 and	June 30 and	
	July 31	September 30	December 31	
Maturity date	July 2018	March 2020	December 2020	
Balance as at March 31, 2016	**21,749**	**22,020**	**25,328**	**69,097**

Bank loan – operating credit facility

BTB has an operating credit facility of $2 million with a Canadian chartered bank. This credit facility is partially secured by a first-ranking collateral mortgage on three properties, a second-ranking collateral mortgage on three properties, and by a third-ranking mortgage. The facility bears interest at the bank's base rate, plus 0.75%. As at March 31, 2016, $1.4 million of the operating credit facility had been used.

Bank loans – acquisition credit facility

BTB has an acquisition credit facility of $15 million with a Canadian chartered bank. This credit facility is partially secured by a first-ranking collateral mortgage on three properties, a second-ranking collateral mortgage on three properties, and a third-ranking mortgage on one property. The facility bears interest at the bank's base rate, plus 3.25%. As at March 31, 2016, $12.1 million of the acquisition credit facility had been used.

The Trust intends to repay the acquisition credit facility in full through the issuance of units as soon as circumstances permit.

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 March 31, 2016 and December 31, 2015.

(in thousands of dollars)	March 31, 2016	March 31, 2015	December 31, 2015
	$	$	$
Mortgage loans payable (1)	**376,192**	352,309	367,953
Convertible debentures (1)	**72,700**	69,000	72,700
Acquisition credit facility	**12,100**	11,100	9,800
Total long-term debt	**460,992**	432,409	450,453
Gross book value of the Trust	**647,697**	622,077	633,993
Mortgage liability ratio (excluding convertible debentures and acquisition credit facility)	***58.1%***	*56.6%*	*58.0%*
Debt-equity ratio – convertible debentures	***11.2%***	*11.1%*	*11.5%*
Debt-equity ratio – acquisition line of credit	***1.9%***	1.8%	1.5%
Total debt ratio	***71.2%***	*69.5%*	*71.0%*

(1) Gross amounts

According to the table above, the mortgage liability ratio, excluding the convertible debentures and acquisition credit facility as at March 31, 2016, amounted to 58.1%, equal to that of December 31, 2015 and an increase of 1.5% compared to that of March 31, 2015. Including the convertible debentures and the acquisition credit facility, the ratio stood at 71.2%, equal to that of December 31, 2015 and up 1.7% from March 31, 2015. Management intends to repay the acquisition credit facility through a contingent unit issue as soon as circumstances permit.

The Trust seeks to finance its acquisitions with mortgage debt ratios of 60% to 70% because the cost of 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 March 31, 2016, the interest coverage ratio stood at 1.98, down 9 points from the first quarter of 2015. Despite the decrease, this ratio shows the Trust's financial strength and ability to cover the cost of its debt.

Quarters ended March 31 (in thousands of dollars, except for the ratios)	2016	2015
	$	$
Net operating income	**10,119**	10,132
Interest expense, net of interest income[1]	**5,111**	4,902
Interest coverage ratio	***1.98***	*2.07*

(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.

Accounts payable and other liabilities

(in thousands of dollars)	March 31 2016	December 31 2015
	$	**$**
Trade and other payables	**12,759**	11,693
Distributions payable	**1,220**	1,215
Unit-based compensation	**116**	173
Derivative financial instruments	**476**	380
	14,571	13,461

Unitholders' equity

Unitholders' equity consists of the following:

(in thousands of dollars)	March 31, 2016	December 31, 2015
	$	**$**
Trust units	**185,443**	184,853
Cumulative profit	**45,783**	42,232
Cumulative distributions to unitholders	**(56,381)**	(52,726)
Unitholders' equity	**174,845**	174,359

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. As of April 16, 2016, the discount was lowered to 3% in line with the discount offered by most Canadian REITs. Under the program, 122,271 units were issued during the first quarter of 2016 (2015: 92,394 units).

Units outstanding

The following table summarizes units issued during the reporting quarters and the weighted number of units for the same quarters.

Quarters ended March 31 (in number of units)	2016	2015
Units outstanding, beginning of quarter	**34,705,151**	34,133,967
Units issued		
Distribution reinvestment plan	**122,271**	92,394
Awards under employee unit purchase plan	**8,340**	7,758
Awards under the restricted unit compensation plan	**14,198**	51,602
Unit options exercised		
Units outstanding, end of quarter	**34,849,960**	34,285,721
Weighted average number of units outstanding	**34,785,321**	34,222,227

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 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.

As at March 31, 2016, there were no unit options outstanding.

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.

As at March 31, 2016 and 2015, there were no deferred units outstanding.

Restricted unit compensation plan

Under this plan, beneficiaries are awarded restricted units that become fully vested over a quarter 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 quarters ended March 31, 2016 and 2015.

Quarters ended March 31 (in number of units)	2016	2015
Restricted units outstanding, beginning of quarter	**51,083**	39,816
Restricted units issued	**–**	25,983
Restricted units settled	**(14,198)**	(51,601)
Restricted units outstanding, end of quarter	**36,885**	14,198

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, 8,340 units were issued (March 31, 2015: 7,758).

Off-balance sheet arrangements and contractual commitments

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 March 31, 2016, 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, disposals of “real or immovable properties” that are capital properties, dividends, royalties and disposals 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 disposals 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 March 31, 2016, 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 2016 or any other subsequent year.

TAXATION OF UNITHOLDERS

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

Quarters ended March 31	2016	2015
	%	%
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 3 to the audited annual consolidated financial statements for the year ended December 31, 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 quarter. 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 quarter in which the estimates are revised and in any future quarters 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 quarter 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 quarter, 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.

(a) 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.

(b) 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 lAS 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 lAS 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.

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

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.

(d) 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 quarters 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.

(e) 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.

(f) 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.

(g) 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 quarters for which no rent is due ("free rent quarter") 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 quarter 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 quarter 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.

(h) 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 quarters 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.

(i) 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 quarter, adjusted for own units held.

(j) 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.

(k) 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.

(l) 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 quarter. The units are considered financial liabilities and the awards are also considered financial liabilities and measured at fair-value at each reporting quarter 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 quarter, 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 quarter, 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.

(m) 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.

(n) 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 quarter.

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 2016, the Trust adopted amendments to IAS 1, *Presentation of Financial Statements* and IFRS 11, *Joint Arrangements*. The application of these amendments had no impact on the Trust's consolidated financial statements.

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

IFRS 9, *Financial Instruments* ("IFRS 9")
On July 24, 2015 the IASB issued the complete IFRS 9 (IFRS 9 (2015)). IFRS 9 (2015) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2015), 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 (2015) 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 quarter 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 2015 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 quarter beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16, *Leases* ("IFRS 16")
In January 2016, the IASB issued IFRS 16, *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. This standard would be effective for the Trust's annual quarters beginning after January 1, 2019 with earlier adoption permitted. 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 favourable 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. At this time, low oil prices have had and continue to have an adverse effect on Canada's economy. 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 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.

The operating credit facility in the stated amount of $2 million and acquisition credit facility for $15 million are repayable on demand with at least 60 days' notice. The credit facilities are subject to review on or around June 1 of each year.

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 favourable 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 quarter 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.

Environmental matters

Environmental and ecological related policies have become increasingly important in recent years. As an owner or operator of real property, BTB could, under various federal, provincial and municipal laws, become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in our properties or disposed of at other locations. The failure to remove or remediate such substances, or address such matters through alternative measures prescribed by the governing authority, may adversely affect BTB's ability to sell such real estate or to borrow using such real estate as collateral, and could, potentially, also result in claims against BTB by private plaintiffs or governmental agencies. BTB is not currently aware of any material non-compliance, liability or other claim in connection with any of our properties, nor is BTB aware of any environmental condition with respect to any properties that it believes would involve material expenditures by BTB.

Pursuant to BTB's operating policies, BTB shall obtain or review a Phase I environmental audit of each immovable property to be acquired by it.

Legal Risks

BTB's operations are subject to various laws and regulations across all of its operating jurisdictions and BTB faces risks associated with legal and regulatory changes and litigation.

General Uninsured Losses

BTB subscribed a blanket comprehensive general liability including insurance against fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars or environmental contamination) which are either uninsurable or not insurable on an economically viable basis. BTB also carries insurance for earthquake risks, subject to certain policy limits and deductibles, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, BTB could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but BTB would continue to be obligated to repay any mortgage loans on such properties.

Many insurance companies have eliminated coverage for acts of terrorism from their policies, and BTB may not be able to obtain coverage for terrorist acts at commercially reasonable rates or at any price. Damage to a property sustained as a result of an uninsured terrorist or similar act would likely adversely impact BTB's financial condition and results of operation and decrease the amount of cash available for distribution.

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, disposals of “real or immovable properties” that are capital properties, dividends, royalties and disposals 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 disposals 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 March 31, 2016, 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 March 31, 2016 and that the current controls and procedures provide reasonable assurance that material information about BTB is made known to them during the quarter 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 March 31, 2016, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

During the first quarter of 2016, management made no changes to internal control over financial reporting that materially affected, or are likely to materially affect, internal control over financial reporting.