BOARDWALK

2019 ANNUAL REPORT

boardwalk

Lifestyle communities living

2019 HIGHLIGHTS

16.3%
GROWTH IN FFO PER TRUST UNIT

$2.57
FFO PER TRUST UNIT

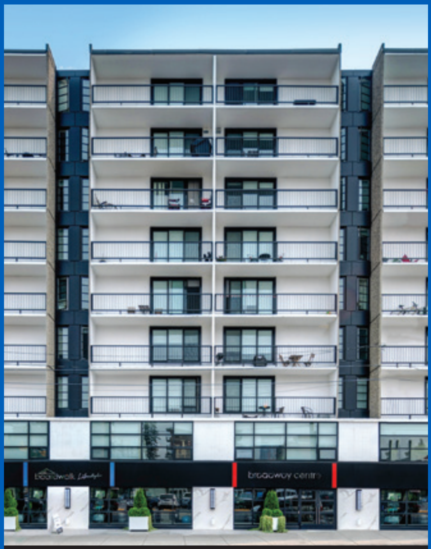
8.2%
SAME-PROPERTY NOI GROWTH

$258 million
LIQUIDITY AVAILABLE AT THE END OF 2019

$63.72
NET ASSET VALUE PER TRUST UNIT

>25%
MANAGEMENT OWNERSHIP

Boardwalk REIT strives to provide Canada's friendliest communities and currently owns and operates more than 200 communities with over 33,000 residential units totaling over 28 million net rentable square feet. Boardwalk's principal objectives are to provide its Residents with the best quality communities and superior customer service, provide Unitholders with enhanced returns, and increase the value of its Trust Units through selective acquisitions, dispositions, development, and effective management of its residential multi-family communities. Boardwalk REIT is vertically integrated and is Canada's leading owner/operator of multi-family communities with 1,600 Associates, all helping to bring Residents home to properties located in Alberta, Saskatchewan, Ontario, and Quebec.



Transformative.

Boardwalk has transformed the product quality, service, and experience it provides to its Resident Members by re-engineering many of its communities through its three distinct brands offering a diverse product offering that caters to a broader demographic in all of Boardwalk Regions, including its largest cities of Edmonton, Calgary, Montreal and London. This transformation has been rewarded by higher market share, strong retention, and solid operating and financial performance in each of our regions.

Collaborative.

Boardwalk's peak-performance culture has increased our productivity, accountability, and efficiency in the way we deliver the best quality communities for our Resident Members. Collaboration between our team and our Resident Members has created a feedback loop that provides an opportunity for continual change and improvement. This collaboration positions Boardwalk to be leaders in housing by striving to meet the needs of our stakeholders.

Innovative.

By providing homes that are newly renovated, amenity rich, and with a larger footprint while still focusing on affordability, Boardwalk has gained share in all of our markets. In addition to achieving good returns, the longer-lasting materials we are using in our current renovation specification are providing for cost savings through both longevity and energy efficiency. Boardwalk has introduced an improved Resident Member portal that offers maximum self-service, improving and responding to the needs of our Resident Members.

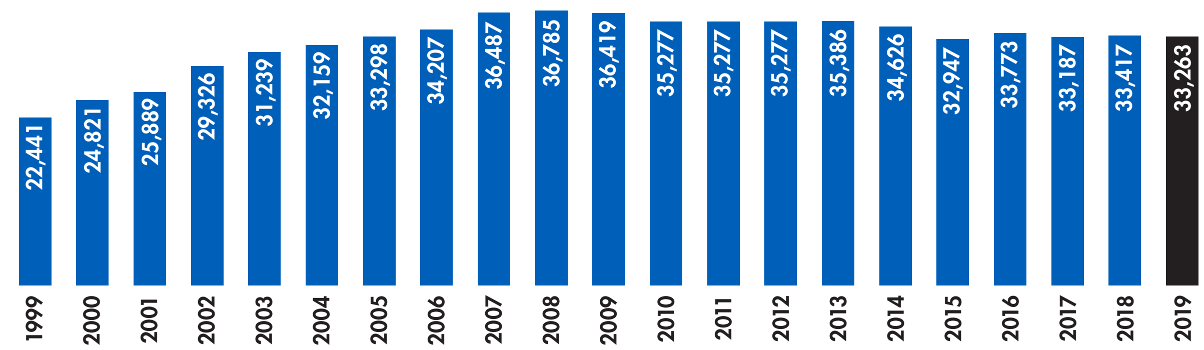
Table of Contents

OPERATIONS REVIEW

OPERATIONS PORTFOLIO

1. **Edmonton/St. Albert/Spruce Grove**
   13,030 UNITS | 39.2% OF PORTFOLIO
2. **Calgary/Airdrie/Banff**
   5,956 UNITS | 17.9% OF PORTFOLIO
3. **Montréal**
   4,681 UNITS | 14.1% OF PORTFOLIO
4. **London/Kitchener**
   2,585 UNITS | 7.8% OF PORTFOLIO
5. **Regina**
   2,046 UNITS | 6.1% OF PORTFOLIO
6. **Saskatoon**
   1,710 UNITS | 5.1% OF PORTFOLIO
7. **Québec City**
   1,319 UNITS | 4.0% OF PORTFOLIO
8. **Red Deer**
   939 UNITS | 2.8% OF PORTFOLIO
9. **Grande Prairie**
   645 UNITS | 1.9% OF PORTFOLIO
10. **Fort McMurray**
    352 UNITS | 1.1% OF PORTFOLIO
11. **Greater Toronto Area**
    835 UNITS UNDER DEVELOPMENT
    (50% JV OWNERSHIP)

RESIDENTIAL UNITS



LETTER TO UNITHOLDERS

Dear Unitholders,

Boardwalk celebrated its 25th year as a public company, and is proud to share and report on the progress and results our team has delivered in 2019 re-establishing our track record for growth by providing both our communities and Resident Members with the best product quality, service and experience.

This focus positioned Boardwalk to rise and deliver significant growth to our Unitholders through our enhanced platform which leverages our three brands and provides Boardwalk's Resident Members choice in housing ranging from affordable living to affordable luxury. By providing a wide range of housing options, Boardwalk is able to provide homes to a broader set of Canadians, while always remaining focused on affordability. Our continual drive to improve the way we operate ensures we deliver the best product quality, service and experience to our Resident Members.

2019 PERFORMANCE, DELIVERING ON OUR STRATEGY

Our strategy for growth provides goals and targets for our team to achieve and remain disciplined in our approach towards delivering value for our Unitholders. In 2019, Boardwalk produced sector-best Funds from Operation per unit growth, which resulted in a solid total return to our Unitholders.

Our continued focus on organic growth through sustainable rental rate adjustments and decreasing controllable expenses, resulted in same-property net operating income (NOI) growth of 8.2%. Our team increased focus on controllable expenses which additionally resulted in a same-property NOI margin improvement of over 200 basis points.

Boardwalk's brand and product diversification program has allowed Boardwalk to gain market share. In 2019, we upgraded 16% of our common areas (24% cumulatively since beginning in 2017) focusing on generating solid returns with each of these investments. We continue to identify new and innovative ways to decrease the cost of these investments. Additionally, Boardwalk upgraded over 1,300 suites with a focus on lower-cost suite renovations ranging from $10,000 to $15,000 per suite.

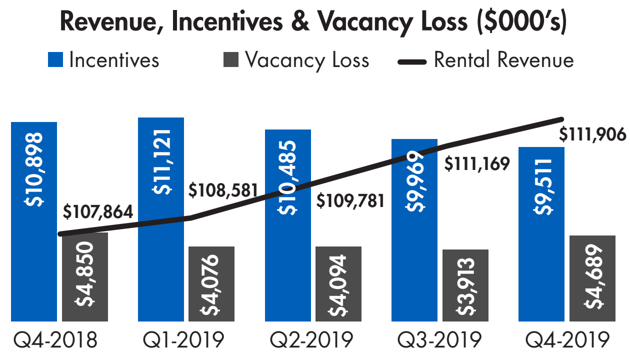
Throughout 2019, Boardwalk continued to work toward our goal of long-term geographic expansion and high-grading of our portfolio. During 2019, we sold 278 non-core units in Saskatoon, Saskatchewan and redeployed those funds to acquire 124 newly constructed units in Edmonton. Additionally, the Trust entered into its second joint venture agreement with RioCan Real Estate Investment Trust to develop a mixed-use project consisting of two towers, totaling 470 residential units and 12,000 square feet of retail space in Mississauga, Ontario.

A core principal of Boardwalk's strategy is our solid financial foundation. Approximately 99% of Boardwalk debt is backed by the Government of Canada through the Canadian

GOALS	2019 PERFORMANCE
Organic Growth	✓ Produced total revenue growth of 4.8% ✓ Achieved same property NOI growth of 8.2% ✓ Achieved SPNOI margin improvement of over 200 bps
+	
Brand & Product Diversification	✓ Repositioned/renovated 16% of common areas ✓ Renovated more than 1,300 apartment units ✓ Repositioned a new Lifestyle asset in Edmonton
+	
High-grading & Geographic Expansion	✓ Sold 278 non-core units in Saskatoon ✓ Acquired 124 newly constructed units in Edmonton ✓ Acquired 50% interest in Mississauga, Ontario development
+	
Solid Financial Foundation	✓ 99% of mortgages secured under CMHC debt ✓ 47% Asset debt (net of cash) ✓ Interest coverage at 2.76x
=	
UNITHOLDER VALUE	✓ 16.3% FFO/Trust Unit growth ✓ 24.1% total return ✓ $63.72 NAV per Trust Unit

Mortgage and Housing Corporation (CMHC) thereby reducing re-financing risk, while also providing low-cost access to capital.

By executing on Boardwalk's strategy, our team completed 2019 with Funds From Operations of $2.57 per Trust Unit, a 16.3% increase from our results in 2018, exceeding the high end of our guidance range. Our Trust Units yielded a return of over 24% compared to the 17% return generated by the TSX Capped REIT Index, while our net asset value per unit increased to $63.72 per Trust Unit.



CREATING VALUE IN BOTH COMPETITIVE AND SUPPLY-CONSTRAINED MARKETS

Boardwalk's portfolio of 33,000 apartment units spans four provinces and ten cities across Canada. Our evolved brand and operating platform has provided homes with the best product quality, service and experience to our Resident Members while rewarding our stakeholders with strong operating performance.

Our markets are in varying stages of the rental market cycle, with our two largest cities of Edmonton and Calgary nearing a level of balance and reflecting market vacancy rates of 4.9% and 3.9%, respectively, as published by CMHC in its 2019 market rental report. Boardwalk averaged 4.8% and 3.2% vacancy in these markets in 2019. Our next two largest cities of Montreal and London are experiencing constraint in housing supply with a CMHC estimated market vacancy of 1.5% and 1.8%, respectively. Despite these varying conditions, Boardwalk delivered strong operating results in all of our regions in 2019.

The Trust continually strives to gain market share through its diversified product mix and superior customer service standards as demonstrated by its 2019 Net Promoter Score (NPS) of 65, an internal record reflecting the high-level of service we provide. In rent-controlled environments, the Trust uses its brand diversification and value-added capital investments as an opportunity to provide better product quality, service and experience that results in higher rental revenues.

Boardwalk looks forward to introducing our brand to a new market, the Greater Toronto Area, with two new developments that are continuing to progress well. The Trust's first joint venture GTA development in Brampton, Ontario is expected to be completed in 2022, for Tower 1, and 2023, for Tower 2. The second joint venture development in Mississauga, Ontario is currently in for zoning approval.

OUR FUTURE IS BRIGHT

We are so proud of the efforts and accomplishments our team has had to date as we have re-engineered the way Boardwalk is providing homes to our Resident Members. As we enter 2020, our focus on sustainable, Resident-friendly rental rate adjustments, coupled with continued innovation in the way we are providing the best product and service to our Resident Members, will pave the way for continued long-term value and growth to all our stakeholders.

Boardwalk is already working on new initiatives for 2020 which will have lasting positive impacts, including an increased focus on leveraging technology to better improve our service levels, creating new partnerships that will provide mutual benefits for our Residents and Stakeholders, and increasing our investment towards environment and sustainability initiatives.

Our approach and commitment to our Resident Members to provide the best quality communities and superior customer service has remained unchanged. Boardwalk continues to offer Resident Member friendly programs such as an internal subsidy program (offering rental increase forgiveness to Residents who can prove financial hardship as a result of a rental increase), a self-imposed rent protection program (limiting the amount of a rental increase in any given year), as well as Community engagement and experience opportunities (family movie nights, wine and cheese events and many others). A family friendly, community, member-experience focused approach to our operational strategy makes Boardwalk a premier housing option, which, when coupled with strategic initiatives of brand diversification, suite renovations, new partnership/development opportunities and NAV creation focused portfolio growth, creates value for our Stakeholders.

Left to right: Van Kolias, Roberto Geremia, William Wong, Jeffrey Klaus, Leonora Davids, Lisa Smandych, Helen Mix, Dean Burns, Melissa Kolias, Lisa Russell, Sam Kolias, Samantha Kolias-Gunn, Eric Bowers, Bhavnesh Jaraim, James Ha

COVID-19 RESPONSE AND IN CLOSING

At time of writing, March 20, 2020, our world, our country, our provinces, and our communities are facing an unprecedented challenge.

The safety and well-being of our Resident Members and Associates, our family, remains our top priority. Our teams continue to monitor and assess this rapidly evolving situation and act accordingly in the best interest of our Resident Members, Associates, and our Stakeholders while continuing to provide our essential service of providing a safe place to call home.

Some of the proactive and precautionary steps we have taken are:

- Increased our already high-standard of cleaning and maintenance with more frequent cleaning and sanitization of common areas, and frequently touched objects.
- The temporary closure of our pools, fitness facilities, saunas, coffee stations, and community rooms.
- Encouragement of social distancing in our Communities.
- Increasing self-service options for Resident's through our online Resident Member portal.
- Provided social distancing options for our Associates.
- Increased procurement, stock, and use of Personal Protective Equipment for our Team.
- Continue with our Resident-friendly approach on a case by case basis, working on mutual resolves.

Boardwalk is committed to delivering essential housing to all of our Resident Members, while keeping everyone safe and healthy. Our team's dedication to ensuring cleanliness, safety, and support for our Resident Members through this time of crisis has been nothing short of heroic.

Thank you to our team of Associates for their dedication and commitment for delivering the best communities, and the best service and experience to our Resident Members.

Thank you to Unitholders, financial, and operating partners for their continued support.

A special thanks to CMHC, Boardwalk's largest financial partner, which continues to provide mortgage insurance products that maintain low interest rates and mitigate renewal risks, all of which allow Boardwalk to continue providing the best value in rental housing for Canadians.

A further thanks to our Board of Trustees for their discipline, guidance and continued focus on excellence in governance and corporate strategy.

Lastly, thank you to our Resident Members for their continued loyalty, trust, and for calling Boardwalk home.

Over our 35-year history, we have continued to succeed in creating value, and we are positioned to continue enhancing value and growth for all our Stakeholders.

Respectfully,

Sam Kolias
CHAIRMAN AND CEO

TEAM BOARDWALK

Through the continued guidance and leadership of the Trust's experienced management team, Boardwalk continues to rise as an industry leader.

Design

Devon Queen, Jeff Brown, Melissa Kolias,
Arvinder Dhol, Kanav Saini & Carla Cornejo

Finance, Investor Relations & Legal

Front: Florence Lum & Lynn Hunt
Back: James Ha, Dean Burns & Andrew Wiebe

Purchasing

Marcie Friesen, Emilio Loria, Josie Ann Osborne,
Michelle Poulin & Vanessa Ambrose

Recovery & Defaults

Front: Christina Ho, Shirley Xu,
Marie Ma & Nada Mansour
Back: Harry Giannakopoulos,
Carla Livingstone & Nathan Carver

Accounting & Insurance

Accounting: Lisa Smandych, Sheila Odie &
Elsa Yuen (Missing William Wong)
Insurance: Dean Reiman (far right)
(Missing: Theresa Black)

Acquisitions & Development

Front: Jeffrey Klaus, Alana To, Lisa Russell,
Nathan Palin & Matthew Wu
Back: Eric Bowers & Bryce MacKenzie

Preventative Maintenance

Ben Gourlay, Seema Lawrence & Norm Dietterle
(Missing: James Dudley)

Offshore Manufacturing

Marie Ma & Dean Burns

Marketing & Customer Service

Eva Kanovich, Megan Quast, Kristy Anderson, Michael Coles & Paul Lewis

Alberta Operations Directors

Front: Haroon Khan, Leonora Davids, Boyd Belisle, Darlene Dove & Tanya Szumlas
Back: Andrew Christopher, Razvan Costin, Dwayne Harper, Matthew Gabruch, Paul Manley & Gagandeep Bal

Human Resources

Gillian Calderon Dominguez, Helen Mix & Sharon Hamilton

IT

Left to Right: Jeff Cooper, Johnny Fong, Suzanne St. Jean, Anthony Arcuri, Kevin Perry, Melanie Virtue, Patrick Nebeling, Jim Ross, Jody Derkach & Bhavnesh Jaraim

BRIO, Calgary, AB; Coming April 1, 2020

FINANCIAL REVIEW CONTENTS

Management's Discussion and Analysis

Financial Statements

Supplemental Information

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended, December 31, 2019 and 2018

Forward-looking Statements

CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

The terms "Boardwalk", "Boardwalk REIT", the "Trust", "we", "us" and "our" in the following Management's Discussion and Analysis ("MD&A") refer to Boardwalk Real Estate Investment Trust, its consolidated financial position, and results of operations for the 12 months ended December 31, 2019 and 2018. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A is current as of February 27, 2020 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2019 and 2018, which have been prepared in accordance with IFRS, together with the MD&A related thereto, copies of which have been filed electronically with securities regulators in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR web site at www.sedar.com. Historical results and percentage relationships contained in the annual consolidated financial statements and MD&A related thereto, including trends, which might appear, should not be taken as indicative of future operations.

Unless otherwise indicated, all amounts are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENT ADVISORY:

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made concerning Boardwalk's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking statements in this MD&A are qualified by these cautionary statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Boardwalk's current estimates and assumptions, which are subject to risks and uncertainties, including those described in Boardwalk REIT's 2019 Annual Information Form ("AIF") dated February 27, 2020 under the heading "Challenges and Risks", which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to liquidity in the global marketplace associated with current economic conditions, tenant rental rate concessions, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation rules regarding mortgage insurance, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles under IFRS adopted by the Trust effective January 1, 2011. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

The Income Tax Act (Canada) (the "Tax Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"). The SIFT Legislation generally will not impose tax on a trust which qualifies under such legislation as a real estate investment trust (the "REIT Exemption") provided all the Trust's taxable income each year is paid, or made payable to, its Unitholders. Boardwalk qualified for the REIT Exemption and will continue to qualify for the REIT Exemption provided all its taxable income continues to be distributed to its Unitholders. Further discussion of this is contained in this MD&A.

Except as required by applicable law, Boardwalk undertakes no obligation to publicly update or revise any forward-looking statement, whether a result of new information, future events, or otherwise.

EXECUTIVE SUMMARY

Business Overview

Boardwalk Real Estate Investment Trust ("Boardwalk REIT", "Boardwalk" or the "Trust") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated January 9, 2004, and as amended and restated on various dates between May 3, 2004, and May 15, 2019 (the "Declaration of Trust" or "DOT"), under the laws of the Province of Alberta. Boardwalk REIT was created to invest in revenue producing multi-family residential properties, or interests, initially through the acquisition of assets and operations of Boardwalk Equities Inc. (the "Corporation").

Boardwalk REIT Units trade on the Toronto Stock Exchange ("TSX") under the trading symbol 'BEI.UN'. Boardwalk REIT's principal objectives are to provide its Unitholders ("Unitholders") with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its units through the effective management of its residential multi-family investment properties and the acquisition and development of additional, accretive properties. As at December 31, 2019, Boardwalk REIT owned and operated in excess of 200 properties, comprised of over 33,000 residential units and totaling over 28 million net rentable square feet. At the end of 2019, Boardwalk REIT's property portfolio was concentrated in the provinces of Alberta, Saskatchewan, Ontario and Quebec.

At December 31, 2019 and 2018, the fair value of Boardwalk's Investment Property assets was approximately $6.1 billion and $5.9 billion, respectively, which generated a profit of $120.9 million and $100.9 million for the years ended December 31, 2019 and 2018 (before fair value (losses) gains, loss on sale of assets, and income taxes), respectively. For the years ended December 31, 2019 and 2018 , the Trust earned $131.0 million and $112.1 million, respectively, of Funds From Operations ("FFO"), or $2.57 and $2.21 per Unit on a diluted basis. Adjusted Funds From Operations ("AFFO") for the years ended December 31, 2019 and 2018 were $106.9 million and $89.0 million, respectively, or $2.10 and $1.75 per Unit on a diluted basis.

Environmental, Social and Governance (ESG) Overview

The Trust is, and continues to be, committed to environmental, social and governance ("ESG") objectives and initiatives. As part of its 2019 Annual Report, the Trust has included a separate ESG Report.

MD&A Overview

This MD&A focuses on key areas from the consolidated financial statements and pertains to major known risks and uncertainties relating to the real estate industry, in general, and the Trust's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in other parts of Boardwalk REIT's 2019 Annual Report, the audited consolidated financial statements for the years ended December 31, 2019 and 2018, and the Annual Information Form ("AIF") dated February 27, 2020, along with all other publicly posted information on the Corporation and Boardwalk REIT. It is not our intent to reproduce information that is in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information.

Outlook

The Bank of Canada, in its January 2020 Monetary Policy Report, increased Canada's real Gross Domestic Product ("GDP") growth projection to 1.6% for 2019, from 1.5% previously reported in its October Report, as a result of revisions to business and government investment. The Bank of Canada estimates that growth in the fourth quarter of 2019 slowed but is forecasted to rebound in the first quarter of 2020; however, growth still remains moderate at 1.3%. The Bank still sees challenges in the oil and gas sector and the difficult global environment continues to weigh on business investment and exports; however, there are early indications that the level of investment in the oil and gas sector is stabilizing. The Bank's sentiment is that overall the labour market continues to be healthy and job gains were strong through 2019. These new jobs were concentrated in the service sector and were largely full-time. The Bank anticipates that economic activities will improve through 2020 and grow just above the rate of potential in 2021. The Bank has estimated GDP growth of 1.6% and 2.0% for 2020 and 2021, respectively.

Royal Bank of Canada, in its December 2019 provincial outlook report, projected all provincial economies to grow in 2020, something that has not happened since 2010-2011. Royal Bank believes that most provinces will see modest gains, with Western Canada recording some of the stronger advances. The Royal Bank expects Alberta's 2019 GDP growth to be 0.6%; however, is forecasting 1.7% for 2020 and up to 2.3% for 2021. The Royal Bank believes there are good reasons to feel cautiously optimistic about Alberta growth prospects in 2020, including the gradual lifting of mandated oil production cuts, which will set the stage for significant energy outputs, gains in existing pipeline efficiency, the entry into operation of the Canadian section of Enbridge's Line 3 Pipeline, and increasing crude-by-rail capacity. Additionally, corporate tax cuts by the provincial government will also create a more favourable investment environment in the province. The Royal Bank expects employment growth to nearly double to 1.1% in 2020 (from 0.6% in 2019). For Saskatchewan, the Royal Bank has predicted GDP growth of 0.6% for 2019, but this is expected to increase to 1.2% in 2020 and 1.9% in 2021. Royal Bank expects eastern provinces to see a moderation in growth in 2020, as both Ontario and Quebec are in the mature (or maturing) stages of their business cycle.

In 2019, Boardwalk continued to offer short-term incentives to its new and existing Resident Members to increase and maintain overall occupancy. Maintaining higher occupancy levels by offering select incentives and focusing on excellence in customer service remains Boardwalk's key performance strategy. Boardwalk is taking a measured approach to reducing incentives on a property-by-property basis, subject to occupancy levels and availability. Canada Mortgage and Housing Corporation ("CMHC") is currently projecting vacancy levels for Calgary and Edmonton to decline and rental rates to rise as the demand for affordable housing continues to increase as a result of more stringent National mortgage qualification rules, continued positive net migration into Alberta, and measured delivery of new housing supply. In 2019, the federal government introduced the First Time Homebuyer Incentive, which commenced November 1, 2019. This incentive reduces the monthly mortgage payments for first time homebuyers and, as it is in its infancy, it is difficult to determine at this point the impact of this program on the Canadian residential rental market.

Boardwalk continues to move forward with its development opportunities. During the third quarter of 2019, and subject to zoning approvals, the Trust finalized a joint venture mixed-use project with RioCan REIT ("RioCan") to build a 25-storey tower and a 16-storey tower, consisting of 470 residential units totaling approximately 418,000 buildable square feet and approximately 12,000 square feet of retail space. The project is located on a discrete portion of land at RioCan's Sandalwood Shopping Centre in Mississauga, Ontario. The project proposes three levels of underground parking and will provide premium rental housing in a transit-oriented location along Hurontario Street near Square One Shopping Centre, and easy access onto the 401, 403 and 407 highways. In December of 2018, Boardwalk finalized a 50:50 joint venture agreement with a private real estate company to build two concrete residential towers, totaling 365 units plus approximately 10,700 square feet of retail space, in Brampton, Ontario directly adjacent to the Brampton GO Transit Station. Excavation and shoring began in January 2019, was completed in the summer, and forming is now underway. Construction of Phase-3 of Pines Edge in Regina, Saskatchewan, which was started in 2017 and consisted of 71 units, was completed in mid-2018 and has reached stabilized occupancy. In November of 2016, Boardwalk announced the formation of a joint venture with RioCan REIT ("RioCan") to build a mixed-use retail and residential tower at RioCan's Brentwood Village Shopping Centre. The project, substantially completed at the end of January 2020, is a 12-storey tower with approximately 130,000 square feet of residential, consisting of 162 units, and 10,000 square feet of retail space. The development provides premium rental housing at a desirable location that is along the Calgary Light Rail Transit Line, and in close proximity to the University of Calgary, Foothills Hospital, and McMahon Stadium. The Trust closed on the 50% land purchase from RioCan in November of 2017 and construction of the project was substantially completed on schedule and on budget.

Boardwalk's development opportunities include additional projects to be built on the Trust's excess land density. These developments are in various stages of market analysis, planning and approval, and will further add newly-constructed assets to the Trust's portfolio.

In December of 2018, the Trust received a negative Alberta Court decision relating to Boardwalk's Axxess Community in Edmonton and its inclusion in a condominium corporation with a neighboring property. All costs assessed have been paid. The Trust continues to evaluate its options as it relates to this asset, and is working with the condominium corporation.

During 2019, the Trust renewed approximately $520 million of 2019 mortgage maturities, with an average term of eight years at a weighted average interest rate of 3.00%, a slight increase from the average maturing rate on these completed mortgages. In addition, the Trust obtained close to $111 million of additional mortgage funds. For the year ended December 31, 2019, principal repayment totaled $68.2 million. As of February 2020, CMHC-insured five- and 10-year mortgage rates were estimated to be 2.30% and 2.40%, respectively. In 2020, the Trust has a total of $317.6 million of mortgages maturing.

To date, the Trust has renewed or forward locked the interest rate on $41.4 million, or 13% of these mortgage maturities at an average interest rate of 2.35%, while extending the term of these mortgages by an average of eight years.

The Trust takes a balanced approach with its mortgage program with a priority to: first, stagger its maturities to limit future interest rate risk, second, capitalize on the current low rate environment by renewing maturities at low interest rates, and, third, ensure sufficient liquidity for the Trust's strategic initiatives.

BOARDWALK'S LONG-TERM STRATEGIC PLAN

Boardwalk's long-term strategic plan focuses on continuing to create value for all its stakeholders. In addition to continued investment in its core markets by acquiring newly-built or well located and well maintained legacy rental products, developing new rental units and reinvesting back into the Trust's existing portfolio, Boardwalk will also be strategically diversifying geographically into new high-growth, but economically stable, rental markets. Strategic diversification will provide Boardwalk stability and continued growth during future economic volatility, which will result in Net Operating Income ("NOI") growth and capital appreciation for its stakeholders.

Strategic diversification is a long-term project the Trust will accomplish over the next 10 years. Boardwalk's long-term strategic goal is to have a portfolio that is approximately 50% in the high growth markets of Alberta and Saskatchewan ("ABSK") and 50% in other secularly high growth and undersupplied markets including, but not limited to, the Greater Toronto Area and Vancouver. To accomplish this, the Trust intends to strategically partner, acquire and/or develop, 10,000 to 15,000 apartment units in these secularly high growth, undersupplied markets, while also divesting a small portion of its non-core assets in ABSK. The Trust's portfolio growth will primarily focus on value creation in major urban markets.

Since initiating its long-term strategic plan, Boardwalk has entered into new rental markets through its development partnerships in Brampton and Mississauga, both in Ontario, has high-graded its Western Canadian portfolio through dispositions of non-core Saskatchewan assets and capital redeployment into superior Alberta assets and has invested value added capital of $99.2 million in fiscal 2019 and $102.8 million in fiscal 2018 into its existing portfolio.

The funding for this Strategic Plan will be consistent with its balanced approach of using debt and equity. This equity capital can come from a number of sources and may include, as the Trust has in the past, the sale of selective non-core assets at prices near or above reported fair values and deploying this freed-up equity back into the strategic process. In addition to this, as will be discussed later in this document, Boardwalk has an adequate level of liquidity. Although the Trust distributes monthly distributions to its Unitholders at least equal to its taxable income, the Trust believes that, in the long-term, the continued reinvestment of free cash flow back into its repositioning and expansion plan is in the best interest of the Trust.

BRAND DIVERSIFICATION

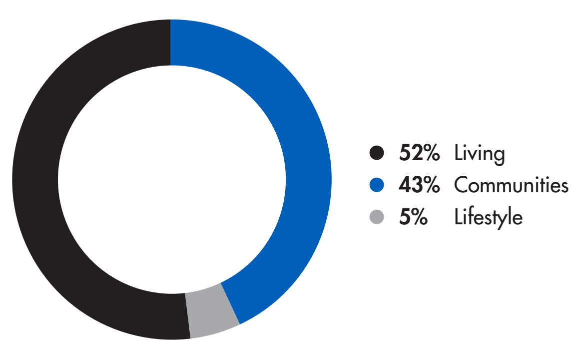
It is the goal of the Trust to not only diversify geographically, but also to diversify through its brand.

The spectrum of rental housing in Canada has expanded over the last few years, with rental demand seen across the price spectrum from affordability to affordable high-end luxury. As a result, the ability to offer a more diverse product offering will allow Boardwalk to attract a larger demographic to the Boardwalk brand. Currently, Boardwalk offers three brands as highlighted below:

Boardwalk Lifestyle – Affordable Luxury
Boardwalk Lifestyle features luxury living with modern amenities, designer suites, and a contemporary style for those who value life experiences and prefer the freedom to enjoy them.

Boardwalk Communities – Enhanced Value
Boardwalk Communities feature modernized suites and choice amenities for those who value flexibility with all the comforts that come with the perfect place to call home.

Boardwalk Living – Affordable Value
Boardwalk Living features classic suites for our Residents who appreciate flexibility, reliability, and value that comes with a quality home.



Boardwalk brand diversification, once fully completed, will have about 5% Lifestyle, 43% Communities and 52% Living suites.

BOARDWALK'S BRANDING INITIATIVE AND SUITE UPGRADING PROGRAM

Boardwalk has invested value added capital of $99.2 million in 2019 ($102.8 million in 2018, $180.2 million in 2017), focusing capital allocation on upgrading common areas, building improvements and suite renovations. Each of the three brands being created have different renovation specifications depending on needs and anticipated returns. Reported market rents are adjusted upward based on an expected rate of return on the strategic investment. Boardwalk believes these renovations and upgrades will continue to achieve future upward excess market rent adjustments as well as cost savings on turnovers.

'Boardwalk Lifestyle', which will exemplify upgraded, luxury suites, will receive the highest level of overall renovations, including significant upgrades to suites and common areas. Additional amenities such as upgraded fitness facilities, wi-fi bars and added concierge services may be added when appropriate. 'Boardwalk Communities', the Trust's core brand, which will convey enhanced value and will receive major suite upgrades based on need as well as upgrades to existing common areas. Boardwalk's most affordable brand, 'Boardwalk Living', will receive suite enhancements on an as needed basis, with the focus being on providing affordable units to this demographic segment. In determining a brand that a particular rental community will represent, the Trust looks at a number of criteria, including the building's location, proximity to existing amenities, suite size and suite layout. Once renovations are completed, Boardwalk adjusts the rents on these individual suites with the goal of achieving an 8% return on investment. Boardwalk is achieving its targeted rate of return on an overall basis.

The Trust believes these investments will enhance long-term value, however, recognizes the short-term effects of this program, with higher vacancies and incentives. Rebranding and repositioning communities will take time and, as such, construction causes disruption to existing Resident Members and, depending on the level of investment, may result in higher turnover. Boardwalk continues to reduce the vacancy loss associated with suites being renovated by reducing the time to completion while still lowering the cost of the renovations.

Declaration of Trust

The investment guidelines and operating policies of the Trust are outlined in the Trust's DOT, a copy of which is available on request to all Unitholders. Further information of the DOT can also be located in the AIF. Some of the main financial guidelines and operating policies set out in the DOT are as follows:

INVESTMENT GUIDELINES

1. Acquire, develop, and operate multi-family residential properties; and,
2. No investment will be made that would disqualify Boardwalk REIT as a "mutual fund trust" or a "registered investment" as defined in the Income Tax Act (Canada).

OPERATING POLICIES

1. Interest Coverage Ratio of at least 1.5 to 1;
2. No guaranteeing of third-party debt unless related to direct or indirect ownership or acquisition of real property, including potential joint venture partner structures;
3. Third-party surveys of structural and environmental conditions are required prior to the acquisition of a multi-family asset; and,
4. Commitment to expending at least 8.5% of its gross consolidated annual rental revenues generated from properties that have been insured by CMHC on on-site maintenance compensation to Associates, repairs and maintenance, as well as capital upgrades.

DISTRIBUTION POLICY

Boardwalk REIT may distribute to holders of REIT Units on or about each Distribution Date, respectively, such percentage of Funds From Operations for the calendar month then ended as the Trustees determine in their discretion. Distributions will not be less than Boardwalk REIT's taxable income, unless the Trustees, in their absolute discretion, determine another amount. The Board of Trustees reviews the distributions on a quarterly basis and takes into consideration distribution sustainability and whether there are more attractive alternatives to the Trust's current capital allocation strategy, such as its value-added renovation program, brand diversification initiative, and new construction of multi-family communities in supply-constrained markets.

COMPLIANCE WITH DOT

At December 31, 2019, the Trust was in material compliance with all investment guidelines and operating policies as stipulated in the DOT, as amended. More details will be provided later in this document with respect to certain detailed calculations.

For the year ended December 31, 2019, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value adjustments, was 2.76 (December 31, 2018 – 2.68).

Values, Vision and Objectives

Boardwalk REIT is a fully integrated, customer-oriented, multi-family residential real estate owner and property management organization. The Trust was built by focusing on its Values, Vision and Golden Foundation.

A COMMITMENT TO VALUE

Boardwalk REIT's Vision and business strategy are targeted on effectively meeting the needs of our customers, or Resident Members. It is our belief that this focus will result in long-term value creation for all our stakeholders. Our key stakeholders include our Associates, major financial and mortgage partners, including CMHC, strategic operational partners and Unitholders.

OUR VISION

Boardwalk REIT's Vision is to continue to be Canada's leading provider of multi-family residential housing. Boardwalk will accomplish this through the continued careful cultivation of internal growth, selective development on excess land density it owns, and a targeted and disciplined acquisition and disposition program.

GOLDEN FOUNDATION

Boardwalk REIT and its Associates operate under a 'Golden Foundation', which is built on the following objectives:

The Golden Rule: "Treat others as you would like to be treated"

The Golden Goal: "Be Good"

The Golden Vision: "Love Community"

The Golden Mission: "Have Fun"

Our Associates are expected to adhere to the following guiding principles:

WE WILL:

- Work together in a team environment of mutual respect, trust, and honesty between all Associates and Resident Members;
- Serve our Resident Members' need for an affordable, quality, well-kept home;
- Maintain building exteriors and landscaping, thereby increasing "curb appeal", have well-kept common areas, and ensure our homes are clean and well maintained;
- Maintain a balance between the needs of our Resident Members, Associates, Unitholders, communities and families;
- Nurture and promote a learning environment where our Associates' skills and capabilities grow with the needs of both the Trust and our Resident Members, and accept that these needs will be consistently evolving and improving the definition of rental communities; and
- Provide access to and utilize the latest tools and technology to increase the operating efficiency of the Trust as a whole.

WE VALUE:

- *Integrity*
  We will be honest, accountable, transparent, respectful, and trusting in our dealings with others, appreciating their views and differences.
- *Teamwork*
  We will effectively work as a team, appreciating and benefiting from each other's unique talents and skills in an open environment while recognizing that the team's successes are our successes.
- *Resident Member Service*
  We will promptly respond to Resident Member concerns and needs with thoughtfulness, compassion and innovation. We will strive to develop proactive solutions through a support network and a positive service attitude.
- *Social Responsibility*
  We will contribute to our communities and encourage our Associates to contribute in ways that reflect our Golden Foundation. We will all practice the Golden Rule of 'treating others in a way we would wish to be treated', and balance our needs with those of others; we will all also model our Golden Goal which is to 'be good', our Golden Mission which shows us how to 'have fun', and our Golden Vision which asks each of us to 'love community'.
- *Our Associates*
  We will provide a safe and respectful work environment that attracts, supports, develops, and recognizes high-performing and innovative team members.

Boardwalk believes that by adhering to the above Vision and Values, and implementing strategies consistent with these principles, Boardwalk REIT will produce higher sustainable operating cash flows and a continued appreciation of its property values. The result will be enhanced value for all our stakeholders.

Achieving this goal requires the full integration of our core strategies of focused investing, superior property management, and the implementation and effective use of new technologies. Boardwalk REIT can best achieve this goal by strategically:

- Maximizing Resident Member satisfaction by providing above-average service and accommodation;
- Acquiring select multi-family residential properties;
- Selling properties ("Non-Core") with lower future growth prospects or, on a limited basis, reinvesting these funds back into other accretive opportunities;
- Purchasing Trust Units on the open market;
- Enhancing property values, operating returns and cash flows through pro-active management, property stabilization, and capital improvements;
- Reviewing and considering the development of new selective multi-family projects, if the economics support such projects;
- Managing capital prudently while maintaining a conservative financial structure;
- Pursuing opportunities to form selective partnerships, joint ventures, or an exchange of assets; and
- Reinvesting the released equity from asset sales back into the Trust's portfolio to create additional value-added opportunities.

To support our overall operating strategy, it is necessary to:

- Ensure ample capital is available at all times for acquisitions and value-added enhancements;
- Appropriately allocate available capital to existing project enhancement and on-going new acquisitions;
- Utilize appropriate levels of debt leverage;
- Determine and utilize sources with the lowest cost of capital;
- Actively manage our exposure to interest rate and debt renewal risks; and,
- Optimize the use of NHA insurance, which is administered by CMHC, to access more cost-effective debt capital.

Presentation of Financial Information and Non-GAAP Measures

PRESENTATION OF FINANCIAL INFORMATION

Financial results, including related historical comparatives, contained in this MD&A are based on the Trust's Consolidated Financial Statements, unless otherwise specified. The Trust's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Effective January 1, 2019, the Trust adopted IFRS 16 -Leases ("IFRS 16"). The Trust leases several assets including land, warehouse space and office space, whereby the rental payments were previously recognized as an operating expense. With the adoption of IFRS 16, such leases are accounted for as lease liabilities on the consolidated statement of financial position and the respective rental payments are split between principal repayments and financing costs. This change resulted in an improvement to Net Operating Income as operating expenses are decreased with the removal of the operating lease payments. IFRS 16 was adopted using the modified retrospective approach and therefore the comparative information has not been restated. As a result, where appropriate, the Trust prepared reconciliations to ensure appropriate comparison between 2019 and 2018 financial information.

NON-GAAP FINANCIAL MEASURES

Boardwalk REIT prepares its financial statements in accordance with International Financial Reporting Standards and with the recommendations of REALpac, Canada's senior national industry association for owners and managers of investment real estate. REALpac has adopted measurements called Net Operating Income ("NOI"), Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO") to supplement operating income and profits (or earnings) as measures of operating performance, as well as a cash flow metric called Adjusted Cash Flow From Operations ("ACFO"). These measurements are considered to be meaningful and useful measures of real estate operating performance, however, are not measures defined by IFRS. As they do not have standardized meanings prescribed by IFRS, they therefore may not be comparable to similar measurements presented by other entities and should not be construed as an alternative to IFRS defined measures.

The discussion below outlines the non-GAAP financial measures used by the Trust:

Net Operating Income ("NOI")

NOI is defined as rental revenue less rental expenses. As it relates to the Trust, NOI can be found as a subtotal on the Trust's Consolidated Statement of Comprehensive Income. However, it is typically considered a non-GAAP measure for real estate entities and, therefore, is included here. As noted above, where applicable, the Trust has provided both financial information as reported and revised 2018 financial information to reflect the impact of IFRS 16 if applied retroactively. As it relates to NOI, the adjustment involves removing the previously recorded operating lease payment from 2018 operating expenses, resulting in an increased 2018 NOI (relative to what was previously reported). This allows for a direct comparison between 2019 and 2018.

Funds From Operation ("FFO")

The IFRS measurement most comparable to FFO is Profit. We define FFO as income before fair value adjustments, distributions on the LP B Units, gains or losses on the sale of Investment Properties, depreciation, deferred income tax, and certain other non-cash adjustments, if any, but after deducting the principal portion of lease liabilities. The adoption of IFRS 16 for the current period, therefore, does not materially change the amount of FFO compared to the amount calculated before the adoption of the accounting standard. The reconciliation from Profit under IFRS to FFO can be found below, under the section titled "Performance Measures". Boardwalk REIT considers FFO to be an appropriate measurement of the performance of a publicly listed multi-family residential entity. In order to facilitate a clear understanding of the combined historical operating results of Boardwalk REIT, management feels FFO should be considered in conjunction with profit as presented in the consolidated financial statements.

Adjusted Funds From Operation ("AFFO")

Similar to FFO, the IFRS measurement most comparable to AFFO is Profit. AFFO is determined by taking the amounts reported as FFO and deducting what is commonly referred to as "Maintenance Capital Expenditures". Maintenance Capital Expenditures are referred to as expenditures that, by standard accounting definition, are accounted for as capital in that the expenditure itself has a useful life in excess of the current financial year and also adds or maintains the value of the related assets. A more detailed discussion of this topic will be provided in the "Maintenance of Productive Capacity" section later in this document. The reconciliation of AFFO can be found below, under the section titled "Performance Measures".

Adjusted Cash Flows From Operations ("ACFO")

The IFRS measurement most comparable to ACFO is Cash Flow From Operating Activities. ACFO is a non-GAAP financial measure of sustainable economic cash flow available for distributions. ACFO should not be construed as an alternative to cash flow from operations as determined under IFRS. A reconciliation of ACFO to cash flow from operating activities as shown in the Trust's Consolidated Statements of Cash Flows is also provided below in the section titled, "Review of Consolidated Statement of Cash Flows", along with added commentary on the sustainability of Boardwalk REIT's Trust Unit distributions.

Boardwalk REIT's presentation of FFO, AFFO and ACFO are materially consistent with the definitions provided by REALpac. These measurements, however, are not necessarily indicative of cash that is available to fund cash needs and should not be considered alternatives to cash flow as a measure of liquidity. FFO, AFFO and ACFO do not represent earnings or cash flow from operations as defined by IFRS. FFO and AFFO should not be construed as an alternative to profit determined in accordance with IFRS as indicators of Boardwalk REIT's performance. In addition, Boardwalk REIT's calculation methodology for FFO, AFFO and ACFO may differ from that of other real estate companies and trusts.

Distributions as a Percentage of FFO, AFFO and ACFO

Distributions as a percentage of FFO, AFFO and ACFO are supplementary non-GAAP measure of a REIT's ability to pay distributions. These ratios are computed by dividing Unitholder distributions paid (including distributions on the Class LP B Units) by FFO, AFFO and ACFO, respectively. The Trust's method of calculating these ratios may differ from other real estate entities, and accordingly, may not be comparable to other issuers.

Operating Margins

Operating margins are a supplementary non-GAAP measure of the Trust's operating performance. This ratio is calculated by dividing NOI by rental revenue allowing management to assess the percentage of rental revenue which generated profit.

Stabilized Revenue Growth, Stabilized Operating Expense Growth and Stabilized NOI Growth

Stabilized revenue growth, stabilized operating expense growth and stabilized NOI growth are supplementary non-GAAP financial measures used by the Trust to assess period over period performance of those properties which Boardwalk has owned and operated for over 24 months. These ratios are calculated by determining the percentage change in stabilized revenue, stabilized operating expenses and stabilized NOI from one period to the next. Stabilized property performance is a meaningful measure of operating performance as it allows management to assess rent growth and expense changes of its portfolio on a stabilized property basis.

In calculating stabilized operating expense growth, as a result of IFRS 16, previously recorded operating lease payments were removed from the 2018 operating expenses, resulting in decreased 2018 stabilized operating expenses (relative to what was previously reported). Similarly, with stabilized NOI growth, previously recorded operating lease payments were removed from the 2018 operating expenses, resulting in an increased 2018 stabilized NOI (relative to what was previously recorded). Lastly, stabilized operating expenses and stabilized net operating income were adjusted from the reported values for wage allocations between operating expenses and administration. All adjustments are done to allow for direct comparison between 2019 and 2018.

Enterprise Value

Enterprise Value is a non-GAAP measure calculated as the sum of Trust's total debt and Trust Unit market capitalization. This non-GAAP measure is used by management and the industry as a measure of total value of the REIT based on debt and market price of equity instead of IFRS total assets.

Investment Philosophy

Throughout Boardwalk REIT's history, the Trust is always looking for opportunities to create value for its Unitholders. This is achieved by investing managerial resources and capital in activities that increase FFO per unit, AFFO per unit and ACFO per unit on a sustaining basis and Net Asset Value ("NAV") per unit. Boardwalk includes the development of new apartments on existing land as well as the potential acquisition of new land for future development projects as initiatives to create additional value. The Trust has adopted a long-term strategic plan, which includes expanding its investments outside of Alberta and Saskatchewan and into high-growth markets, including, but not limited to, the Greater Toronto Area and Vancouver, to allow the Trust to geographically diversify its brand of housing into new, undersupplied markets. Built into this strategic plan is Boardwalk's brand diversification initiative, which includes common area upgrades, building Improvements and suite renovations, to create the best long-term value for the Trust's Unitholders.

The Trust has an ongoing program of selling non-core properties in its portfolio and re-deploying the released capital to acquiring or developing additional properties, distributing its taxable income (and any capital gain) to its Unitholders, reinvesting in its existing properties to achieve superior returns, developing new multi-family properties, and/or purchasing its Trust Units for cancellation. The Trust continues to review all available options that management believes will provide the optimal return to its Unitholders.

COST OF CAPITAL

The Trust's cost of capital is generally defined as its weighted average cost of raising incremental capital. Investment opportunities are evaluated by, amongst other considerations, comparing their internal rates of return against the Trust's cost of capital. As with most real estate entities, the cost of capital calculation is the combination of leverage target, the marginal cost of debt, and the marginal cost of equity. As discussed later, the Trust currently has access to a lower cost of debt through its access to the National Housing Act ("NHA") insured market. However, even this market has different levels of risk that are mainly priced through the term selected on the related mortgage. That is, the longer the mortgage finance term, the longer the borrower is removing the interest rate risk from the investment. As of February 2020, estimated CMHC-insured five- and 10-year mortgage rates were estimated to be 2.30% and 2.40% respectively. The other major component in the cost of capital relates to the marginal cost of equity required for the investment. The determination of this cost has a number of different models and definitions. However, for simplicity purposes, Boardwalk determines its current cost of equity as the amount of AFFO reported compared to its current market capitalization. For 2019, the Trust reported AFFO per Unit of $2.10 on a fully diluted basis. When compared to the Trust Unit's market price of $45.93 as at December 31, 2019, this equates to approximately 4.57% as its cost of equity. Further details of the Trust's cost of capital can be found in NOTE 30 to the consolidated financial statements for the year ended December 31, 2019.

Performance Review of 2019

Boardwalk REIT generates revenues, cash flows, and earnings from two separate sources: rental operations and the sale of "non-core" real estate properties.

Boardwalk REIT's most consistent and largest source of income comes from its rental operations. Income from this source is derived from leasing individual apartment units to customers (referred to as "Resident Members") who have varying lease terms ranging from month-to-month to 12-month leases.

In the past, Boardwalk REIT has generated additional income from the sale of selective non-core real estate properties. The sale of these properties is part of Boardwalk REIT's overall operating strategy whereby the equity generated through the sale is then utilized by Boardwalk REIT for the acquisition and/or development of new rental properties, to assist in its property value enhancement program, or for the acquisition of Boardwalk REIT's Trust Units in the public market. The Trust, however, will only proceed with the sale of non-core real estate properties if market conditions justify the dispositions and Boardwalk has an alternative use for the net proceeds generated. During the third quarter of 2019, the Trust sold 138 units in Saskatoon, Saskatchewan for a purchase price of $20.7 million, resulting in a total loss on asset sales of $0.4 million due mainly to transaction costs. During the second quarter of 2019, the Trust sold 140 units in Saskatoon, Saskatchewan for a purchase price of $20.7 million, resulting in transaction costs and a loss on asset sales of $0.3 million. During the fourth quarter of 2018, the Trust sold 140 units in Regina Saskatchewan, resulting in a loss on asset sales of less than $0.1 million for the year based on a purchase price of $15.9 million. As Investment Properties are carried at fair value, a loss on sale arises primarily from the transaction costs related to the sale.

Boardwalk REIT does not include any gains or losses reported on the sale of its properties in its calculation of FFO. The Trust feels that such income is volatile and unpredictable and would significantly dilute the relevance of FFO as a measure of performance. Excluding gains or losses in the calculation of FFO is consistent with the REALpac definition of FFO.

PERFORMANCE MEASURES

It continues to be the intention of the Trust to pay out, at a minimum, all taxable income to Unitholders in the form of monthly distributions, unless the Board of Trustees, in its absolute discretion, determines a different amount. For 2019, the Board has decided to maintain a distribution $0.0834 per Trust Unit on a monthly basis (or $1.00 on an annualized basis) and continue redeploying its capital towards long-term value creation, including its suite renovation program, brand diversification initiative, and development of new multi-family units in supply-constrained markets.

For the year ended December 31, 2019, the Trust declared regular distributions of $50.9 million (inclusive of distributions paid to the LP Class B Unitholders), representing approximately 38.9% of FFO. On a quarterly basis, the Trust's Board of Trustees reviews the current level of distributions and determines if any adjustments to the distributed amount is warranted. On an overall basis, the Trust aims to maintain a consistent and sustainable payout ratio while optimizing its capital allocation strategy, and reviews this with its Board of Trustees.

For the three months ended December 31, 2019, the Trust declared regular distributions of $12.7 million representing approximately 39.6% of FFO. The reader should note the overall operating performance of the first and fourth quarters tends to generate the highest payout ratio, mainly due to the high seasonality in operating expenses. In particular, these quarters tend to be the highest demand periods for natural gas, a major operational cost for the Trust. The reader should not, therefore, simply annualize the reported results of a particular quarter.

HOW DID WE DO?

At the beginning of the 2019 fiscal year, certain selective performance targets were set out for fiscal 2019. The assumptions used in these performance targets were reviewed on a quarterly basis and the full-year guidance was adjusted if such assumptions changed. The following table compares our forecasted performance to our actual results in fiscal 2019.

Description	2019 Actual	Q3 2019 Revised Objectives	Q2 2019 Revised Objectives	2019 Original Objectives
Stabilized Building NOI Growth	8.2%	6%-8%	4%-9%	4%-9%
FFO Per Unit	$2.57	$2.50-$2.55	$2.45-$2.52	$2.35-$2.50
AFFO Per Unit*	$2.10	$2.03-$2.08	$1.98-$2.05	$1.88-$2.03

* AFFO Per Unit utilizes a maintenance CAPEX estimate of $721/suite/year.

Both actual FFO and AFFO for fiscal 2019 exceeded the revised guidance reported as part of the Trust's disclosure for the third quarter of 2019. Higher rental revenue due to higher occupancy, coupled with lower on-site wages and salaries, repairs and maintenance, advertising and utilities costs were the primary drivers of the Trust's financial results exceeding the Trust's Q3 2019 revised objectives.

FFO RECONCILIATION FROM 2018 TO 2019

The table on the following page shows a reconciliation of changes in FFO from December 31, 2018 to December 31, 2019. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO as net income before fair value adjustments, distributions on the LP Class B Units, gains (losses) on the sale of Investment Properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO will be provided later in this report.

FFO Reconciliation		3 Months		12 Months
FFO Opening – Dec. 31, 2018	$	0.54	$	2.21
Net Operating Income ("NOI") from Stabilized Properties		0.13		0.38
NOI from Unstabilized Properties		0.02		0.07
FFO Loss from Sold Properties		(0.01)		(0.02)
Administration, financing and other		(0.05)		(0.07)
	$	0.09	$	0.36
FFO Closing – Dec. 31, 2019	**$**	**0.63**	**$**	**2.57**

FFO AND AFFO RECONCILIATIONS

In the following table, Boardwalk REIT provides a reconciliation of FFO (a non-GAAP measure) to profit for the period, its closely related financial statement measurement for the three months and years ended December 31, 2019 and 2018. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation *(In $000's, except per Unit amounts)*	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	12 Months Dec. 31, 2019	12 Months Dec. 31, 2018	% Change
Profit for the period	**$ (108,636)**	$ 34,100		$ 34,781	$ 193,200	
Adjustments						
Loss on sale of assets	**-**	27		714	27	
Fair value losses (gains) (1)	**137,955**	(9,893)		86,132	(92,371)	
Add back distributions to LP Class B Units recorded as financing charges (2)	**1,120**	1,120		4,479	4,479	
Deferred income tax (recovery) expense	**(125)**	52		(754)	23	
Depreciation expense on Property Plant & Equipment	**2,341**	1,952		8,809	6,754	
Principal portion of lease obligations	**(499)**	-		(3,194)	-	
Funds from operations	**$ 32,156**	$ 27,358	17.5%	$ 130,967	$ 112,112	16.8%
Funds from operations – per Unit	**$ 0.63**	$ 0.54	16.7%	$ 2.57	$ 2.21	16.3%

(1) Under IFRS, the Trust has a number of Statement of Financial Position items, which are measured using a fair value model with fluctuations related to these fair value amounts from period to period flowing through the Statement of Comprehensive Income. These fair value adjustments are considered "non-cash items" and are added back in the calculation of FFO.

(2) Under IFRS, the LP Class B Units are considered financial instruments in accordance with IFRS 9 – Financial Instruments ("IFRS 9"). As a result of this classification, their corresponding distribution amounts are considered "financing charges" under IFRS. The Trust believes these distribution payments do not truly represent "financing charges", as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. Therefore, these distributions are excluded from the calculation of FFO, consistent with the treatment of distributions paid to all other Unitholders.

Overall, Boardwalk REIT earned FFO of $32.2 million for the fourth quarter of 2019 compare to $27.4 million for the same period in 2018. FFO, on a per Unit fully diluted basis, for the quarter ended December 31, 2019, increased approximately 16.7% compared to the same quarter in the prior year from $0.54 to $0.63. Additionally, the Trust earned FFO of $131.0 million for fiscal 2019 compared to $112.1 million for the same period in 2018. FFO, on a per Unit fully diluted basis, for the year ended December 31, 2019, increased approximately 16.3% compared to the prior year from $2.21 to $2.57. The increase was primarily driven by higher rental revenue coupled with lower on-site wages and salaries and repairs and maintenance, partially offset by increased property taxes, financing costs and administrative costs.

The following table provides a reconciliation of FFO to AFFO:

(000's)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018
Funds From Operations (FFO)	**$ 32,156**	$ 27,358	**$ 130,967**	$ 112,112
Maintenance Capital Expenditures [(1)]	**6,096**	5,805	**24,060**	23,112
Adjusted Funds From Operations (AFFO)	**$ 26,060**	$ 21,553	**$ 106,907**	$ 89,000
FFO per Unit (Trust and LP B Units)	**$ 0.63**	$ 0.54	**$ 2.57**	$ 2.21
AFFO per Unit (Trust and LP B Units)	**$ 0.51**	$ 0.42	**$ 2.10**	$ 1.75
Unitholder Distributions-Regular (Trust Units and LP B Units)	**$ 12,744**	$ 12,723	**$ 50,941**	$ 50,876
Distribution as a % of FFO	**39.6%**	46.5%	**38.9%**	45.4%
Distribution as a % of AFFO	**48.9%**	59.0%	**47.6%**	57.2%

(1) Details of the calculation of Maintenance Capital Expenditures can be found in the section titled "Maintenance of Productive Capacity."

LIQUIDITY

The access to liquidity is an important element of the Trust as it allows the Trust to implement its overall strategy. The continued low interest rate environment has allowed Boardwalk to renew its existing maturing mortgages at favourable interest rates. In addition, Boardwalk has been able to access additional capital from its properties through the continued use of the current NHA insurance program, which is being offered at attractive rates. Further interest savings will, however, become more limited as interest rates have started to reverse their declining trends seen over the past several years.

Boardwalk defines liquidity to include cash and cash equivalents on hand and any unused committed revolving credit facility, plus any committed secured upfinancings. The Trust's cash position was $35.2 million at December 31, 2019, compared to $38.1 million reported on December 31, 2018. As at December 31, 2019, the Trust also had $199.7 million of unused credit facility (December 31, 2018 – $199.7 million) and committed secured upfinancings of $22.8 million (December 31, 2018 – $15.3 million), bringing total liquidity to $257.8 million (December 31, 2018 – $253.1 million).

NEW PROPERTY ACQUISITIONS AND DISPOSITIONS

On April 1, 2019, the Trust closed on the purchase of a property in Edmonton, Alberta. The property is comprised of 124 units and had a purchase price of $36.8 million (including transaction costs).

For the year ended December 31, 2018, the Trust closed on the purchase of four properties located in Calgary, Alberta. The properties totaled 299 units and had a purchase price of $66.8 million (including transaction costs).

On September 16, 2019, the Trust sold Chancellor Gate (which is comprised of 138 units) in Saskatoon, Saskatchewan for total proceeds (excluding selling costs) of $20.7 million. On May 28, 2019, the Trust sold St. James Place (which is comprised of 140 units) in Saskatoon, Saskatchewan for total proceeds (excluding selling costs) of $20.7 million.

In the fourth quarter of 2018, the Trust sold 140 units in Regina, Saskatchewan for $15.9 million before selling costs.

DEVELOPMENT

In July of 2018, the Trust completed construction of the third phase of Pines Edge, consisting of 71 rental units. Construction cost was approximately $13.2 million and will provide a stabilized unlevered yield in the range of 6.00% to 6.50%. The entire development consists of a total of five (5) phases and will add 364 apartment units to Boardwalk's Regina, Saskatchewan property portfolio when all phases have been completed.

We continue to explore other development opportunities and each of these opportunities will be evaluated separately to determine the viability of these projects.

JOINT VENTURE AGREEMENTS

Calgary, Alberta Development

In the fourth quarter of 2016, Boardwalk and RioCan Real Estate Investment Trust ("RioCan") entered into a joint venture agreement to develop a mixed-use tower consisting of an at-grade retail podium totaling approximately 10,000 square feet and a 12-storey residential tower with approximately 130,000 square feet of residential space, totaling approximately 162 apartment units at RioCan's Brentwood Village Shopping Centre in Calgary, Alberta. Construction, which began in Q4 of 2017, was substantially completed, and the Occupancy Permit received, at the end of January 2020. The project includes two (2) levels of underground parking, provides premium rental housing units minutes from downtown Calgary along the Northwest Light Rail Transit line, and is in close proximity to the University of Calgary, McMahon Stadium and Foothills Hospital. Boardwalk views RioCan as a like-minded partner who shares similar values and goals as its own, namely to maximize the potential of well-located, transit oriented mixed-use developments that can be constructed to create new communities that residents are proud to call home. The joint venture involves an equal 50% interest in which both RioCan and Boardwalk will provide its best-in-class retail and residential expertise, respectively, to co-develop the asset. To maximize the value of the development, RioCan will manage the retail component and Boardwalk will manage the residential component, each on a cost basis.

The land was 100% owned by RioCan. Pursuant to a purchase and sale agreement dated October 19, 2016, between Boardwalk and RioCan, Boardwalk purchased a 50% interest in the parcel of land on November 23, 2017. The land value was based on the total buildable area and, as such, Boardwalk paid $3.2 million for its 50% interest. For the year ended December 31, 2019, Boardwalk incurred $16.8 million for its 50% interest. For the year ended December 31, 2018, Boardwalk incurred $9.9 million for its 50% interest. Total construction cost for the project was estimated to be between $75 million to $80 million ($37.5 million to $40 million per partner); the project was substantially completed on schedule and on budget.

Brampton, Ontario Development

In the fourth quarter of 2018, Boardwalk entered into a 50:50 joint venture partnership agreement to develop a 365-unit multi-residential, purpose-built rental complex, located near downtown Brampton, Ontario. It is estimated that total cost for the project to be approximately $200 to $215 million. The proposed project is a rental complex with approximately 10,700 square feet of retail space, above and underground parking and 380,000 square feet of residential space over two concrete high-rise towers. Excavation and shoring beginning in January 2019. For the year ended December 31, 2019, the Trust contributed $15.9 million of capital to the limited partnership. For the year ended December 31, 2018, the Trust contributed $9.9 million of capital to the limited partnership.

Mississauga, Ontario Development

In the third quarter of 2019, and subject to zoning approvals, Boardwalk and RioCan entered into a joint venture agreement to develop a mixed-use project consisting of two towers: one 25-storey and the other a 16-storey tower, consisting of 470 residential units totaling approximately 418,000 buildable square feet and approximately 12,000 square feet of retail space. The project is located on a discrete portion of land at RioCan's Sandalwood Shopping Centre in Mississauga, Ontario. The project proposes three levels of underground parking and to provide premium rental housing in a transit-oriented location along Hurontario Street near Square One Shopping Centre, and easy access onto the 401, 403 and 407 highways. The joint venture involves an equal 50% interest, in which, each partner will provide best-in-class retail and residential expertise to develop and operate the asset.

The land was 100% owned by RioCan. Subject to zoning approval and confirmation of total buildable area, the total purchase price has yet to be finalized. To date, the Trust has paid $11.6 million (including transaction costs) for its 50% interest in the land. Zoning approvals are anticipated in early 2020.

Financial Performance Summary

At a Glance *(In $000's, except per Unit amounts)*	**2019**	2018	% Change
Total Assets	**$ 6,276,384**	$ 6,109,091	2.7%
Total Rental Revenue	**$ 455,313**	$ 434,616	4.8%
Profit	**$ 34,781**	$ 193,200	(82.0)%
Total Funds From Operations	**$ 130,967**	$ 112,112	16.8%
Profit Per Unit	**$ 0.75**	$ 4.17	(82.0)%
Funds from Operations Per Unit (fully diluted)	**$ 2.57**	$ 2.21	16.3%

Total Assets increased from the amounts reported in the prior year, mainly due to an increase in investment properties from the acquisition of 124 units in Edmonton, Alberta coupled with the Trust's development initiatives. Total Rental Revenue increased by 4.8%, the result of higher occupancy in Western Canada. Profit decreased by 82.0% compared to the prior year, due primarily to a significant fair value loss of $86.1 million recognized on its investment properties and financial liabilities in 2019 compared to a $92.4 million gain in 2018. The change in fair value of the Trust's investment properties was largely driven by increases in expenses in the Trust's calculation of stabilized NOI.

CONSOLIDATED OPERATIONS AND EARNINGS REVIEW

Overall Review

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Rental Operations

Boardwalk REIT's Net Operating Income Strategy includes a rental revenue strategy that focuses on enhancing overall rental revenues through the balance between market rents, rental incentives, turnovers, and occupancy gains. The application of this rental revenue strategy is ongoing, on a market-by-market analysis, again with the focus on obtaining the optimal balance of these variables given existing market conditions.

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 115,378**	$ 110,393	4.5%	**$ 455,313**	$ 434,616	4.8%
Expenses						
Operating expenses	**26,250**	29,694	(11.6)%	**101,108**	113,615	(11.0)%
Utilities	**12,275**	12,568	(2.3)%	**47,883**	47,628	0.5%
Property taxes	**12,103**	11,675	3.7%	**47,529**	45,966	3.4%
	$ 50,628	$ 53,937	(6.1)%	**$ 196,520**	$ 207,209	(5.2)%
Net operating income	**$ 64,750**	$ 56,456	14.7%	**$ 258,793**	$ 227,407	13.8%
Operating margins	**56.1%**	51.1%		**56.8%**	52.3%	
Number of suites at December 31	**33,263**	33,417		**33,263**	33,417	

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Gross rental revenue, before vacancy losses and incentives	**$ 129,849**	$ 126,388	2.7%	**$ 514,742**	$ 498,569	3.2%
Vacancy loss	**(4,894)**	(5,027)	(2.6)%	**(17,974)**	(18,048)	(0.4)%
Incentives	**(9,577**	(10,968	(12.7)%	**(41,455)**	(45,905)	(9.7)%
Total rental revenue	**$ 115,378**	$ 110,393	4.5%	**$ 455,313**	$ 434,616	4.8%

RENTAL OPERATIONS 2018 ADJUSTED FOR IFRS 16 – LEASES

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 115,378**	$ 110,393	4.5%	**$ 455,313**	$ 434,616	4.8%
Expenses						
Operating expenses	**26,250**	28,380	(7.5)%	**101,108**	108,346	(6.7)%
Utilities	**12,275**	12,568	(2.3)%	**47,883**	47,628	0.5%
Property taxes	**12,103**	11,675	3.7%	**47,529**	45,966	3.4%
	$ 50,628	$ 52,623	(3.8)%	**$ 196,520**	$ 201,940	(2.7)%
Net operating income	**$ 64,750**	$ 57,770	12.1%	**$ 258,793**	$ 232,676	11.2%
Operating margins	**56.1%**	52.3%		**56.8%**	53.5%	
Number of suites at December 31	**33,263**	33,417		**33,263**	33,417	

Overall, Boardwalk REIT's rental operations for the three months and year ended December 31, 2019, reported higher results compared to the same periods in the prior year, with total rental revenue increasing 4.5% and 4.8%, respectively, driven by lower vacancy losses and incentives, mainly in its Western Canada portfolio. As outlined in the second table, the Trust decreased its vacancy losses by 0.4% for the year ended December 31, 2019 as markets stabilized in Western Canada, coupled by a decrease in incentives of 9.7%. The Trust will continue to offer selective incentives in certain communities to maintain occupancy levels, but the overall goal is to decrease incentives over the next two to three years.

Total rental expenses decreased 5.2% for the 12 months ended December 31, 2019, compared to 2018, due primarily to lower wages and salaries, suite and building maintenance costs, advertising costs, and operating lease payments as a result of the adoption of IFRS 16. In fiscal 2019, the Trust implemented an asset management model whereby sites are overseen by asset managers. This has resulted in an increase in administration expense, offset by a decrease in operating expenses through wages and salaries of $0.8 million and $4.3 million, respectively for the fourth quarter and 12 months of 2019. Lower overall operating expenses were partially offset by increases in utilities and property taxes. In the table above, the Trust adjusted operating expenses in 2018 to remove previously recorded operating lease payments. Once adjusted, rental expenses, on an "apples-to-apples" basis declined 2.7% for the year ended December 31, 2019 compared to the same period in the prior year.

The Trust continues to track, in detail, the actual work performed by our onsite Associates to assist in the operating effectiveness of its overall operations. This program results in overall lower costs while allowing the Trust greater control over the timing of its capital improvement projects, compared to contracting these same projects out to third parties. As with other estimates used by the Trust, key assumptions used in estimating the amount of salaries and wages to be capitalized are reviewed on a regular basis and, based on this review, Management will adjust the amount allocated to more accurately reflect how many internal resources were directed towards specific capital improvements.

For the three months ended December 31, 2019, operating expenses decreased 11.6% due to decreased wages and salaries and operating lease payments. Once adjusted to retroactively reflect the decrease in operating lease payments for 2018, operating expenses decreased 7.5% for the three months ended December 31, 2019 compared to the same period in the prior year. For the twelve months ended December 31, 2019, operating expenses decreased by 11.0% as compared to the prior year, due to decreased wages and salaries, advertising costs and operating lease payments. Once adjusted to retroactively reflect the decrease in operating lease payments for 2018, operating expenses decreased 6.7% for the 12 months ended December 31, 2019 compared to the same period in the prior year.

Utility costs decreased by 2.3% for the three months ended December 31, 2019, due to savings in Alberta carbon tax compared to the fourth quarter of 2018. Utility costs increased by 0.5% for the year ended December 31, 2019. The increase is attributable to higher electricity costs and an increase in natural gas costs. Fixed price physical commodity contracts have helped to partially or fully hedge its exposure to fluctuating natural gas prices. Further details regarding the hedges on natural gas, as well as electricity prices in Alberta, can be found in NOTE 29 to the consolidated financial statements for the year ended December 31, 2019.

The reported increase in property taxes from the prior year period, is mainly attributed to higher overall property tax assessments. The Trust is constantly reviewing property tax assessments and related charges and, where it feels appropriate, will appeal all, or a portion, of the related assessment. It is not uncommon for the Trust to receive property tax refunds and adjustments; however, due to the uncertainty of the amount and timing of the refunds and adjustments, these amounts are only reported when they are received. Additionally, property taxes have increased due to acquisitions completed in the fourth quarter of 2018 and in 2019.

Overall, operating margins increased from the same period in 2018 from 51.1% to 56.1% for the three months ended December 31, 2019. After adjusting 2018 to reflect the decrease in operating lease payments, the operating margin increased from the same period in 2018, from 52.3% to 56.1% for the three months ended December 31, 2019. Lastly, had the Trust not adopted the asset manager model for the three months ended September 30, 2019, the operating margin would have been 55.4%.

Similarly, operating margin increased from 52.3% in fiscal 2018 to 56.8% for the 12 months ended December 31, 2019. After adjusting 2018 to reflect the decrease in operating lease payments, the operating margin increased from the same period in 2018, from 53.5% to 56.8% for the 12 months ended December 31, 2019. Lastly, had the Trust not adopted the asset manager model for the year ended December 31, 2019, the operating margin would have been 55.9%.

Boardwalk REIT closely monitors and individually manages the performance of each of its rental properties. For the reader's convenience, we have provided the following summary of our operations on a province-by-province basis.

Segmented Operational Review

ALBERTA RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 74,998**	$ 70,778	6.0%	**$ 295,218**	$ 278,066	6.2%
Expenses						
Operating expenses	**16,933**	20,056	(15.6)%	**65,571**	73,109	(10.3)%
Utilities	**7,426**	7,457	(0.4)%	**28,952**	28,414	1.9%
Property taxes	**7,968**	7,527	5.9%	**30,739**	29,200	5.3%
	$ 32,327	$ 35,040	(7.7)%	**$ 125,262**	$ 130,723	(4.2)%
Net operating income	**$ 42,671**	$ 35,738	19.4%	**$ 169,956**	$ 147,343	15.3%
Operating margin	**56.9%**	50.5%		**57.6%**	53.0%	
Number of suites at December 31	**20,922**	20,798		**20,922**	20,798	

ALBERTA RENTAL OPERATIONS 2018 ADJUSTED FOR IFRS 16 – LEASES

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 74,998**	$ 70,778	6.0%	**$ 295,218**	$ 278,066	6.2%
Expenses						
Operating expenses	**16,933**	19,758	(14.3)%	**65,571**	71,919	(8.8)%
Utilities	**7,426**	7,457	(0.4)%	**28,952**	28,414	1.9%
Property taxes	**7,968**	7,527	5.9%	**30,739**	29,200	5.3%
	$ 32,327	$ 34,742	(7.0)%	**$ 125,262**	$ 129,533	(3.3)%
Net operating income	**$ 42,671**	$ 36,036	18.4%	**$ 169,956**	$ 148,533	14.4%
Operating margin	**56.9%**	50.9%		**57.6%**	53.4%	
Number of suites at September 30	**20,922**	20,798		**20,922**	20,798	

Alberta is Boardwalk's largest operating segment, representing 65.7% of total reported net operating income for the year ended December 31, 2019. In addition, Alberta represents 62.9% of total apartment units. Boardwalk REIT's Alberta operations for the three months and year ended December 31, 2019, reported a 6.0% and 6.2% increase, respectively, in total rental revenue, when compared to the same periods reported in 2018. The reported rental revenue change is the combined effect of higher in-place rents lower incentives compared to the prior year. For the year ended December 31, 2019, total rental expenses have decreased by 4.2% compared to the prior year due to savings in wages and salaries, building maintenance expense, advertising costs and operating lease payments being partially offset by an increase in utilities and property taxes. After adjusting 2018 to remove previously recorded operating lease payments, rental expenses decreased 3.3% for the year ended December 31, 2019.

Operating expenses decreased by 15.6% and 10.3% for the three and 12 months ended December 31, 2019, respectively, due to decreased wages and salaries, building maintenance costs, advertising costs and operating lease payments. After adjusting 2018 to remove previously recorded operating lease payments, operating expenses decreased 14.3% and 8.8%, respectively. As previously mentioned, the Trust adopted an asset manager model, which resulted in an increase in administration expenses, offset by a decrease in operating expenses, through wages and salaries, of $0.7 million and $3.2 million for Alberta for the three and 12 months ended December 31, 2019, respectively.

Reported utilities for the year ended December 31, 2019 were up 1.9% compared to the prior year. The reported increase is mainly the result of higher electricity expense and natural gas consumption. Currently, the Trust has two outstanding electricity contracts, one for Southern Alberta and one for Northern Alberta, with two utility companies to supply the Trust with its electrical power needs. The Trust also has four outstanding natural gas contracts to hedge the price of its natural gas usage. More details can be found in NOTE 29 to the consolidated financial statements.

Property taxes increased compared to the prior year as a result of increased property tax assessments.

Net operating income for Alberta increased $22.6 million, or 15.3% for the 12 months ended December 31, 2019. Alberta's operating margin for the year ended December 31, 2019 was 57.6% compared to 53.0% for the same period in 2018. After adjusting 2018 to remove previously recorded operating lease payments, Alberta's operating margin for the 12 months ended December 31, 2019 was 57.6% compared to 53.4% for the 12 months ended December 31, 2018. Lastly, had the Trust not applied the asset manager model in the 12 months ended December 31, 2019, the operating margin would have been 56.5%.

SASKATCHEWAN RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 12,659**	$ 13,062	(3.1)%	**$ 51,198**	$ 51,804	(1.2)%
Expenses						
Operating expenses	**2,444**	2,899	(15.7)%	**9,651**	11,017	(12.4)%
Utilities	**1,868**	2,186	(14.5)%	**7,844**	8,356	(6.1)%
Property taxes	**1,207**	1,281	(5.8)%	**4,921**	5,044	(2.4)%
	$ 5,519	$ 6,366	(13.3)%	**$ 22,416**	$ 24,417	(8.2)%
Net operating income	**$ 7,140**	$ 6,696	6.6%	**$ 28,782**	$ 27,387	5.1%
Operating margin	**56.4%**	51.3%		**56.2%**	52.9%	
Number of suites at December 31	**3,756**	4,034		**3,756**	4,034	

SASKATCHEWAN RENTAL OPERATIONS, EXCLUDING REGINA ASSETS SOLD IN 2018

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 12,659**	$ 12,778	(0.9)%	**$ 51,198**	$ 50,451	1.5%
Expenses						
Operating expenses	**2,444**	2,813	(13.1)%	**9,651**	10,728	(10.0)%
Utilities	**1,868**	2,127	(12.2)%	**7,844**	8,108	(3.3)%
Property taxes	**1,207**	1,251	(3.5)%	**4,921**	4,903	0.4%
	$ 5,519	$ 6,191	(10.9)%	**$ 22,416**	$ 23,739	(5.6)%
Net operating income	**$ 7,140**	$ 6,587	8.4%	**$ 28,782**	$ 26,712	7.7%
Operating margin	**56.4%**	51.5%		**56.2%**	52.9%	
Number of suites at December 31	**3,756**	4,034		**3,756**	4,034	

For the three month and year ended December 31, 2019, Saskatchewan total rental revenue, when excluding a sold 140-unit Regina portfolio in 2018, decreased by 0.9% and increased by 1.5% compared to the same periods in the prior year. The lower revenue for the fourth quarter is due to the two projects sold in 2019. The revenue increase for the year is mainly due to higher occupancy in both Regina and Saskatoon. Rental expenses, when excluding a sold 140-unit Regina portfolio in 2018, decreased by 10.9% and 5.6%, respectively, for the three months and year ended December 31, 2019, compared to the same periods in the prior year, primarily due to savings in on-site wages and salaries, suite maintenance costs and utilities being partially offset by an increase in property taxes.

Operating expenses for the year ended December 31, 2019 decreased due to savings in on-site wages and salaries and suite maintenance costs. As previously mentioned, the Trust adopted an asset manager model, which resulted in an increase of administration expenses, offset by a decrease in operating expenses, through wages and salaries, of $1.0 million for Saskatchewan for the 12 months ended December 31, 2019.

Utility costs for the year decreased from the same periods in the previous year due to natural gas cost savings and a slight decline in water and sewer costs. The Trust also has two outstanding contracts to hedge its natural gas price for its Saskatchewan natural gas usage. Details of the hedging contracts can be found in NOTE 29 to the consolidated financial statements for the current period.

Property taxes increased by 0.4% for the year ended December 31, 2019 due to higher property tax assessments.

Reported operating margins for the year ended December 31, 2019 increased to 56.2% compared to 52.9% reported for the prior year. To note, had the Trust not adopted the asset manager model for the 12 months ended December 31, 2019, the operating margin would have been 54.2% for Saskatchewan.

ONTARIO RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 7,642**	$ 7,185	6.4%	**$ 29,815**	$ 28,388	5.0%
Expenses						
Operating expenses	**1,292**	1,270	1.7%	**5,151**	4,927	4.5%
Utilities	**963**	829	16.2%	**3,708**	3,561	4.1%
Property taxes	**817**	823	(0.7)%	**3,302**	3,298	0.1%
	$ 3,072	$ 2,922	5.1%	**$ 12,161**	$ 11,786	3.2%
Net operating income	**$ 4,570**	$ 4,263	7.2%	**$ 17,654**	$ 16,602	6.3%
Operating margin	**59.8%**	59.3%		**59.2%**	58.5%	
Number of suites at December 31	**2,585**	2,585		**2,585**	2,585	

Boardwalk REIT's Ontario operations reported an increase in total rental revenue of 6.4% and 5.0%, respectively, for the three months and year ended December 31, 2019, compared to the same periods in the prior year, due to higher occupied rents and occupancy levels. Total rental expenses increased by 3.2% for the 12 months ended December 31, 2019 compared to the prior year, due primarily to increased repairs and maintenance and utility costs.

Operating expenses increased for the three months ended December 31, 2019 as compared to the same period of the prior year, due to higher repairs and maintenance costs. Operating expenses increased by 4.5% for the year ended December 31, 2019 as compared to the prior year, due to increased building maintenance and pest control costs.

Utility costs were higher for the three and 12 months primarily due to increased costs with electricity, water and sewer and higher carbon levy costs. The Trust has one outstanding fixed price natural gas contract hedging 75% of its Ontario natural gas usage. Details of the contract can be found in NOTE 29 to the consolidated financial statements.

Property taxes were flat for the year ended December 31, 2019, as compared to the prior year.

Net operating income increased by 6.3% for the year ended December 31, 2019, as compared to the prior year. Reported operating margins for the year ended December 31, 2019 were 59.2% as compared to 58.5% for the prior year.

QUEBEC RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 19,987**	$ 19,287	3.6%	**$ 78,778**	$ 76,101	3.5%
Expenses						
Operating expenses	**3,878**	4,585	(15.4)%	**14,739**	18,464	(20.2)%
Utilities	**1,928**	2,007	(3.9)%	**7,007**	6,968	0.6%
Property taxes	**2,075**	2,021	2.7%	**8,399**	8,243	1.9%
	$ 7,881	$ 8,613	(8.5)%	**$ 30,145**	$ 33,675	(10.5)%
Net operating income	**$ 12,106**	$ 10,674	13.4%	**$ 48,633**	$ 42,426	14.6%
Operating margin	**60.6%**	55.3%		**61.7%**	55.7%	
Number of suites at December 31	**6,000**	6,000		**6,000**	6,000	

QUEBEC RENTAL OPERATIONS 2018 ADJUSTED FOR IFRS 16 – LEASES

(In $000's, except number of suites)	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Total rental revenue	**$ 19,987**	$ 19,287	3.6%	**$ 78,778**	$ 76,101	3.5%
Expenses						
Operating expenses	**3,878**	3,569	8.7%	**14,739**	14,385	2.5%
Utilities	**1,928**	2,007	(3.9)%	**7,007**	6,968	0.6%
Property taxes	**2,075**	2,021	2.7%	**8,399**	8,243	1.9%
	$ 7,881	$ 7,597	3.7%	**$ 30,145**	$ 29,596	1.9%
Net operating income	**$ 12,106**	$ 11,690	3.6%	**$ 48,633**	$ 46,505	4.6%
Operating margin	**60.6%**	60.6%		**61.7%**	61.1%	
Number of suites at September 30	**6,000**	6,000		**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a total rental revenue increase of 3.6% and 3.5% for the three months and year ended December 31, 2019, respectively, compared to the same periods in the prior year.

Total rental expenses for the period decreased by 8.5% and 10.5% for the three and 12 months ended December 31, 2019, respectively, when compared to 2018, mainly due to operating lease payments being recorded as a liability under IFRS. After adjusting 2018 to remove previously recorded operating lease payments, rental expenses for the three and 12 months ended December 31, 2019 increased by 3.7% and 1.9% due to higher utilities and property taxes.

For the three and 12 months ended December 31, 2019, operating expenses decreased by 15.4% and 20.2%, respectively, when compared to 2018 due to a decrease in operating lease payments. After adjusting 2018 to remove previously recorded operating lease payments, operating expenses increased 8.7% and 2.5% for the three and 12 months ended December 31, 2019, respectively, due to savings increases in building maintenance costs and insurance.

The reported increase of 0.6% in utilities for the 12 months ended December 31, 2019, was due to higher natural gas costs. In addition, the Trust had one outstanding fixed price natural gas contract to hedge 75% of its Quebec natural gas usage. The details of the natural gas contracts are reported in NOTE 29 of the Trust's consolidated financial statements for the current period.

Property taxes increased 1.9% for the year ended December 31, 2019 , compared to the prior year due to higher property tax assessments.

Reported operating margins for the 12 months ended December 31, 2019, increased from 55.7% to 61.7%. After adjusting 2018 to remove previously recorded operating lease payments, operating margins were 61.1% for the 12 months of 2018 compared to 61.7% for the current period.

Operational Sensitivities

NET OPERATING INCOME OPTIMIZATION

Boardwalk continues to focus on optimizing its Net Operating Income. This focus requires us to manage not only revenues but also related operating costs, and takes both into consideration when determining a service and pricing model. Lowering overall turnover while maintaining competitive lease rental rates and a focus on a high-quality level of service continue to be the model that has delivered the most stable and long-term income source to date. This strategy is region specific and these variables are in constant flux.

In a more competitive market, the Trust takes a more preventive approach of increasing its offering of suite-specific rental incentives as well as, where warranted, adjusting reported market rents. The higher frequency of these incentives, particularly in Alberta and Saskatchewan, is an attempt by the Trust to keep occupancy levels higher than the overall market. When the market returns to balance, which Boardwalk is starting to see in some regions, the Trust will be well-positioned to unwind these incentives and increase market rents. It has been our experience that this preemptive approach has resulted in optimizing net operating income.

In addition, in these competitive markets, the Trust approaches future upcoming maturing leases prior to lease maturity with the intent of renewing the lease prior to term maturity. In select markets, the Trust may also forward-lock future rentals while not collecting revenues for certain months in the immediate future. This means the Trust may decide to rent a suite in December with the Resident Member not moving in until the following year. Although the suite is rented, it will not generate revenue until the Resident Member actually moves in, for example, in January, which corresponds to the next fiscal period. The percentages reported as occupancy levels (see table below) represent those occupied units generating revenue for the period noted. The Trust closely monitors 'apartment availability', which represents unoccupied units not generating revenue for the period, after taking into account forward-committed leases. Although occupancy rates provide a good indication of current revenue, apartment availability provides the reader a more relevant indication of future potential revenue. As a result of the acquisitions of newly built assets, portfolio occupancy is on a same-store basis.

The Trust believes that when the Net Operating Income Optimization Strategy is combined with our new strategic investment program, the outcome will be a more diverse product offering for our Resident Members and greater overall value creation for the Trust. The Trust also understands that the implementation and completion of these strategies will have some short-term consequences, as the timing of these enhancements and extensive renovations are resulting in longer periods of time that suites are not available to be rented, including short-term increases in vacancy losses. It is the Trust's belief, however, that a focus on the longer-term value creation is in the best interest of all stakeholders.

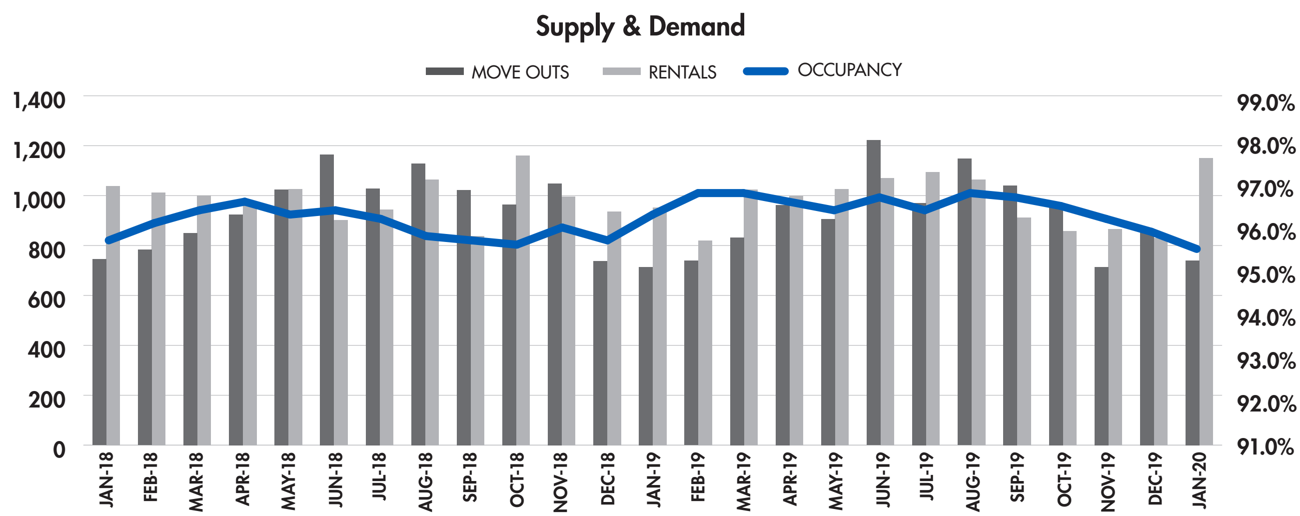
Boardwalk constantly reviews its existing programs, measuring them against resident demand, viability and expected return. Where appropriate, the Trust will make any necessary changes to optimally fine tune them.

BOARDWALK REIT'S PORTFOLIO OCCUPANCY (SAME-PROPERTY):

City	**2019**	2018	**Q4 2019**	Q4 2018
Calgary	**96.77%**	95.76%	**96.06%**	95.23%
Edmonton	**95.25%**	95.26%	**94.72%**	94.84%
Fort McMurray	**92.34%**	93.13%	**93.65%**	88.76%
Grande Prairie	**95.72%**	95.34%	**94.74%**	94.53%
Kitchener	**98.66%**	98.40%	**98.68%**	98.58%
London	**98.37%**	98.18%	**98.26%**	97.91%
Montreal	**98.67%**	96.51%	**98.99%**	97.85%
Quebec City	**97.86%**	96.33%	**98.39%**	96.67%
Red Deer	**95.66%**	94.63%	**93.45%**	93.57%
Regina	**95.32%**	95.00%	**95.36%**	94.70%
Saskatoon	**96.43%**	95.69%	**97.43%**	95.95%
Verdun	**99.60%**	99.42%	**99.66%**	99.61%
Total	**96.50%**	96.05%	**96.19%**	95.77%

In fiscal 2019, the Trust reported a year-over-year increase of 45 basis points in its overall same-property occupancy rate, an increase from 96.05% to 96.50%. Improvements in the Western Canadian markets and strong occupancy levels in Ontario and Quebec contributed to the overall occupancy rate increase. As a strategy, the Trust is constantly adjusting market rents and incentives based on property-specific demand and supply. Year-over-year, Calgary and Edmonton saw occupancy levels increase by 101 and decrease by 1 basis points, respectively, to 96.77% and 95.25%, respectively. Note that Calgary does not include the 299-unit portfolio acquisition completed in November 2018 and Edmonton does not include the 124-unit acquisition completed in April of 2019. Similarly, Regina saw occupancy levels increase to 95.32% in 2019 compared to 95.00% for 2018. Note that Regina does not include the non-stabilized 71-unit Phase 3 building substantially completed at the beginning of July 2018. Including Phase 3 in the current quarter would result in an occupancy rate of 95.25% for Regina. Saskatoon saw occupancy levels increase to 96.43% in 2019 compared to 95.69% in 2018. As markets stabilize, we expect some up and down movements in occupancy as the Trust aims to maintain occupancy at approximately 97%.

SUPPLY VERSUS DEMAND & IMPACT ON REPORTED OCCUPANCY (SAME-PROPERTY):



The issue of demand and supply, as with any industry, is an important performance indicator for multi-family real estate. The above chart attempts to show the total move-outs (supply) compared to total move-ins (demand) and the resulting impact on reported occupancy relating to our portfolio. The cumulative impact of demand being greater than supply, or vice versa, is the primary driver in the reported occupancy rate. In recent years, Boardwalk focused on maintaining high occupancy levels while optimizing turnover costs. The reader is cautioned that adjusting market rental rates is an ongoing process for the Trust and is consistent with its overall strategy of optimizing overall net operating income; consequently, it will adjust rents upward or downward when it is deemed necessary.

Occupancy Sensitivity

As with all real estate rental operators, Boardwalk REIT's financial performance is sensitive to occupancy rates. Based on the current reported market rents, a 1% annualized change in reported occupancy is estimated to impact overall rental revenue by approximately $4.6 million, or $0.09 per Trust unit on a diluted basis.

Stabilized Property Results

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 98.5% of its total rental unit portfolio as at December 31, 2019, or a total of 32,769 units. The tables on the following page provide a regional breakdown on these properties for the fourth quarter of 2019, as compared to the fourth quarter of 2018 and fiscal 2019, as compared to fiscal 2018.

Dec. 31 2019 – 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,906	3.5%	(10.1)%	19.7%	36.9%
Calgary	5,657	5.3%	2.7%	7.0%	21.5%
Red Deer	939	7.4%	3.6%	11.1%	2.4%
Grande Prairie	645	9.1%	(10.5)%	31.9%	1.8%
Fort McMurray	352	0.6%	(13.8)%	15.2%	1.1%
Alberta	20,499	4.3%	(7.2)%	15.5%	63.7%
Quebec	6,000	3.6%	4.0%	3.4%	18.7%
Saskatchewan	3,685	4.2%	(2.8)%	10.6%	10.5%
Ontario	2,585	6.4%	5.1%	7.2%	7.1%
	32,769	4.3%	(4.0)%	11.6%	100.0%

Dec. 31 2019 – 12 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,906	3.5%	(3.4)%	10.3%	37.2%
Calgary	5,657	5.6%	0.9%	8.6%	21.5%
Red Deer	939	10.1%	(1.4)%	22.2%	2.4%
Grande Prairie	645	11.5%	(5.6)%	30.5%	1.7%
Fort McMurray	352	(2.8)%	(7.6)%	1.7%	1.1%
Alberta	20,499	4.4%	(2.4)%	10.4%	63.9%
Quebec	6,000	3.5%	1.9%	4.5%	19.0%
Saskatchewan	3,685	2.5%	1.8%	3.1%	10.2%
Ontario	2,585	5.0%	3.2%	6.4%	6.9%
	32,769	4.1%	(0.9)%	8.2%	100.0%

Stabilized revenue increased by 4.1% for the year ended December 31, 2019, compared to the prior year. Operating expenses reported for the year decreased by 0.9% from 2018, resulting in a NOI increase of 8.2% compared to the prior year. The increase in reported stabilized revenue was driven by higher in-place occupied rents and lower incentives in Alberta and Saskatchewan, which accounts for approximately 74% of the Trust's reported stabilized Net Operating Income. Operating expenses decreased primarily as a result of lower wages and salaries and repairs and maintenance expenses. Operating lease payments were eliminated for the comparative 2018 operating expenses to ensure stabilized property results were evaluated on an "apples-to-apples" basis. Stabilized operating expenses and stabilized net operating income were also adjusted from the reported values for wage allocations between operating expenses and administration.

Stabilized Revenue Growth	# of Units	Q4 2019 vs Q3 2019	Q4 2019 vs Q2 2019	Q4 2019 vs Q1 2019	Q4 2019 vs Q4 2018
Edmonton	12,906	0.3%	1.6%	3.4%	3.5%
Calgary	5,657	0.6%	1.6%	3.0%	5.3%
Red Deer	939	(0.6)%	(0.4)%	1.8%	7.4%
Grande Prairie	645	1.9%	4.4%	6.7%	9.1%
Fort McMurray	352	(0.7)%	0.7%	1.3%	0.6%
Quebec	6,000	1.3%	2.3%	2.4%	3.6%
Saskatchewan	3,685	1.8%	3.0%	3.8%	4.2%
Ontario	2,585	1.9%	3.2%	5.1%	6.4%
	32,769	0.8%	1.9%	3.3%	4.3%

On a sequential basis, stabilized revenues reported in the fourth quarter of 2019 increased by 0.8% over Q3 2019, increased by 1.9% compared to Q2 2019, increased by 3.3% compared to Q1 2019 and increased 4.3% compared to Q4 2018. The increase over each quarter is a signal that the market is a more balanced market. The Trust strives toward balancing the optimum level of market rents, rental incentives, and occupancy rates in order to achieve its net operating income optimization strategy.

ESTIMATED LOSS-TO-LEASE CALCULATION

Boardwalk REIT's projected loss-to-lease, representing the difference between estimated market rents and actual occupied rents in December 2019, and adjusted for current occupancy levels, totaled approximately $24.9 million on an annualized basis, representing $0.49 per Unit (Trust & LP B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than 12 months. By managing market rents and providing suite-specific incentives to our Resident Members, the Trust and all its Stakeholders continue to benefit from lower turnover, reduced expenses, and high occupancy. The reader should note estimated loss-to-lease, measured at a point in time, is a non-GAAP measure, and that reported market rents can be very seasonal, and, as such, will vary from quarter to quarter. The significance of this change could materially affect Boardwalk REIT's "estimated loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. The reader should also note that it would take significant time for these market rents to be recognized by the Trust due to internal and external limitations on its ability to charge these new market-based rents in the short term.

Same-property	Dec. 2019 Market Rent (1)	Dec. 2019 Market Rent, including incentives (1)	Dec. 2019 Occupied Rent (1)	Mark to Market Per Month	Annualized Mark to Market Adjusted for Current Occupancy levels ($000's)	Weighted Average Apartment Units	% of Portfolio
Edmonton	$ 1,306	$ 1,198	$ 1,201	$ (3)	$ (1,116)	12,906	39%
Calgary	1,535	1,387	1,339	48	3,023	5,657	17%
Red Deer	1,196	1,047	1,088	(41)	(510)	939	3%
Grande Prairie	1,132	1,105	1,085	20	137	645	2%
Fort McMurray	1,518	1,315	1,290	25	87	352	1%
Alberta Portfolio	$ 1,362	$ 1,242	$ 1,232	$ 10	$ 1,621	20,499	62%
Quebec	$ 1,234	$ 1,232	$ 1,108	$ 124	$ 8,910	6,000	19%
Saskatchewan (2)	1,315	1,154	1,148	6	189	3,685	11%
Ontario	1,460	1,460	1,001	459	14,201	2,585	8%
Total Portfolio	$ 1,341	$ 1,248	$ 1,182	$ 66	$ 24,921	32,769	100%

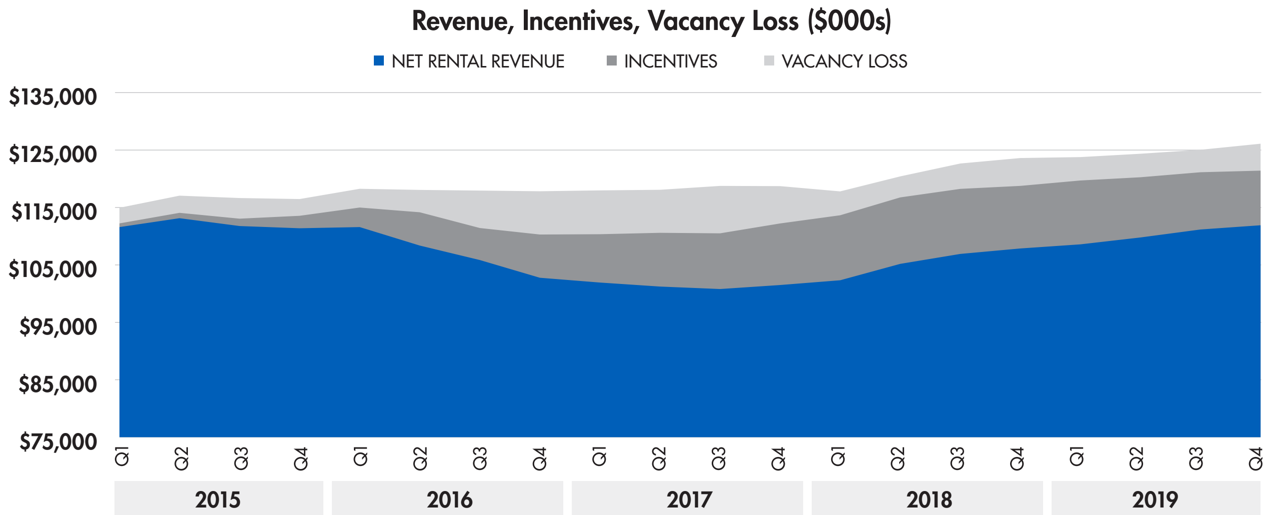
(1) Ancillary rental revenue is included in the calculation of market and occupied rent.
(2) Saskatchewan market rent includes an increase for cable and internet service.

The decrease in the loss-to-lease for our portfolio, from $26.5 million at September 2019 to $24.9 million at December 2019, was due primarily to an increase in occupied rents in many of Boardwalk's rental markets for the month of December, using a weighted average mark-to-market of $66 per suite per month. Excluded from the loss-to-lease calculation of $24.9 million is approximately $93 per suite per month of incentives, resulting in additional revenue of over $36 million per annum.

In fiscal 2019, as with prior periods, Boardwalk REIT continued to focus on the optimization of all rental revenue, with attention to appropriate levels of market rents and certain occupancy level targets, as well as suite-selective incentives, when warranted.

VACANCY LOSS AND INCENTIVES

Vacancy loss and rental incentives are strong indicators of current and future revenue performance. Depending on specific market conditions, to best manage overall economic rental revenue, the correct balance between rental incentives and vacancy loss is important. On a quarterly basis, the chart below details rental incentives offered versus vacancy loss. Select incentives are continuing in the Calgary, Edmonton, Regina and Saskatoon markets to maintain occupancy levels. Boardwalk REIT will continue to manage its overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. The Trust continues to focus on maximizing overall revenues through the management of these key revenue variables.



As was previously mentioned, given a lower-than-expected recovery of the rental markets, particularly in Alberta and, to a lesser extent, Saskatchewan, and the uncertainty resulting from lower oil prices, Boardwalk's continued focus is on maintaining and increasing, in certain regions, occupancy in the short term by offering various suite-specific incentives in exchange for longer-term leases.

INVESTING IN OUR PROPERTIES

Boardwalk is continually re-investing in its properties. A detailed analysis of this investment can be found later in the MD&A under the section titled, "Capital Improvements". The purpose of the "Capital Improvements" section is to provide the reader with a consolidated view of what the Trust spent on its real estate asset base.

Financing Costs

Interest expense on the Trust's secured mortgages and lease obligations for the year ended December 31, 2019, increased from the same period in the prior year, from $80.6 million to $88.2 million, primarily due to interest being recorded on the Trust's lease liabilities along with increased mortgage interest as a result of upfinancings. At December 31, 2019, the reported weighted average interest rate of 2.74% was up from the weighted average interest rate of 2.65% at December 31, 2018. Boardwalk REIT has continued to take advantage of low interest rates to refinance and renew certain mortgages. The average term to maturity of the Trust's mortgage portfolio is approximately 4.4 years.

Boardwalk REIT concentrates on multi-family residential real estate. It is therefore eligible to obtain government-backed insurance through the NHA program, administered by CMHC. The benefits of purchasing this insurance are two-fold.

The first benefit of using CMHC insurance is Boardwalk REIT can normally obtain lower interest rate spreads on its property financing as compared to other financing alternatives in either the residential or any other real estate class, leading to lower overall cost of debt, after including the cost of the NHA insurance.

The second benefit of the CMHC insurance relates to lowering Boardwalk REIT's overall renewal risk. Once insurance is obtained on the related mortgage, the insurance is transferable and follows the mortgage for the complete amortization period, typically between 25 and 40 years, depending on the type of asset being insured. With the insurance being transferable between approved lenders, it lowers the overall risk of Boardwalk REIT not being able to refinance the asset on maturity.

Management cannot over-emphasize the importance of this Government-backed mortgage insurance program administered by Canada Mortgage and Housing Corporation. Despite past volatility in the overall credit markets, the Trust has been able to find a number of mortgage lenders willing to assume, or underwrite, additional mortgages under this program.

At December 31, 2019, approximately 99% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 30 years.

As was previously noted, the adoption of IFRS has also had an impact on the amount of financing costs reported on the Trust's Consolidated Statement of Comprehensive Income. As a result of the Trust's LP Class B Units being classified as financial liabilities in accordance with IFRS, the corresponding distributions paid to the Unitholders are classified as financing costs under IFRS. The Trust believes these distribution payments do not truly represent "financing charges" as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. The total amount of distributions paid to the LP Class B Unitholders for the year ended December 31, 2019, which have been recorded as financing charges, was $4.5 million ($4.5 million for the year ended December 31, 2018). Based on this rationale, these amounts have been added back in the calculation of FFO.

The reader should also note that, under IFRS, financing charges are recorded net of interest income the Trust has earned for the period. The total amount of interest income earned for the year ended December 31, 2019 was $1.3 million, compared to $2.2 million for the prior year. Interest income will fluctuate depending on the cash on hand in the period. Further details on the Trust's investment of cash on hand using term deposits of 90 days or less can be found in NOTE 13 of the consolidated financial statements.

AMORTIZATION OF DEFERRED FINANCING COSTS

The amortization of deferred financing costs relates primarily to the amortization of CMHC premiums, which are paid as part of mortgage financing. If Boardwalk REIT replaces an existing mortgage with a new mortgage, all costs associated with the original mortgage, including the unamortized balance of the CMHC premium, are required to be charged to income in the period that this occurs. As a result, and due to the variable timing and strategy of each mortgage at maturity, the amounts reported will vary. Rather than refinance the entire mortgage on term maturity to a higher amount, Boardwalk REIT continues to take advantage of supplementing, rather than extinguishing, the original mortgage to increase its leverage.

Boardwalk reviews its amortization estimates on an ongoing basis and, if warranted, will adjust these estimates on a prospective basis.

The total amortization of deferred financing costs for the year ended December 31, 2019, was $6.1 million compared to $6.5 million recorded for the same period in the prior year. Amortization of deferred financing costs is now included in financing costs.

INTEREST RATE SENSITIVITY

Although Boardwalk REIT manages its financing risk in a variety of ways, as discussed later in the MD&A, it is important the reader understands how significant interest rate changes could impact the Trust as a whole. Due to the size of Boardwalk's overall mortgage portfolio, it has been prudent to spread out the maturity of these mortgages over a number of years. In fiscal 2020, the Trust anticipates having approximately $317.6 million of secured mortgages maturing with a weighted average rate of 2.52%. If we were to renew these mortgages today with a five-year term, the Trust estimates, based upon interactions with possible lenders, the new rate would be approximately 2.30% (as of February 2020).

To date, the Trust has renewed, or forward locked the interest rate on $41.1 million or 13% of its 2020 mortgage maturities at an average interest rate of 2.35%, while extending the term of these mortgages by eight years.

Administration

Included in administration expenses are costs associated with Boardwalk REIT's centralized administrative functions. The amount reported for the year ended December 31, 2019, which relates to corporate administration from continuing operations (excluding deferred unit-based compensation), was $38.6 million, compared to $37.1 million for the same period in the prior year, an increase of approximately 4.0% for the year. The increase was due to increased administrative wages as a result of increased bonuses and profit-sharing based on performance.

For the current and prior comparative periods, Boardwalk REIT allocated certain administration costs between corporate and rental operating expenses. The administration costs allocated to rental operating expenses consist primarily of specific amounts associated with operation-specific staff and related support initiatives. Total administration costs, combining rental operating, corporate and deferred unit-based compensation, were $60.8 million for the year ended December 31, 2019, compared to $67.9 million for the same period in the prior year. The decrease in total administration costs of approximately

$7.1 million, or approximately 10.5%, was due primarily to a decrease in operating expenses as lease payments are recorded on the consolidated statement of financial position under IFRS 16. Additionally, wages and salaries have decreased as the Trust balances its staff requirements.

Depreciation

Depreciation recorded on the Consolidated Statements of Comprehensive Income is made up of the depreciation of property, plant and equipment.

The Trust has elected to use the cost model under IAS 16 – Property, Plant and Equipment ("IAS 16") to value its property, plant and equipment, and, as a result of this method, depreciation expense is a charge taken against earnings to reflect the estimated depreciation that has occurred to these assets as a result of their use during the reporting period in question.

Boardwalk reviews its key depreciation estimates on an ongoing basis and, if warranted, will adjust these estimates on a prospective basis.

The total amount reported as depreciation for the year ended December 31, 2019, was $8.8 million compared to $6.8 million recorded for the same period in the prior year. The increase is due to the depreciation of the right-of-use assets under IFRS 16.

Other Income and Expenses

INCOME TAX EXPENSE

Boardwalk REIT qualifies as a 'mutual fund trust' as defined in the Income Tax Act (Canada). The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts and the criteria for qualifying for the real estate investment trust exemption (the "REIT Exemption"), which would exempt Boardwalk REIT from income tax under the SIFT Legislation. For 2018 and 2019 to date, the Trust qualified for the REIT Exemption.

Although Boardwalk REIT is exempted from income taxes, provided it distributes all of its taxable income to its Unitholders, this exemption does not apply to its corporate subsidiaries, which are subject to income taxes.

LP CLASS B UNITS AND THE DEFERRED UNIT COMPENSATION PLAN

The LP Class B Units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at December 31, 2019, the Trust used a price of $45.93 based on the closing price of the TSX-listed Boardwalk REIT Trust Units to determine the fair value of these financial liabilities at that date. The total fair value of these units recorded on the Consolidated Statements of Financial Position at December 31, 2019, was $205.5 million, and a corresponding fair value loss of $36.3 million (year ended December 31, 2018 – fair value gain of $23.6 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2019.

The deferred unit-based compensation plan had a fair value of $4.4 million, and a corresponding fair value loss of $1.2 million (year ended December 31, 2018 – fair value gain of $0.4 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2019.

FINANCIAL CONDITION

Review of Consolidated Statements of Cash Flows

OPERATING ACTIVITIES

Cash Flow from Operations

For the three months ended December 31, 2019, cash flow from operating activities increased by 64.3% from $23.5 million to $38.6 million, as compared to the three months ended December 31, 2018. Cash flow from operating activities increased from $107.3 million for the year ended December 31, 2018 to $160.7 million for the year ended December 31, 2019. This increase is due to improved operating performance.

A reconciliation of ACFO to cash flow from operating activities as shown in the Consolidated Statements of Cash Flow prepared in accordance with IFRS is highlighted below.

ACFO Reconciliation *(In $000's, except per Unit amounts)*	**3 Months Dec. 31, 2019**	3 Months Dec. 31, 2018	% Change	**12 Month Dec. 31, 2019**	12 Months Dec. 31, 2018	% Change
Cash flow from operating activities	**$ 38,576**	$ 23,479		**$ 160,743**	$ 107,304	
Adjustments						
Operating working capital	**(4,760)**	4,971		**(22,646)**	8,304	
Deferred unit-based compensation	**(565)**	(573)		**(2,268)**	(2,095)	
Government grant earned	**94**	94		**378**	378	
Add back distributions to LP Class B Units recorded as financing charges (1)	**1,120**	1,120		**4,479**	4,479	
Interest paid	**20,465**	18,639		**81,673**	74,328	
Financing costs	**(22,275)**	(20,372)		**(88,198)**	(80,586)	
Principal portion of lease liabilities	**(499)**	-		**(3,194)**	-	
	32,156	27,358		**130,967**	112,112	
Maintenance capital expenditures (2)	**(6,096)**	(5,805)		**(24,060)**	(23,112)	
Adjusted Cash Flow From Operations (ACFO)	**26,060**	21,553	20.9%	**106,907**	89,000	20.1%
ACFO – per Unit	**$ 0.51**	$ 0.42	21.4%	**$ 2.10**	$ 1.75	20.0%

(1) Under IFRS, the LP Class B Units are considered financial instruments in accordance with IFRS 9. As a result of this classification, their corresponding distribution amounts are considered "financing charges" under IFRS. The Trust believes these distribution payments do not truly represent "financing charges", as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. Therefore, these distributions are excluded from the calculation of ACFO, consistent with the treatment of distributions paid to all other Unitholders.

(2) Details of the calculation of Maintenance Capital Expenditures can be found in the section titled, "Maintenance of Productive Capacity".

The reader is cautioned that Boardwalk REIT's calculation of ACFO may be different from other real estate corporations or REITs and, as such, a straight comparison may not be warranted. For the year ended December 31, 2019, Boardwalk REIT reported total ACFO of $106.9 million, or $2.10 per fully diluted Trust Unit. This represented an increase of approximately 20.1%, compared to $89.0 million, or $1.75 per fully diluted Trust Unit, reported for the same 12 months in 2018. The increase for the year 2019 is primarily due to higher rental revenue resulting from higher occupancy and lower incentives. Additionally, the Trust is benefiting from its focus on decreasing controllable costs such as onsite wages and salaries, repairs and maintenance and advertising.

For the current quarter, the Trust is paying out an estimated 39.6% of reported FFO and 48.9% of ACFO, compared to 46.5% and 59.0%, respectively, for the same period in the previous year. For the year ended December 31, 2019, the Trust is currently paying out an estimated 38.9% of FFO and 47.6% of ACFO, compared to 45.4% and 57.2%, respectively, for the same period in 2018. ACFO, in the longer term, is indicative of the Trust's ability to pay distributions to its Unitholders. As regular distributions are funded by the Trust's liquidity, cash flow from operations and mortgage upfinancings tied to investment property capital appreciation, these distributions are reviewed on a quarterly basis by the Board of Trustees to assess whether they are sustainable. As a result of the review, the Board has approved distributions of $1.00 per unit on an annualized basis.

FINANCING ACTIVITIES

Distributions

Boardwalk distributes payments on a monthly basis to its Unitholders. These payments are referred to as regular distributions. The distinct nature and classification of these payments are unique to each trust and the components of these distributions may have differing tax treatments. For the year ended December 31, 2019, the Trust paid regular distributions of $50.9 million to its Trust and LP Class B Unitholders, compared to $50.9 million for the same period in 2018. Regular distributions declared for the 12 months ended December 31, 2019 represented an FFO payout ratio of 38.9%, compared to 45.4% for the prior year. Regular distributions (Trust and LP Class B Units) declared in 2019 represented approximately 31.7% of cash flow from operating activities compared to 47.4% for 2018.

Financing of Revenue Producing Properties

During the 12 months ended December 31, 2019, the financing and refinancing of existing properties totaled approximately $144.5 million. During the financing and refinancing process, Boardwalk REIT increased the weighted average interest rate on its mortgage portfolio from 2.65% at December 31, 2018 to 2.74% at December 31, 2019.

Acquisitions

On April 1, 2019, the Trust closed on the purchase of a property located in Edmonton, Alberta. The property totaled 124 residential units and had a purchase price of $36.8 million (including transaction costs).

On November 27, 2018, the Trust closed on the purchase of four properties located in Calgary, Alberta. The properties totaled 299 residential units and had a purchase price of $66.8 million (including transaction costs).

Due to the nature of multi-family residential real estate, the amount paid for apartment units may vary dramatically based on a number of parameters, including location, type of ownership (free hold versus land lease) and type of construction. As required under IFRS, on acquisition, an analysis is performed on the mortgage debt assumed, if any. The analysis focuses on the interest rates of the debt assumed. If it is determined that the in-place rates are materially below or above market rates, an adjustment is made to the book cost of the recorded asset. No mortgages were assumed in 2018 and 2019 and, therefore, no adjustment for fiscal 2018 or 2019 was made.

Capital Improvements

Boardwalk has a continuous capital improvement program with respect to its investment properties and brand diversification strategy. The program is designed to extend their useful lives, improve operating efficiency, enhance appeal, enhance as well as maintain earnings capacity and meet Resident Members' expectations, as well as meet health and safety regulations.

A select few of the Trust's communities will be selected to fall under the 'Boardwalk Lifestyle' brand; although there are a number of criteria used to select these properties, in general, these communities are located in extremely attractive locations and desirable neighborhoods. Rebranding is the highest level of investment the Trust will place in this community. Investment here will be holistic in nature and include significant enhancement to the exterior. Common areas may not only be refreshed but may also be modernized to include community areas with Wi-Fi bars, barbeque areas and other in demand amenities. The suites in these buildings will be significantly modernized and may include the removal of existing walls and substantial upgrades including all new appliances, upgraded kitchens and extensive flooring, electrical and plumbing upgrades. These communities will be targeted to the more discriminating renter and commonly referred to as a 'renter by choice'.

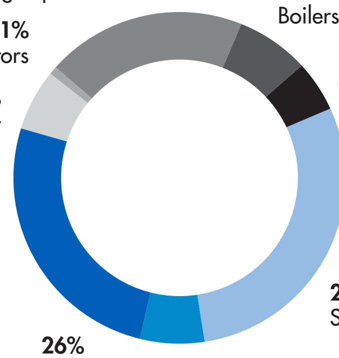
A number of the Trust's communities will be selected to be repositioned to the 'Boardwalk Communities' category. These communities will also be targeted based on location and will focus in on a modernization program. These communities tend to be located in mature areas near schools, parks, downtown core, shopping and other desirable amenities. Investment in these communities will enhance the already large suite size and will significantly upgrade most aspects of the suite, including new upgraded flooring, all new appliances with modernized kitchens, modern electrical, plumbing and hardware fixtures. Modernization of existing common areas such as hallways and lobbies will also be considered.

The majority of Boardwalk's existing portfolio falls into the 'Boardwalk Living' category. Resident Members in this area are looking for value but tend to be more price sensitive. Again, many of these Boardwalk communities are located in established communities with extensive local amenities. Although Boardwalk's investment in this area will be less significant than in its re-positioned and rebranded communities, it is value-focused and thoughtfully targeted with those items that these price sensitive renters appreciate most, such as upgraded flooring, and more modern electrical, plumbing and hardware fixtures.

In 2019, Boardwalk REIT invested approximately $123.2 million (comprised of $117.6 million on its stabilized investment properties and $5.6 million on property, plant and equipment) back into its properties in the form of equipment and project enhancements to upgrade existing suites, common areas, building exteriors and systems, compared to the $125.9 million ($117.9 million on its stabilized investment properties and $8.0 million property, plant and equipment) invested in 2018.

A significant part of Boardwalk's capital improvement program relates to projects that are carried out by Boardwalk's Associates. This internal capital program was initiated in 1996 as a way to create more value for the Trust. The Trust recognizes that there are certain efficiencies and economies of scale available from having Boardwalk Associates perform certain capital projects ourselves, or "in-house". This results in the faster execution and greater control of these projects while at the same time eliminating the profit charged by third-party contractors. The Trust focuses on specific projects where there is the largest opportunity for value creation, like flooring and painting. Over the last few years, the Trust has intensified this focus of performing capital projects "in-house" rather than contracting such services. Included in capital improvements is approximately $32.5 million of on-site wages and salaries that have been incurred towards these projects for 2019, compared to $28.8 million for 2018.

2019 12 M Capital Investment



MAINTENANCE OF PRODUCTIVE CAPACITY

The Trust has two separate areas in which capital is invested back into its residential buildings. These are referred to as 'maintenance capital expenditures' and 'value enhancing capital expenditures'.

Maintenance capital expenditures over the longer term are funded from operating cash flows. These expenditures are deducted from FFO in order to estimate a sustainable amount, called Adjusted Funds From Operations, which can be distributed to Unitholders. Maintenance capital expenditures include those expenditures that, although capital in nature are not considered betterments, and relate more to maintaining the existing earnings capacity of our property portfolio. In contrast, value enhancing capital expenditures are more discretionary in nature and focus on increasing the productivity of the property, with the goal of increasing the FFO generated at that location. In addition, the Trust invests funds in its portfolio in the form of ongoing repairs and maintenance as well as on-site maintenance Associates. Both of these expenditures are designed to maintain the operating capacity of our assets.

The following table provides management's estimate of these expenditure categories:

(In $000's, except for per suite amounts)	**3 Months Dec. 31, 2019**	**Per Suite**	3 Months Dec. 31, 2018	Per Suite	**12 Months Dec. 31, 2019**	**Per Suite**	12 Months Dec. 31, 2018	Per Suite
Maintenance Capital Expenditures (1)	**$ 6,096**	**$ 183**	$ 5,805	$ 174	**$ 24,060**	**$ 721**	$ 23,112	$ 695
Value Enhancing Capital (including Suite Upgrades)	**29,921**	**897**	29,437	881	**99,215**	**2,973**	102,810	3,092
	$ 36,017	**$ 1,080**	$ 35,242	$ 1,055	**$ 123,275**	**$ 3,694**	$ 125,922	$ 3,787

(1) Details of the calculation of Maintenance Capital Expenditures can be found on the following page.

Items reported as capital are determined as investments in assets that have a useful economic life longer than one year. Management has estimated that for fiscal 2019 and 2018, the amount allocated to maintenance capital was approximately $24.1 million, or $721 per apartment unit, and $23.1 million, or $695 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $99.2 million and $102.8 million, respectively, or $2,973 and $3,092 per apartment unit.

MAINTENANCE CAPITAL EXPENDITURES ("MAINTENANCE CAPEX")

Maintenance CAPEX is defined as capital expenditures related to maintaining the existing space of a property. This contrasts with expenditures related to development or revenue-enhancing activities in nature. Boardwalk's determination of Maintenance CAPEX is based on an estimated reserve amount per apartment unit rather than on actual amounts and utilizes a three-year rolling average. Boardwalk's viewpoint is that the categorization of expenditures between maintenance and value-enhancing will be subject to wide variations in professional judgment, especially as it relates to the multi-family real estate asset class. As a result, Boardwalk has determined that a reserve amount based on a three-year rolling average and calculated using an annual $605 per apartment unit for 2019, $620 per apartment unit for 2018 and $939 per apartment unit for 2017, is appropriate. Capital budget amounts for 2019, revised if necessary, based on actual expenditures for the year, are initially used to calculate Maintenance CAPEX for the three-year rolling average. For each of the fiscal periods, the first-year amortization of major capital expenditure categories is taken as a reliable metric of Maintenance CAPEX for the year, since such an amount would have been expended in the first year in any event in lieu of repair and maintenance expenses. The economic useful lives of capital expenditures after the first year are, therefore, deemed to be value-enhancing as these will inevitably benefit higher revenue generation in future years.

For 2019, the amount of $605 per apartment unit was determined by taking the Trust's 2019 actual capital expenditure, excluding development, and estimating the economic useful life of each major capital expenditure category. The first year of amortization for each category is then classified as Maintenance CAPEX. The total Maintenance CAPEX is then divided by the number of apartment units in Boardwalk's property portfolio to derive a per unit Maintenance CAPEX amount. For 2019, Boardwalk's estimate of Maintenance CAPEX was $24.1 million, or $721 per apartment unit, for the year based on a three-year rolling average of 2017, 2018 and 2019 actual expenditures. The Trust's calculation of standardized maintenance capital expenditures per suite is outlined on the following page:

Category	2019 Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	**2019 Maintenance Capital Expenditures ($000's, except per Unit amount)**
Building Exterior, Grounds & Parking	$ 23,943	15.0	7%	93%	$ 1,597
Hallways & Lobbies	$ 6,964	10.0	10%	90%	$ 696
Elevators	$ 1,951	10.0	10%	90%	$ 195
Mechanical & Electrical	$ 6,564	10.0	10%	90%	$ 656
Other – Information Technology	$ 6,483	5.0	20%	80%	$ 1,297
Site Equipment & Vehicles	$ 1,553	5.0	20%	80%	$ 311
Total Common Area	$ 47,458				
Paint & General	$ 13,037	4.0	25%	75%	$ 3,259
Flooring	$ 12,394	8.0	13%	88%	$ 1,549
Cabinets & Counters	$ 8,850	8.0	13%	88%	$ 1,106
Appliances	$ 5,596	8.0	13%	88%	$ 700
Suite Mechanical	$ 1,718	4.0	25%	75%	$ 430
Furniture, Fixtures & Equipment	$ 784	4.0	25%	75%	$ 196
Total Suites	$ 42,379				
Internal Capital Program	$ 32,476	4.0	25%	75%	$ 8,119
Subtotal	$ 122,313				$ 20,111
Corporate Capital Expenditures	$ 961				
Total Budget Capital Expenditures	$ 123,274				
2019 Cash Flow from Investing Activities					
Improvements to Investment Properties	$ 117,644				
Additions to Property, Plant & Equipment	5,630				
	$ 123,274				
Apartment Units	33,263				$ 605
Three-year Rolling Average					
2017					$ 939
2018					$ 620
2019					$ 605
Maintenance CAPEX Per Unit					**$ 721**

A similar calculation for 2018 and 2017 maintenance capital expenditures, reconciled to Boardwalk's 2018 and 2017 actual cash flow from investing activities, are also provided below for comparison. In 2018, Boardwalk estimated Maintenance CAPEX to be $620 per apartment unit for the year, and in 2017 the Trust estimated $939 per apartment unit per year, based on actual capital expenditures.

Category	2018 Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	2018 Maintenance Capital Expenditures ($000's, except per Unit amount)
Building Exterior, Grounds & Parking	$ 25,390	15.0	7%	93%	$ 1,694
Hallways & Lobbies	$ 3,213	10.0	10%	90%	$ 321
Elevators	$ 1,262	10.0	10%	90%	$ 126
Mechanical & Electrical	$ 5,331	10.0	10%	90%	$ 533
Other – Information Technology	$ 6,509	5.0	20%	80%	$ 1,302
Site Equipment & Vehicles	$ 2,103	5.0	20%	80%	$ 421
Total Common Area	$ 43,808				
Paint & General	$ 16,159	4.0	25%	75%	$ 4,040
Flooring	$ 15,917	8.0	13%	88%	$ 1,990
Cabinets & Counters	$ 9,886	8.0	13%	88%	$ 1,236
Appliances	$ 6,305	8.0	13%	88%	$ 788
Suite Mechanical	$ 2,909	4.0	25%	75%	$ 727
Furniture, Fixtures & Equipment	$ 961	4.0	25%	75%	$ 240
Total Suites	$ 52,137				
Internal Capital Program	$ 28,841	4.0	25%	75%	$ 7,210
Subtotal	$ 124,786				$ 20,628
Corporate Capital Expenditures	$ 1,136				
Total Capital Expenditures	$ 125,922				
2018 Cash Flow from Investing Activities	$ 117,914				
Improvements to Investment Properties	8,008				
Additions to Property, Plant & Equipment	$ 125,922				
Apartment Units	33,424				$ 620
Standardized Maintenance CAPEX Per Unit					$ 620

Category	2017 Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	2017 Maintenance Capital Expenditures ($000's, except per Unit amount)
Building Exterior, Grounds & Parking	$ 34,936	15.0	7%	93%	$ 2,330
Hallways & Lobbies	$ 6,756	10.0	10%	90%	$ 676
Elevators	$ 6,129	10.0	10%	90%	$ 613
Mechanical & Electrical	$ 7,495	10.0	10%	90%	$ 750
Other – Information Technology	$ 7,384	5.0	20%	80%	$ 1,477
Site Equipment & Vehicles	$ 4,651	5.0	20%	80%	$ 930
Total Common Area	$ 67,351				
Paint & General	$ 31,749	4.0	25%	75%	$ 7,937
Flooring	$ 37,961	8.0	13%	88%	$ 4,745
Cabinets & Counters	$ 21,032	8.0	13%	88%	$ 2,629
Appliances	$ 9,943	8.0	13%	88%	$ 1,243
Suite Mechanical	$ 5,379	4.0	25%	75%	$ 1,345
Furniture, Fixtures & Equipment	$ 981	4.0	25%	75%	$ 245
Total Suites	$ 107,045				
Internal Capital Program	$ 24,889	4.0	25%	75%	$ 6,222
Subtotal	$ 199,285				$ 31,142
Corporate Capital Expenditures	$ 2,646				
Total Capital Expenditures	$ 201,931				
2017 Cash Flow from Investing Activities					
Improvements to Investment Properties	$ 190,203				
Additions to Property, Plant & Equipment	11,728				
	$ 201,931				
Apartment Units	33,187				$ 939
Standardized Maintenance CAPEX Per Unit					$ 939

INVESTMENT PROPERTIES

The Trust has elected to use the fair value model in accordance with IAS 40 – Investment Properties to report the value of its investment properties at each reporting date.

External valuations were obtained from third-party appraisers (the "Appraisers") based on a cross section of properties from different geographical locations and markets across the Trust's rental portfolio, as determined by management, to corroborate the Trust's internal fair value calculation for its entire investment property portfolio. External appraisals were obtained as follows:

Date	Number of Properties		Aggregate Fair Value	Percentage of Portfolio as of that Date
December 31, 2019	**4**	**$**	**610,594**	**10.2%**
September 30, 2019	4	$	118,379	2.0%
June 30, 2019	4	$	65,183	1.1%
March 31, 2019	4	$	185,378	3.1%
December 31, 2018	5	$	563,150	8.5%
September 30, 2018	4	$	80,800	1.4%
June 30, 2018	4	$	135,882	2.3%
March 31, 2018	4	$	109,606	1.9%

The fair value of the Trust's investment property portfolio was determined internally by the Trust using the same assumptions and valuation techniques used by the external valuation professionals. In addition to performing a valuation on a selection of Trust's properties (and not performing a valuation on all of the Trust properties) to compare to the Trust's internal valuation, the Appraisers provided the Trust with a summary of the major assumptions and market data by city in order for the Trust to complete its internal valuations.

The key valuation metrics for the Trust's investment properties are set out in the following tables:

As at	**Dec. 31, 2019**				Dec. 31, 2018			
	Capitalization Rate		**Forecasted Total Standardized Net Operating Income**		Capitalization Rate		Forecasted Total Standardized Net Operating Income	
	Minimum	**Maximum**			Minimum	Maximum		
Calgary	**4.50%**	**7.14%**	**$**	**69,080**	4.50%	6.00%	$	69,104
Edmonton	**4.78%**	**5.75%**		**122,396**	5.00%	6.49%		123,324
Other Alberta	**5.75%**	**7.50%**		**19,162**	5.75%	7.25%		19,842
Kitchener	**4.50%**	**4.50%**		**3,069**	4.75%	4.75%		2,509
London	**4.50%**	**4.75%**		**18,360**	4.75%	5.00%		15,169
Montreal	**4.75%**	**5.75%**		**5,852**	4.75%	5.75%		5,828
Quebec City	**5.25%**	**5.75%**		**10,975**	5.25%	5.75%		10,468
Regina	**5.65%**	**6.00%**		**19,178**	5.65%	6.11%		19,087
Saskatoon	**5.75%**	**6.00%**		**16,007**	5.75%	6.00%		18,201
	4.50%	**7.50%**	**$**	**284,079**	4.50%	7.25%	$	283,532
Land Lease	**4.50%**	**25.54%**	**$**	**31,825**	4.50%	22.77%	$	29,197

Overall portfolio weighted average capitalization rate was 5.27% as at December 31, 2019 and 5.28% as at December 31, 2018.

The "Overall Capitalization Rate" method requires a forecasted stabilized net operating income ("NOI") be divided by a capitalization rate ("cap rate") to determine a fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. As such, fluctuations in both NOI and cap rates could significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in capitalization rate will result in a decrease to the fair value of an investment property. When the capitalization rate is applied to NOI to calculate fair value, there is a significant impact whereby the lower the capitalization rate, the larger the impact. Below are tables that summarize the sensitivity impact of changes in both cap rates and NOI on the Trust's fair value of its investment properties (excluding development) as at December 31, 2019 and December 31, 2018:

As at December 31, 2019		**Net Operating Income**				
		-3%	**-1%**	**As Forecasted**	**+1%**	**+3%**
Capitalization Rate		**$ 306,427**	**$ 312,745**	**$ 315,904**	**$ 319,063**	**$ 325,381**
-0.25%	5.02%	**$ 109,607**	**$ 235,423**	**$ 298,331**	**$ 361,239**	**$ 487,055**
Cap Rate As Reported	5.27%	**(179,774)**	**(59,925)**	**5,992,479**	**59,925**	**179,774**
+0.25%	5.52%	**(442,951)**	**(328,528)**	**(271,316)**	**(214,105)**	**(99,681)**

As at December 31, 2018		Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Capitalization Rate		$ 303,347	$ 309,602	$ 312,729	$ 315,857	$ 322,111
-0.25%	5.03%	$ 108,102	$ 232,525	$ 294,736	$ 356,948	$ 481,371
Cap Rate As Reported	5.28%	(177,792)	(59,264)	5,926,412	59,264	177,792
+0.25%	5.53%	(437,823)	(324,656)	(268,072)	(211,489)	(98,322)

Investment properties with a fair value of $615.2 million as at December 31, 2019 ($569.3 million – December 31, 2018), are situated on land held under ground (or land) leases.

Investment properties with a fair value of $895.5 million as at December 31, 2019 (December 31, 2018 – $937.0 million), are pledged as security against the Trust's committed revolving credit facility. In addition, investment properties with a fair value of $5.8 billion as at December 31, 2019 (December 31, 2018 – $5.7 billion), are pledged as security against the Trust's mortgages payable.

For the year ended December 31, 2019, the Trust capitalized $117.6 million in building improvements (and $30.1 million in development expenditures) and recorded a fair value loss of $48.9 million on its financial statements as a result of changes in the fair value of investment properties. Capitalized building improvements represent expenditures that provide future benefits to the Trust for a period greater than 12 months, some of which may not be immediately reflected in the fair value of the investment properties, under IFRS, for the current reporting period.

INVESTMENT PROPERTY DEVELOPMENT

Over the last number of years, there has been a shift in the multi-family apartment environment in Canada. Over this period, Boardwalk has witnessed a significant increase in the market value of rental apartments. This increase has been mainly driven by a significant compression in market capitalization rates, which in turn has been the result of a prolonged low interest rate environment in Canada.

With this increase in the market value of apartments, there has been a significant decrease in the expected returns from existing multi-family assets to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land the Trust currently owns. In 2012, the Trust received development approval from the City of Calgary in Alberta, and commenced construction of a 109-unit four storey, elevatored, wood frame building in the Southwest part of the city. The development was substantially completed on November 7, 2013, and an Occupancy Permit allowing Boardwalk to commence the lease-up of the units was issued by the City of Calgary for the project. The project was completed on time and within budget totaling approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. In return for this grant, the Trust has agreed to classify 54 of the 109 units as 'affordable', with market rents set at 10% below average market rates for Calgary for a term of 20 years. We estimated the stabilized capitalization rate on this project to be between 6.5% and 7.0%, including an estimated allocation of $4.25 million, or $39,000 per apartment unit, for the excess land allocated to this project. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents. For the year ended December 31, 2019 $378,000 was recognized in profit under rental revenue for this grant (December 31, 2018 – $378,000).

In October 2014, the Trust commenced the first phase of construction for a 79-unit, wood frame building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The project, called 'Pines Edge 1', was substantially completed on January 29, 2016 with a total cost of $13.4 million, below the original budget of $14.1 million. The four-storey building consists of 13 one-bedroom and 66 two-bedroom units with a single level of underground parking. The stabilized capitalization rate is estimated to range from 6.50% to 7.00% excluding land. The Trust commenced construction of Phase 2 of Pines Edge in 2016, an identical 79 unit, four-storey wood frame building with construction being substantially completed at the end of June 2017, both on time and on budget. Pines Edge 3, consisting of 71 units, began construction in June of 2017 and was completed in July 2018, also on time and on budget. Construction costs was $13.2 million and will provide a stabilized unlevered yield in the range of 6.00% to 6.50%.

In the fourth quarter of 2016, Boardwalk and RioCan entered into a joint venture agreement to develop a mixed-use tower consisting of an at-grade retail podium totaling approximately 10,000 square feet and a 12-storey residential tower with approximately 130,000 square feet of residential space, totaling approximately 162 apartment units at RioCan's Brentwood Village Shopping Centre in Calgary, Alberta. The development was substantially completed and received Occupancy Permit at the end of January 2020. It includes two (2) levels of underground parking and provides premium rental housing units minutes from downtown Calgary along the Northwest Light Rail Transit line and in close proximity to the University of Calgary, McMahon Stadium and Foothills Hospital. Boardwalk views RioCan as a like-minded partner who shares similar values and goals as its own, namely to maximize the potential of well-located, transit oriented mixed-use developments that can be constructed to create new communities that residents are proud to call home. The joint venture involves an equal 50% interest in which both RioCan and Boardwalk will provide its best-in-class retail and residential expertise, respectively, to co-develop the asset. To maximize the value of the development, RioCan will manage the retail component and Boardwalk will manage the residential component, each on a cost basis. The land was 100% owned by RioCan. Pursuant to a purchase and sale agreement dated October 19, 2016 between Boardwalk and RioCan, Boardwalk purchased a 50% interest in the parcel of land on November 23, 2017. The land value was based on the total buildable area and, as such, Boardwalk paid $3.2 million for its 50% interest. Construction of the project began in Q4 of 2017. For the year ended December 31, 2019, the Trust incurred $16.8 million in development for its 50% interest. For the year ended December 31, 2018, Boardwalk incurred $9.9 million in development costs for its 50% interest. In fiscal 2017, Boardwalk incurred $2.3 million in development costs. It was estimated that the total construction for the project will be between $75 million to $80 million ($37.5 million to $40 million per partner). The project was substantially completed on schedule and on budget.

In the fourth quarter of 2018, Boardwalk and entered into a 50:50 joint venture partnership to develop a mixed-used complex in Brampton, Ontario. For the year ended December 31, 2019, the Trust incurred $15.9 million for its interest in the project as capital contributions into the limited partnership. For the year ended December 31, 2018, Boardwalk incurred $9.9 million for its interest in the project as capital contribution into the limited partnership.

In the third quarter of 2019, the Trust entered into a second joint venture arrangement with RioCan. Subject to zoning approvals, the partnership will develop two towers, one 25-storey and the other a 16-storey, in a mixed-use project consisting of 470 residential units totaling approximately 418,000 buildable square feet and approximately 12,000 square feet of retail space. The project is located on a discrete portion of land at RioCan's Sandalwood Shopping Centre in Mississauga, Ontario. The project proposes three levels of underground parking and to provide premium rental housing in a transit-oriented location along Hurontario Street near Square One Shopping Centre, and easy access onto the 401, 403 and 407 highways. The joint venture involves an equal 50% interest, in which, each partner will provide best-in-class retail and residential expertise to develop and operate the asset. The land was 100% owned by RioCan. Subject to zoning approval and confirmation of total buildable area, the total purchase price has yet to be finalized. To date, the Trust has paid $11.6 million (including transaction costs) for its 50% interest in the land. Zoning approvals are anticipated in early 2020.

It is our intention to continue to investigate further development opportunities; however, each future opportunity will require a separate analysis and, depending on the analysis and economic conditions, Boardwalk REIT will determine if additional development projects are warranted. Historically, one of the biggest risks to real estate evaluations is the building of oversupply in a particular market, which results in significant corrections of property values market-wide.

For the year ended December 31, 2019, the Trust expended $30.1 million on total development costs compared to $18.9 million for the prior year. Interest costs of $1.4 million were capitalized for the year ended December 31, 2019. (December 31, 2018 – $0.6 million).

Capital Structure and Liquidity

Liquidity refers to the Trust's ability to generate, and have available, sufficient cash to fund our ongoing operations and capital commitments as well as its distributions to Unitholders. Generally, distributions are funded from ACFO, a non-GAAP cash flow metric as defined above. However, in common with the majority of real estate entities, the Trust relies on lending institutions for a significant portion of capital required to fund mortgage principal payments, capital expenditures, acquisitions, unit buybacks, and repayment of maturing debt. Over the past number of years, Boardwalk has observed a significant increase in borrowing standards of many of our key lending partners as a result of heightened sensitivity to possible weaknesses in the economy.

To mitigate the risk of renewal, the Trust utilizes NHA mortgage insurance, the benefits of which we discussed in detail above. Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance. In volatile times, the ability to access this product was very beneficial to the Trust as a whole.

The Trust's liquidity position as at December 31, 2019 remains stable as the following table highlights:

($000)		
Cash position December 31, 2019	$	35,166
Subsequent Committed Financing		22,838
Committed Revolving Credit Facility Available		199,750
Total Available Liquidity	$	257,754

In addition to this, the Trust currently has 1,333 rental apartment units of unencumbered assets, of which 257 units are pledged against the Trust's committed revolving credit facility. It is estimated under current CMHC underwriting criteria, that the Trust could obtain an additional $139.3 million of new proceeds from the financing of its current unencumbered assets. Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance.

The reader should also be aware that of the $317.6 million of secured mortgages coming due in 2020 (as shown in the table on the next page), all have NHA insurance, and represent in aggregate approximately 41% of current estimated "underwriting" values on those individual secured assets. Interest rates on five and 10-year NHA-insured mortgages as of February 2020 were 2.30% and 2.40%, respectively. The reader, however, is cautioned these rates do fluctuate and, by the time these maturing mortgages are set for renewal, with or without additional financing, interest rates may have changed materially. Even with the NHA insurance program attached to its secured mortgages, the Trust is still susceptible to changes in market interest rates. To address a portion of this risk, the Trust has forward locked or renewed $41.1million, or 13%, of its $317.6 million of 2020 mortgage maturities. The weighted average contracted interest rate on these renewals is 2.35%, for an average term of eight years.

MORTGAGE SCHEDULE

Boardwalk REIT's long-term debt consists entirely of low-rate, fixed-term secured mortgage financing. The maturity dates on the secured mortgages have been staggered to lower the overall interest rate risk on renewal.

Total mortgages payable (net of unamortized transaction costs) on December 31, 2019, were $2.7 billion, compared to $2.7 billion reported on December 31, 2018.

Boardwalk REIT's overall weighted average interest rate on its long-term debt has increased from the prior year. The weighted average interest rate on December 31, 2019, was 2.74% compared to 2.65% on December 31, 2018. To better maintain cost effectiveness and flexibility of capital, Boardwalk REIT continuously monitors short and long-term interest rates. If the environment warrants, the Trust will convert short-term, floating rate debt, if any, to longer term, fixed rate mortgages to reduce interest rate renewal risk.

Year of Maturity	Principal Outstanding as at Dec. 31, 2019	Weighted Average Interest Rate By Maturity	% of Total
2020	$ 317,649	2.52%	11.2%
2021	377,971	2.41%	13.3%
2022	441,142	2.73%	15.5%
2023	354,885	2.93%	12.5%
2024	260,887	2.89%	9.2%
2025	304,419	2.63%	10.7%
2026	143,852	2.45%	5.1%
2027	347,889	3.18%	12.2%
2028	110,481	3.27%	3.9%
2029	181,601	2.56%	6.4%
Total Principal Outstanding	2,840,776	2.74%	100.0%
Unamortized Deferred Financing Costs	(99,128)		
Per Financial Statements	$ 2,741,648		

CONSTRUCTION LOAN PAYABLE

During 2019, the Trust entered into a $50 million revolving construction facility loan along with one of its joint venture partners. To date, $29.4 million has been drawn on this loan, of which Boardwalk's 50% portion is $14.7 million. The facility is interest payable only and has a maturity date of January 31, 2021. The facility bears interest at prime plus 0.05%, a Bankers' Acceptance interest rate of 1.97%, a Bankers' Acceptance stamping fee of 1.05% and a standby fee of 0.21%.

INTEREST COVERAGE

Notwithstanding the Trust's current liquidity situation, Boardwalk's liquidity and access to capital resources is constrained by certain tests that have been adopted in both its Declaration of Trust, as well as in its credit facility. The Declaration of Trust stipulates an interest coverage ratio limit of 1.5 to 1. For the purpose of the interest coverage ratio calculation, gains or losses on the sale or disposition of investment properties are excluded from earnings. Additionally, distributions on the LP Class B Units are excluded from interest expense, despite the LP Class B Units being classified as a financial liability under IFRS.

The following table sets out the Trust's interest coverage ratio calculation as at December 31, 2019, and December 31, 2018, based on the most recently completed four fiscal quarters.

As at	**Dec. 31, 2019**	Dec. 31, 2018
Net operating income	**$ 258,793**	$ 227,407
Administration expenses (including deferred unit-based compensation)	**(40,913)**	(39,188)
Consolidated EBITDA [(1)] (12 months ended)	**217,880**	188,219
Consolidated interest expense (12 months ended)	**79,032**	70,179
Interest coverage ratio	**2.76**	2.68
Minimum threshold	**1.50**	1.50

(1) Earnings before interest, taxes, depreciation and amortization.

For the year ended December 31, 2019, Boardwalk REIT's overall interest coverage ratio of consolidated EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value adjustments, was 2.76, compared to 2.68 for the year ended December 31, 2018. The reader should note that under IFRS, the distributions made to the LP Class B Unitholders are considered financing charges and is the result of the reclassification of these Units as financial liabilities. The calculation of the interest coverage ratio above does not include these distribution payments in the calculation of interest expense.

UNITHOLDERS' EQUITY

The following table discloses the changes in REIT Trust Units issued and outstanding:

Summary of Unitholders' Capital Contributions	Units
December 31, 2017	46,338,036
Units issued for vested deferred units	53,950
December 31, 2018	46,391,986
Units issued for vested deferred units	69,307
December 31, 2019	**46,461,293**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at December 31, 2019, there were 46,461,293 REIT Units issued and outstanding. In addition, there were 4,475,000 special voting units issued to holders of "Class B Units" of Boardwalk REIT Limited Partnership ("LP B Units"), each of which also has a special voting unit in the REIT. Each LP B Unit is exchangeable for a REIT Unit on a one-for-one basis at the option of the holder. Each LP B Unit, through the special voting unit, entitles the holder to one vote at any meeting of Unitholders. Accordingly, if all of the LP B Units were exchanged for REIT Units, the total issued and outstanding REIT Units would be 50,936,293. These LP Class B Units are classified as "FVTPL" financial liabilities under IFRS and are recorded at their fair value as liabilities on the Consolidated Statements of Financial Position.

During 2018 and 2019, the Trust did not purchase and cancel any Trust Units.

EQUITY

Boardwalk has an equity market capitalization of approximately $2.3 billion based on the Trust Unit closing price of $45.93 on the Toronto Stock Exchange on December 31, 2019.

ENTERPRISE VALUE

With a total enterprise value of approximately $5.0 billion (consisting of total debt of $2.7 billion and market capitalization of $2.3 billion) as at December 31, 2019, Boardwalk's total debt is approximately 54% of total enterprise value.

RISKS AND RISK MANAGEMENT

Boardwalk REIT, like most real estate rental entities, is exposed to a variety of risk areas. These areas are categorized between general and specific risks. General risks are the risks associated with general conditions in the real estate sector and consist mainly of commonly exposed risks that affect the real estate industry. Specific risks focus more on risks uniquely identified with the Trust, such as credit, market, liquidity and operational risks. The following will address each of these risks. In addition, this section should be read in conjunction with the Trust's AIF dated February 27, 2020, where additional risks and their related management are also noted.

General Risks

Real Estate Industry Risk: Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations (such as new or revised residential tenant legislation), the attractiveness of the properties to tenants, competition from others with available space, and the ability of the owner to provide adequate maintenance at an economic cost. Because real estate, like many other types of long-term investment, experiences significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in value of the Boardwalk REIT's portfolio. Furthermore, the Trust may buy and/or sell properties at less than optimal times. As interest rates fluctuate in the lending market, in general, so do capitalization rates, which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Currently, we operate in Canada, in the provinces of Alberta, Saskatchewan, Ontario and Quebec. Neither of Alberta nor Saskatchewan is subject to rent control legislation; however, under Alberta legislation, a landlord is only entitled to increase rents once every 12 months. A more detailed discussion on rent controls will follow in a later section. Boardwalk REIT is not widely diversified either by asset class or geographic location. By focusing on the multi-residential sector and having a majority of its apartment units concentrated in Western Canada, Boardwalk is exposed to adverse effects on that segment of the real estate market and/or for that geographic region and does not benefit from a diversification of its portfolio by property type and/or geographic location. The marketability and value of the Trust's portfolio as well as the REIT's revenues will depend on many factors beyond the control of Boardwalk REIT.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. Boardwalk REIT's properties are subject to mortgages, which require significant debt service payments. If the Trust were unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale. Real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In addition, financial difficulties of other property owners resulting in distress sales may depress real estate values in the markets in which the Trust operates.

Multi-family Residential Sector Risk: Income producing properties generate income through rent payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to us than the existing lease. To mitigate this risk, the Trust does not have any one or small group of significant tenants. The majority of operating leases signed are for a period of 12 months or less. The Trust is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new tenants are found to fill vacancies. With the drastic drop in oil prices and speculation that lower oil prices will continue over an extended period of time, the risk of a downturn in the economy has dramatically increased. A disruption in the economy could have a significant impact on how much space tenants will lease and the rental rates paid by tenants. This would affect the income produced by our properties as a result of downward pressure on rents.

Regulation and Changes in Applicable Laws: Boardwalk REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting Boardwalk (including with retroactive effect). Any changes in the laws to which Boardwalk REIT is subject could materially affect the Trust's rights and title to its assets. It is not possible to predict whether there will be any further changes in the regulatory regimes to which Boardwalk REIT is subject or the effect of any such changes on its investments. Lower revenue growth or significant unanticipated expenditures may result from Boardwalk's need to comply with changes in applicable laws or the enactment of new laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other residential landlord/tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the REIT's properties, including changes to building codes and fire and life-safety codes. Further, residential landlord/tenant laws in certain provinces may provide tenants with the right to bring certain claims to the applicable judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, Boardwalk may, in the future, incur capital expenditures, which may not be fully recoverable from tenants.

Development Risk: Development risk arises from the possibility that completed developments will not be leased on a timely basis or that costs of development will exceed original estimates, resulting in an uneconomic return from the leasing of such space. Boardwalk's construction commitments are subject to those risks usually attributable to construction projects, which include: (i) construction or other unforeseen delays including municipal approvals; (ii) cost overruns; and (iii) the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Construction risks are minimized by utilizing established developers and knowledgeable third-party consultants.

Environmental Risks: As an owner and manager of real property, Boardwalk REIT is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. These laws could encumber us with liability for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect Boardwalk's ability to sell its real estate, or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings against Boardwalk REIT. Boardwalk REIT is not aware of any material non-compliance with environmental laws at any of its properties. The Trust is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. Boardwalk REIT has formal policies and procedures to review and monitor environmental exposure. The Trust has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and may become more stringent in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on our business, financial condition or results of operation.

Climate-related Risks: As outlined by the Task Force on Climate-related Financial Disclosures ("TCFD"), climate related risks can be divided into two major categories: (i) risks related to the transition to a lower-carbon economy and (ii) risks related to the physical impacts of climate change. As it relates to the Trust and transition risks, the Trusts focuses on implementing policies which promote the adaptation to climate-change and includes elements such as implementing ways to reduce greenhouse gas emissions, adopting energy efficient solutions, encouraging greater water efficiency, etc., however each of these policies have a financial impact. As it relates to physical risks resulting from climate change it can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications such as direct damage to assets or indirect impacts. The Trust is aware of these risks and working towards safeguarding its assets from these risks.

Ground Lease Risk: Five of our properties, located in Banff, Calgary, Edmonton, and two in Montreal, are subject to long-term ground (or land) leases and similar arrangements; in each instance, the underlying land is owned by a third party and leased to the Trust. Under the terms of a typical ground lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. These leases are set to expire between 2028 and 2095. Approximately 10% of the Trust's FFO derives from these properties in its portfolio, that are held as long-term ground leases. The Trust will actively seek to either renew the terms of such leases or purchase the freehold interest in the lands forming the subject matter of such leases prior to the expiry of their terms. However, if the Trust cannot or chooses not to renew such leases, or buy the land of which they form the subject matter, as the case may be, the net operating income and cash flow associated with such properties would no longer contribute to Boardwalk's results of operations and could adversely impact its ability to make distributions to Unitholders. The ground lease for the largest Montreal property, known as the Nuns' Island portfolio, was also subject to a rent revision clause, which commenced on December 1, 2008 (based on a valuation date of March 16, 2008). The rent increases were phased in on a property-by-property basis through to 2018 and was based on 75% of the land value in its current use. After that revision, the land rent will remain constant thereafter through to 2064. An event of default by us, under the terms of a ground lease, could also result in a loss of the property, subject to such ground lease, should the default not be rectified in a reasonable period of time. The Trust is not aware of any default under the terms of the ground leases.

Competition Risk: Each segment of the real estate business is competitive. Numerous other residential developers and apartment owners compete in seeking tenants. Although it is our strategy to own multi-family properties in premier locations in each market in which we operate, some of the apartments of our competitors may be newer, better located or better capitalized. The existence of alternative housing could have a material adverse effect on our ability to lease space in our properties and on the rents charged or concessions granted and could adversely affect Boardwalk REIT's revenues and its ability to meet its obligations.

General Uninsured Losses: Boardwalk REIT carries comprehensive general liability, 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 war or environmental contamination), which are either uninsurable or not economically insurable. Boardwalk REIT currently has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, Boardwalk REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

Fluctuations of Cash Distributions: Although Boardwalk REIT intends to continue to make distributions, the actual amount of distributions in respect of the REIT Units will depend upon numerous factors, including, but not limited to, the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and REIT Unit redemptions and other factors that may be beyond the control of Boardwalk REIT. The distribution policy of Boardwalk REIT is established by the Trustees and is subject to change at the discretion of the Trustees. The recourse of Unitholders who disagree with any change in policy is limited and could require such Unitholders to seek to replace the Trustees. Distributions may exceed actual cash available to Boardwalk REIT from time to time because of items such as principal repayments, tenant allowances, leasing commissions, capital expenditures, and redemption of REIT Units, if any. Boardwalk REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. Boardwalk REIT may temporarily fund such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

Liquidity Risk: An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity will tend to limit Boardwalk's ability to vary its portfolio of properties promptly in response to changing economic, investment or other conditions. If Boardwalk was to be required to quickly liquidate its real property investments, the proceeds to the Trust might be significantly less than the aggregate carrying or net asset value of its properties or less than what would be expected to be received under normal circumstances, which could have an adverse effect on Boardwalk's financial condition and financial performance and decrease the amount of cash available for distribution. Illiquidity may result from the absence of an established market for real property investments, as well as from legal or contractual restrictions on their resale. In addition, in recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and, during an economic recession, Boardwalk REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for Boardwalk REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions. There can be no assurance that the fair market value of any properties held by the REIT will not decrease in the future.

Access to Capital Risk: The real estate industry is highly capital intensive. Boardwalk REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and certain capital expenditures from time to time. There can be no assurances that Boardwalk REIT will have access to sufficient capital or access to capital on terms favourable to the Trust for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Furthermore, in certain circumstances, Boardwalk REIT may not be able to borrow funds due to the limitations set forth in its Declaration of Trust and/or other loan agreements. Market conditions and unexpected volatility or illiquidity in financial markets may inhibit Boardwalk REIT's access to long-term financing in the capital markets. As a result, it is possible that financing, which the Trust may require in order to grow and expand its operations, upon the expiry of the term of financing, upon refinancing any particular property owned by Boardwalk REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the Trust. Failure by Boardwalk to access required capital could have a material adverse effect on the Trust's business, cash flows, financial condition and financial performance and ability to make distributions to Unitholders.

Cybersecurity Risk: A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of Boardwalk REIT's information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. As Boardwalk REIT's reliance on technology has increased, so have the risks posed to its systems. Boardwalk REIT's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to Boardwalk's business relationships with its Resident Members/Customers and disclosure of confidential information regarding its Resident Members and Associates. Boardwalk REIT has implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

WORKFORCE AVAILABILITY

Boardwalk's ability to provide services to its existing Customers is somewhat dependent on the availability of well-trained Associates and contractors to service our Customers as well as complete required maintenance and capital upgrades on our buildings. The Trust must also balance requirements to maintain adequate staffing levels while balancing the overall cost to the Trust.

Within Boardwalk, our most experienced Associates are employed full-time; this full-time force is supplemented by additional part-time Associates as well as specific contract services needed by the Trust. We are constantly reviewing existing overall market factors to ensure that our existing compensation program is in-line with existing levels of responsibility and, if warranted, we adjust the program accordingly. We also encourage Associate feedback in these areas to ensure the existing programs are meeting their personal needs.

Specific Risks

***Credit Risk** is the risk of loss due to failure of a contracted Customer to fulfill the obligation of required payments.*

For us, one of the key credit risks involves the possibility that our Resident Members will be unable or unwilling to fulfill their lease term commitments. Due to the very nature of the multi-family business, credit risk is not deemed to be very high. The Trust currently has 33,263 rental apartment units. The result of this is that we are not unduly reliant on any one Resident Member or lease. To further mitigate this risk, Boardwalk REIT continues to diversify its portfolio to various major centers across Canada. Further, each of our rental units has its own individual lease agreement, thus Boardwalk REIT has no material financial exposure to any particular Resident Member or group of Resident Members. The Trust continues to utilize extensive screening processes for all potential Resident Members including, but not limited to, detailed credit checks.

***Market Risk** is the risk that the Trust could be adversely affected due to market changes in product supply, interest rates and regional rent controls.*

Our principal exposures to market risk are in the areas of new multi-family housing supply, changes to rent controls, utility price increases, property tax increases, higher interest rates and mortgage renewal risk.

***Supply Risk** is the risk that the Trust would be negatively affected by the new supply of, and demand for, multi-family residential units in its major market areas.*

Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. Any significant amount of new construction will typically result in an imbalance in supply and cause downward price pressure on rents. No signs of significant new rental construction are currently evident in any of our existing markets. Past studies have shown that in order to economically justify new rental construction in Boardwalk REIT's major markets, an increase in existing rental rates of hundreds of dollars will be necessary. In recent years, however, there has been a change in the multi-family apartment environment in Canada. During this period, we have witnessed a significant increase in the market value of rental apartments. This increase, although somewhat helped by a steady increase in reported market rental rates, has been mainly driven by a significant compression in market capitalization rates, which in turn has been the result of a prolonged low interest rate environment here in Canada. With this increase in the market value of apartments, there has been a significant decrease in the expected returns from the acquisition of existing multi-family rental properties to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land Boardwalk REIT currently owns. Accordingly, the Trust has pursued new apartment development on some of its excess density.

RISK MANAGEMENT FOR SUPPLY

Our performance will always be affected by the supply and demand for multi-family rental real estate in Canada. The potential for reduced rental revenue exists in the event that Boardwalk REIT is not able to maintain its properties at a high level of occupancy, or in the event of a downturn in the economy, which could result in lower rents or higher vacancy rates. Boardwalk REIT has minimized these risks by:

- Increasing Resident Members' satisfaction;
- Diversifying its portfolio across Canada, thus lowering its exposure to regional economic swings;
- Acquiring properties only in desirable locations, where vacancy rates for properties are higher than city-wide averages but can be reduced by repositioning the properties through better management and selective upgrades;
- Holding a balanced portfolio which includes a variety of multi-family building types including high-rise, townhouse, garden and walkups, each with its own market niche;
- Maintaining a wide variety of suite mix, including bachelor suites, one, two, three and four-bedroom units;
- Building a broad and varied Resident Member base, thereby avoiding economic dependence on larger-scale tenants;
- Focusing on affordable multi-family housing, which is considered a stable commodity;
- Developing a specific rental program characterized by rental adjustments that are the result of enhanced service and superior product; and,
- Developing regional management teams with significant experience in the local marketplace, and combining this experience with our existing operations and management expertise.

Interest Risk *is the combined risk that the Trust would experience a loss as a result of its exposure to a higher interest rate environment (Interest Rate Risk) and the possibility that at the term end of a mortgage the Trust would be unable to renew the maturing debt with either the existing or an additional lender (Renewal Risk).*

The Trust continues to manage this risk by maintaining a balanced maturing portfolio with no significant amount coming due in any one particular period. In addition, the majority of Boardwalk REIT's debt is insured with NHA insurance. This insurance allows us to increase the overall credit quality of the mortgage and, as such, enable the Trust to obtain preferential interest rates as well as facilitating easier renewal on its due dates.

The use of NHA insurance also assists Boardwalk REIT in managing its renewal risk. Given the increased credit quality of such debt, the probability of the Trust being unable to renew the maturing debt or transfer this debt to another accredited lending institution is significantly reduced.

To date, the Trust has had no problem obtaining mortgage renewals on term maturing loans, and additional funds, if needed, continue to be available on its investment properties. Although we have seen fluctuations in the quoted interest spread over the corresponding benchmark bonds, the all-in quoted rates, due to a general decline in interest rates, continue to be at levels well below the term maturing interest rate and, as such, are accretive to the Trust as a whole.

In 2013, the Canadian government announced it has capped the total amount of insurance that CMHC can have in force at $600 billion. This decision has primarily affected the amount of portfolio or bulk insurance CMHC offers to banks, and, to date, has had a minimal impact on the renewal of Boardwalk's mortgages, or the cost of secured debt capital. However, there is no assurance the decision to cap the amount of CMHC insurance will not affect mortgages for multi-family residential properties in future periods.

We continue to monitor this situation. Depending on the changes, if any, the Government of Canada places on the NHA insurance product, the impact on the Trust could vary. It is our understanding that this cap would not affect any pre-existing insurance agreements. Over 99% of Boardwalk's secured debt has this insurance on it with an average of 30 years of amortization remaining. The larger risk may be the ability to issue new secured debt under this program at a much lower cost due to the use of this insurance, the proceeds of which the Trust uses to assist in the execution of its overall strategy.

PROPERTY REDEVELOPMENT, RE-POSITIONING AND RENOVATIONS

Property redevelopment, re-positioning or major renovation work are subject to a number of risks, including: (i) the potential that Boardwalk REIT may fail to recover expenses already incurred if it abandons redevelopment/re-positioning/ renovation opportunities after commencing to explore them; (ii) the potential that Boardwalk REIT may expend funds on and devote management time to projects, which it does not complete; (iii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iv) the time required to complete the construction, redevelopment or renovation of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting Boardwalk REIT's cash flow and liquidity; (v) the cost and timely completion of construction or renovations (including risks beyond Boardwalk REIT's control, such as weather, labour conditions or material shortages); (vi) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vii) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (viii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (ix) occupancy rates and rents of a completed project or renovation may not be sufficient to make the project or initiative profitable; (x) Boardwalk REIT's ability to dispose of properties redeveloped or renovated with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (xi) the availability and pricing of financing to fund Boardwalk REIT's development or renovation activities on favourable terms or at all. The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment or renovation activities or the completion of redevelopment or renovation activities once undertaken. In addition, redevelopment and renovation projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on Boardwalk REIT's financial condition, financial performance, cash flow, per unit trading price of its Trust Units, distributions to Unitholders and ability to satisfy Boardwalk's REIT's principal and interest obligations. Also, it is anticipated that the Trust would be required to execute a guarantee in connection with construction financing for redevelopments, which would subject Boardwalk REIT to recourse for construction completion risks and repayment of the construction indebtedness.

JOINT VENTURES AND CO-OWNERSHIPS

Boardwalk commenced participating in joint ventures, partnerships and similar arrangements that may involve risks and uncertainties associated with third-party involvement, including, but not limited to, Boardwalk's dependency on partners, co-tenants or co-venturers that are not under our control and that might compete with Boardwalk for opportunities, become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on the Trust. Additionally, our partners might at any time have economic or other business interests or goals that are different than or inconsistent with those of the Trust, and may require Boardwalk to take actions that are in the interest of the partners collectively, but not in Boardwalk's sole best interests. Accordingly, Boardwalk may not be able to favourably resolve issues with respect to such decisions, or the Trust could become engaged in a dispute with any of them that might affect its ability to operate the business or assets in question.

STRUCTURAL SUBORDINATION

Liabilities of a parent entity with assets held by various subsidiaries may result in the structural subordination of the lenders of the parent entity. The parent entity is entitled only to the residual equity of its subsidiaries after all debt obligations of its subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of the Trust, holders of indebtedness of the Trust may become subordinate to lenders to the subsidiaries of the Trust.

Certain subsidiaries of the Trust will provide a form of guarantee pursuant to which the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from such subsidiaries for the guaranteed indebtedness. These guarantees are intended to eliminate structural subordination, which arises as a consequence of the Trust's assets being held in various subsidiaries. Although all subsidiaries, which own material assets, will provide a guarantee, not all subsidiaries of the Trust will provide such a guarantee. In addition, there can be no assurance the Indenture Trustee will, or will be able to, effectively enforce the guarantee.

Rent Control Risk *is the risk of the implementation or amendment of new or existing legislative rent controls in the markets Boardwalk REIT operates, which may have an adverse impact on the Trust's operations.*

Under Ontario's rent control legislation, commonly known as "rent de-control", a landlord is entitled to increase the rent for existing tenants once every 12 months by no more than the "guideline amount" established by regulation. For the calendar years 2018 and 2019, the guideline amounts have been established at 1.8% and 1.8%, respectively, and for 2020 the guideline amount has been set at 2.2%. Further details on Ontario's Annual Rental Increase Guidelines can be found at www.landlordselfhelp.com/RentIncreaseGuideline.htm. This adjustment is meant to take into account the income of the building, the municipal and school taxes, the insurance bills, the energy costs, maintenance, and service costs. Landlords may apply to the Ontario Rental Housing Tribunal for an increase above the guideline amounts if annual costs for heat, hydro, water, or municipal taxes have increased significantly, or if building security costs have increased. In April 2017, the Ontario Government introduced legislation that would expand rent control to all rental units. Previously, rent control in Ontario applied only to rental units constructed before November 1, 1991. The new legislation will not have a material impact on Boardwalk, as all of its Ontario properties were built prior to November 1, 1991. When a unit is vacated, however, the landlord is entitled to lease the unit to a new tenant at any rental amount, after which annual increases are limited to the applicable guideline amount. The landlord may also be entitled to a greater increase in rent for a unit under certain circumstances, including, for example, where extra expenses have been incurred as a result of a renovation of that unit. In November 2018, the Ontario Government removed such rent control for new residential units that were not previously occupied before November 15, 2018.

Under Quebec's rent control legislation, a landlord is entitled to increase the rent for existing tenants once a year for the rent period starting after April 1st of the current year but before April 1st of the following year. There is no fixed rate increase specified by the regulation. Rent increases also take into account a return on capital expenditures (for 2019 this return is 2.7% compared to 2.4% for 2018, compared to 2.4% for 2017 and compared to 2.5% for 2016), if such expenditures were incurred, and an indexing of the net income of the building. Average rent increase estimates for the period starting after April 1, 2019, and before April 2, 2020, before any consideration for increases to municipal and school taxes as well as capital expenditures, are: -1.5% for electricity heated dwellings, -1.4% for gas heated dwellings, and 17.9% for oil heated dwellings, plus 4.0% to cover the cost of maintenance, service and management contracts. Tools to calculate the Quebec rent increase can be found at www.rdl.gouv.qc.ca/en/calculation-for-the-fixing-of-rent.

Presently, rent control legislation does not exist in, and is not planned for, Alberta or Saskatchewan, although in April of 2007, the province of Alberta amended its existing rental legislation.

To manage this risk prior to entering a market where rent controls are in place, an extensive amount of time is spent researching the existing rules, and, where possible, the Trust will ensure it employs Associates who are experienced in working in these controlled environments. In addition, the Trust adjusts forecast assumptions on new acquisitions to ensure they are reasonable given the rent control environment.

Utility and Tax Risk *relates to the potential loss the Trust may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes.*

Over the past few years, property taxes have increased as a result of re-valuations of municipal properties and their adherent tax rates. For us, these re-valuations have resulted in significant increases in some property assessments due to enhancements, which are not represented on our balance sheet (as such representations are contrary to existing IFRS reporting standards). To address this risk, Boardwalk REIT has compiled a specialized team of property reviewers who, with the assistance of outside authorities, constantly review property tax assessments and, where warranted, appeal them.

Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. In recent years, water and sewer costs have increased significantly as another form of "taxes" imposed by various municipalities. In addition, the recently introduced Alberta Carbon Tax will increase the costs associated with natural gas usage. Effective January 1, 2017, an additional $1.12 per gigajoule ("GJ") consumed was charged. The rate has increased to $1.65/GJ for 2018. With a new provincial government elected in 2019, the Alberta Carbon Tax was eliminated in 2019. Beginning in 2020, Alberta will participate in the federal carbon levy at a price of $1.05/GJ. Any significant increase in these resource costs that Boardwalk REIT cannot pass on to the Customer may have a negative material impact on the Trust. To mitigate this risk, the Trust has begun to play a more active role in controlling the fluctuation and predictability of this risk. Through the combined use of financial instruments and resource contracts with varying maturity dates, exposure to these fluctuations has been reduced. In addition to this, the following steps have been implemented:

- Where possible, economical electrical sub-metering devices are being installed, passing on the responsibility for electricity charges to the end Customer; and
- In other cases, rents have been, or will be, adjusted upward to cover these increased costs.

Operational Risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process, or from external events. The impact of this loss may be financial loss, loss of reputation, or legal and regulatory proceedings.

The Trust endeavors to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and improvements are implemented, if deemed necessary.

Certain Tax Risks

MUTUAL FUND TRUST STATUS

Boardwalk qualified as a mutual fund trust for Canadian income tax purposes. It is the current policy of Boardwalk to annually distribute all of its taxable income to Unitholders and is therefore generally not subject to tax on such amount. In order to maintain its current mutual fund trust status, Boardwalk is required to comply with specific restrictions regarding its activities and the investments held by it. If Boardwalk was to cease to qualify as a mutual fund trust, the consequences could be adverse.

In accordance with the Income Tax Act (Canada) (the "Tax Act"), for fiscal 2018 and 2019, the Trust qualified as a real estate investment trust ("REIT") for income tax purposes and, as such, was exempted from the specified investment flow-through rules (the SIFT Rules).

A REIT is defined under the SIFT Rules as a trust that is resident in Canada throughout the taxation year and that satisfies all of the following criteria:

(a) at each time in the taxation year the total fair market value at that time of all non-portfolio properties that are qualified REIT properties held by the trust is at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;

(b) not less than 90% of the trust's gross REIT revenue for the taxation year is from one or more of the following: rent from real or immovable properties, interest, dispositions of real or immovable properties that are capital properties, dividends, royalties, and dispositions of eligible resale properties;

(c) not less than 75% of the trust's gross REIT revenue for the taxation year is from one or more of the following: rent from real or immovable properties, interest from mortgages, or hypothecs, on real or immovable properties, and dispositions of real or immovable properties that are capital properties;

(d) at each time in the taxation year an amount, that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is a real or immovable property that is a capital property, an eligible resale property, an indebtedness of a Canadian corporation represented by a bankers' acceptance, a property described by either paragraph (a) or (b) of the definition "qualified investment" in section 204, or a deposit with a credit union; and,

(e) investments in the trust are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

For this purpose, "real or immovable property" includes a security of any trust, corporation or partnership that itself satisfies the above criteria, but does not include any depreciable property of a prescribed class for which the rate of capital cost allowance exceeds 5%.

If Boardwalk REIT, or any other trust, does not qualify as a real estate investment trust, it will no longer be able to deduct for tax purposes its taxable distributions, and, as such, will be required to pay tax on this amount prior to distribution. Any amount distributed that is determined to be a return of capital would not be subject to this tax.

EXISTING TAX FILING POSITIONS

Although Boardwalk REIT is of the view that all expenses to be claimed by Boardwalk REIT, the Operating Trust and the Partnership will be reasonable and deductible, that the cost amount and capital cost allowance claims of entities indirectly owned by Boardwalk REIT will have been correctly determined, and that the allocation of the Partnership's income for purposes of the Tax Act among its partners is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency ("CRA") will agree. If the CRA successfully challenges the deductibility of such expenses or the allocation of such income, the Partnership's allocation of income to the Operating Trust, and indirectly the taxable income of Boardwalk REIT and the Unitholders, may be adversely affected. The extent to which distributions will be tax-deferred in the future will depend in part on the extent to which entities indirectly owned by Boardwalk REIT are able to deduct capital cost allowance relating to the Contributed Assets held by them, which was acquired by Boardwalk REIT on May 3, 2004, pursuant to a Plan of Arrangement under section 193 of the Business Corporations Act (Alberta).

Since the Partnership acquired the relevant properties on a tax-deferred basis, its tax cost in certain properties may be less than their fair market value. Accordingly, if one or more properties are disposed of, the gain recognized by the Partnership may be in excess of that which it would have realized if it had acquired the properties at their fair market values. Immediately prior to the Plan of Arrangement becoming effective, the Corporation transferred the Contributed Assets to the Partnership and received, as consideration therefore, (i) an assumption of all of the indebtedness of the Corporation associated with the Contributed Assets (other than the Retained Debt), (ii) the LP Note, and (iii) a credit to the capital accounts in respect of each of the LP Class B Units and the LP Class C Units, all of which were owned at that time by the Corporation. See "Overview of the Acquisition and the Arrangement Replacing the Corporation as a Public Entity with Boardwalk REIT – Pre-Arrangement Reorganization" in the AIF dated February 16, 2017. The transfer and contribution were effected as a "rollover" under subsection 97(2) of the Tax Act, and the Corporation, based on the advice of legal counsel, is of the view that there is no income tax payable in connection therewith. There can be no assurance that the CRA will not take a contrary view; however, the Corporation has been advised by counsel that, in such event, the CRA would not be successful. If, contrary to this, the CRA successfully challenges the rollover, income tax may be payable by the Corporation in connection with the transfer and contribution of the Contributed Assets at the applicable tax rate on the value of the capital contribution in respect of the LP Class C Units. The Partnership has agreed to indemnify the Corporation for all liabilities incurred by it in connection with the Acquisition and the Arrangement, including the transfer and contribution of the Contributed Assets to the Partnership and any associated tax that might be payable by the Corporation in respect thereof. See "Overview of the Acquisition and the Arrangement replacing the Corporation as a Public Entity with Boardwalk REIT – Ancillary Agreements in Connection with the Arrangement" in the AIF dated February 27, 2020. The amount of such indemnification would be significant and have a material adverse effect on the amount of distributable cash of the Partnership and, consequently, on the distributions of Boardwalk REIT.

Risks Associated with Disclosure Controls and Procedures & Internal Control over Financial Reporting

Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the design and effectiveness of our disclosure controls and procedures and internal control over financial reporting, we cannot assure you that our disclosure controls and procedures or internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, particularly material weaknesses, in internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our trust unit price, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.

ACCOUNTING AND CONTROL MATTERS

Critical Accounting Policies

The Trust adopted IFRS as its basis of financial reporting, effective January 1, 2011. The significant accounting policies adopted by the Trust are included in NOTE 2 of the notes to the audited Consolidated Financial Statements for the year ended December 31, 2019.

The preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates under different assumptions and conditions. In determining estimates, management uses the information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness. Any change to these estimates is applied prospectively in compliance with IFRS. We believe that the application of judgments and assessments is consistently applied and produces financial information that fairly depicts the results of operations for all periods presented. Boardwalk REIT considers the following policies to be critical in determining the judgments that are involved in the preparation of the consolidated financial statements and the uncertainties that could affect the reported results.

(A) INVESTMENT PROPERTIES

Investment properties consist of multi-family residential properties held to earn rental income and properties being constructed or developed for future use to earn rental income, and include interests held under long-term operating land leases. Investment properties are measured initially at cost (which is equivalent to fair value). Cost includes all amounts relating to the acquisition (excluding transaction costs related to a business combination as outlined in NOTE 2(i)) and improvement of the properties. All costs associated with upgrading and extending the economic life of the existing facilities, other than ordinary repairs and maintenance, are capitalized to investment property. Included in these costs are internal amounts that are directly attributable to a specific investment property, which are capitalized to the extent that they upgrade or extend the economic life of the asset.

Subsequent to initial recognition, investment properties are recorded at fair value, in accordance with IAS 40 – Investment Property ("IAS 40"). Fair value is determined based on a combination of internal and external processes and valuation techniques. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs as described above are recorded in profit or loss in the period in which they arise. The fair value of an investment property held by a lessee as a right-of-use asset reflects expected cash flows (including variable lease payments that are expected to become payable). Accordingly, if the valuation obtained for an investment property is net of all payments expected to be made, it will be necessary to add back any recognized lease liability, to arrive at the carrying amount of the investment property using the fair value model.

Properties owned by the Trust where a significant portion of the property is used for administrative purposes by the Trust are considered "Property, Plant and Equipment" and, therefore, fall within the scope of IAS 16 – Property, Plant and Equipment ("IAS 16") and are recorded in accordance with that standard. Where part of a building is used for administrative purposes by the Trust, but this portion is considered insignificant, this space is included as part of Investment Property under IAS 40.

Investment properties are reclassified to "Assets Held for Sale" when the criteria set out in IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5") are met (see NOTE 2(j)).

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value as outlined in the purchase and sale agreement (as the purchase and sale agreement is the best evidence of fair value). This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Excess land represents land owned by the Trust located contiguous to land included as investment property. The Trust has the ability to develop additional multi-family residential buildings on this land or sell it separately from the Investment Property at a later date. Excess land is held for capital appreciation and, therefore, is treated as Investment Property and recorded in accordance with IAS 40 as outlined above. When determining the fair value of a project with excess land, the capitalization rate used in determining the value is adjusted accordingly.

(B) PROPERTIES UNDER DEVELOPMENT

Properties under development include new development on excess land density or acquired land, re-development or re-positioning of buildings the Trust currently owns that require substantial renovations and incomplete apartment units acquired from third parties that will take 12 months or longer to complete. The cost of land, if applicable, and buildings under development or re-development (consisting of development sites, density or intensification rights and related infrastructure) are specifically identifiable costs incurred in the period before construction is complete. Capitalized costs include pre-construction costs essential to the development or re-development of the property, construction costs, borrowing costs directly attributable to the development, real estate taxes and other costs incurred during the period of development or re-development. Additions to investment properties consist of costs of a capital nature and, in the case of properties under development and/or redevelopment, capitalized interest. Directly attributable borrowing costs are also capitalized on land or properties acquired specifically for development or redevelopment when activities necessary to prepare the asset for development or redevelopment are in progress in accordance with IAS 23 – Borrowing Costs ("IAS 23"). Where borrowings are associated with specific developments, the amount capitalized is the total cost incurred on those borrowings.

The capitalization of borrowing costs commences when the activities necessary to prepare an asset for development or redevelopment begins, and continues until the date that substantially all of the construction is complete and all necessary occupancy and related permits have been received, whether or not the space is leased. If the Trust is required, as a condition of a lease, to construct tenant improvements that enhance the value of the property, then capitalization of costs continues until such improvements are completed. Capitalization ceases if there is a prolonged period where development activity is interrupted.

Properties under active development are generally valued at market land values, if applicable, plus costs invested to date. Where significant leasing and construction is in place and the future income stream is reasonably determinable, the valuation methodology used is similar to that of revenue-producing properties, less estimates of future capital outlays, construction and development costs, to determine a net "as-is" market value. Development risks such as planning, zoning, licenses, and building permits are considered in the valuation process. Properties not under active development, such as land parcels held for future development, are valued based on comparable sales of land. Significant increases (decreases) in construction costs, cost escalation rates and estimated time to complete construction in isolation would result in a significantly lower (higher) fair value for properties under development.

(C) PROPERTY, PLANT AND EQUIPMENT

Tangible assets that are held for use in the production or supply of goods and services, or for administrative purposes, and are expected to be used during more than one period, except when another accounting standard requires or permits a different accounting treatment, are recorded in accordance with IAS 16 using the cost model. IAS 16, therefore, excludes tangible assets that are accounted for in accordance with IAS 40 (see NOTE 2(f)) and IFRS 5 (see NOTE 2(j)).

In accordance with IAS 16, the cost model, after initial recognition of the property, plant and equipment, requires the tangible asset to be carried at its cost less accumulated depreciation and any accumulated impairment losses (see NOTE 2(k)). Depreciation is recognized in a manner that reflects the pattern in which the future economic benefits of the tangible asset are expected to be consumed and realized by the Trust. The amount of depreciation will be charged systematically to the consolidated statement of comprehensive income and is the cost less residual value of the asset over its useful economic life. IAS 16 also requires that the cost and useful economic life of each significant component of a tangible asset be determined based on the circumstances of each tangible asset. The method of depreciation, residual values and estimates of the useful economic life of a tangible asset, or other property, plant and equipment, are reviewed at each financial year-end and any changes are accounted for as a change in accounting estimate in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").

Property, Plant and Equipment ("PP&E") is valued using the cost model under IAS 16. PP&E is categorized into the following classes and their respective useful economic life is used to calculate the amount of depreciation or amortization for each period. Categories of PP&E with the same or similar useful lives are included in the same class.

PP&E Class	PP&E Category (NOTE 5)	Useful Life / Depreciation Rate	Depreciation Method Used
Administrative building	Administrative building	40 years	Straight-line
Site equipment	Site equipment and other	15%	Declining balance
Automobiles	Site equipment and other	20%	Declining balance
Warehouse assets	Site equipment and other	10% to 20%	Declining balance
Corporate assets	Site equipment and other	10% to 20%	Declining balance
Computer hardware	Corporate technology	35%	Declining balance
Computer software*	Corporate technology	35%	Declining balance

* In addition to the purchase of software from external sources, the Trust capitalizes certain programmers' salaries related to internally developed software applications used in the normal course of operations of Boardwalk REIT. The programmers' work is directly attributable to software development.

(D) BUSINESS COMBINATIONS

In accordance with IFRS 3 – Business Combinations ("IFRS 3"), the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired and the liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefit. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied. Building and other asset acquisitions, which do not meet the above definition of a business, are recorded as an asset addition.

The acquisition method requires that an acquirer be identified, a specific acquisition date be determined (which is typically the date on which control changes), all identifiable assets and liabilities assumed, as well as any non-controlling interest in the acquiree, be recognized and measured, and any goodwill or gains from a bargain purchase price are recognized and measured at fair value, including contingent liabilities when these contingent considerations are part of the consideration being transferred. All acquisition costs associated with a transaction identified as a business combination are expensed as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Trust in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date and is shorter than one year if all information is received) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), or IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), as appropriate, with the corresponding gain or loss being recognized in profit or loss in the consolidated statement of comprehensive income.

When a business combination is achieved in stages, the Trust's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Trust obtains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive (loss) income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Trust reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(E) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

i) Assets (or Disposal Groups) Held for Sale

Non-current assets and groups of assets and liabilities, which comprise disposal groups, are categorized as assets (or disposal groups) held for sale where the asset (or disposal group) is available for sale in its present condition, and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the non-current asset (or disposal group) is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where an asset (or disposal group) is acquired with a view to resale, it is classified as a non-current asset (or disposal group) held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a short period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect non-current assets held for sale. The gains or losses arising on a sale of assets (or disposal groups) that does not meet the definition of discontinued operations will be recognized as part of continuing operations, while the gains or losses arising on a sale of assets (or disposal groups) that meets the definition of discontinued operations will be reported as part of discontinued operations in the consolidated statement of comprehensive income.

ii) Discontinued Operations

An asset or group of assets will be classified as a discontinued operation when it is a component of an entity that has either been disposed of or is classified as held for sale and represents a separate major line of business, it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or it is a subsidiary acquired exclusively with a view to resell. Profits and gains or losses related to the disposal of discontinued operations are measured based on fair value less cost to sell or on the disposal of the assets (or disposal groups) and are presented in the consolidated financial statements on an after-tax basis in accordance with IFRS 5. In addition, retrospective application is required; therefore, comparative figures will be changed to reflect discontinued operations. As an individual building or a group of buildings in a non-core municipal region does not constitute a major line of business, these sales are not treated as discontinued operations.

(F) IMPAIRMENT OF ASSETS

At the end of each reporting period, assets, other than those identified in the standard as not being applicable to IAS 36 – Impairment of Assets ("IAS 36"), such as investment properties recorded at fair value, are assessed for any indication of impairment. Should the indication of impairment exist, the recoverable amount (see below) of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset's "fair value less cost to sell" and its "value-in-use". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period (with the exception of goodwill), a reversal of the impairment loss is recorded in profit or loss. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized.

(G) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The costs of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and third-party transport, handling and other costs directly attributable to the acquisition of goods and materials, less any trade discounts, rebates and other similar items, using the first-in, first-out method of cost assignment. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

(H) LEASES

As outlined in NOTE 3(a), the Trust adopted IFRS 16 – Leases ("IFRS 16) on January 1, 2019. As a result of adopting IFRS 16, the Trust's accounting policy for leases is described below.

The Trust as a Lessee

The Trust assesses whether a contract is, or contains, a lease at inception of the contract. The Trust recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Trust uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measure of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made (see NOTE 2(s) for definition of effective interest method).

The Trust remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured either at fair value (in the case of right-of-use assets which are considered part of investment properties) or at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Trust applied IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Trust has used this practical expedient on those contracts (warehouse space and office space) which contain both lease and non-lease components.

The Trust as a Lessor

The Trust enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Trust is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Trust has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. As operating leases, lease payments are recognized as revenue when the tenant has a right to use the leased asset. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

(I) TAXATION

For fiscal 2018 and 2019, Boardwalk REIT qualified as a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") eligible for the 'REIT Exemption' in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided that all of its taxable income is distributed to its Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax (NOTE 33 summarizes the Trust's subsidiaries, including its corporate subsidiaries).

Current Tax

The tax currently payable, if any, is based on taxable profit for the year for certain corporate subsidiaries of the Trust. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates and laws that have been enacted or substantively enacted at the reporting date. In addition, deferred income tax assets and liabilities are measured using the rate that is consistent with the expected manner of recovery (i.e. using the asset versus selling the asset). Where applicable, current and deferred income taxes relating to items recognized directly in equity or comprehensive income are also recognized directly in equity or comprehensive income, respectively.

(J) PROVISIONS

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is a liability of uncertain timing or amount. Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation. Provisions are re-measured at each reporting date using the current discount rate. The increase in the provision due to the passage of time is recognized as a financing cost.

(K) UNIT-BASED PAYMENTS

Equity-settled unit-based payments to employees and Trustees are measured at the fair value of the deferred unit at the grant date and expensed over the vesting period based on the Trust's estimate of the deferred units that will actually vest. At the end of each reporting period, the Trust revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss prospectively such that the cumulative expense reflects the revised estimate. In accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"), the deferred units are presented as a liability on the consolidated statement of financial position as the Trust is obliged to provide the holder with REIT Units once the deferred units vest. Under IFRS 9 – Financial Instruments ("IFRS 9"), the deferred units are classified as 'fair value through profit or loss' and are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Fair value of the deferred units is calculated based on the observable market price of Boardwalk REIT's Trust Units.

(L) GOVERNMENT ASSISTANCE AND GRANTS

The Trust receives government assistance in order to complement and partially assist the Trust's initiatives in providing affordable housing to low income-earning individuals. Government grants are not recognized until there is reasonable assurance that the Trust will comply with the conditions attached to them and that the grants will be received. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"), grant proceeds will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue or incurs expenses.

(M) REVENUE RECOGNITION

i) Rental Revenue

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties, and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease, which is generally not more than 12 months. Any suite specific incentives offered or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease.

Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16. In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). Non-lease revenue includes parking revenue, other service revenue and fees, recovery of certain operating costs, including retirement services, cable (internet and television). These revenues are recognized when earned.

IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (NOTE 23 and NOTE 36).

ii) Building Sales

The gain or loss from the sale of an investment property is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

iii) Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is accrued on a time basis when earned, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in financing costs in the consolidated statement of comprehensive income.

iv) Ancillary Rental Income

Ancillary rental income comprises revenue from coin laundry machines located on the Trust's existing building sites, and income received from telephone and cable providers and is recorded when earned.

v) Development Management Fees

Boardwalk has interests in investment properties through joint operations whereby the Trust provides development management services to the co-owners. As the services are provided over a period of time, income is recognized on a straight-line basis, unless there is evidence that some other method would better reflect the pattern of performance.

(N) FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures ("IFRS 7"), IFRS 9 and IAS 32. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Financial assets are classified and measured on the basis of the Trust's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. As such, after initial recognition, financial assets are classified and measured based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income (FVTOCI) or (iii) fair value through profit and loss (FVTPL). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Financial assets are classified as at FVTPL when the financial asset either is held for trading or is designated as at FVTPL. Financial assets categories are defined and measured as follows:

Classification	Definition	Measurement
Amortized cost	Debt instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Measured at amortized cost using the effective interest rate method less any expected credit loss. (1) (2)
FVTOCI	Debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Stated at fair value, with gains or losses arising on measurement recognized in other comprehensive income.
FVTPL	Financial assets that do not meet the criteria for being measured at amortized cost of FVTOCI are measured at FVTPL. Specifically, investments in equity instruments or debt instruments which do not meet the amortized cost or FVTOCI definitions.	Measured at fair value, with gains or losses recognized in profit or loss.

(1) The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(2) Financial assets, other than those at FVTPL, are required to use an expected credit loss impairment model. The expected credit loss model requires the Trust to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

Boardwalk REIT's financial assets are as follows:

Financial Asset	Classification and Measurement
Investment in Private Technology Venture Fund	FVTPL
Mortgage Receivable	FVTPL
Trade and Other Receivables	Amortized cost
Segregated Tenants' Security Deposits	Amortized cost
Cash and Cash Equivalents	Amortized cost

The Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial Liabilities and Equity

Debt and equity instruments issued are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs. Repurchase of Boardwalk REIT's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Trust's own equity instruments. Distributions paid on the Trust's equity instruments subsequent to, declared prior to, and with a record date at or prior to, the reporting date, are recorded as a liability.

Financial liabilities are classified and measured as either amortized costs or FVTPL. Financial liabilities categories are defined and measured as follows:

Classification	Definition	Measurement
FVTPL	Classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL as discussed below: Classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit taking; or, it is a derivative that is not designated and effective as a hedging instrument. Classified as FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group which is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss. Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.
Amortized Cost	All other liabilities.	Measured at amortized cost using the effective interest method. (1)

(1) The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Boardwalk REIT's financial liabilities are as follows:

Financial Liability	Classification and Measurement
Mortgages Payable	Amortized cost
LP Class B Units	FVTPL
Deferred Unit-based Compensation	FVTPL
Refundable Tenants' Security Deposits	Amortized cost
Trade and Other Payables	Amortized cost

The Trust derecognizes a financial liability when, and only when, the Trust's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivatives

The Trust may enter into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps and bond forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to the host contracts and the host contracts are not measured at FVTPL. For the years ended December 31, 2019 and 2018, the Trust had no embedded derivatives requiring separate recognition.

(O) CASH AND CASH EQUIVALENTS

Cash is comprised of bank balances, interest-earning bank accounts and term deposits with maturities of 90 days or less.

(P) CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments, apart from those involving estimations (see NOTE 2(v)), that have been made in applying the Trust's accounting policies and that have the most significant effect on the reported amounts in the consolidated financial statements:

i) Income Taxes

The Trust applies judgment in determining the tax rates applicable to its corporate subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes related to temporary differences arising from its corporate subsidiaries are measured based on the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

ii) Leases

The Trust's revenue recognition policy related to leases is described in NOTE 2(r)(i). The Trust makes judgments in determining whether certain leases, in particular tenant leases, are considered leases under IFRS, and whether such leases are considered operating leases. In applying IFRS 16, the Trust has applied judgement in assessing whether an arrangement is, or contains, a lease, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rates applied to the lease liabilities and right-of-use asset.

iii) Investment Property and Internal Capital Program

The Trust's accounting policy relating to investment property is described in NOTE 2(f). In applying this policy, judgment is applied in determining the extent and frequency of utilizing independent, third-party appraisals to measure the fair value of the Trust's investment property. Additionally, judgment is applied in determining the appropriate classes of investment properties in order to measure fair value. The Trust also undertakes internal capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgment in the estimated amount of directly attributable on-site wages to be allocated to capital improvements and upgrades of its real estate assets.

iv) Financial Instruments

The Trust's accounting policies relating to financial instruments are described in NOTE 2(s). Critical judgments inherent in these policies related to applying the criteria set out in IFRS 9 to designate financial instruments into categories (i.e. FVTPL, etc.), assess the effectiveness of hedging relationships (for the Trust's cash flow hedges) and determine the identification of embedded derivatives, if any, in certain hybrid instruments that are subject to fair value measurement.

v) Basis of Consolidation

The consolidated financial statements of the Trust include the accounts of Boardwalk REIT and its wholly-owned subsidiaries, as well as entities over which the Trust exercises control on a basis other than ownership of voting interest within the scope of IFRS 10. Judgment is applied in determining if an entity meets the criteria of control as defined in the accounting standard.

vi) Interest in Joint Operations, Associates and Joint Ventures

When determining the appropriate basis of accounting for the Trust's investees, the Trust makes judgement about the degree of influence that Boardwalk REIT exerts directly or through an arrangement over the investee's relevant activities. This may include the ability to elect investee directors, appoint management or influence key decisions. Judgement is also required in determining whether or not an arrangement is a joint operation or joint venture.

vii) Deferred Unit-based Compensation

The Trust applies judgment in determining the best available estimate of the number of deferred units that are expected to vest at each reporting period.

(Q) KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results could differ from estimates.

i) Investment Properties

The choice of valuation method for fair valuing and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in NOTE 4. Significant estimates used in determining the fair value of the Trust's investment properties includes capitalization rates and net operating income (which is influenced by market inflation rates, vacancy rates and standard costs) used in the overall capitalization rate valuation method as well as discount rates and forecasted cash flows used in the discounted cash flow valuation method. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to NOTE 4 for sensitivity analysis.

ii) Property, Plant and Equipment

The useful economic life of property, plant and equipment for the purposes of calculating depreciation and amortization, as disclosed in NOTE 5, and forecasts of economic factors to determine recoverable amounts for the purpose of determining any impairment of assets, are based on data and information from various sources including industry practice and entity specific history.

iii) Internal Capital Program

The Trust's internal capital program is based on internal allocations, including parts, supplies and on-site wages identified as part of a specific upgrade or capital improvement. Elements included under the internal capital program are capitalized to investment properties.

iv) Utility Accrual

The amount of utility accrual for charges related to the current or prior year is based on estimates of usage and price for the time period in which invoices have not been received from the utility providers.

v) Deferred Unit-based Compensation Plan

The compensation costs relating to the deferred unit plan are based on estimates of how many deferred units will actually vest and be exercised.

vi) Deferred Taxes

The amount of the temporary differences between the accounting carrying value of the Trust's assets and liabilities held in various corporate subsidiaries versus the tax bases of those assets and liabilities and the tax rates at which the differences will be realized are outlined in NOTE 20.

Application of New and Revised IFRSs and Future Accounting Policies

Boardwalk REIT monitors new IFRS accounting pronouncements to assess the applicability and impact, if any, these new pronouncements may have on the consolidated financial statements and note disclosures.

(A) APPLICATION OF NEW AND REVISED IFRSS

IFRS 16 – Leases ("IFRS 16")

Effective January 1, 2019, the Trust has applied IFRS 16. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the commencement of all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Trust's consolidated financial statements is described below. The Trust has applied IFRS 16 using the modified retrospective approach and, therefore, the comparative information has not been restated.

Impact from the New Definition of a Lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Trust assessed all contracts in place on January 1, 2019 to determine if they were, or were not, a lease.

Impact on Lessee Accounting – Former Operating Leases

IFRS 16 changes how the Trust accounts for leases previously classified as operating leases under IAS 17 – Leases ("IAS 17"), which were off-balance-sheet. At transition, lease liabilities, arising from previously recorded operating leases, were measured at the present value of the remaining lease payments, discounted at the Trust's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability.

The Trust used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term or for leases of low-value assets.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Trust also elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and International Financial Reporting Interpretations Committee IFRIC 4 – Determining whether an Arrangement contains a Lease, were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was only applied to contracts entered into or changed on or after January 1, 2019.

Applying IFRS 16, for all leases (except noted below), the Trust:

i) Recognized right-of-use assets (NOTE 4 and NOTE 5) and lease liabilities (NOTE 16) in the consolidated statement of financial position, measured at the present value of future lease payments at the date of adoption.

ii) Recognized depreciation of the right-of-use assets carried as property, plant and equipment in the consolidated statement of comprehensive income under depreciation.

iii) Recognized interest expense on lease liabilities (NOTE 25) in the consolidated statement of comprehensive income under financing costs.

iv) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under IFRS 16, right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The right-of-use asset is tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Trust has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within operating expenses in the consolidated statement of comprehensive income.

Impact on Consolidated Financial Statements

On transition to IFRS 16, the Trust recognized $116.7 million of right-of-use assets ($109.2 million in investment properties and $7.6 million in property, plant and equipment) and $116.7 million of lease liabilities.

When measuring lease obligations, the Trust discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average interest rate applied was 3.25%.

The following reconciliation presents the revised January 1, 2019 balances for investment properties and property plant and equipment after adopting IFRS 16:

	Jan. 1, 2019
Investment properties, ending balance, December 31, 2018	$ 5,943,969
Recognition of right-of-use asset, January 1, 2019	109,166
Investment properties, opening balance, after the adoption of IFRS 16	$ 6,053,135

	Jan. 1, 2019
Property, plant and equipment, ending balance, December 31, 2018	$ 31,463
Recognition of right-of-use asset, January 1, 2019	7,580
Property, plant and equipment, opening balance, after the adoption of IFRS 16	$ 39,043

The following reconciliation includes the Trust's operating lease commitments at December 31, 2018, compared to the Trust's lease liabilities as at the date of transition January 1, 2019:

	Jan. 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in NOTE 28 of the Trust's consolidated financial statements	$ 208,596
Discounted using incremental borrowing rate at January 1, 2019	115,944
Adjustments	
Extension option reasonably certain to be exercised	803
Total	$ 116,747

The following table shows the impact of adopting IFRS 16 on the Trust's consolidated statement of comprehensive income:

	Year Ended Dec. 31, 2019
Reduced operating expenses	(5,266)
Increased financing costs	3,737
Decreased administration	(1,664)
Increased depreciation on right-of-use asset included in property, plant and equipment	1,800
Net decrease in expenses with adopting IFRS 16	$ (1,393)

In addition to the adoption of IFRS 16, in the current year, the Trust has applied a number of new and revised IFRSs issued by the IASB, and incorporated in the Chartered Professional Accountants of Canada Handbook. The following highlights these changes and the effect, if any, on the Trust's consolidated financial statements.

Standard	Details of Amendment	Impact
Amendments to IFRS 9 – Financial Instruments ("IFRS 9"), Prepayment Features with Negative Compensation	The amendments to IFRS 9 clarified the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.	This amendment was applied prospectively on January 1, 2019 and there was no impact on its consolidated financial statements.
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The amendment clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore in applying IFRS 9 to a long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interest arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).	This amendment was applied prospectively on January 1, 2019 and there was no impact on its consolidated financial statements.
2015-2017 Cycle		
IAS 12 – Income Taxes	The amendments clarified that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transaction that generated the distributable profits.	This amendment did not have a material impact on its consolidated financial statements.
IAS 23 – Borrowing Costs	The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	This amendment did not have a material impact on its consolidated financial statements.
IFRS 3 – Business Combinations	The amendments to IFRS 3 clarified that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value.	This amendment did not have a material impact on its consolidated financial statements.
IFRS 11 – Joint Arrangements	The amendments to IFRS 11 clarified that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its previously held interest in the joint operation.	This amendment did not have a material impact on its consolidated financial statements.

(B) FUTURE ACCOUNTING POLICIES

The following accounting standards under IFRS have been issued or revised; however, they are not yet effective, and, as such, have not been applied to these consolidated financial statements:

New or Amended Standards	Summary of Requirements	Possible Impact on Consolidated Financial Statements
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investor's interests in that associate or joint venture. The effective date of the amendments has yet to be set, however, earlier application is permitted.	The Trust is assessing the potential impact but does not expect any significant impact.
Amendments to IFRS 3 Definition of a Business	The amendment clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments apply prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first reporting period beginning on or after January 1, 2020, with early application permitted.	The Trust is assessing the potential impact but does not expect any significant impact.
Amendments to IAS 1 and IAS 8 Definition of Material	The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality. The concept of 'obscuring' material information with immaterial information has been included as part of the definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. The amendments are applied prospectively for annual periods beginning on or after January 1, 2020 with earlier application permitted.	The Trust does not expect this amendment to have a material impact on its consolidated financial statements.

In addition to those referenced, the following amendments are not expected to have any impact on the Trust's consolidated financial statements:

- IFRS 17 – Insurance Contracts; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

International Financial Reporting Standards

The Trust's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Committee ("IFRIC").

Disclosure Controls and Procedures & Internal Control Over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO, President, and CFO on a timely basis so appropriate decisions can be made regarding public disclosure.

The preparation of this information is supported by a set of disclosure controls and procedures ("DC&P") implemented by management. In fiscal 2019, these controls and procedures were reviewed and the effectiveness of their design and operation was evaluated. This evaluation confirmed the effectiveness of both the design and the operation of disclosure controls and procedures as at December 31, 2019. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO") control framework (the "2013 Framework") adopted by the Trust and the requirements of National Instrument 52-109 of the Canadian Securities Administrators titled, *Certification of Disclosure in Issuers' Annual and Interim Filings*.

There were no changes made to our disclosure controls and procedures during the year ended December 31, 2019. Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining disclosure controls and procedures, as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

As at December 31, 2019, Boardwalk REIT can confirm the effectiveness of both the design and the operation of its ICFR to provide reasonable assurance regarding the reliability of financial statements and information. Boardwalk REIT may, from time to time, make changes aimed at enhancing their effectiveness and ensuring that our systems evolve with our business. There were no changes made in our internal controls over financial reporting during the year ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2020 FINANCIAL OUTLOOK AND MARKET GUIDANCE

As previously noted, the Trust is providing its outlook and financial guidance for the upcoming 2020 fiscal year as part of its year end results. As such, the Trust's 2020 objectives are as follows:

Description	2020 Objectives	2019 Actual
Stabilized Building NOI Growth	4%-7%	8.2%
FFO Per Unit	$2.65-$2.80	$2.57
AFFO Per Unit	$2.25-$2.40 utilizing a Maintenance CAPEX of $613/suite/year	$2.10 utilizing a Maintenance CAPEX of $721/suite/year

In deriving these forecasts, the Trust has adjusted for the treatment of the LP B Units to be treated as equity (versus debt under IFRS) and their related treatment of the distributions paid (which are classified as financing charges under IFRS).

The reader is cautioned that this information is forward-looking and actual results may vary materially from those reported. One of the key estimates is the performance of the Trust's stabilized properties. Any significant change in assumptions deriving 'Stabilized Building NOI performance' would have a material effect on the final reported amount. The Trust reviews these key assumptions quarterly and, based on this review, may change its outlook on a going-forward basis.

In addition to the above financial guidance for 2020, the Trust's Board of Trustee's has approved the 2020 Capital Budget as follows:

Capital Budget *($000's)*	2020 Budget Low End	Per Suite	2020 Budget High End	Per Suite	2019 Actual	Per Suite
Maintenance Capital	$ 20,390	$ 613	$ 20,390	$ 613	$ 24,060	$ 721
Value Added Capital (including suite upgrades and property, plant & equipment)	95,036	2,857	113,795	3,421	99,215	2,973
Total Operational Capital	**$ 115,426**	**$ 3,470**	**$ 134,185**	**$ 4,034**	**$ 123,275**	**$ 3,694**
Total Operational Capital	$ 115,426		$ 134,185		$ 123,275	
Development/Development JV	59,814		59,814		45,980	
Acquisitions	-		-		36,842	
Total Capital Investment	**$ 175,240**		**$ 193,999**		**$ 206,097**	

In total, the Trust expects to invest between $115.4 million (or $3,470 per apartment unit) and $134.2 million (or $4,034 per apartment unit) on operational capital in 2020 as compared to $123.3 million (or $3,694 per apartment unit) actually spent in 2019. The Trust has estimated its Maintenance Capital for 2020 at $613 per apartment unit per year, compared to $721 per apartment unit per year in 2019, using a three-year rolling average. Additionally, for 2020, Boardwalk is estimating $59.8 million to be spent on development.

Value Added capital is subject to constant review and will only be invested if the Trust can earn a significant return on this investment.

Selected Consolidated Financial Information

The following selected financial information should be read in conjunction with "Management's Discussion and Analysis", the audited consolidated financial statements and accompanying notes for the years ended December 31, 2019 and 2018, and the unaudited condensed consolidated interim financial statements of Boardwalk REIT and accompanying notes, both incorporated herein by reference.

The statements of comprehensive income and financial position information set forth in the following tables has been derived from the audited consolidated financial statements referred to above and the unaudited condensed consolidated interim financial statements of the Trust for various quarterly interim periods.

Annual Comparative *(Cdn$ Thousands, except per unit amount)*	Twelve Months Ended **Dec. 31, 2019**	Twelve Months Ended Dec. 31, 2018
Total rental revenue	**$ 455,313**	$ 434,616
Profit	**34,781**	193,200
Funds from operations	**130,967**	112,112
Profit per unit		
– Basic	**$ 0.75**	$ 4.17
– Diluted	**$ 0.75**	$ 3.43
Funds from operations per unit		
– Basic	**$ 2.82**	$ 2.42
– Diluted	**$ 2.57**	$ 2.21
Mortgages	**2,741,648**	2,719,195
Total assets	**6,276,384**	6,109,091
Number of apartment units	**33,263**	33,417
Rentable square feet (000's)	**28,674**	28,793

	Three Months Ended							
Quarterly Comparative *(Cdn$ Thousands, except per unit amount)*	**Dec. 31, 2019**	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Total rental revenue	**$ 115,378**	$ 114,660	$ 113,383	$ 111,892	$ 110,393	$ 108,774	$ 108,388	$ 107,061
(Loss) profit	**(108,636)**	79,560	71,601	(7,744)	34,100	33,078	56,772	69,250
Funds from operations	**32,156**	35,775	34,788	28,249	27,358	29,802	30,646	24,306
Profit (loss) per unit								
– Basic	**$ (2.34)**	$ 1.71	$ 1.54	$ (0.17)	$ 0.74	$ 0.71	$ 1.22	$ 1.49
– Diluted	**$ (2.34)**	$ 1.71	$ 1.35	$ (0.17)	$ (0.40)	$ 0.71	$ 1.22	$ 1.49
Funds from operations per unit								
– Basic	**$ 0.69**	$ 0.77	$ 0.75	$ 0.61	$ 0.59	$ 0.64	$ 0.66	$ 0.52
– Diluted	**$ 0.63**	$ 0.70	$ 0.68	$ 0.56	$ 0.54	$ 0.59	$ 0.60	$ 0.48

ADDITIONAL INFORMATION

Additional information relating to Boardwalk Equities Inc. and Boardwalk REIT, including the Annual Information Form of Boardwalk REIT, is available on SEDAR at www.sedar.com.

Respectfully,

[signed]

Roberto A. Geremia
PRESIDENT

[signed]

William Wong
CHIEF FINANCIAL OFFICER

February 27, 2020

MANAGEMENT'S REPORT

To the Unitholders of Boardwalk Real Estate Investment Trust

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality, and are in accordance with International Financial Reporting Standards appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of consolidated financial statements.

The consolidated financial statements have been further examined by the Board of Trustees and by its Audit and Risk Management Committee which meets regularly with the auditors and management to review the activities of each. The Audit and Risk Management Committee, which comprises of three independent Trustees, reports to the Board of Trustees.

Deloitte LLP, an independent firm of chartered accountants, has been engaged to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provide an independent auditors' opinion.

[signed]

Sam Kolias
CHIEF EXECUTIVE OFFICER

[signed]

Roberto A. Geremia
PRESIDENT

[signed]

William Wong
CHIEF FINANCIAL OFFICER

February 27, 2020

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and the Board of Directors of Boardwalk Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of Boardwalk Real Estate Investment Trust (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in unitholder's equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial* Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Nicole Torgrimson.

/s/ Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta
February 26, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CDN $ THOUSANDS)

As at	Note	**Dec. 31, 2019**	Dec. 31, 2018
ASSETS			
Non-current assets			
Investment properties	4	**$ 6,147,482**	$ 5,943,969
Property, plant and equipment	5	**36,289**	31,463
Equity accounted investments	6	**25,751**	19,724
Investment in private technology venture fund	7	**1,454**	652
Mortgage receivable	8	**2,708**	6,877
Deferred tax assets	20	**751**	64
		6,214,435	6,002,749
Current assets			
Inventories	9	**8,263**	9,994
Prepaid assets	10	**6,127**	9,163
Mortgage receivable	8	**-**	31,596
Trade and other receivables	11	**4,370**	8,213
Segregated tenants' security deposits	12	**8,023**	9,290
Cash and cash equivalents	13	**35,166**	38,086
		61,949	106,342
Total Assets		**$ 6,276,384**	$ 6,109,091
LIABILITIES			
Non-current liabilities			
Mortgages payable	14	**$ 2,366,974**	$ 2,130,590
LP Class B Units	15	**205,537**	169,200
Lease liabilities	16	**110,367**	-
Construction loan payable	17	**14,720**	-
Deferred unit-based compensation	18	**2,825**	2,419
Deferred tax liabilities	20	**-**	68
Deferred government grant	21	**4,885**	5,263
		2,705,308	2,307,540
Current liabilities			
Mortgages payable	14	**374,674**	588,605
Lease liabilities	16	**3,659**	-
Deferred unit-based compensation	18	**1,584**	1,586
Deferred government grant	21	**378**	378
Refundable tenants' security deposits		**10,855**	12,030
Trade and other payables	19	**61,871**	72,267
		453,021	674,866
Total Liabilities		**3,158,329**	2,982,406
Equity			
Unitholders' equity	22	**3,118,055**	3,126,685
Total Equity		**3,118,055**	3,126,685
Total Liabilities and Equity		**$ 6,276,384**	$ 6,109,091

See accompanying notes to these consolidated financial statements

On behalf of the Trust:

[signed] [signed]

Sam Kolias
TRUSTEE

Gary Goodman
TRUSTEE

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(CDN $ THOUSANDS)

	Note	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Rental revenue	23	**$ 448,598**	$ 427,998
Ancillary rental income	24	**6,715**	6,618
Total rental revenue		**455,313**	434,616
Rental expenses			
Operating expenses		**101,108**	113,615
Utilities		**47,883**	47,628
Property taxes		**47,529**	45,966
Net operating income		**258,793**	227,407
Financing costs	25	**88,198**	80,586
Administration		**38,645**	37,093
Deferred unit-based compensation	18	**2,268**	2,095
Depreciation	26	**8,809**	6,754
Profit before the undernoted		**120,873**	100,879
Loss on sale of assets	27	**(714)**	(27)
Fair value (losses) gains	28	**(86,132)**	92,371
Profit before income tax		**34,027**	193,223
Income tax recovery (expense)	20	**754**	(23)
Profit for the year		**34,781**	193,200
Other comprehensive income		**-**	-
Total comprehensive income		**$ 34,781**	$ 193,200

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(CDN $ THOUSANDS)

	Trust Units	Cumulative Profit	Cumulative Distributions to Unitholders	Retained Earnings	Total Unitholders' Equity
Balance, December 31, 2017	$ 194,942	$ 4,124,778	$(1,342,113)	$ 2,782,665	$ 2,977,607
Units issued	2,275	-	-	-	2,275
Profit for the year	-	193,200	-	193,200	193,200
Total comprehensive income for the year	-	193,200	-	193,200	193,200
Distributions declared to Unitholders	-	-	(46,397)	(46,397)	(46,397)
Balance, December 31, 2018	$ 197,217	$ 4,317,978	$ (1,388,510)	$ 2,929,468	$ 3,126,685
Units issued	3,051	-	-	-	3,051
Profit for the year	-	34,781	-	34,781	34,781
Total comprehensive income for the year	-	34,781	-	34,781	34,781
Distributions declared to Unitholders	-	-	(46,462)	(46,462)	(46,462)
Balance, December 31, 2019	**$ 200,268**	**$ 4,352,759**	**$(1,434,972)**	**$ 2,917,787**	**$ 3,118,055**

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(CDN $ THOUSANDS)

	NOTE	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Operating activities			
Profit for the year		**$ 34,781**	$ 193,200
Loss on sale of assets	27	**714**	27
Financing costs	25	**88,198**	80,586
Interest paid		**(81,673)**	(74,328)
Deferred unit-based compensation	18	**2,268**	2,095
Fair value losses (gains)	28	**86,132**	(92,371)
Income tax (recovery) expense	20	**(754)**	23
Income tax paid		**-**	-
Government grant amortization	21	**(378)**	(378)
Depreciation	26	**8,809**	6,754
		138,097	115,608
Net change in operating working capital	35	**22,646**	(8,304)
		160,743	107,304
Investing activities			
Purchase of investment properties	4	**(36,842)**	(66,767)
Improvements to investment properties	4	**(117,645)**	(117,914)
Development of investment properties	4	**(30,091)**	(18,884)
Additions to property, plant and equipment	5	**(5,630)**	(8,008)
Net cash proceeds from sale of investment properties	27	**22,495**	15,863
Capital contribution in equity accounted investments	6	**(15,889)**	(9,862)
Capital contribution in private technology venture fund	7	**(802)**	(652)
Net change in investing working capital	35	**(14,483)**	(1,102)
		(198,887)	(207,326)
Financing activities			
Distributions paid	35	**(46,456)**	(51,216)
Proceeds from mortgage financings		**144,478**	221,265
Mortgage payments upon refinancing		**(36,732)**	(29,271)
Scheduled mortgage principal repayments		**(68,203)**	(63,726)
Proceeds from construction loan financing	17	**14,720**	-
Repayment of mortgage receivable	8	**36,015**	-
Deferred financing costs incurred		**(4,999)**	(9,573)
Principal repayments on lease liabilities		**(3,194)**	-
Net change in financing working capital	35	**(405)**	(205)
		35,224	67,274
Net decrease in cash		**(2,920)**	(32,748)
Cash and cash equivalents, beginning of year		**38,086**	70,834
Cash and cash equivalents, end of year	13	**$ 35,166**	$ 38,086

See accompanying notes to these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended, December 31, 2019 and 2018

(Tabular amounts in Cdn $ thousands, except number of units and per unit amounts UNLESS OTHERWISE STATED)

Note 1: Organization of the Trust

Boardwalk Real Estate Investment Trust ("Boardwalk REIT" or the "Trust" or the "Entity") is an unincorporated, open-ended real estate investment trust created pursuant to the Declaration of Trust ("DOT"), dated January 9, 2004, and as amended and restated on various dates between May 3, 2004 and May 15, 2019, under the laws of the Province of Alberta. Boardwalk REIT was created to invest in multi-family residential investment properties or similar interests, initially through the acquisition of the assets and operations of Boardwalk Equities Inc. (the "Corporation"), which was acquired on May 3, 2004. Boardwalk REIT Trust Units are listed on the Toronto Stock Exchange under the symbol 'BEI.UN'. The registered office of the Trust and its head office operations are located at First West Place, Suite 200, 1501 1st Street SW, Calgary, Alberta, T2R 0W1.

Note 2: Significant Accounting Policies

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(B) BASIS OF PRESENTATION

The Trust's consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. These consolidated financial statements were prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand. The accounting policies set out below have been applied consistently in all material respects. Standards and guidelines not effective for the current accounting period are described in NOTE 3.

(C) BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Trust and its consolidated subsidiaries (see NOTE 33), which are the entities over which Boardwalk REIT has control. Control is achieved when the entity has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Trust reassesses whether or not it controls an investee if facts, circumstances and events indicate that there are changes to one or more of the three elements of control listed above.

In accordance with IFRS 10 – Consolidated Financial Statements ("IFRS 10"), an entity can exercise control on a basis other than ownership of voting interests. When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power. These facts and circumstances can include: the size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Trust, other vote holders or other parties; rights arising from contractual arrangements; and any other additional facts or circumstances.

Currently, the Trust has control over all of the subsidiaries reported in the consolidated financial statements (either directly or indirectly) and non-controlling interests either do not exist or are immaterial for the Trust at this time. All intra-group transactions, balances, revenues and expenses eliminate on consolidation.

(D) INTEREST IN JOINT OPERATIONS

In accordance with IFRS 11 – Joint Arrangements ("IFRS 11"), 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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Trust records only its share of the assets, liabilities and share of the revenue and expenses of the joint operation. The assets, liabilities, revenue and expenses of joint operations are included within the respective line items of the consolidated statement of financial position and consolidated statement of comprehensive income.

(E) INTEREST IN ASSOCIATES AND JOINT VENTURES

In accordance with International Accounting Standard ("IAS") 28 – Investments in associates and joint ventures ("IAS 28"), an associate is defined as an entity over which the investor has significant influence, however the investor does not have control or joint control. Significant influence arises when an entity holds, directly or indirectly, 20% or more of the voting power of the investee. Significant influence is usually evidenced by representation on the board of directors or equivalent of the investee, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel or provision of essential technical information.

In accordance with IFRS 11, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost, and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition. The Trust's share of the investee's profit or loss is recognized in the Trust's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

(F) INVESTMENT PROPERTIES

Investment properties consist of multi-family residential properties held to earn rental income and properties being constructed or developed for future use to earn rental income, and include interests held under long-term operating land leases. Investment properties are measured initially at cost (which is equivalent to fair value). Cost includes all amounts relating to the acquisition (excluding transaction costs related to a business combination as outlined in NOTE 2(i)) and improvement of the properties. All costs associated with upgrading and extending the economic life of the existing facilities, other than ordinary repairs and maintenance, are capitalized to investment property. Included in these costs are internal amounts that are directly attributable to a specific investment property, which are capitalized to the extent that they upgrade or extend the economic life of the asset.

Subsequent to initial recognition, investment properties are recorded at fair value, in accordance with IAS 40 – Investment Property ("IAS 40"). Fair value is determined based on a combination of internal and external processes and valuation techniques. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs as described above are recorded in profit or loss in the period in which they arise. The fair value of an investment property held by a lessee as a right-of-use asset reflects expected cash flows (including variable lease payments that are expected to become payable). Accordingly, if the valuation obtained for an investment property is net of all payments expected to be made, it will be necessary to add back any recognized lease liability, to arrive at the carrying amount of the investment property using the fair value model.

Properties owned by the Trust where a significant portion of the property is used for administrative purposes by the Trust are considered "Property, Plant and Equipment" and, therefore, fall within the scope of IAS 16 – Property, Plant and Equipment ("IAS 16") and are recorded in accordance with that standard. Where part of a building is used for administrative purposes by the Trust, but this portion is considered insignificant, this space is included as part of Investment Property under IAS 40.

Investment properties are reclassified to "Assets Held for Sale" when the criteria set out in IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5") are met (see NOTE 2(j)).

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value as outlined in the purchase and sale agreement (as the purchase and sale agreement is the best evidence of fair value). This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Excess land represents land owned by the Trust located contiguous to land included as investment property. The Trust has the ability to develop additional multi-family residential buildings on this land or sell it separately from the Investment Property at a later date. Excess land is held for capital appreciation and, therefore, is treated as Investment Property and recorded in accordance with IAS 40 as outlined above. When determining the fair value of a project with excess land, the capitalization rate used in determining the value is adjusted accordingly.

(G) PROPERTIES UNDER DEVELOPMENT

Properties under development include new development on excess land density or acquired land, re-development or re-positioning of buildings the Trust currently owns that require substantial renovations and incomplete apartment units acquired from third parties that will take 12 months or longer to complete. The cost of land, if applicable, and buildings under development or re-development (consisting of development sites, density or intensification rights and related infrastructure) are specifically identifiable costs incurred in the period before construction is complete. Capitalized costs include pre-construction costs essential to the development or re-development of the property, construction costs, borrowing costs directly attributable to the development, real estate taxes and other costs incurred during the period of development or re-development. Additions to investment properties consist of costs of a capital nature and, in the case of properties under development and/or redevelopment, capitalized interest. Directly attributable borrowing costs are also capitalized on land or properties acquired specifically for development or redevelopment when activities necessary to prepare the asset for development or redevelopment are in progress in accordance with IAS 23 – Borrowing Costs ("IAS 23"). Where borrowings are associated with specific developments, the amount capitalized is the total cost incurred on those borrowings.

The capitalization of borrowing costs commences when the activities necessary to prepare an asset for development or redevelopment begins, and continues until the date that substantially all of the construction is complete and all necessary occupancy and related permits have been received, whether or not the space is leased. If the Trust is required, as a condition of a lease, to construct tenant improvements that enhance the value of the property, then capitalization of costs continues until such improvements are completed. Capitalization ceases if there is a prolonged period where development activity is interrupted.

Properties under active development are generally valued at market land values, if applicable, plus costs invested to date. Where significant leasing and construction is in place and the future income stream is reasonably determinable, the valuation methodology used is similar to that of revenue-producing properties, less estimates of future capital outlays, construction and development costs, to determine a net "as-is" market value. Development risks such as planning, zoning, licenses, and building permits are considered in the valuation process. Properties not under active development, such as land parcels held for future development, are valued based on comparable sales of land. Significant increases (decreases) in construction costs, cost escalation rates and estimated time to complete construction in isolation would result in a significantly lower (higher) fair value for properties under development.

(H) PROPERTY, PLANT AND EQUIPMENT

Tangible assets that are held for use in the production or supply of goods and services, or for administrative purposes, and are expected to be used during more than one period, except when another accounting standard requires or permits a different accounting treatment, are recorded in accordance with IAS 16 using the cost model. IAS 16, therefore, excludes tangible assets that are accounted for in accordance with IAS 40 (see NOTE 2(f)) and IFRS 5 (see NOTE 2(j)).

In accordance with IAS 16, the cost model, after initial recognition of the property, plant and equipment, requires the tangible asset to be carried at its cost less accumulated depreciation and any accumulated impairment losses (see NOTE 2(k)). Depreciation is recognized in a manner that reflects the pattern in which the future economic benefits of the tangible asset are expected to be consumed and realized by the Trust. The amount of depreciation will be charged systematically to the consolidated statement of comprehensive income and is the cost less residual value of the asset over its useful economic life. IAS 16 also requires that the cost and useful economic life of each significant component of a tangible asset be determined based on the circumstances of each tangible asset. The method of depreciation, residual values and estimates of the useful economic life of a tangible asset, or other property, plant and equipment, are reviewed at each financial year-end and any changes are accounted for as a change in accounting estimate in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").

Property, Plant and Equipment ("PP&E") is valued using the cost model under IAS 16. PP&E is categorized into the following classes and their respective useful economic life is used to calculate the amount of depreciation or amortization for each period. Categories of PP&E with the same or similar useful lives are included in the same class.

PP&E Class	PP&E Category (NOTE 5)	Useful Life / Depreciation Rate	Depreciation Method Used
Administrative building	Administrative building	40 years	Straight-line
Site equipment	Site equipment and other	15%	Declining balance
Automobiles	Site equipment and other	20%	Declining balance
Warehouse assets	Site equipment and other	10% to 20%	Declining balance
Corporate assets	Site equipment and other	10% to 20%	Declining balance
Computer hardware	Corporate technology	35%	Declining balance
Computer software*	Corporate technology	35%	Declining balance

* In addition to the purchase of software from external sources, the Trust capitalizes certain programmers' salaries related to internally developed software applications used in the normal course of operations of Boardwalk REIT. The programmers' work is directly attributable to software development.

(I) BUSINESS COMBINATIONS

In accordance with IFRS 3 – Business Combinations ("IFRS 3"), the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired and the liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefit. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied. Building and other asset acquisitions, which do not meet the above definition of a business, are recorded as an asset addition.

The acquisition method requires that an acquirer be identified, a specific acquisition date be determined (which is typically the date on which control changes), all identifiable assets and liabilities assumed, as well as any non-controlling interest in the acquiree, be recognized and measured, and any goodwill or gains from a bargain purchase price are recognized and measured at fair value, including contingent liabilities when these contingent considerations are part of the consideration being transferred. All acquisition costs associated with a transaction identified as a business combination are expensed as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Trust in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date and is shorter than one year if all information is received) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), or IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), as appropriate, with the corresponding gain or loss being recognized in profit or loss in the consolidated statement of comprehensive income.

When a business combination is achieved in stages, the Trust's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Trust obtains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive (loss) income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Trust reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(J) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

i) Assets (or Disposal Groups) Held for Sale

Non-current assets and groups of assets and liabilities, which comprise disposal groups, are categorized as assets (or disposal groups) held for sale where the asset (or disposal group) is available for sale in its present condition, and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the non-current asset (or disposal group) is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where an asset (or disposal group) is acquired with a view to resale, it is classified as a non-current asset (or disposal group) held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a short period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect non-current assets held for sale. The gains or losses arising on a sale of assets (or disposal groups) that does not meet the definition of discontinued operations will be recognized as part of continuing operations, while the gains or losses arising on a sale of assets (or disposal groups) that meets the definition of discontinued operations will be reported as part of discontinued operations in the consolidated statement of comprehensive income.

ii) Discontinued Operations

An asset or group of assets will be classified as a discontinued operation when it is a component of an entity that has either been disposed of or is classified as held for sale and represents a separate major line of business, it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or it is a subsidiary acquired exclusively with a view to resell. Profits and gains or losses related to the disposal of discontinued operations are measured based on fair value less cost to sell or on the disposal of the assets (or disposal groups) and are presented in the consolidated financial statements on an after-tax basis in accordance with IFRS 5. In addition, retrospective application is required; therefore, comparative figures will be changed to reflect discontinued operations. As an individual building or a group of buildings in a non-core municipal region does not constitute a major line of business, these sales are not treated as discontinued operations.

(K) IMPAIRMENT OF ASSETS

At the end of each reporting period, assets, other than those identified in the standard as not being applicable to IAS 36 – Impairment of Assets ("IAS 36"), such as investment properties recorded at fair value, are assessed for any indication of impairment. Should the indication of impairment exist, the recoverable amount (see below) of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset's "fair value less cost to sell" and its "value-in-use". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period (with the exception of goodwill), a reversal of the impairment loss is recorded in profit or loss. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized.

(L) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The costs of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and third-party transport, handling and other costs directly attributable to the acquisition of goods and materials, less any trade discounts, rebates and other similar items, using the first-in, first-out method of cost assignment. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

(M) LEASES

As outlined in NOTE 3(a), the Trust adopted IFRS 16 – Leases ("IFRS 16) on January 1, 2019. As a result of adopting IFRS 16, the Trust's accounting policy for leases is described below.

The Trust as a Lessee

The Trust assesses whether a contract is, or contains, a lease at inception of the contract. The Trust recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Trust uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measure of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made (see NOTE 2(s) for definition of effective interest method).

The Trust remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured either at fair value (in the case of right-of-use assets which are considered part of investment properties) or at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Trust applied IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Trust has used this practical expedient on those contracts (warehouse space and office space) which contain both lease and non-lease components.

The Trust as a Lessor

The Trust enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Trust is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Trust has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. As operating leases, lease payments are recognized as revenue when the tenant has a right to use the leased asset. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

(N) TAXATION

For fiscal 2018 and 2019, Boardwalk REIT qualified as a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") eligible for the 'REIT Exemption' in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided that all of its taxable income is distributed to its Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax (NOTE 33 summarizes the Trust's subsidiaries, including its corporate subsidiaries).

Current Tax

The tax currently payable, if any, is based on taxable profit for the year for certain corporate subsidiaries of the Trust. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates and laws that have been enacted or substantively enacted at the reporting date. In addition, deferred income tax assets and liabilities are measured using the rate that is consistent with the expected manner of recovery (i.e. using the asset versus selling the asset). Where applicable, current and deferred income taxes relating to items recognized directly in equity or comprehensive income are also recognized directly in equity or comprehensive income, respectively.

(O) PROVISIONS

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is a liability of uncertain timing or amount. Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation. Provisions are re-measured at each reporting date using the current discount rate. The increase in the provision due to the passage of time is recognized as a financing cost.

(P) UNIT-BASED PAYMENTS

Equity-settled unit-based payments to employees and Trustees are measured at the fair value of the deferred unit at the grant date and expensed over the vesting period based on the Trust's estimate of the deferred units that will actually vest. At the end of each reporting period, the Trust revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss prospectively such that the cumulative expense reflects the revised estimate. In accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"), the deferred units are presented as a liability on the consolidated statement of financial position as the Trust is obliged to provide the holder with REIT Units once the deferred units vest. Under IFRS 9 – Financial Instruments ("IFRS 9"), the deferred units are classified as 'fair value through profit or loss' and are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Fair value of the deferred units is calculated based on the observable market price of Boardwalk REIT's Trust Units.

(Q) GOVERNMENT ASSISTANCE AND GRANTS

The Trust receives government assistance in order to complement and partially assist the Trust's initiatives in providing affordable housing to low income-earning individuals. Government grants are not recognized until there is reasonable assurance that the Trust will comply with the conditions attached to them and that the grants will be received. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"), grant proceeds will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue or incurs expenses.

(R) REVENUE RECOGNITION

i) Rental Revenue

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties, and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease, which is generally not more than 12 months. Any suite specific incentives offered or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease.

Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16. In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). Non-lease revenue includes parking revenue, other service revenue and fees, recovery of certain operating costs, including retirement services, cable (internet and television). These revenues are recognized when earned.

IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (NOTE 23 and NOTE 36).

ii) Building Sales

The gain or loss from the sale of an investment property is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

iii) Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is accrued on a time basis when earned, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in financing costs in the consolidated statement of comprehensive income.

iv) Ancillary Rental Income

Ancillary rental income comprises revenue from coin laundry machines located on the Trust's existing building sites, and income received from telephone and cable providers and is recorded when earned.

v) Development Management Fees

Boardwalk has interests in investment properties through joint operations whereby the Trust provides development management services to the co-owners. As the services are provided over a period of time, income is recognized on a straight-line basis, unless there is evidence that some other method would better reflect the pattern of performance.

(S) FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures ("IFRS 7"), IFRS 9 and IAS 32. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Financial assets are classified and measured on the basis of the Trust's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. As such, after initial recognition, financial assets are classified and measured based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income (FVTOCI) or (iii) fair value through profit and loss (FVTPL). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Financial assets are classified as at FVTPL when the financial asset either is held for trading or is designated as at FVTPL. Financial assets categories are defined and measured as follows:

Classification	Definition	Measurement
Amortized Cost	Debt instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Measured at amortized cost using the effective interest rate method less any expected credit loss. (1) (2)
FVTOCI	Debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Stated at fair value, with gains or losses arising on measurement recognized in other comprehensive income.
FVTPL	Financial assets that do not meet the criteria for being measured at amortized cost of FVTOCI are measured at FVTPL. Specifically, investments in equity instruments or debt instruments which do not meet the amortized cost or FVTOCI definitions	Measured at fair value, with gains or losses recognized in profit or loss.

(1) The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(2) Financial assets, other than those at FVTPL, are required to use an expected credit loss impairment model. The expected credit loss model requires the Trust to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

Boardwalk REIT's financial assets are as follows:

Financial Asset	Classification and Measurement
Investment in Private Technology Venture Fund	FVTPL
Mortgage Receivable	FVTPL
Trade and Other Receivables	Amortized cost
Segregated Tenants' Security Deposits	Amortized cost
Cash and Cash Equivalents	Amortized cost

The Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial Liabilities and Equity

Debt and equity instruments issued are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs. Repurchase of Boardwalk REIT's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Trust's own equity instruments. Distributions paid on the Trust's equity instruments subsequent to, declared prior to, and with a record date at or prior to, the reporting date, are recorded as a liability.

Financial liabilities are classified and measured as either amortized costs or FVTPL. Financial liabilities categories are defined and measured as follows:

Classification	Definition	Measurement
FVTPL	Classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL as discussed below: Classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit taking; or, it is a derivative that is not designated and effective as a hedging instrument. Classified as FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group which is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss. Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.
Amortized Cost	All other liabilities.	Measured at amortized cost using the effective interest method. (1)

(1) The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Boardwalk REIT's financial liabilities are as follows:

Financial Liability	Classification and Measurement
Mortgages Payable	Amortized cost
LP Class B Units	FVTPL
Deferred Unit-based Compensation	FVTPL
Refundable Tenants' Security Deposits	Amortized cost
Trade and Other Payables	Amortized cost

The Trust derecognizes a financial liability when, and only when, the Trust's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivatives

The Trust may enter into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps and bond forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to the host contracts and the host contracts are not measured at FVTPL. For the years ended December 31, 2019 and 2018, the Trust had no embedded derivatives requiring separate recognition.

(T) CASH AND CASH EQUIVALENTS

Cash is comprised of bank balances, interest-earning bank accounts and term deposits with maturities of 90 days or less.

(U) CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments, apart from those involving estimations (see NOTE 2(v) below), that have been made in applying the Trust's accounting policies and that have the most significant effect on the reported amounts in the consolidated financial statements:

i) Income Taxes

The Trust applies judgment in determining the tax rates applicable to its corporate subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes related to temporary differences arising from its corporate subsidiaries are measured based on the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

ii) Leases

The Trust's revenue recognition policy related to leases is described in NOTE 2(r)(i). The Trust makes judgments in determining whether certain leases, in particular tenant leases, are considered leases under IFRS, and whether such leases are considered operating leases. In applying IFRS 16, the Trust has applied judgement in assessing whether an arrangement is, or contains, a lease, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rates applied to the lease liabilities and right-of-use asset.

iii) Investment Property and Internal Capital Program

The Trust's accounting policy relating to investment property is described in NOTE 2(f) above. In applying this policy, judgment is applied in determining the extent and frequency of utilizing independent, third-party appraisals to measure the fair value of the Trust's investment property. Additionally, judgment is applied in determining the appropriate classes of investment properties in order to measure fair value. The Trust also undertakes internal capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgment in the estimated amount of directly attributable on-site wages to be allocated to capital improvements and upgrades of its real estate assets.

iv) Financial Instruments

The Trust's accounting policies relating to financial instruments are described in NOTE 2(s). Critical judgments inherent in these policies related to applying the criteria set out in IFRS 9 to designate financial instruments into categories (i.e. FVTPL, etc.), assess the effectiveness of hedging relationships (for the Trust's cash flow hedges) and determine the identification of embedded derivatives, if any, in certain hybrid instruments that are subject to fair value measurement.

v) Basis of Consolidation

The consolidated financial statements of the Trust include the accounts of Boardwalk REIT and its wholly-owned subsidiaries, as well as entities over which the Trust exercises control on a basis other than ownership of voting interest within the scope of IFRS 10. Judgment is applied in determining if an entity meets the criteria of control as defined in the accounting standard.

vi) Interest in Joint Operations, Associates and Joint Ventures

When determining the appropriate basis of accounting for the Trust's investees, the Trust makes judgement about the degree of influence that Boardwalk REIT exerts directly or through an arrangement over the investee's relevant activities. This may include the ability to elect investee directors, appoint management or influence key decisions. Judgement is also required in determining whether or not an arrangement is a joint operation or joint venture.

vii) Deferred Unit-based Compensation

The Trust applies judgment in determining the best available estimate of the number of deferred units that are expected to vest at each reporting period.

(V) KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results could differ from estimates.

i) Investment Properties

The choice of valuation method for fair valuing and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in NOTE 4. Significant estimates used in determining the fair value of the Trust's investment properties includes capitalization rates and net operating income (which is influenced by market inflation rates, vacancy rates and standard costs) used in the overall capitalization rate valuation method as well as discount rates and forecasted cash flows used in the discounted cash flow valuation method. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to NOTE 4 for sensitivity analysis.

ii) Property, Plant and Equipment

The useful economic life of property, plant and equipment for the purposes of calculating depreciation and amortization, as disclosed in NOTE 5, and forecasts of economic factors to determine recoverable amounts for the purpose of determining any impairment of assets, are based on data and information from various sources including industry practice and entity specific history.

iii) Internal Capital Program

The Trust's internal capital program is based on internal allocations, including parts, supplies and on-site wages identified as part of a specific upgrade or capital improvement. Elements included under the internal capital program are capitalized to investment properties.

iv) Utility Accrual

The amount of utility accrual for charges related to the current or prior year is based on estimates of usage and price for the time period in which invoices have not been received from the utility providers.

v) Deferred Unit-based Compensation Plan

The compensation costs relating to the deferred unit plan are based on estimates of how many deferred units will actually vest and be exercised.

vi) Deferred Taxes

The amount of the temporary differences between the accounting carrying value of the Trust's assets and liabilities held in various corporate subsidiaries versus the tax bases of those assets and liabilities and the tax rates at which the differences will be realized are outlined in NOTE 20.

Note 3: Application of New and Revised IFRSs and Future Accounting Policies

(A) APPLICATION OF NEW AND REVISED IFRSS

IFRS 16 – Leases ("IFRS 16")

Effective January 1, 2019, the Trust has applied IFRS 16. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the commencement of all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Trust's consolidated financial statements is described below. The Trust has applied IFRS 16 using the modified retrospective approach and, therefore, the comparative information has not been restated.

Impact From the New Definition of a Lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Trust assessed all contracts in place on January 1, 2019 to determine if they were, or were not, a lease.

Impact on Lessee Accounting – Former Operating Leases

IFRS 16 changes how the Trust accounts for leases previously classified as operating leases under IAS 17 – Leases ("IAS 17"), which were off-balance-sheet. At transition, lease liabilities, arising from previously recorded operating leases, were measured at the present value of the remaining lease payments, discounted at the Trust's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability.

The Trust used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term or for leases of low-value assets.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Trust also elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and International Financial Reporting Interpretations Committee IFRIC 4 – Determining whether an Arrangement contains a Lease, were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was only applied to contracts entered into or changed on or after January 1, 2019.

Applying IFRS 16, for all leases (except noted below), the Trust:

i) Recognized right-of-use assets (NOTE 4 and NOTE 5) and lease liabilities (NOTE 16) in the consolidated statement of financial position, measured at the present value of future lease payments at the date of adoption.

ii) Recognized depreciation of the right-of-use assets carried as property, plant and equipment in the consolidated statement of comprehensive income under depreciation.

iii) Recognized interest expense on lease liabilities (NOTE 25) in the consolidated statement of comprehensive income under financing costs.

iv) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under IFRS 16, right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The right-of-use asset is tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Trust has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within operating expenses in the consolidated statement of comprehensive income.

Impact on Consolidated Financial Statements

On transition to IFRS 16, the Trust recognized $116.7 million of right-of-use assets ($109.2 million in investment properties and $7.6 million in property, plant and equipment) and $116.7 million of lease liabilities.

When measuring lease obligations, the Trust discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average interest rate applied was 3.25%.

The following reconciliation presents the revised January 1, 2019 balances for investment properties and property plant and equipment after adopting IFRS 16:

	Jan. 1, 2019
Investment properties, ending balance, December 31, 2018	$ 5,943,969
Recognition of right-of-use asset, January 1, 2019	109,166
Investment properties, opening balance, after the adoption of IFRS 16	$ 6,053,135

	Jan. 1, 2019
Property, plant and equipment, ending balance, December 31, 2018	$ 31,463
Recognition of right-of-use asset, January 1, 2019	7,580
Property, plant and equipment, opening balance, after the adoption of IFRS 16	$ 39,043

The following reconciliation includes the Trust's operating lease commitments at December 31, 2018, compared to the Trust's lease liabilities as at the date of transition January 1, 2019:

	Jan. 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in NOTE 28 of the Trust's consolidated financial statements	$ 208,596
Discounted using incremental borrowing rate at January 1, 2019	115,944
Adjustments	
Extension option reasonably certain to be exercised	803
Total	$ 116,747

The following table shows the impact of adopting IFRS 16 on the Trust's consolidated statement of comprehensive income:

	Year Ended Dec. 31, 2019
Reduced operating expenses	(5,266)
Increased financing costs	3,737
Decreased administration	(1,664)
Increased depreciation on right-of-use asset included in property, plant and equipment	1,800
Net decrease in expenses with adopting IFRS 16	$ (1,393)

In addition to the adoption of IFRS 16, in the current year, the Trust has applied a number of new and revised IFRSs issued by the IASB, and incorporated in the Chartered Professional Accountants of Canada Handbook. The following highlights these changes and the effect, if any, on the Trust's consolidated financial statements.

Standard	Details of Amendment	Impact
Amendments to IFRS 9 – Financial Instruments ("IFRS 9"), Prepayment Features with Negative Compensation	The amendments to IFRS 9 clarified the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.	This amendment was applied prospectively on January 1, 2019 and there was no impact on its consolidated financial statements.
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The amendment clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore in applying IFRS 9 to a long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interest arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).	This amendment was applied prospectively on January 1, 2019 and there was no impact on its consolidated financial statements.
2015-2017 Cycle		
IAS 12 – Income Taxes	The amendments clarified that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transaction that generated the distributable profits.	This amendment did not have a material impact on its consolidated financial statements.
IAS 23 – Borrowing Costs	The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	This amendment did not have a material impact on its consolidated financial statements.
IFRS 3 – Business Combinations	The amendments to IFRS 3 clarified that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value.	This amendment did not have a material impact on its consolidated financial statements.
IFRS 11 – Joint Arrangements	The amendments to IFRS 11 clarified that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its previously held interest in the joint operation.	This amendment did not have a material impact on its consolidated financial statements.

(B) FUTURE ACCOUNTING POLICIES

The following accounting standards under IFRS have been issued or revised; however, they are not yet effective, and, as such, have not been applied to these consolidated financial statements:

New or Amended Standards	Summary of Requirements	Possible Impact on Consolidated Financial Statements
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investor's interests in that associate or joint venture. The effective date of the amendments has yet to be set, however, earlier application is permitted.	The Trust is assessing the potential impact but does not expect any significant impact.
Amendments to IFRS 3 Definition of a Business	The amendment clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments apply prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first reporting period beginning on or after January 1, 2020, with early application permitted.	The Trust is assessing the potential impact but does not expect any significant impact.
Amendments to IAS 1 and IAS 8 Definition of Material	The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality. The concept of 'obscuring' material information with immaterial information has been included as part of the definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. The amendments are applied prospectively for annual periods beginning on or after January 1, 2020 with earlier application permitted.	The Trust does not expect this amendment to have a material impact on its consolidated financial statements.

In addition to those referenced, the following amendments are not expected to have any impact on the Trust's consolidated financial statements:

- IFRS 17 – Insurance Contracts; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

Note 4: Investment Properties

As at	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Balance, beginning of year	**$ 5,943,969**	
Impact of adoption of IFRS 16 (NOTE 3(a))	**109,166**	
Restated balance, beginning of year	**$ 6,053,135**	$ 5,688,125
Additions		
Building acquisitions	**36,842**	66,767
Building improvements (incl. internal capital program)	**117,645**	117,914
Development of investment properties	**30,091**	18,884
Dispositions	**(41,371)**	(15,878)
Fair value (losses) gains, unrealized	**(48,860)**	68,157
Balance, end of year	**$ 6,147,482**	$ 5,943,969

As at	Dec. 31, 2019	Dec. 31, 2018
Fair value of investment properties, before right-of-use asset and development	**$ 5,992,479**	$ 5,926,412
Fair value, right-of-use asset (IFRS 16)	**107,355**	-
Revenue producing properties	**$ 6,099,834**	5,926,412
Properties under development [(1)]	**47,648**	17,557
Total	**$ 6,147,482**	$ 5,943,969

(1) On July 30, 2018, a 71-unit development project in Regina, Saskatchewan, with costs totaling $12.7 million was transferred from development to revenue producing properties.

On April 1, 2019, the Trust closed on the purchase of a property in Edmonton, Alberta totaling 124 units with a purchase price of $35.8 million. The acquisition was funded with cash on hand.

On November 27, 2018, the Trust closed on the purchase of four properties in Calgary, Alberta, totaling 299 units with a purchase price of $66.5 million. The acquisition was funded with cash on hand.

Acquisitions	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Purchase price	**$ 35,813**	$ 66,500
Transaction costs	**1,029**	267
Total cash paid	**$ 36,842**	$ 66,767
Allocation of fair value to investment properties	**$ 36,842**	$ 66,767
Multi-family units acquired	**124**	299

Please refer to NOTE 27 for details on the Trust's dispositions in fiscal 2019 and 2018.

Subsequent to initial recognition at cost, investment properties are recorded at fair value in accordance with IAS 40. Fair value is determined based on a combination of internal and external processes and valuation techniques. Fair value under IFRS is defined as 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. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties, the current use is considered to be the highest and best use. For the year ended December 31, 2019, there has been no change to the valuation techniques.

In determining the appropriate classes of investment properties in order to determine the fair value measurement, the Trust has considered the nature, characteristics and risk of its properties. The classification of investment properties is based primarily on the geographical location of the asset, with the exception of properties situated on land leases. Below is a continuity schedule based on investment property classes:

Year Ended December 31, 2019

	Balance, Beginning of Year	Impact of Adoption of IFRS 16 (NOTE 3(a))	Restated Balance, Beginning of Year	Building Acquisitions	Building Improvements (incl. Internal Capital Program)	Development of Investment Properties	Dispositions	Fair Value (Losses) Gains	Balance, End of Year
Recurring measurements Investment properties									
Calgary	$1,419,191	$ -	$1,419,191	$ -	$ 18,363	$ 17,709	$ -	$ (41,602)	$1,413,661
Edmonton	2,337,898	-	2,337,898	36,842	45,629	(7)	-	(106,010)	2,314,352
Other Alberta	311,180	-	311,180	-	7,492	-	-	(20,879)	297,793
Brampton	253	-	253	-	-	725	-	-	978
Kitchener	52,828	-	52,828	-	1,621	-	-	13,751	68,200
London	318,767	-	318,767	-	7,978	-	-	80,573	407,318
Mississauga	-	-	-	-	-	11,631		-	11,631
Montreal	115,367	-	115,367	-	1,250	-	-	(266)	116,351
Quebec City	192,470	-	192,470	-	4,151	-	-	5,179	201,800
Regina	320,789	-	320,789	-	9,488	33	(41,371)	(6,870)	282,069
Saskatoon	305,889	-	305,889	-	9,514	-	-	(4,676)	310,727
Land leases	569,337	109,166	678,503	-	12,159	-	-	31,940	722,602
Total	$5,943,969	$ 109,166	$6,053,135	$ 36,842	$ 117,645	$ 30,091	$ (41,371)	$ (48,860)	$6,147,482

Year Ended December 31, 2018

	Balance, Beginning of Year	Building Acquisitions	Building Improvements (incl. Internal Capital Program)	Development of Investment Properties	Dispositions	Fair Value Gains (Losses)	Balance, End of Year
Recurring measurements Investment properties							
Calgary	$ 1,278,638	$ 66,767	$ 27,711	$ 10,229	$ -	$ 35,846	$ 1,419,191
Edmonton	2,287,574	-	42,465	12	-	7,847	2,337,898
Other Alberta	286,761	-	8,029	-	-	16,390	311,180
Brampton	-	-	-	253	-	-	253
Kitchener	48,843	-	740	-	-	3,245	52,828
London	299,484	-	9,237	-	-	10,046	318,767
Montreal	113,995	-	2,672	-	-	(1,300)	115,367
Quebec City	188,404	-	4,033	-	-	33	192,470
Regina	324,515	-	7,488	8,390	(15,878)	(3,726)	320,789
Saskatoon	308,829	-	5,073	-	-	(8,013)	305,889
Land leases	551,082	-	10,466	-	-	7,789	569,337
Total	$ 5,688,125	$ 66,767	$ 117,914	$ 18,884	$ (15,878)	$ 68,157	$ 5,943,969

Investment properties measured at fair value in the statement of financial position are categorized by level according to the significance of the inputs used in making the measurements. The levels of inputs are defined as follows:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

The Trust's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at December 31, 2019, all of the Trust's investment properties were Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2019 and December 31, 2018.

External valuations were obtained from third-party external valuation professionals (the "Appraisers") based on a cross section of properties from different geographical locations and markets across the Trust's rental portfolio as determined by the Trust's management and approved by the Trust's Board of Trustees. The Appraisers are an independent valuation firm not related to the Trust and employ valuation professionals who are members of the Appraisal Institute of Canada and the Ordre des Evaluateurs Agrees du Quebec who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. External appraisals were obtained as follows:

Date	Number of Properties		Aggregate Fair Value	Percentage of Portfolio as of That Date
December 31, 2019	**4**	**$**	**610,594**	**10.2%**
September 30, 2019	4	$	118,379	2.0%
June 30, 2019	4	$	65,183	1.1%
March 31, 2019	4	$	185,378	3.1%
December 31, 2018	5	$	563,150	8.5%
September 30, 2018	4	$	80,800	1.4%
June 30, 2018	4	$	135,882	2.3%
March 31, 2018	4	$	109,606	1.9%

The fair value of the remainder of the Trust's investment property portfolio was determined internally by the Trust using the same assumptions and valuation techniques used by the external valuation professionals. In addition to performing a valuation on a selection of the Trust's properties (and not performing a valuation on all of the Trust's properties) to corroborate the Trust's internal valuation, the Appraisers provided the Trust with a summary of the major assumptions and market data by city in order for the Trust to complete its internal valuations. This summary includes the Appraisers' estimates of Capitalization Rates for each region (city) as well as confirmation of the reasonableness of the assumptions used in determining stabilized net operating income used in calculating fair values.

The third-party valuation technique of the Trust's investment property portfolio primarily utilizes the "Overall Capitalization Rate" method. This method requires that a forecasted stabilized net operating income ("NOI") for each individual property be divided by a Capitalization Rate ("Cap Rate") to determine a property's fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. Fair value also considers any forecasted capital expenditures within the year to maintain the property in good condition. Given the short-term nature of residential leases (typically one year), revenue and costs are not discounted. A Capitalization Rate was also determined for each property based on market information related to the external sale of similar buildings within a similar geographic location. These factors were used to determine the fair value of investment properties at each reporting date.

Five of the Trust's properties: one in Calgary, one in Banff, one in Edmonton and two in Montreal, are subject to long-term land leases and similar arrangements in which the underlying land is owned by a third party and leased to the Trust. Under the terms of a typical land lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements in respect of all the leased premises. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. Due to the relatively short term remaining on one of the land leases in Montreal (with an expiry date of 2028), this property utilized the Discounted Cash Flow ("DCF") approach to derive the fair value. The DCF Method calculates the present value of the future cash flows over a specified time period to determine the fair value for each property at each reporting date. The most significant assumption using the DCF method is the discount rate applied over the term of the lease. The discount rate reflects the uncertainty regarding the renegotiation of the land lease payments and the ability to extend the land lease at the expiry date. Forecasted cash flows are reduced for contractual land lease payments during the term of the leases.

The key valuation metrics (and significant unobservable inputs in Level 3) for the Trust's investment properties are set out in the following tables:

As at	**Dec. 31, 2019**			Dec. 31, 2018		
	Capitalization Rate		**Forecasted Total Standardized Net**	Capitalization Rate		Forecasted Total Standardized Net
	Minimum	**Maximum**	**Operating Income**	Minimum	Maximum	Operating Income
Calgary	**4.50%**	**7.14%**	**$ 69,080**	4.50%	6.00%	$ 69,104
Edmonton	**4.78%**	**5.75%**	**122,396**	5.00%	6.49%	123,324
Other Alberta	**5.75%**	**7.50%**	**19,162**	5.75%	7.25%	19,842
Kitchener	**4.50%**	**4.50%**	**3,069**	4.75%	4.75%	2,509
London	**4.50%**	**4.75%**	**18,360**	4.75%	5.00%	15,169
Montreal	**4.75%**	**5.75%**	**5,852**	4.75%	5.75%	5,828
Quebec City	**5.25%**	**5.75%**	**10,975**	5.25%	5.75%	10,468
Regina	**5.65%**	**6.00%**	**19,178**	5.65%	6.11%	19,087
Saskatoon	**5.75%**	**6.00%**	**16,007**	5.75%	6.00%	18,201
	4.50%	**7.50%**	**$ 284,079**	4.50%	7.25%	$ 283,532
Land Lease	**4.50%**	**25.54%**	**$ 31,825**	4.50%	22.77%	$ 29,197

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at December 31, 2019 and 2018 were 5.27% and 5.28%, respectively.

The Overall Capitalization Rate method requires that a forecasted stabilized NOI be divided by a Cap Rate to determine a fair value. As such, fluctuations in both NOI and Cap Rates could significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in capitalization rate will result in a decrease to the fair value of an investment property. When the capitalization rate is applied to NOI to calculate fair value, there is a significant impact as the lower the capitalization rate, the larger the impact. Below are tables that summarize the impact of changes in both the Cap Rates and NOI on the Trust's fair value of investment properties (excluding right-of-use assets and development):

As at December 31, 2019		**Net Operating Income**				
		-3%	**-1%**	**As Forecasted**	**+1%**	**+3%**
Capitalization Rate		**$ 306,427**	**$ 312,745**	**$ 315,904**	**$ 319,063**	**$ 325,381**
-0.25%	5.02%	**$ 109,607**	**$ 235,423**	**$ 298,331**	**$ 361,239**	**$ 487,055**
Cap Rate As Reported	5.27%	**(179,774)**	**(59,925)**	**5,992,479**	**59,925**	**179,774**
+0.25%	5.52%	**(442,951)**	**(328,528)**	**(271,316)**	**(214,105)**	**(99,681)**

As at December 31, 2018		Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Capitalization Rate		$ 303,347	$ 309,602	$ 312,729	$ 315,857	$ 322,111
-0.25%	5.03%	$ 108,102	$ 232,525	$ 294,736	$ 356,948	$ 481,371
Cap Rate As Reported	5.28%	(177,792)	(59,264)	5,926,412	59,264	177,792
+0.25%	5.53%	(437,823)	(324,656)	(268,072)	(211,489)	(98,322)

Investment properties with a fair value of $615.2 million (December 31, 2018 – $569.3 million) are situated on land held under land leases.

Investment properties with a fair value of $895.5 million (December 31, 2018 – $937.0 million) are pledged as security against the Trust's committed revolving credit facility. Assets pledged as security for the committed revolving credit facility may also be pledged as security on a structured loan. In addition, investment properties with a fair value of $5.8 billion (December 31, 2018 – $5.7 billion) are pledged as security against the Trust's mortgages payable. As at December 31, 2019, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements, except for the fixed-price contract in place for the construction of the new development project (amenities building) in Regina, Saskatchewan, the joint venture project to develop a mixed-use tower in Calgary, Alberta and the joint venture project to develop two mixed-use towers in Brampton, Ontario (NOTE 6).

For the years ended December 31, 2019 and 2018, investment properties earned rental revenue (excluding ancillary rental income) of $448.6 million and $428.0 million, respectively. Direct operating expenses in relation to investment properties were $196.5 million and $207.2 million for the years ended December 31, 2019 and 2018, respectively.

Note 5: Property, Plant and Equipment

The carrying amounts of PP&E were as follows:

As at	**Dec. 31, 2019**			Dec. 31, 2018		
	Cost	**Accumulated Depreciation**	**Carrying Amount**	Cost	Accumulated Depreciation	Carrying Amount
Administration building	**$ 6,686**	**$ (3,813)**	**$ 2,873**	$ 6,537	$ (3,572)	$ 2,965
Site equipment and other	**62,422**	**(37,209)**	**$ 25,213**	52,501	(32,204)	20,297
Corporate technology assets	**42,723**	**(34,520)**	**$ 8,203**	39,238	(31,037)	8,201
Total	**$ 111,831**	**$ (75,542)**	**$ 36,289**	$ 98,276	$ (66,813)	$ 31,463

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2019

	Balance, Beginning of Year	Impact of Adoption of IFRS 16 (NOTE 3(a))	Restated Balance, Beginning of Year	Additions	Disposals	Depreciation	**Balance, End of Year**
Administration building	$ 2,965	$ -	$ 2,965	$ 149	$ -	$ (241)	**$ 2,873**
Site equipment and other	20,297	7,580	27,877	2,465	(47)	(5,082)	**25,213**
Corporate technology assets [(1)]	8,201	-	8,201	3,489	(1)	(3,486)	**8,203**
Total	$ 31,463	$ 7,580	$ 39,043	$ 6,103	$ (48)	$ (8,809)	**$ 36,289**

(1) Included in computer software for the year ended December 31, 2019 was $1.0 million of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations.

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2018:

	Balance, Beginning of Year	Additions	Disposals	Depreciation	Balance, End of Year
Administration building	$ 3,055	$ 155	$ -	$ (245)	$ 2,965
Site equipment and other	20,834	2,900	(11)	(3,426)	20,297
Corporate technology assets [(1)]	6,332	4,953	(1)	(3,083)	8,201
Total	$ 30,221	$ 8,008	$ (12)	$ (6,754)	$ 31,463

(1) Included in computer software for the year ended December 31, 2018 was $1.2 million of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations.

Note 6: Equity Accounted Investments

On December 19, 2018, the Trust contributed $9.9 million into a limited partnership (with a general partner operating as "Redwalk Brampton Inc."). Additionally, on December 19, 2018, the Trust committed to contribute an additional $9.9 million, which was callable by the general partner at any time. For the year ended December 31, 2019, the Trust has contributed $15.9 million, including the payment of the $9.9 million described above, resulting in a total investment of $25.8 million as at December 31, 2019. As a result the Trust has a 50% interest in the partnership and the partnership is a joint operation. The principal activity of the partnership is to development and operate a mixed-use property in Brampton, Ontario. As at December 31, 2019 and 2018, the partnership had the following assets and liabilities:

As at	**Dec. 31, 2019**	Dec. 31, 2018
Non-current assets	**$ 51,685**	$ 34,075
Current assets (1)	**1,519**	19,838
Current liabilities	**1,702**	14,465

(1) Included in current assets is cash of $0.2 million (December 31, 2018 – $9.9 million).

Note 7: Investment in Private Technology Venture Fund

In fiscal 2019, the Trust contributed $0.8 million into a private real estate technology venture fund, for a total investment of $1.5 million. The Trust has committed to contribute an additional USD $0.9 million. As a financial asset, this investment is being carried at fair value through profit and loss. As a December 31, 2019 and 2018, the fair value was equivalent to the contributed capital.

Note 8: Mortgage Receivable

As part of the disposition in 2017, the Trust issued a vendor take back mortgage to the purchaser in the amount of $38.8 million. The mortgage receivable requires monthly interest payments and has a maturity date of May 1, 2022. The principal amount of the mortgage was reduced to $2.7 million in October 2019 and the remainder is due and payable at maturity. The vendor take back mortgage is carried at fair value through profit and loss.

As at	**Dec. 31, 2019**		Dec. 31 2018	
	Weighted Average Interest	**Receivable Balance**	Weighted Average Interest	Receivable Balance
Mortgage receivable				
Fixed rate	**2.19%**	**$ 2,708**	2.19%	$ 38,473
Total		**$ 2,708**		$ 38,473
Current		**$ -**		$ 31,596
Non-current		**2,708**		6,877
		$ 2,708		$ 38,473

Note 9: Inventories

Inventories consists of parts and supplies and items such as baseboards, carpet and linoleum, which the Trust routinely uses in the maintenance and upgrading of its investment properties. These items are kept on hand so they are readily available for use. When items of inventory are used, they are expensed as part of maintenance expense or they are capitalized to investment properties, depending on the nature of the inventory used and whether or not the useful life of an asset has been extended as a result of its use. The Trust's inventories are as follows:

As at	**Dec. 31, 2019**	Dec. 31, 2018
Cabinets, appliances, baseboard, carpet, linoleum and other	**$ 8,263**	$ 9,994

Note 10: Prepaid Assets

The major components of prepaid assets are as follows:

As at	Dec. 31, 2019	Dec. 31, 2018
Prepaid property taxes	$ 765	$ 874
Prepaid land leases	2,856	2,938
Prepaid expenses and other	2,506	5,351
	$ 6,127	$ 9,163

Note 11: Trade and Other Receivables

Trade and other receivables consist mainly of mortgage holdbacks, refundable mortgage fees and amounts owed to Boardwalk REIT by tenants, insurers and revenue-sharing business partners and totaled $4.4 million at December 31, 2019 (December 31, 2018 – $8.2 million).

As at	Dec. 31, 2019	Dec. 31, 2018
Trade and other receivables	$ 4,370	$ 8,213
Mortgage holdbacks and refundable mortgage fees	-	-
	$ 4,370	$ 8,213

Refer to NOTE 32(b) for the Trust's exposure to credit risk in relation to its trade and other receivables and how the Trust accounts for past due balances.

Note 12: Segregated Tenants' Security Deposits

Segregated tenants' security deposits are considered restricted cash as they are held in trust bank accounts and subject to the contingent rights of third parties. Restricted cash and deposits totaled $8.0 million at December 31, 2019 and $9.3 million at December 31, 2018.

Note 13: Cash and Cash Equivalents

Cash and cash equivalents include cash of $10.2 million and term deposits with maturities of 90 days or less of $25.0 million (December 31, 2018 – bank indebtedness of $1.9 million and term deposits of $40.0 million).

Note 14: Mortgages Payable

As at	Dec. 31, 2019		Dec. 31, 2018	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Mortgages payable				
Fixed rate	2.74%	$ 2,741,648	2.65%	$ 2,719,195
Total		$ 2,741,648		$ 2,719,195
Current		$ 374,674		$ 588,605
Non-current		2,366,974		2,130,590
		$ 2,741,648		$ 2,719,195

Estimated future principal payments required to meet mortgage obligations as at December 31, 2019 are as follows:

	Secured By Investment Properties
12 months ending December 31, 2020	$ 374,674
12 months ending December 31, 2021	415,109
12 months ending December 31, 2022	454,838
12 months ending December 31, 2023	359,845
12 months ending December 31, 2024	259,591
Subsequent	976,719
	2,840,776
Unamortized deferred financing costs	(99,128)
	$ 2,741,648

Canada Mortgage and Housing Corporation ("CMHC") provides mortgage loan insurance in connection with mortgages made to Boardwalk REIT. In an agreement dated September 13, 2002, and as amended and restated on January 19, 2005 and April 25, 2006, the Trust agreed to provide certain financial information to CMHC and be subject to certain restrictive covenants, including limitation on additional debt, payment of distributions in respect of Unitholders' capital in the event of default, and maintenance of certain financial ratios. In the event of default, the Trust's total financial liability under this Agreement is limited to a one-time penalty payment of $250,000 under a Letter of Credit issued in favor of CMHC.

During the years ended December 31, 2019 and 2018, the Trust had a committed revolving credit facility with a major financial institution. This credit facility is secured by a first or second mortgage charge on specific real estate assets. The maximum amount available varies with the value of pledged assets to a maximum not to exceed $200 million and an available limit of $200 million as at December 31, 2019 (December 31, 2018 – $200 million). The credit facility requires monthly interest payments and is renewable annually subject to the mutual consent of the lender and the Trust. This credit facility currently has a maturity date of July 27, 2024. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due on the maturity date of the credit agreement.

There was no amount outstanding at December 31, 2019 (December 31, 2018 – $nil) under this facility, except for Letters of Credit ("LCs") issued and outstanding. The LCs totaled $0.3 million as at December 31, 2019 (December 31, 2018 – $0.3 million). As such, approximately $199.7 million was unused and available from this facility on December 31, 2019 (December 31, 2018 – $199.7 million). The credit facility carries interest rates ranging from prime to prime plus 1.0% per annum and has no fixed terms of repayment. The covenants in relation to the credit facility are discussed in NOTE 32(d).

Note 15: LP Class B Units

The LP Class B Units, as defined in NOTE 22, representing an aggregate fair value of $205.5 million at December 31, 2019 (December 31, 2018 – $169.2 million), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Boardwalk REIT Units. Each LP Class B Unit is accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend, and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The LP Class B Units have been classified as "FVTPL" financial liabilities in accordance with IFRS 9. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income and are included in NOTE 28.

As at December 31, 2019 and December 31, 2018 , there were 4,475,000 LP Class B Units issued and outstanding.

Note 16: Lease Liabilities

As lessee, the Trust leases several assets which are secured by the lessor's title to the leased assets for such leases. The following represents the major type of leases the Trust maintains as lessee:

i) Land Leases

The Trust has entered into non-cancellable land leases for land related to five of its properties, which sit on land that is not owned by the Trust. Approximate remaining terms of the Trust's land leases range from five to 76 years as at December 31, 2019. Two of the land leases provide for annual rent and one of the land leases provides for annual rent and additional rent based on rental revenue collected.

ii) Warehouse and Office Space Leases

The Trust has entered into lease agreements for warehouse and some office and data centre space it utilizes but does not own. All of the leasing arrangements related to warehouse space are for one to five years.

As at	**Dec. 31, 2019**			Dec. 31, 2018		
	Weighted Average Interest		**Lease Balance**	Weighted Average Interest		Lease Balance
Lease liabilities						
Fixed rate	**3.25%**	**$**	**114,026**	-	$	-
Total		**$**	**114,026**		$	-
Current		**$**	**3,659**		$	-
Non-current			**110,367**			-
		$	**114,026**		$	-

Estimated future principal payments required to meet lease liabilities as at December 31, 2019 are as follows:

		Amount
12 months ending December 31, 2020	$	3,659
12 months ending December 31, 2021		3,831
12 months ending December 31, 2022		3,850
12 months ending December 31, 2023		2,676
12 months ending December 31, 2024		2,137
Subsequent		97,873
	$	114,026

Under one of its land leases the Trust makes variable payments not linked to an index and as such these variable payments are excluded from lease liabilities and included in operating expense. For the year ended December 31, 2019, variable lease payments included under operating expenses totaled $0.3 million.

In addition, the Trust has short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognizes the lease payments as an operating expense or applied against ancillary revenue. For the year ended December 31, 2019, lease payments on short-term leases or leases of low value assets totaled $2.1 million.

Note 17: Construction Loan Payable

During 2019, the Trust, in conjunction with its joint venture partner, entered into a $50 million revolving construction facility loan with a third-party financial institution. To date, $29.4 million has been drawn on this loan, of which Boardwalk's portion is $14.7 million. The facility is interest payable only and has a maturity date of January 31, 2021. The facility bears interest at prime plus 0.05%, a Bankers' Acceptance interest rate of 1.97%, a Bankers' Acceptance stamping fee of 1.05% and a standby fee of 0.21%.

The revolving construction facility loan contains two financial covenants. These covenants are consistent with those found in the credit facility outlined in NOTE 32(d). The applicable covenants are those discussed in NOTE 32(d)(i) and NOTE 32(d)(iii). As at December 31, 2019, the Trust was in compliance with these covenants.

Note 18: Deferred Unit-based Compensation

Deferred unit-based compensation is comprised of the following:

As at		**Dec. 31, 2019**		Dec. 31, 2018
Current	**$**	**1,584**	$	1,586
Non-current		**2,825**		2,419
	$	**4,409**	$	4,005

The total of $4.4 million represents the fair value of the underlying deferred units at December 31, 2019 (December 31, 2018 – $4.0 million). These units have been classified as "FVTPL" financial liabilities in accordance with IFRS 9. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income and are included in NOTE 28.

DETAILS OF THE DEFERRED UNIT-COMPENSATION PLAN:

During 2006, the Trust implemented a deferred unit-based compensation plan. The plan entitles Trustees and executives, at the participant's option, to receive deferred units in consideration for trustee fees or a portion of executive cash bonuses, respectively, with the Trust matching the number of units received. The deferred units in consideration for trustee fees or a portion of executive cash bonuses vest immediately while the matching number of units received vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries, subject to provisions for earlier vesting in certain events. The deferred units earn additional deferred units for the distributions that would otherwise have been paid on the deferred units (i.e. had they instead been issued as Trust Units on the date of grant). Once vested, participants are entitled to receive an equivalent number of Trust Units representing the vesting deferred units and the corresponding additional deferred units. Cash is granted for any fractional units. The deferred unit plan was approved by Unitholders on May 10, 2006 and amended on May 13, 2008 and 2009.

As at December 31, 2019 and 2018, the deferred units outstanding, in whole or in part, were granted as follows:

Deferred Units Granted in	Number	Grant Date		Fair Value at Grant Date	Vesting Date	Deferred Units Outstanding
2014	55,098	February, June & December 2014	$	3,409	February, June & December 2019	1,322
2015	55,236	February, June & December 2015		3,094	February, June & December 2020	9,291
2016	63,697	February, June & December 2016		3,065	February, June & December 2021	22,053
2017	34,858	June & December 2017		1,614	June & December 2022	24,310
2018	41,238	June & December 2018		1,771	June & December 2023	32,703
2019	51,692	March, June & December 2019		2,188	March, June & December 2024	46,581
						136,260
Additional Deferred Units Earned on Units				-		7,628
			$	15,141		143,888

The initial cost of the deferred unit-based transactions is determined, in accordance with IFRS 2 – Share-based Payments, as the fair value of the units on the grant date. The fair value of each unit granted is determined based on the weighted average observable closing market prices of Boardwalk REIT's Trusts Units ten trading days preceding the grant date. This initial cost of deferred units in consideration for trustee fees or a portion of executive cash bonuses is expensed immediately while the cost of the matching deferred units is generally expensed over the vesting period as follows, unless earlier vesting is triggered in certain events:

One third of the 50%, which vests in year 3, is recognized in each of years 1, 2 and 3.

One quarter of the 25%, which vests in year 4, is recognized in each of years 1, 2, 3 and 4.

One fifth of the 25%, which vests in year 5, is recognized in each of years 1, 2, 3, 4 and 5.

The status of the outstanding deferred units was as follows:

	# of Units Outstanding	# of Units Vested
Balance, December 31, 2017	166,600	-
Deferred units granted	41,238	45,112
Additional deferred units earned on units	4,009	8,838
Deferred units converted to Trust Units or cash	(53,950)	(53,950)
Balance, December 31, 2018	157,897	-
Deferred units granted	51,692	69,689
Additional deferred units earned on units	3,606	7,296
Deferred units converted to Trust Units or cash	(69,307)	(69,307)
Balance, December 31, 2019	**143,888**	**7,678**

For the year ended December 31, 2019, total costs of $2.3 million (December 31, 2018 – $2.1 million) were recorded in expenses related to executive bonuses and trustee fees under the deferred unit plan.

Note 19: Trade and Other Payables

The components of the Trust's accounts payable and accrued liabilities are as follows:

As at	**Dec. 31, 2019**	Dec. 31, 2018
Trade payables and accrued liabilities	**$ 52,505**	$ 63,217
Distribution payable	**4,248**	4,242
Provisions	**5,118**	4,808
	$ 61,871	$ 72,267

As at December 31, 2019 and 2018, the Trust's most significant provision relates to vacation payable to its employees within each employee's individual employment agreement. The remaining provisions relate to insignificant legal claims arising from minor tenant injuries. As at December 31, 2019 and 2018, the Trust does not have any material contingent liabilities.

Note 20: Income Taxes

CURRENT INCOME TAX

For the year ended December 31, 2019 and 2018, none of the Trust's corporate entities had current tax expense. As such, none of current income tax expense was recorded for the Trust's corporate entities for the year ended December 31, 2019 (December 31, 2018 – $nil). All other corporate entities either have sufficient tax deductions to offset any taxable income or have operating losses from previous years to apply against any taxable income.

DEFERRED INCOME TAX

For fiscal 2018 and 2019, Boardwalk REIT is a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") is eligible for the "REIT Exemption" in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided all of its taxable income is distributed to its Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax.

The sources of deferred tax balances and movements were as follows:

As at	Dec. 31, 2018	Recognized in Profit	**Dec. 31, 2019**
Deferred tax assets (liabilities) related to:			
Operating losses	$ 64	$ 687	**$ 751**
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	-	-	**-**
Other	(68)	68	**-**
Net deferred tax assets (liabilities)	$ (4)	$ 755	**$ 751**
Deferred tax assets	$ 64	$ 687	**$ 751**
Deferred tax liabilities	(68)	68	**-**
Net deferred tax assets (liabilities)	$ (4)	$ 755	**$ 751**

As at	Dec. 31, 2017	Recognized in Profit	Dec. 31, 2018
Deferred tax assets (liabilities) related to:			
Operating losses	$ 74	$ (10)	$ 64
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	-	-	-
Other	(55)	(13)	(68)
Net deferred tax assets (liabilities)	$ 19	$ (23)	$ (4)
Deferred tax assets	$ 74	$ (10)	$ 64
Deferred tax liabilities	(55)	(13)	(68)
Net deferred tax assets (liabilities)	$ 19	$ (23)	$ (4)

No current income taxes or deferred income taxes were recognized in equity, other than through profit or OCI, for the years ended December 31, 2019 and 2018.

As at December 31, 2019, wholly-owned Canadian corporate subsidiaries have deferred tax assets of $0.8 million (December 31, 2018 – $0.1 million) related to operating losses, which expire over the next 13 to 18 years. The Trust believes that the future income of these entities will be sufficient to utilize these deferred tax assets prior to their expiration.

The major components of income tax expense include the following:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Current tax expense	**$ -**	$ -
Deferred tax (recovery) expense	**(754)**	23
Total income tax expense	**$ (754)**	$ 23

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Profit before income tax expense	**$ 34,027**	$ 193,223
Remove loss (profit) from non-taxable entities	**11,492**	(150,828)
Accounting profit subject to tax	**45,519**	42,395
Deduct management fee charged to corporate entities	**(46,434)**	(41,984)
Taxable (loss) profit	**(915)**	411
Weighted average substantively enacted tax rate	**26.60%**	26.80%
Calculated income tax expense	**(243)**	110
Changes to other deferred tax liabilities	**(511)**	(87)
Total income tax expense	**$ (754)**	$ 23

Note 21: Deferred Government Grant

In December 2013, the Trust completed the construction of a 109-unit, four storey, elevatored, wood frame building in the southwest part of Calgary, Alberta (the "Project" or "Development"). The Development was constructed on excess land density the Trust currently had on a property known as 'Spruce Ridge'. In conjunction with this Development, the Trust applied for and received a government grant from the Province of Alberta totaling approximately $7.5 million. In return for this grant, the Trust has agreed to provide 54 of the 109 units at rents to be 10% below the average market rates for Calgary ("affordable units") for a term of 20 years.

Since the $7.5 million grant did not exceed 65% of the contracted construction costs of the Development, including land value, attributable to the affordable units, no amount of the grant required immediate repayment to the government. However, a portion of the grant is repayable to the Province of Alberta, in proportion to the years remaining in the 20-year term, if the agreement to provide affordable units terminates earlier.

In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units. For the year ended December 31, 2019, $378,000 was recognized in profit under rental revenue for this grant (December 31, 2018 – $378,000).

Note 22: Unitholders' Equity

The Plan of Arrangement (the "Arrangement") converting the Corporation to a real estate investment trust was completed on May 3, 2004. Under the Arrangement, the former shareholders of the Corporation received Boardwalk REIT Units or Class B Limited Partnership Units ("LP Class B Units") of a controlled limited partnership of the Trust, Boardwalk REIT Limited Partnership. The interests in Boardwalk REIT are represented by two classes of units: a class described and designated as "REIT Units" and a class described and designated as "Special Voting Units". The LP Class B Units are classified as a financial liability and are discussed in NOTE 15.

(A) REIT UNITS

REIT Units represent an undivided beneficial interest in Boardwalk REIT and in distributions made by Boardwalk REIT. The REIT Units are freely transferable, subject to applicable securities regulatory requirements. Each REIT Unit entitles the holder to one vote at all meetings of Unitholders. Except as set out under the redemption rights below, the REIT Units have no conversion, retraction, redemption or pre-emptive rights.

REIT Units are redeemable at any time, in whole or in part, on demand by the holders. Upon receipt by Boardwalk REIT of a written redemption notice and other documents that may be required, all rights to and under the REIT Units tendered for redemption shall be surrendered and the holder shall be entitled to receive a price per REIT Unit equal to the lesser of:

i) 90% of the "market price" of the REIT Units on the principal market on which the REIT Units are quoted for trading during the 20-day period ending on the trading day prior to the day on which the REIT Units were surrendered to Boardwalk REIT for redemption; and,

ii) 100% of the "closing market price" of the REIT Units on the principal market on which the REIT Units are quoted for trading on the redemption date.

The Declaration of Trust authorizes Boardwalk REIT to issue an unlimited number of Units for the consideration and on terms and conditions established by the Trustees without the approval of any Unitholders.

The Trust has the following capital securities outstanding:

As at	**Dec. 31, 2019**	Dec. 31, 2018
REIT Units outstanding, beginning of year	**46,391,986**	46,338,036
Units issued for vested deferred units	**69,307**	53,950
REIT Units outstanding, end of year	**46,461,293**	46,391,986

On a periodic basis, Boardwalk REIT will apply to the Toronto Stock Exchange ("TSX") for approval of Normal Course Issuer Bids (the "Bids"). Pursuant to regulations of these Bids, Boardwalk REIT will receive approval to purchase and cancel a specified number of Trust Units, representing 10% of the public float of its Trust Units at the time of the TSX approval. The Bids will terminate on the earlier of the termination date or at such time as the purchases under the Bid are completed.

For the years ended December 31, 2019 and December 31, 2018, Boardwalk REIT did not purchase and cancel any Trust Units.

Since the Trust began utilizing normal course issuer bids in 2007, Boardwalk REIT has purchased and cancelled 6,421,647 Trust Units at a total purchase cost of $271.9 million, or an average cost of $42.34 per Trust Unit.

(B) SPECIAL VOTING UNITS

The Declaration of Trust provides for the issuance of an unlimited number of Special Voting Units that will be used to provide voting rights to holders of LP Class B Units or other securities that are, directly or indirectly, exchangeable for REIT Units. Each Special Voting Unit entitles the holder to the number of votes at any meeting of Unitholders, which is equal to the number of REIT Units that may be obtained upon surrender of the LP Class B Units or other securities to which the Special Voting Unit relates. The Special Voting Units do not entitle or give any rights to the holders to receive distributions or any amount upon liquidation, dissolution or winding-up of Boardwalk REIT.

In summary, the Trust has the following capital securities outstanding:

	Units Outstanding Dec. 31, 2019	**Monthly Distribution**	Units Outstanding Dec. 31, 2018	Monthly Distribution
Boardwalk REIT Units	**46,461,293**	**$0.0834/unit**	46,391,986	$0.0834/unit
Special Voting Units	**4,475,000**	**N/A**	4,475,000	N/A

Monthly distributions and special distributions are determined at the discretion of the Board of Trustees. The Board of Trustees declares distributions to be paid on, or about, the 15th of the month following the record date. Distributions to be paid on the Boardwalk REIT Units with a record date of January 31, 2020 (paid on February 17, 2020) totaled $3.9 million ($0.0834 per unit) and have not been included as a liability in the consolidated statement of financial position as at December 31, 2019.

(C) EARNINGS PER UNIT

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Numerator – basic		
Profit – basic	**$ 34,781**	$ 193,200
Distribution declared on LP Class B units	**-**	4,479
Gain on fair value adjustments on LP Class B Units	**-**	(23,628)
Numerator – diluted	**$ 34,781**	$ 174,051
Denominator		
Weighted average units outstanding – basic	**46,422,020**	46,334,199
Conversion of LP Class B units	**-**	4,475,000
Weighted average units outstanding – diluted	**46,422,020**	50,809,199
Earnings per unit		
– basic	**$ 0.75**	$ 4.17
– diluted	**$ 0.75**	$ 3.43

All dilutive elements were included in the calculation of diluted per unit amounts. For the year ended December 31, 2019, all items were anti-dilutive as the conversion of the LP Class B units and the exercise of deferred units would have increased earnings per unit. As such, they were excluded in the calculation of diluted earnings per unit. For the year ended December 31, 2018, all items were dilutive and were included in the calculation of diluted earnings per unit.

Note 23: Rental Revenue

As lessor, the Trust leases residential rental properties under operating leases generally with a term of not more than 12 months and in many cases tenants lease rental space on a month-to-month basis. Rental incentives may be offered as part of a rental agreement and the costs associated with these incentives are amortized over the term of the lease and netted against residential rental revenue. As such, rental revenue represents all revenue earned from the Trust's operating leases and totaled $448.6 million for the year ended December 31, 2019 (December 31, 2018 – $428.0 million).

Rental revenue is comprised of the following:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Lease revenue	**$ 432,546**	$ 413,883
Parking revenue	**7,163**	7,019
Recoveries	**5,115**	5,315
Other (fees)	**3,774**	1,781
Total	**$ 448,598**	$ 427,998

As at December 31, 2019, under its non-cancellable operating leases, Boardwalk REIT was entitled to the following minimum future payments:

	Within 12 months	2 to 5 years	Over 5 years
Operating leases	$ 233,099	$ 14,940	$ 703

Note 24: Ancillary Rental Income

Ancillary rental income was comprised of the following:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Revenue from coin laundry machines	$ 4,589	$ 4,406
Revenue from telephone and cable providers	2,126	2,212
Total	$ 6,715	$ 6,618

Note 25: Financing Costs

Financing costs are comprised of interest on mortgages payable, distributions paid to the LP Class B Unitholders, other interest charges, interest on lease obligations under IFRS 16 and the amortization of deferred financing costs. Financing costs are net of interest income earned. Financing costs total $88.2 million for the year ended December 31, 2019 (December 31, 2018 – $80.6 million) and can be summarized as follows:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Interest on secured debt (mortgages payable)	$ 75,159	$ 71,088
Interest capitalized to properties under development	(1,433)	(590)
LP Class B unit distribution	4,479	4,479
Other interest charges	1,478	1,303
Interest on lease obligations	3,737	-
Interest income	(1,342)	(2,213)
Amortization of deferred financing costs	6,120	6,519
Total	$ 88,198	$ 80,586

For the year ended December 31, 2019, interest was capitalized to properties under development at a weighted average effective interest rate of 2.97% (December 31, 2018 – 3.02%).

Note 26: Depreciation

The components of depreciation were as follows:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Depreciation of property, plant and equipment	$ 8,809	$ 6,754
Total	$ 8,809	$ 6,754

Note 27: Loss on Sale of Assets and Net Cash Proceeds

On September 16, 2019, the Trust closed on the sale of 138 units in Saskatoon, Saskatchewan. Additionally, on May 28, 2019, the Trust closed on the sale of 140 units in Saskatoon, Saskatchewan. Both projects form part of the Saskatchewan geographical segment and were sold for a combined sales price of $41.4 million. The loss on sale of assets and net cash proceeds is outlined below.

On December 14, 2018, the Trust closed on the sale of 140 units in Regina, Saskatchewan, which forms part of the Saskatchewan geographical segment for the sale price of $15.9 million. The loss on sale of assets and net cash proceeds is outlined below:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Sales price	**$ 41,420**	$ 15,890
Costs of disposition	**(714)**	(27)
Net proceeds	**$ 40,706**	$ 15,863
Net book value [(1)]	**41,420**	15,890
Loss on sale of assets	**$ (714)**	$ (27)
Sales price	**$ 41,420**	$ 15,890
Mortgage discharged on sale	**(18,211)**	-
Costs of disposition (cash only)	**(714)**	(27)
Net cash proceeds	**$ 22,495**	$ 15,863

(1) Net book value is comprised of both investment properties and PP&E. For the transaction on September 16, 2019, investment properties totaled $20.680 million and PP&E totaled $0.019 million. For the transaction on May 28, 2019, investment properties totaled $20.691 million and PP&E $0.029 million. For the transaction on December 14, 2018, investments properties totaled $15.878 million and PP&E $0.012 million.

Note 28: Fair Value (Losses) Gains

The components of fair value (losses) gains were as follows:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Investment properties (NOTE 4)	**$ (48,860)**	$ 68,157
Financial liabilities designated as FVTPL		
Mortgage receivable	**250**	193
Financial liabilities designated as FVTPL		
Deferred unit-based compensation	**(1,185)**	393
LP Class B Units	**(36,337)**	23,628
Total fair value (losses) gains	**$ (86,132)**	$ 92,371

Note 29: Guarantees, Contingencies, Commitments and Other

As discussed in NOTE 16, the Trust has five properties that are situated on land leases. One of the land leases situated in Montreal is set to expire in 2028. The Trust is actively seeking to either renew the term of this lease or purchase the freehold interest in the land prior to the expiry of the lease term. However, if the Trust cannot or chooses not to renew the lease, or buy the land, as the case may be, the net operating income and cash flow associated with the property would no longer contribute to Boardwalk's results of operations and could impact its ability to make distributions to Unitholders.

From time to time, the Trust enters into various physical supply contracts for energy commodities to hedge its own usage, which is summarized below:

Natural Gas:

Area	Estimated Usage Coverage	Term	Cost
Alberta	25%	November 1, 2016 to October 31, 2018	$3.08/Gigajoule ("GJ")
Alberta	25%	November 1, 2016 to October 31, 2019	$3.17/GJ
Alberta	25%	November 1, 2017 to October 31, 2020	$2.75/GJ
Alberta	25%	November 1, 2018 to October 31, 2023	$2.08/GJ
Alberta	25%	November 1, 2019 to October 31, 2024	$2.21/GJ
Saskatchewan	61%	November 1, 2016 to October 31, 2018	$3.19/GJ
Saskatchewan	40%	November 1, 2017 to October 31, 2020	$2.84/GJ
Saskatchewan	60%	November 1, 2018 to October 31, 2022	$2.56/GJ
Quebec	100%	May 1, 2018 to October 31, 2018	$3.14/GJ
Quebec	75%	November 1, 2018 to October 31, 2021	$3.40/GJ
Ontario	75%	November 1, 2018 to October 31, 2021	$3.45/GJ

Electrical:

Area	Estimated Usage Coverage	Term	Cost
Southern Alberta	100%	October 1, 2017 to September 30, 2022	$0.05/Kilowatt-hour ("kWh")
Northern Alberta	100%	October 1, 2015 to September 30, 2020	$0.05/kWh

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust, most of which are minor in nature. Management and the Trust's legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims. Management believes the outcome of claims of this nature at December 31, 2019 will not have a material impact on the Trust.

In the normal course of business, various agreements may be entered into that may contain features that meet the definition of a contingent liability in accordance with IFRS. With the property sale in Saskatoon on September 16, 2019, a mortgage totaling $12.5 million was assumed by the purchaser. As at December 31, 2019, this mortgage had a balance of $12.3 million. The mortgage, with a term maturity of April 1, 2023, has an indirect guarantee provided to the lender by the Trust until this mortgage is renewed or refinanced by the purchaser, whichever occurs sooner. With the sale of properties in Regina in 2017, mortgages totaling $24.4 million were assumed by the purchaser. As at December 31, 2019 these mortgages have a balance of $22.9 million. The mortgages, with a term maturity of May 1, 2022, have an indirect guarantee provided to the lender by the Trust until these mortgages are renewed or refinanced by the purchaser, whichever occurs sooner. With the BC Property Portfolio sale, mortgage balances totaling approximately $62.0 million were assumed by the purchaser. One of the three mortgages, with a term maturity of October 1, 2022 and a mortgage balance of approximately $20.7 million as at December 31, 2019, assumed by the purchaser has an indirect guarantee provided to the lender by the Trust until this mortgage is renewed or refinanced by the purchaser, whichever occurs sooner. With all guarantees, in the event of default by the purchaser, the Trust would be liable for the outstanding mortgage balance. These guarantees are considered contingent liabilities as payment of the amount will only occur if the purchaser defaults. If the purchaser does not default, the balance is not payable. Boardwalk REIT's maximum exposure at December 31, 2019 is approximately $55.9 million (December 31, 2018 – $44.8 million). In the event of default by the purchaser, Boardwalk REIT's recourse for recovery includes the sale of the respective building assets. Boardwalk REIT expects that the proceeds from the sale of the building assets will cover, and most likely exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at December 31, 2019 and 2018, no amounts have been recorded in the consolidated financial statements with respect to the above noted indirect guarantees.

Note 30: Capital Management and Liquidity

The Trust defines capital resources as the aggregate of Unitholders' equity at market value, debt (both secured and unsecured), cash flows from operations, and amounts available under credit facilities net of cash on hand. The Trust's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to Boardwalk REIT's DOT as well as existing debt covenants and continue building long-term Unitholder value while maintaining sufficient capital contingency. The main components of the Trust's capital allocation are reviewed on a regular basis by its Board of Trustees (the "Board") through its annual review of the Trust's strategic plan and budget, supplemented by periodic Board and Board Committee meetings. Capital adequacy is monitored by the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the DOT and debt covenants. Boardwalk REIT's DOT, as amended, provides for a minimum interest coverage ratio of 1.5 to 1 calculated on the most recently completed four fiscal quarters. The DOT also defines interest expense to exclude distributions on the LP Class B Units, which under IFRS are considered financing charges.

The following table highlights Boardwalk REIT's interest service coverage ratio in accordance with the DOT:

As at	**Dec. 31, 2019**	Dec. 31, 2018
Net operating income	**$ 258,793**	$ 227,407
Administration expenses (including deferred unit-based compensation)	**(40,913)**	(39,188)
Consolidated EBITDA (1) (12 months ended)	**217,880**	188,219
Consolidated interest expense (12 months ended)	**79,032**	70,179
Interest coverage ratio	**2.76**	2.68
Minimum threshold	**1.50**	1.50

(1) Earnings Before Interest, Taxes, Depreciation and Amortization.

The Trust employs a broad range of financing strategies to facilitate growth and manage financial risk. The Trust's objective is to reduce its weighted average cost of capital and improve Unitholder distributions through value enhancement initiatives and consistent monitoring of the balance between debt and equity financing. As at December 31, 2019, the Trust's weighted average cost of capital was calculated to be 3.58%.

The following schedule details the components of the Trust's capital and the related costs thereof:

As at	**Dec. 31, 2019**		Dec. 31, 2018	
	Cost of Capital (1)	**Underlying Value (2)**	Cost of Capital (1)	Underlying Value (2)
Liabilities				
Mortgages payable	**2.74%**	**$ 2,766,101**	2.65%	$ 2,712,834
LP Class B Units	**4.57%**	**205,537**	4.63%	169,200
Deferred unit-based compensation	**4.57%**	**4,409**	4.63%	4,005
Unitholders' equity				
Boardwalk REIT Units	**4.57%**	**2,133,967**	4.63%	1,754,081
Total	**3.58%**	**$ 5,110,014**	3.47%	$ 4,640,120

(1) As a percentage of average carrying value unless otherwise noted.
(2) Underlying value of liabilities represents carrying value or the cost to retire on maturity. Underlying value of equity is based on the closing stock price of the Trust's Units.

Mortgages payable – These are the mortgages outstanding on the Trust's investment properties. The debt is primarily fixed rate debt and approximately 99% of this debt at December 31, 2019 is insured under the National Housing Act ("NHA") and administered by Canada Mortgage and Housing Corporation ("CMHC"). These financings can be structured on a loan to CMHC appraised value basis of between 75-80%. The Trust currently has a level of indebtedness of approximately 45% of the fair value of the Trust's investment properties. This level of indebtedness is considered by the Trust to be within its target.

LP Class B Units – These units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on the exchangeable units in an amount equivalent to the distributions which would have been made had the units of Boardwalk REIT been issued. Each LP Class B Unit was accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The LP Class B Units have been classified as "FVTPL" financial liabilities in accordance with IFRS 9. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income.

As outlined in NOTE 32(d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at December 31, 2019 included cash and cash equivalents on hand of $35.2 million (December 31, 2018 – $38.1 million) as well as an unused committed revolving credit facility of $199.7 million (December 31, 2018 – $199.7 million). The Trust monitors its ratios and as at December 31, 2019 and December 31, 2018, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

Note 31: Fair Value Measurement

(A) FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount 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. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for similar term and current credit spreads for debt with similar terms and risk. The fair values of the Trust's financial instruments were determined as follows:

- **i)** the carrying amounts of trade and other receivables, segregated tenants' security deposits, cash and cash equivalents, refundable tenants' security deposits and trade and other payables approximate their fair values due to their short-term nature.
- **ii)** the fair value of the Trust's investment in private technology fund is based on information provided from the organization managing the investments.
- **iii)** the fair values of the Trust's mortgage receivable and mortgages payable are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Trust for similar financial instruments subject to similar risks and maturities.
- **iii)** the fair values of the deferred unit compensation plan and the LP Class B Units are estimates at a specific point in time, based on the closing market price of the REIT Units listed on the Toronto Stock Exchange.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in estimates could significantly affect fair values. The significant financial instruments of Boardwalk REIT and their carrying values as at December 31, 2019 and December 31, 2018 are as follows:

As at	Dec. 31, 2019		Dec. 31, 2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets carried at amortized cost				
Mortgages receivable	**$ 2,708**	**$ 2,708**	$ 38,473	$ 38,473
Financial assets carried at FVTPL				
Investment in private technology venture fund	**1,454**	**1,454**	652	652
Financial liabilities carried at amortized cost				
Mortgages payable	**2,741,648**	**2,766,101**	2,719,195	2,712,834
Financial liabilities carried at FVTPL				
LP Class B Units	**205,537**	**205,537**	169,200	169,200
Deferred unit-based compensation	**4,409**	**4,409**	4,005	4,005

The fair value of the Trust's mortgages payable was higher than the recorded value by approximately $24.5 million at December 31, 2019 (December 31, 2018 – lower by $6.4 million), due to changes in interest rates since the dates on which the individual mortgages were last contracted. The fair values of the mortgages payable have been estimated based on the current market rates for mortgages with similar terms and conditions. The fair value of the Trust's mortgages payable is an amount computed based on the interest rate environment prevailing at December 31, 2019 and December 31, 2018, respectively; the amount is subject to change and the future amounts will converge. There are no additional costs or penalties to Boardwalk REIT if the mortgages are held to maturity.

As at December 31, 2019 and December 31, 2018, the Trust had no embedded derivatives requiring separate recognition.

The nature of these financial instruments and the Trust's operations expose the Trust to certain principal financial risks. The main objective of the Trust's risk management process is to properly identify financial risks and minimize the exposure to potential losses arising from those risks. The principal financial risks to which the Trust is exposed are described in NOTE 32.

(B) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position is as follows:

As at	Dec. 31, 2019			Dec. 31, 2018		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**$ -**	**$ -**	**$ 6,147,482**	$ -	$ 66,500	$ 5,877,469
Mortgage receivable	**-**	**-**	**2,708**	-	-	38,473
Investment in private technology venture fund	**-**	**-**	**1,454**	-	-	652
Liabilities						
LP Class B Units	**205,537**	**-**	**-**	169,200	-	-
Deferred unit-based compensation	**4,409**	**-**	**-**	4,005	-	-

The three levels of the fair value hierarchy are described in NOTE 4.

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For assets and liabilities measured at fair value as at December 31, 2019 and December 31, 2018, there were no transfers between Level 1, Level 2 and Level 3 assets and liabilities. As at December 31, 2018, those investment properties classified as Level 2 uses inputs which are directly observable for the assets, as the fair value is based on a purchase and sale agreement between two willing market participants.

Note 32: Risk Management

(A) INTEREST RATE RISK

The Trust is exposed to interest rate risk as a result of its mortgages payable and credit facilities; however, this risk is minimized through the Trust's current strategy of having the majority of its mortgages payable in fixed-term arrangements. As such, the Trust's cash flows are not significantly impacted by a change in market interest rates. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to interest rates in any one year. The majority of the Trust's mortgages are also insured by the CMHC under the National Housing Act ("NHA") mortgage program. This added level of insurance offered to lenders allows the Trust to receive advantageous interest rates while minimizing the risk of mortgage renewals or extensions, and significantly reduces the potential for a lender to call a loan prematurely. In addition, management is constantly reviewing its committed revolving credit facility (floating-rate debt) and, if market conditions warrant, the Trust has the ability to convert its existing floating-rate debt to fixed rate debt.

As at December 31, 2019, the Trust had no amount outstanding on its committed revolving credit facility and its mortgages payable are fixed-rate debt. However, the Trust had $14.7 million extended on its construction loan payable, which is carried at variable-rate interest. As such, for the year ended December 31, 2019 , all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $0.2 million (December 31, 2018 – $nil).

(B) CREDIT RISK

The Trust is exposed to credit risk as a result of its trade and other receivables. This balance is comprised of mortgage holdbacks and refundable mortgage fees, accounts receivable from significant customers and insurers and tenant receivables. As at December 31, 2019 and December 31, 2018, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers and insurers was past due.

In relation to mortgage holdbacks and refundable mortgage fees, the Trust's exposure to credit risk is low given the nature of these balances. These funds will be advanced when the Trust has met the conditions pursuant to the mortgage agreement (in the case of the mortgage holdback) or when financing is completed (in the case of refundable mortgage fees), both of which are expected to occur.

Similar to mortgage holdbacks and refundable mortgage fees, the Trust assesses the credit risk on accounts receivable to be low due to the assured collection of these balances. The majority of the balance relates to money owing from the Trust's revenue sharing initiatives. Given the Trust's collection history and the nature of these customers, credit risk is assessed as low. Additionally, an amount is owed by insurance companies in relation to current outstanding claims. In all circumstances, the insurance deductible has been paid and amounts incurred and owing for reimbursement are due to an insurable event. Recoverability may differ from the amount owing solely due to discrepancies between the Trust and the insurance provider regarding the value of replacement costs.

With tenant receivables, credit risk arises from the possibility tenants may experience financial difficulty and be unable to fulfill their lease term commitments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Rent payments from tenants are due on the first of the month and tenants generally pay a security deposit – both of these actions mitigate against bad debts.

As stated above, the carrying amount of tenant receivables reflects management's assessment of the credit risk associated with its tenants; however, the Trust mitigates this risk of credit loss by geographically diversifying its existing portfolio, by limiting its exposure to any one tenant and by conducting thorough credit checks with respect to all new rental-leasing arrangements. In addition, where legislation allows, the Trust obtains a security deposit from a tenant to assist in the recovery of monies owed to the Trust.

Past due receivables (receivables which are greater than 30 days) are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness and the current economic environment; however, tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for doubtful accounts. The amount of the loss is recognized in the consolidated statement of comprehensive (loss) income as part of operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses during the period of settlement. As tenant receivables are typically written off after 60 days, none of the balance is considered to be past due by the Trust. For the 12 months ended December 31, 2019, bad debt expense totaled $5.4 million (12 months ended December 31, 2018 – $4.8 million).

The credit risk of both Boardwalk REIT and the counter party have been taken into account in determining the fair value of Boardwalk REIT's trade and other receivables.

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust maintains what it believes to be conservatively leveraged assets and can finance any future growth through one or a combination of internally generated cash flows, borrowing under an existing committed revolving credit facility, the issuance of debt, or the issuance of equity, according to its capital management objectives. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to liquidity risk in any one year. In addition, cash flow projections are completed and reviewed on a regular basis to ensure the Trust has sufficient cash flows to make its monthly distributions to its Unitholders. Finally, financial assets, such as cash and trade and other receivables, will be realized within the next 12 months and can be utilized to satisfy the Trust's financial liabilities. Given the Trust's currently available liquid resources (from both financial assets and on-going operations) as compared to its contractual obligations, management assesses the Trust's liquidity risk to be low.

The following table details the Trust's remaining contractual maturity for its non-derivative and derivative (i.e. vested deferred units) financial liabilities listed by year of maturity date:

Year of Maturity	Weighted Average Interest Rate	Mortgage Principal Outstanding	Mortgage Interest (1)	Lease Liabilities Principal Outstanding	Construction Loan Payable	Tenants' Security Deposits	Distribution Payable	Trades and Other Payables	Total
2020	2.52%	$ 317,649	$ 73,401	$ 3,659	$ -	$ 10,855	$ 4,248	$ 57,623	$ 467,435
2021	2.41%	377,971	63,253	3,831	14,720	-	-	-	459,775
2022	2.73%	441,142	52,496	3,850	-	-	-	-	497,488
2023	2.93%	354,885	41,080	2,676	-	-	-	-	398,641
2024	2.89%	260,887	30,307	2,137	-	-	-	-	293,331
Subsequent	2.84%	1,088,242	66,608	97,873	-	-	-	-	1,252,723
	2.74%	2,840,776	327,145	114,026	14,720	10,855	4,248	57,623	3,369,393
Unamortized deferred financing costs		(99,128)	-	-	-	-	-	-	(99,128)
		$ 2,741,648	$ 327,145	$ 114,026	$ 14,720	$ 10,855	$ 4,248	$ 57,623	$ 3,270,265

(1) Based on current in-place interest rates for the remaining term to maturity.

(D) DEBT COVENANTS

As outlined in its mortgages payable agreements, the Trust is required to make equal monthly payments of principal and interest based on the respective amortization period. Additionally, the Trust must ensure that all property taxes have been paid in full when they become due and that no arrears exist.

CMHC provides mortgage loan insurance in connection with mortgages made to Boardwalk REIT. In an agreement dated September 13, 2002, and as amended and restated on January 19, 2005 and April 25, 2006, the Trust agreed to provide certain financial information to the CMHC and be subject to certain restrictive covenants, including limitation on additional debt, payment of distributions in respect to Unitholders' capital in the event of default, and maintenance of certain financial ratios. In the event of default, the Trust's total financial liability under this agreement is limited to a one-time penalty payment of $250,000 under a Letter of Credit issued in favor of CMHC.

The Trust has a committed revolving credit facility with a major financial institution. This credit facility is secured by a pledge of a group of specific real estate assets (fair value at December 31, 2019 of approximately $895.5 million). The amount available through the committed revolving credit facility varies with the value of the pledged assets, with a maximum limit not to exceed $200.0 million and an available limit of $199.7 million as at December 31, 2019 (December 31, 2018 – $199.7 million). The revolving facility requires monthly interest payments, is for a five-year term maturing on July 27, 2024, and can be extended annually thereafter, subject to the mutual consent of the lender and the Trust. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due on the maturity date of the credit agreement.

The credit facility contains three financial covenants as follows:

- **i)** The Trust will maintain an overall Debt Service Coverage Ratio of at least 1.20, calculated on the most recent completed trailing four fiscal quarter basis. As at December 31, 2019, this ratio was 1.45 (December 31, 2018 – 1.41).
- **ii)** The Trust will maintain a Debt Service Coverage Ratio, specific to the Security Portfolio of at least 1.15 (tested semi-annually). As at December 31, 2019, this ratio was 1.42 (December 31, 2018 – 1.40).
- **iii)** Total indebtedness of the Trust will not exceed 75% of the Gross Book Value ("GBV") of all assets for the two most recent quarters as defined in the credit agreement. As at December 31, 2019, this ratio was 44.8% (December 31, 2018 – 44.2%).

As at December 31, 2019 and December 31, 2018, the Trust was in compliance with all financial covenants.

(E) UTILITY RISK

The Trust is exposed to utility risk as a result of fluctuations in the prices of natural gas and electricity. As outlined in NOTE 29, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

Note 33: Subsidiaries

The entities included in the Trust's consolidated financial statements are as follows:

Entity	Type	Relationship
Boardwalk Real Estate Investment Trust ("BREIT")	Trust	Parent
Boardwalk Real Estate Management Ltd.	Corporation	100% owned by BREIT
Top Hat Operating Trust ("TOT")	Trust	100% owned by BREIT
BPCL Holdings Inc. ("BPCL")	Corporation	Meets the principle of control
Boardwalk REIT Limited Partnership ("BLP")	Partnership	A Units are 100% owned by TOT B Units and C Units are 100% owned by BPCL
Boardwalk REIT Properties Holdings (Alberta) Ltd.	Corporation	100% owned by BLP
Boardwalk REIT Quebec Inc.	Corporation	100% owned by BLP
Boardwalk Quebec Trust	Trust	100% owned by BLP
Boardwalk St. Laurent Limited Partnership	Partnership	99.99% owned by Boardwalk Quebec Trust 0.01% owned by 9165-5795 Quebec Inc.
9108-4749 Quebec Inc.	Corporation	100% owned by BLP
9165-5795 Quebec Inc.	Corporation	100% owned by 9108-4749 Quebec Inc.
Nun's Island Trust 1	Trust	100% owned by BLP
Nun's Island Trust 2	Trust	100% owned by BLP
Metropolitan Structures (MSI) Inc.	Corporation	100% owned by BLP
Boardwalk GP Holding Trust	Trust	100% owned by BLP
6222285 Canada Inc.	Corporation	100% owned by BLP
Boardwalk GP Operating Trust	Trust	100% owned by 6222285 Canada Inc.
Boardwalk General Partnership ("BGP")	Partnership	99.99% owned by Boardwalk GP Holding Trust 0.01% owned by Boardwalk GP Operating Trust
Boardwalk REIT Properties Holdings Ltd.	Corporation	100% owned by BGP
BRIO Holdings Ltd.	Corporation	50% Owned by BGP
Redwalk Brampton Limited Partnership	Partnership	49.99% owned by BGP 0.01% owned by Redwalk Brampton Inc.
Redwalk Brampton Inc.	Partnership	49.99% owned by BGP
Riowalk Sandalwood Inc.	Corporation	50% Owned by BGP

BPCL represents the only entity which is included in the Trust's consolidated financial statements by meeting the principle of control and not based on the Trust's ownership percentage. BPCL (formerly called Boardwalk Equities Inc.) was created to accomplish a narrow and well-defined objective, which was to transfer the beneficial interest in the Corporation's assets (the "Assets") pursuant to the Master Asset Contribution Agreement. The Trust does not have any voting interest in BPCL; however, the Trust controls BPCL because the Trust has the decision-making powers to obtain the majority of the benefits of the activities of BPCL and the Trust retains the majority of the residual or ownership risks related to BPCL. Specifically, BLP controls all of the Assets previously held by BPCL, and is responsible for BPCL's debt by guaranteeing the principal and interest owed to the lenders. BLP must make distributions to the LP Class C Units equivalent to the principal and interest owed on BPCL's debt. As beneficial owner of the Assets, BLP has power over BPCL as it can direct their relevant activities (i.e. impose and collect rental income, manage and pay operating costs, etc.) in order to generate cash flows and make distributions on the LP Class C Units. It has exposure, or rights, to variable returns based on its beneficial ownership of the Assets. The Trust controls BPCL, because the Trust has the decision making power to obtain the majority of the benefits from the activities of BPCL. Due to the above, BPCL is part of the Trust's consolidated group.

Note 34: Related Party Disclosures

IAS 24 – Related Party Disclosures requires entities to disclose in their financial statements information about transactions with related parties. Generally, two parties are related to each other if one party controls, or significantly influences, the other party. Balances and transactions between the Trust and its subsidiaries (as outlined in NOTE 33), which are related parties of the Trust, have been eliminated on consolidation and are not disclosed in this note disclosure.

The following outlines the individuals considered key personnel of the Trust:

(A) TRUSTEES

The Trustees of Boardwalk REIT during the year ended December 31, 2019 and up to the date of this report were:

Andrea Goertz (elected May 15, 2019)

Gary Goodman

Arthur L. Havener, Jr.

Sam Kolias

Samantha Kolias

Scott Morrison

Brian Robinson

Andrea Stephen (retired May 15, 2019)

The remuneration of the Trust's Trustees was as follows:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Deferred unit-based compensation – Trustee fees	**$ 849**	$ 789
	$ 849	$ 789

(B) KEY MANAGEMENT PERSONNEL

Key management personnel of the Trust during the year ended December 31, 2019 and up to the date of this report were:

P. Dean Burns, General Counsel & Corporate Secretary

Roberto Geremia, President

Sam Kolias, Chief Executive Officer

Van Kolias, Senior VP, Quality Control

Lisa Russell, Senior VP, Corporate Development

William Wong, Chief Financial Officer

The remuneration of the Trust's key management personnel was as follows:

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Short-term benefits	**$ 1,184**	$ 1,031
Post-employment benefits	**56**	56
Other long-term benefits	**4**	4
Deferred unit-based compensation	**890**	1,052
	$ 2,134	$ 2,143

In addition, the LP Class B Units are held by Mr. Sam Kolias (Chairman of the Board, Chief Executive Officer and Trustee) and Mr. Van Kolias (Senior Vice President, Quality Control). Under IAS 32 – Financial Instruments: Presentation, the LP B Units issued by a wholly-owned subsidiary of the Trust are considered financial liabilities, and are reclassified from equity to liabilities on the consolidated financial statements. Additionally, as the LP Class B Units are liabilities, all distributions paid (both regular and special) are recorded as a financing charge under IFRS. For the year ended December 31, 2019 , distributions on the LP Class B Units totaled $4.5 million (December 31, 2018 – $4.5 million). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at December 31, 2019, there was $373,000 owed to related parties (December 31, 2018 – $373,000) based on the LP Class B Units distribution outlined above.

During 2019, the Trust entered into an agreement with a related party for IT services. The largest shareholder of the company providing the IT services is an individual associated with one of the Trust's key personnel. The member of the Trust's key personnel has no ownership interest in the company providing the IT services. The agreement will provide for services over a three-year term with a total cost of $1.1 million. For the year ended December 31, 2019, payments to this provider totaled $0.5 million. As at December 31, 2019, there was no balance owed to this related party.

Note 35: Other Information

(A) SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018
Net change in operating working capital		
Net change in inventories	**$ 1,731**	$ 4,876
Net change in prepaid assets	**3,036**	(1,339)
Net change in trade and other receivables	**3,843**	(2,995)
Net change in segregated and refundable tenants' security deposits	**92**	23
Net change in trade and other payables	**13,944**	(8,869)
	$ 22,646	$ (8,304)
Net change in investing working capital		
Net change in trade and other payables	**$ (14,483)**	$ (1,102)
Net change in financing working capital		
Net change in trade and other payables	**$ (405)**	$ (205)
Distributions paid		
Distributions declared	**$ (46,462)**	$ (46,397)
Distributions declared in prior period paid in current period	**(3,869)**	(8,688)
Distributions declared in current period paid in next period	**3,875**	3,869
Distributions paid	**$ (46,456)**	$ (51,216)

(B) Included in administration costs was $2.9 million relating to Registered Retirement Savings Plan ("RRSP") matching for the year ended December 31, 2019 (December 31, 2018 – $2.9 million).

Note 36: Segmented Information

Boardwalk REIT specializes in multi-family residential housing and operates within one business segment in four provinces located wholly in Canada along with a corporate segment. Each provincial segment operates with a high degree of autonomy. Management monitors the operating results on a province by province basis. Segment performance is evaluated on a number of measures, including net profit. Financial information reported is on the same basis as used for internal evaluation and allocation of resources. Boardwalk REIT does not have any one major tenant or a significant group of tenants. Either expiring leases are renewed or new tenants are found.

Net debt, interest income and expenses, and income taxes are managed on a group basis. Transfer prices between locations are set on an arm's-length basis in a manner similar to transactions with third parties and are eliminated upon inter-company consolidation.

Corporate represents corporate functions, technology assets, activities incidental to operations, and certain comparative data for divested assets.

Details of segmented information are as follows:

As at	December 31, 2019					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 4,079,947**	**$ 594,195**	**$ 476,113**	**$ 967,099**	**$ 159,030**	**$ 6,276,384**
Liabilities	**1,908,395**	**282,888**	**140,771**	**552,116**	**274,159**	**3,158,329**

As at	December 31, 2018					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Assets	$ 4,115,913	$ 628,429	$ 372,098	$ 828,859	$ 163,792	$ 6,109,091
Liabilities	1,871,961	278,063	137,091	469,288	226,003	2,982,406

	Year Ended December 31, 2019					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue (a)	**$ 290,469**	**$ 50,870**	**$ 29,235**	**$ 77,719**	**$ 305**	**$ 448,598**
Ancillary rental income	**4,749**	**328**	**580**	**1,059**	**(1)**	**6,715**
Total rental revenue	**295,218**	**51,198**	**29,815**	**78,778**	**304**	**455,313**
Rental expenses						
Operating expenses	**65,571**	**9,651**	**5,151**	**14,739**	**5,996**	**101,108**
Utilities	**28,952**	**7,844**	**3,708**	**7,007**	**372**	**47,883**
Property taxes	**30,739**	**4,921**	**3,302**	**8,399**	**168**	**47,529**
Net operating income (loss)	**169,956**	**28,782**	**17,654**	**48,633**	**(6,232)**	**258,793**
Financing costs (b)	**56,652**	**9,220**	**4,291**	**14,676**	**3,359**	**88,198**
Administration	**4,771**	**1,141**	**33**	**203**	**32,497**	**38,645**
Deferred unit-based compensation	**-**	**-**	**-**	**-**	**2,268**	**2,268**
Depreciation (c)	**890**	**196**	**40**	**167**	**7,516**	**8,809**
Profit (loss) before the undernoted	**107,643**	**18,225**	**13,290**	**33,587**	**(51,872)**	**120,873**
Loss on sale of assets	**-**	**(714)**	**-**	**-**	**-**	**(714)**
Fair value (losses) gains	**(172,211)**	**(11,546)**	**94,323**	**40,574**	**(37,272)**	**(86,132)**
(Loss) profit before income tax	**(64,568)**	**5,965**	**107,613**	**74,161**	**(89,144)**	**34,027**
Income tax recovery (d)	**-**	**-**	**-**	**-**	**754**	**754**
(Loss) profit for the year	**$ (64,568)**	**$ 5,965**	**$ 107,613**	**$ 74,161**	**$ (88,390)**	**$ 34,781**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive (loss) income	**$ (64,568)**	**$ 5,965**	**$ 107,613**	**$ 74,161**	**$ (88,390)**	**$ 34,781**
Additions to non-current assets (e)	**$ 110,415**	**$ 19,242**	**$ 9,729**	**$ 13,752**	**$ 37,070**	**$ 190,208**

	Year Ended December 31, 2018					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	$ 273,321	$ 51,470	$ 27,822	$ 75,125	$ 260	$ 427,998
Ancillary rental income	4,745	334	566	976	(3)	6,618
Total rental revenue	278,066	51,804	28,388	76,101	257	434,616
Rental expenses						
Operating expenses	73,109	11,017	4,927	18,464	6,098	113,615
Utilities	28,414	8,356	3,561	6,968	329	47,628
Property taxes	29,200	5,044	3,298	8,243	181	45,966
Net operating income (loss)	147,343	27,387	16,602	42,426	(6,351)	227,407
Financing costs (b)	53,880	8,230	3,397	11,988	3,091	80,586
Administration	1,349	(21)	11	153	35,601	37,093
Deferred unit-based compensation	-	-	-	-	2,095	2,095
Depreciation (c)	905	198	29	179	5,443	6,754
Profit (loss) before the undernoted	91,209	18,980	13,165	30,106	(52,581)	100,879
Loss on sale of assets	-	(27)	-	-	-	(27)
Fair value (losses) gains	61,609	(11,739)	13,291	4,995	24,215	92,371
(Loss) profit before income tax	152,818	7,214	26,456	35,101	(28,366)	193,223
Income tax expense (d)	-	-	-	-	(23)	(23)
(Loss) profit for the year	$ 152,818	$ 7,214	$ 26,456	$ 35,101	$ (28,389)	$ 193,200
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) income	$ 152,818	$ 7,214	$ 26,456	$ 35,101	$ (28,389)	$ 193,200
Additions to non-current assets (e)	$ 146,773	$ 21,060	$ 10,053	$ 14,706	$ 18,981	$ 211,573

(A) RENTAL REVENUE

Rental revenue was as follows:

	Year Ended December 31, 2019					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Lease revenue	**$ 280,580**	**$ 47,544**	**$ 29,249**	**$ 75,000**	**$ 173**	**$ 432,546**
Parking revenue	**4,587**	**490**	**90**	**1,995**	**1**	**7,163**
Recoveries	**2,121**	**2,329**	**-**	**533**	**132**	**5,115**
Other (fees)	**3,181**	**507**	**(104)**	**191**	**(1)**	**3,774**
Total	**$ 290,469**	**$ 50,870**	**$ 29,235**	**$ 77,719**	**$ 305**	**$ 448,598**

	Year ended December 31, 2018					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Lease revenue	$ 265,103	$ 48,274	$ 27,862	$ 72,494	$ 150	$ 413,883
Parking revenue	4,601	425	85	1,908	-	7,019
Recoveries	2,211	2,433	-	562	109	5,315
Other (fees)	1,406	338	(125)	161	1	1,781
Total	$ 273,321	$ 51,470	$ 27,822	$ 75,125	$ 260	$ 427,998

(B) FINANCING COSTS

Financing costs were as follows:

	Year ended December 31, 2019					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 51,683**	**$ 8,532**	**$ 3,916**	**$ 11,027**	**$ 1**	**$ 75,159**
Interest capitalized to properties under development	**-**	**-**	**-**	**-**	**(1,433)**	**(1,433)**
LP Class B unit distribution	**-**	**-**	**-**	**-**	**4,479**	**4,479**
Other interest charges	**60**	**(3)**	**43**	**15**	**1,363**	**1,478**
Interest on lease obligations	**909**	**-**	**-**	**2,545**	**283**	**3,737**
Interest income	**(7)**	**(1)**	**-**	**-**	**(1,334)**	**(1,342)**
Amortization of deferred financing costs	**4,007**	**692**	**332**	**1,089**	**-**	**6,120**
Total	**$ 56,652**	**$ 9,220**	**$ 4,291**	**$ 14,676**	**$ 3,359**	**$ 88,198**

	Year Ended December 31, 2018					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 49,775	$ 7,860	$ 3,102	$ 10,350	$ 1	$ 71,088
Interest capitalized to properties under development	-	(276)	-	-	(314)	(590)
LP Class B unit distribution	-	-	-	-	4,479	4,479
Other interest charges	127	6	45	20	1,105	1,303
Interest on lease obligations	-	-	-	-	-	-
Interest income	-	(32)	-	-	(2,181)	(2,213)
Amortization of deferred financing costs	3,978	672	250	1,618	1	6,519
Total	$ 53,880	$ 8,230	$ 3,397	$ 11,988	$ 3,091	$ 80,586

(C) DEPRECIATION

This represents depreciation on items carried at cost and primarily includes corporate assets, technology assets, site equipment and other assets. These figures exclude any impairment charges.

(D) INCOME TAX RECOVERY (EXPENSE)

This relates to any current and deferred taxes.

(E) ADDITIONS TO NON-CURRENT ASSETS (OTHER THAN FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS)

This represents the total cost incurred during the year to acquire non-current assets (other than financial instruments and deferred tax assets), measured on an accrual basis.

Note 37: Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Trustees and authorized on February 26, 2020.

FIVE YEAR SUMMARY

($000's except per unit and per square foot)	2015 (IFRS)	2016 (IFRS)	2017 (IFRS)	2018 (IFRS)	**2019 (IFRS)**
Assets					
Investment properties	$ 5,540,299	$ 5,612,568	$ 5,688,125	$ 5,943,969	**$ 6,147,482**
Other assets	293,543	156,045	176,950	165,122	**128,902**
Total assets	$ 5,833,842	$ 5,768,613	$ 5,865,075	$ 6,109,091	**$ 6,276,384**
Mortgages payable	$ 2,272,447	$ 2,435,666	$ 2,593,980	$ 2,719,195	**$ 2,741,648**
Other liabilities	350,640	311,624	293,433	263,143	**416,681**
	$ 2,623,087	$ 2,747,290	$ 2,887,413	$ 2,982,338	**$ 3,158,329**
Deferred income taxes	17	4	55	68	**-**
Unitholders' equity	3,210,738	3,021,319	2,977,607	3,126,685	**3,118,055**
Total liabilities and unitholders' equity	$ 5,833,842	$ 5,768,613	$ 5,865,075	$ 6,109,091	**$ 6,276,384**
Trust unit outstanding (000) (including LP B Units)	51,322	50,739	50,813	50,867	**50,936**
Trust unit price at year-end ($)	$ 47.45	$ 48.65	$ 43.09	$ 37.81	**$ 45.93**
Market capitalization ($MM)	2,435.2	2,468.4	2,189.5	1,923.3	**2,339.5**
Number of rental units	32,947	33,773	33,187	33,417	**33,263**
Fair value per rental unit ($000)	168	166	171	178	**185**
Long-term debt per rental unit ($000)	69	72	78	81	**82**
Net rentable square feet (000)	28,199	28,924	28,539	28,793	**28,674**
Fair value per square foot ($)	196	194	199	206	**214**
Long-term debt per square foot ($)	81	84	91	94	**96**
Average net rentable SF per unit	856	856	860	862	**862**
L/T debt weighted average interest rate	3.01%	2.78%	2.61%	2.65%	**2.74%**

FIVE YEAR SUMMARY

($000's except per unit)	2015 (IFRS)	2016 (IFRS)	2017 (IFRS)	2018 (IFRS)	**2019 (IFRS)**
Rental revenue	$ 469,209	$ 432,140	$ 416,504	$ 427,998	**$ 448,598**
Ancillary rental income	6,939	6,706	6,422	6,618	**6,715**
Total rental revenue	476,148	438,846	422,926	434,616	**455,313**
Rental expenses					
Operating expenses	94,172	97,620	113,986	113,615	**101,108**
Utilities	46,200	44,711	47,967	47,628	**47,883**
Property taxes	41,074	43,416	44,890	45,966	**47,529**
Net operating income	294,702	253,099	216,083	227,407	**258,793**
Operating margin	62%	58%	51%	52%	**57%**
Financing costs	85,370	84,634	85,763	80,586	**88,198**
Administration	33,407	33,947	33,402	37,093	**38,645**
Deferred unit-based compensation	-	-	-	2,095	**2,268**
Depreciation	9,649	5,219	5,586	6,754	**8,809**
Profit from continuing operations before the undernoted	166,276	129,299	91,332	100,879	**120,873**
Proceeds on insurance settlement	-	-	3,162	-	**-**
Loss on sale of assets	(6,855)	-	(1,678)	(27)	**(714)**
Fair value gains (losses)	(130,361)	(186,681)	(35,418)	92,371	**(86,132)**
Profit (loss) before income taxes	29,060	(57,382)	57,398	193,223	**34,027**
Income tax (expense) recovery	(212)	(58)	(140)	(23)	**754**
Profit (loss) for the year	28,848	(57,440)	57,258	193,200	**34,781**
Other comprehensive income	1,014	-	-	-	**-**
Total comprehensive income (loss)	$ 29,862	$ (57,440)	$ 57,258	$ 193,200	**$ 34,781**
Earnings (loss) per unit – diluted	$ (0.40)	$ (1.24)	$ 0.84	$ 3.43	**$ 0.75**
Funds from operations	$ 184,852	$ 144,468	$ 106,987	$ 112,112	**$ 130,967**
Funds from operations per unit – fully diluted	$ 3.56	$ 2.84	$ 2.11	$ 2.21	**$ 2.57**
Interest Coverage Ratio	3.64	3.14	2.60	2.68	**2.76**

Fiscal year ended December 31, 2016 has been restated to present deferred financing cost amortizatoin consistent with fiscal year ended December 31, 2017.
Fiscal year ended December 31, 2018 has been restated to present deferred unit-based compensation consistent with December 31, 2019.
Years prior to December 31, 2018 did have deferred unit-based compensation but were not restated.

2019 QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	Dec. 31 2019
Rental revenue	$ 110,142	$ 111,432	$ 113,253	$ 113,771	**$ 448,598**
Ancillary rental income	1,750	1,951	1,407	1,607	**6,715**
Total rental revenue	111,892	113,383	114,660	115,378	**455,313**
Rental expenses					
Operating expenses	25,592	24,791	24,475	26,250	**101,108**
Utilities	14,773	10,799	10,036	12,275	**47,883**
Property taxes	11,582	11,590	12,254	12,103	**47,529**
Net operating income	59,945	66,203	67,895	64,750	**258,793**
Financing costs	21,874	22,141	21,908	22,275	**88,198**
Administration	9,689	8,482	10,097	10,377	**38,645**
Deferred unit-based compensation	358	1,013	332	565	**2,268**
Depreciation and amortization	2,048	2,157	2,263	2,341	**8,809**
Profit before the undernoted	25,976	32,410	33,295	29,192	**120,873**
Loss on sale of assets	-	(277)	(437)	-	**(714)**
Fair value (losses) gains	(34,154)	39,366	46,611	(137,955)	**(86,132)**
(Loss) profit before income tax	(8,178)	71,499	79,469	(108,763)	**34,027**
Income tax recovery	434	102	91	127	**754**
(Loss) profit for the period	(7,744)	71,601	79,560	(108,636)	**34,781**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive (loss) income	$ (7,744)	$ 71,601	$ 79,560	$ (108,636)	**$ 34,781**
(Loss) earnings per unit – diluted	$ (0.17)	$ 1.35	$ 1.71	$ (2.34)	**$ 0.75**
Funds from operations	$ 28,249	$ 34,788	$ 35,775	$ 32,156	**$ 130,967**
Funds from operations per unit – fully diluted	$ 0.56	$ 0.68	$ 0.70	$ 0.63	**$ 2.57**

2018 QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	Dec. 31 2018
Rental revenue	$ 105,341	$ 106,721	$ 107,244	$ 108,692	**$ 427,998**
Ancillary rental income	1,720	1,667	1,530	1,701	**6,618**
Total rental revenue	107,061	108,388	108,774	110,393	**434,616**
Rental expenses					
Operating expenses	28,627	27,176	28,118	29,694	**113,615**
Utilities	14,509	10,549	10,002	12,568	**47,628**
Property taxes	11,154	11,286	11,851	11,675	**45,966**
Net operating income	52,771	59,377	58,803	56,456	**227,407**
Financing costs	19,810	20,165	20,239	20,372	**80,586**
Administration	9,458	8,744	9,618	9,273	**37,093**
Deferred unit-based compensation	317	942	263	573	**2,095**
Depreciation and amortization	1,468	1,609	1,725	1,952	**6,754**
Profit before the undernoted	21,718	27,917	26,958	24,286	**100,879**
Loss on sale of assets	-	-	-	(27)	**(27)**
Fair value gains	47,502	28,895	6,081	9,893	**92,371**
Profit before income tax	69,220	56,812	33,039	34,152	**193,223**
Income tax recovery (expense)	30	(40)	39	(52)	**(23)**
Profit for the period	69,250	56,772	33,078	34,100	**193,200**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	$ 69,250	$ 56,772	$ 33,078	$ 34,100	**$ 193,200**
Earnings (loss) per unit – diluted	$ 1.49	$ 1.22	$ 0.71	$ (0.40)	**$ 3.43**
Funds from operations	$ 24,306	$ 30,646	$ 29,802	$ 27,358	**$ 112,112**
Funds from operations per unit – fully diluted	$ 0.48	$ 0.60	$ 0.59	$ 0.54	**$ 2.21**

MARKET AND UNITHOLDER INFORMATION

Solicitors

Gowling WLG (Canada) LLP

1600, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

First West Law LLP

100, 1501 – 1st Street SW
Calgary, Alberta T2R 0W1

Bankers

TD Commercial Banking

1100, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

Auditors

Deloitte LLP

700, 850 – 2nd Street SW
Calgary, Alberta T2P 0R8

Registrar and Transfer Agent

Computershare Trust Company of Canada

Our Transfer Agent can help you with a variety of unitholder related services, including change of address, tax forms, accounts consolidation and transfer of stock.

600, 530 – 8th Avenue SW
Calgary, Alberta T2P 3S8
Telephone: 403-267-6800

Investor Relations

Unitholders seeking financial and operating information may contact:

James Ha
Vice-President, Finance and Investor Relations
Telephone: 403-531-9255
Toll Free: 855-626-6739
Facsimile: 403-531-9565
Web: www.bwalk.com/investors
Email: investor@bwalk.com

Online Information

For an online version of the current and past annual reports, quarterly reports, press releases and other Trust information, please visit our investor website at www.bwalk.com/investors.

Annual and General Meeting

The Annual and Special Meeting of the Unitholders of Boardwalk REIT will be held on May 14, 2020 at 3:00pm mountain time.

Unitholders are encouraged to complete the Form of Proxy and participate via webcast. Webcast information available on www.bwalk.com/investors.

Exchange Listings

The Toronto Stock Exchange
Symbol: BEI.UN

Trading Profile

TSX: January 1, 2019 to December 31, 2019
High: $49.14
Low: $36.47
Year-end Closing Price: $45.93

MONTHLY DISTRIBUTIONS

Month	Per Unit	Annualized	Record Date	Distribution Date
Jan-19	$0.0834	$ 1.00	31-Jan-19	15-Feb-19
Feb-19	$0.0834	$ 1.00	28-Feb-19	15-Mar-19
Mar-19	$0.0834	$ 1.00	29-Mar-19	15-Apr-19
Apr-19	$0.0834	$ 1.00	30-Apr-19	15-May-19
May-19	$0.0834	$ 1.00	31-May-19	17-Jun-19
Jun-19	$0.0834	$ 1.00	28-Jun-19	15-Jul-19
Jul-19	$0.0834	$ 1.00	31-Jul-19	15-Aug-19
Aug-19	$0.0834	$ 1.00	30-Aug-19	16-Sep-19
Sep-19	$0.0834	$ 1.00	30-Sep-19	15-Oct-19
Oct-19	$0.0834	$ 1.00	31-Oct-19	15-Nov-19
Nov-19	$0.0834	$ 1.00	29-Nov-19	16-Dec-19
Dec-19	$0.0834	$ 1.00	31-Dec-19	15-Jan-20
Jan-20	$0.0834	$ 1.00	31-Jan-20	17-Feb-20
Feb-20	$0.0834	$ 1.00	28-Feb-20	16-Mar-20
Mar-20	$0.0834	$ 1.00	31-Mar-20	15-Apr-20
Apr-20	$0.0834	$ 1.00	30-Apr-20	15-May-20

NOTES

NOTES

CORPORATE INFORMATION

Executive Office

First West Professional Building

200, 1501 – 1st Street SW
Calgary, Alberta T2R 0W1
Phone: 403-531-9255

Board of Trustees

Sam Kolias
Chairman of the Board
Calgary, Alberta

Andrea Goertz (2)(3)
Calgary, Alberta

Gary Goodman (2)
Toronto, Ontario

Arthur Havener (1)(3)
St. Louis, MO

Samantha Kolias-Gunn
Calgary, Alberta

Scott Morrison (2)(3)
Toronto, Ontario

Brian Robinson (3)
Calgary, Alberta

(1) Lead Trustee

(2) Member of the Audit & Risk Management Committee

(3) Member of the Compensation, Governance & Nominations Committee

Senior Management

Dean Burns
General Counsel and Corporate Secretary

Leonora Davids
Vice President,
Operations, Western Canada Operations

Roberto Geremia
President

James Ha
Vice President,
Finance and Investor Relations

Bhavnesh Jairam
CIO, Vice President,
Technology

Jeff Klaus
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Development and Acquisitions

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Chief Executive Officer

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Quality Control

Helen Mix
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Lisa Russell
Senior Vice President,
Corporate Development

Lisa Smandych
Chief Accounting Officer

William Wong
Chief Financial Officer

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BOARDWALK SUSTAINABILITY

2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

boardwalk

Lifestyle communities living

ABOUT BOARDWALK

Boardwalk REIT strives to provide Canada's friendliest communities and currently owns and operates more than 200 communities with over 33,000 residential units totaling over 28 million net rentable square feet.

Boardwalk's principal objectives are to provide its Residents with the best quality communities and superior customer service, provide Unitholders with enhanced returns, and increase the value of the Trust Units through selective acquisitions, dispositions, development and effective management of its residential multi-family communities.

Boardwalk REIT is traded on the Toronto Stock Exchange under the trading symbol 'BEI.UN' and has properties located in Alberta, Saskatchewan, Ontario and Quebec.

Table of Contents

2019 CUMULATIVE HIGHLIGHTS

33,263
APARTMENT UNITS

24.1%
2019 TOTAL RETURN

28.7 MILLION
NET RENTAL SQUARE FEET

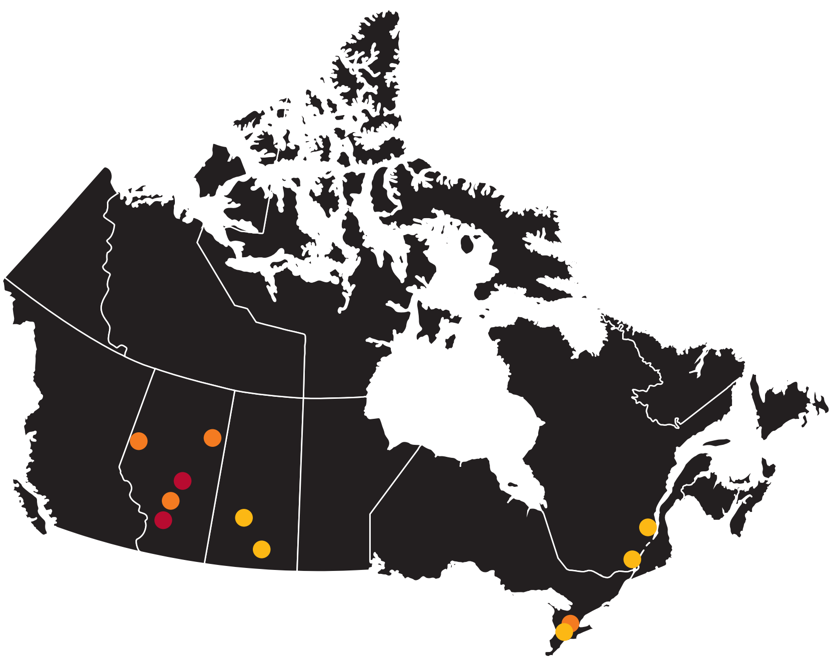
8.2%
SAME-PROPERTY NOI GROWTH

$2.57
FFO PER TRUST UNIT

$63.72
NET ASSET VALUE PER TRUST UNIT

65
NET PROMOTER SCORE

OPERATIONS OVERVIEW



Less than 1,000 units
Grande Prairie
Red Deer
Fort McMurray
Kitchener

1,000 to 5,000 units
Saskatoon
Regina
London
Montréal
Québec City

Greater than 5,000 units
Calgary
Edmonton

CEO'S MESSAGE

We are pleased to present Boardwalk REIT's first Environmental, Social and Governance ("ESG") report which will provide an overview of our many environmental, social and governance accomplishments and initiatives from 2019. As our inaugural report, some of the elements included in this report have been in place since we first began in 1984 on a foundation of always aiming to do what is right.

Sam Kolias

Many of the business decisions we have made to date, align closely with modern-day ESG targets. Our approach and strategy will remain consistent as we aim to build the best culture and brand. Boardwalk strives to attract and retain caring, peak performers while ensuring all our Resident Members live in a Boardwalk community they are proud to call home. Our impact with ESG involvement includes the ability to reduce our greenhouse gas ("GHG") emissions, to empower our Associates, to foster satisfied Resident Members, and to create value for all our stakeholders through disciplined governance.

Recognizing the role which Real Estate has in climate conservation, we see an opportunity to decrease our carbon footprint while simultaneously decreasing our operating costs. Moving forward, we will focus our efforts on our communities with the highest GHG intensity ranking along with our continued attention on water conservation and waste minimization.

We will work together with our Resident Members on environmental initiatives for the benefit of our environment, our communities and our stakeholders.

We see an opportunity to continue to work with our Associates, to attract, retain, promote and encourage employment satisfaction. We will continue to be an equal opportunity employer who does not discriminate, but who recognizes Associates for hard work and strong engagement. Our Boardwalk Team recognizes the importance of ESG and want to play a role in making a difference.

We will continue to not only serve the communities in which we are located but also the broader cities in which we operate. We strive to provide affordable housing to all, while maintaining our superior standards in customer service, product quality, and experience.

Our Board of Trustees will continue to provide the highest level of governance and oversight. They will be involved in evaluating our climate change-related risk and opportunities along with developing ESG objectives.

We see the future as an opportunity to continue to do the right thing and maximize value for all of our Stakeholders. Furthermore, we look forward to sharing this and future ESG updates as we continue to operate and grow under our Golden Foundation: "Treat others as we would like to be treated, be good, love community, and have fun!"

On behalf of our entire team,

Sam Kolias
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Broadway Centre Resident Member Lounge; Calgary, AB

THE FINANCIAL BENEFITS OF DOING THE RIGHT THING

Increased Profitability

Focusing on ESG initiatives benefits our environment, our Associates, our Resident Members and our stakeholders, leading to increased revenue and decreased operating expenses.

Reduced Risks

Focusing on ESG initiatives should decrease operational and reputational risk.

Increased Opportunities

Focusing on ESG initiatives should help attract and retain Associates, encourage Resident Members to live with us and foster relationships with community groups and government agencies, while encouraging investment participation.

BOARDWALK SUSTAINABILITY

Boardwalk is focused on creating value by committing to ESG practices that have a positive impact on the communities in which we operate, the Resident Members who choose to call Boardwalk 'home' and our Associates. Boardwalk strives to lower its carbon impact.

ENVIRONMENT

1.9%
DECREASE IN ITS GREENHOUSE GAS EMISSIONS INTENSITY YEAR OVER YEAR

2.9%
DECREASE IN WATER CONSUMPTION

~4 MILLION kgs
OF CARBON SAVED THROUGH ITS CLOTHING DONATION PROGRAM WITH DIABETES CANADA

SOCIAL

100+
DIFFERENT LANGUAGES ARE SPOKEN BY BOARDWALK ASSOCIATES

60,000+
TOTAL NUMBER OF RESIDENT MEMBERS AT BOARDWALK

~6 YEARS
AVERAGE LENGTH OF SERVICE FOR BOARDWALK ASSOCIATES

GOVERNANCE

RANKED 1ST
OUT OF 24 S&P/TSX LISTED REAL ESTATE ISSUERS IN THE GLOBE AND MAIN BOARD GAMES

100%
OF MEETINGS ATTENDED BY ALL TRUSTEES

RANKED 29TH
OUT OF 224 S&P/TSX LISTED ISSUERS IN THE GLOBE AND MAIL BOARD GAMES

OUR ESG STRATEGY AND APPROACH

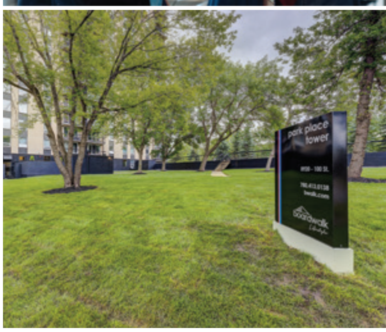
Boardwalk includes sustainability as part of its strategy development and includes sustainability goals that provide accountability towards its targets. Moving into 2020, Boardwalk strives to further enhance its ESG strategy with Board of Trustee approved ESG policies and targets.

In preparing its ESG report, Boardwalk referred to recommendations of the Global Reporting Initiatives Standards ("GRI") and the Sustainability Accounting Standards Board, however the Trust does not claim that this report has been prepared in accordance with GRI Standards. Going forward, the Trust aims to produce a report which will be prepared in accordance with GRI Standards. Additionally, the Trust referred to the disclosure elements used by the Global Real Estate Sustainability Benchmark ("GRESB"). In 2020, the Trust expects to have its ESG disclosure included as part of the GRESB assessment and strives to complete a full ESG materiality assessment where it considers the amount of influence the ESG consideration has on stakeholder's assessments and decisions, along with the degree of significance of the economic, environmental and social impacts.

STAKEHOLDER ENGAGEMENT

Boardwalk recognizes the importance of identifying and including, all its stakeholders when devising its strategy for ESG along with assessing materiality. Below is a list of the Trust's stakeholders along with the current means by which it engages its stakeholders. Going forward, the Trust will continue to ensure all stakeholders are identified and engage with all pertinent stakeholders.

A public transportation bicycle sits outside a Boardwalk Community

	STAKEHOLDERS	MEANS OF ENGAGEMENT
	**Investors**	• Annual General Meeting • Quarterly conference calls, including question and answer period • Press releases • Corporate website • One-on-one meetings • Building tours with investors
	**Resident Members**	• Resident Member portal • Social media • Community events • Newsletters • Resident Member surveys
	**Environment & Industry**	• Participation on various REALPac committees • Attendance at speaking engagements at industry functions • Municipality offered benchmarking programs • Environmental assessments
	**Community**	• Municipality meetings • Social media • Corporate website • Volunteer work • Sponsorship events
	**Associates**	• Continuous feedback loop • Peak performance culture • Benchmarking to beat personal bests • Annual TEAM meetings • Annual performance review • Unanimous surveys • Social events • Boardwalk Connect

OUR ENVIRONMENT

Boardwalk is committed to responsible energy, gas and water management, as part of an overall environmental sustainability strategy while maintaining operational goals and providing exceptional working and living environments for our Associates and Resident Members.

Park Place Tower; Edmonton, AB

INVESTING IN ENERGY AND WATER CONSERVATION INITIATIVES

Boardwalk's commitment to energy conservation is founded on investing in initiatives to decrease its emissions. Initiatives include, but are not limited to, building envelope improvements, high efficiency boiler upgrades, attic and roof insulation upgrades, furnace replacement and upgrades, LED light fixtures and bulbs and Energy Star appliances. As it relates to water consumption, Boardwalk installs low flow faucets, showerheads and toilets, and focuses on utilizing irrigation systems and rain-water recycling programs, where possible, to meet its landscaping needs.

ENGAGING WITH RESIDENT MEMBERS

Boardwalk's Resident Members have expressed their desire to play a role in decreasing their carbon emissions. Boardwalk aims to engage with its Resident Members regarding environmental initiatives through its blog, Resident Member portal and face-to-face communications. Boardwalk works to provide its Resident Members with more options for energy usage and waste removal such as sub-metering, compost and recycling programs and donation programs.

ENVIRONMENTAL GOVERNANCE

Boardwalk has established a "Green Initiative Committee" which works to consider environmentally friendly practices as well as products and services for reducing carbon emissions, optimizing existing technologies and creating a better future. Boardwalk's environmental policy involves benchmarking buildings within our portfolio to determine emission intensities and evaluating capital spend at those sites with the highest intensity with the goal of reducing our carbon emissions.

Setting the Benchmark

In 2019, twenty-three Boardwalk communities were enrolled in the City of Edmonton Energy Benchmarking program, which supports building owners and operators to reduce energy consumption and help them transition to the mandatory building energy labelling initiative announced by the Federal Government in the Pan Canadian Framework on Clean Growth and Climate Change.

The program is voluntary and aims to collect accurate, annual information on whole building energy performance. The information will be used to benchmark building energy performance across Edmonton's largest buildings and direct energy efficiency improvements in buildings through the creation of an information-action feedback loop with program participants.

OUR APPROACH TO THE ENVIRONMENT

The World Commission on Environment and Development defines Sustainable Development as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Boardwalk strives to provide its Resident Members with a place to call home, while aiming to minimize our environmental impact for future generations to come. Boardwalk is committed to responsible energy, gas and water management as part of an overall environmental sustainability strategy, while maintaining operational goals and providing exceptional working and living environments for our Associates and Resident Members. In doing so, Boardwalk aims to decrease operating costs while increasing overall resident satisfaction and Unitholder value. Through efficient management of energy utilization, Boardwalk aims to minimize energy, gas, water use and costs, and the environmental impact of harmful emissions. Boardwalk is fully committed to achieving best practice benchmark standards in energy efficiency compared to our peers.

QUOTES PROVIDED BY MEMBERS OF BOARDWALK'S GREEN INITIATIVE COMMITTEE:

"We believe in a sustainable community through continuous environmental improvement."

Helen Mix, Vice President, Human Resources

"Focusing on sustainability contributes to community and environmental wellbeing, while also bringing value. It is simply the right thing to do."

James Dudley, Director Preventative Maintenance and Capital Projects

"We actively aim to create cleaner and safer communities in which we live, by working together with our members to improve our local environmental quality."

Razvan Costin, Community Director, Northern Alberta

Boardwalk's Green Initiative Committee

Boardwalk has established a "Green Initiative Committee" which works to consider environmentally friendly practices as well as products and services for reducing carbon emissions, optimizing existing technologies and creating a better future. The Committee is comprised of Associates from different departments across the country, including mid to senior operations leaders, all working together to consider Boardwalk's environmental impact first. This Committee manages a dedicated capital budget specific to emissions reducing capital initiatives, above and beyond standard environmental initiatives already being completed by the Trust. It evaluates allocating this budget by considering both emissions savings and the return on investment. Boardwalk's environmental policy involves benchmarking buildings within our portfolio to determine emission intensities and evaluating capital spend at those sites with the highest intensity in a goal to reduce our carbon emissions.

In order to capture its environmental impact, Boardwalk uses in-house designed software whereby all energy consumption data is tracked. Though this program provides data regarding overall consumption, it does not adjust for seasonality (i.e. a particularly hot or cold season) and does not adjust for property level vacancy nor does it guarantee data completeness. In 2020, Boardwalk will look to improve upon its environmental management systems including the consideration and evaluation of third-party products which can provide superior data tracking and the ability to normalize data.

CLIMATE CHANGE-RELATED OPPORTUNITIES AND RISKS

The Trust considers the recommendations outlined by the Task Force on Climate-Related Financial Disclosures ("TCFD") to evaluate its climate change-related opportunities and risks. Throughout 2020, the Trust intends to formalize its policies surrounding the core elements of recommended climate-related financial disclosures being Governance, Strategy, Risk Management, and Metrics and Targets. Additionally, the Trust will continue to monitor the trends and best practices surrounding climate change and climate change disclosures. Boardwalk is committed to better understanding its climate change-related risks and opportunities.

Risks

The TCFD divided climate-related risks into two major categories (1) risks related to the transition to a lower-carbon economy, and (2) risks related to the physical impacts of climate change. As it relates to the Trust, Boardwalk believes its transitional risks include being slower in adopting policies, allocating capital and adopting new technologies to lower its carbon emissions. Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. In the past, the Trust has experienced the impact of these acute events such as the fires in Fort McMurray and the floods in Calgary. The Trust recognizes that it is exposed to both acute and chronic risks and will address its response to these risks in the opportunities section below and in its long-term strategy moving forward.

Opportunities

The Trust continuously attempts to mitigate and adapt to the climate change-related risks identified above, which produces opportunities such as resource efficiencies and cost savings. Currently with all replacement, renovation or development, the Trust utilizes products with lower emissions, including, but not limited to LED fixtures and lightbulbs, low flow toilets/showerheads/faucets, Energy Star appliances, higher efficiency boilers, variable frequency drive pumps and improved windowpanes. By upgrading to these products, the Trust is reducing its carbon emissions, decreasing its operating costs and increasing its Resident Members satisfaction.

As it relates to acute and physical risks, the Trust has undertaken the appropriate steps to attempt to mitigate this risk. To begin with, every site has an evacuation plan to ensure the safety of our Residents and Associates in the event of an emergency. In order to avoid a significant financial loss, the Trust carries adequate insurance. Working with our insurance providers, the Trust has identified that within its portfolio two projects (a high-rise in Calgary, AB and Nun's Island Portfolio in Montreal, QC) are located on a 100-year flood path. For the Calgary project, the Trust invested approximately $1.5 million to mitigate damages arising from a flood. The work performed included relocating the main electrical service from the basement to the main floor (which is above the flood plain) and included the installation of a transfer switch system to allow additional generators to be attached during an emergency situation. The existing sump pumps are on emergency power systems while two additional high-volume pumps and a high capacity sump pit were added to the parkade. The Trust installed permanent flood walls around the perimeter of the building in addition to having temporary water containment walls which can be set up in the event of an emergency. As it relates to Nuns' Island, given its location on the St. Laurent river, physical barriers are more difficult, therefore the Trust ensured the portfolio has adequate emergency generators installed.

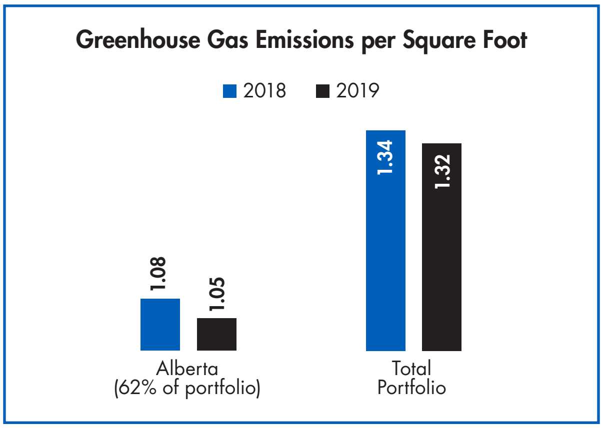
Flood resiliency at Elbow Towers; Calgary, AB

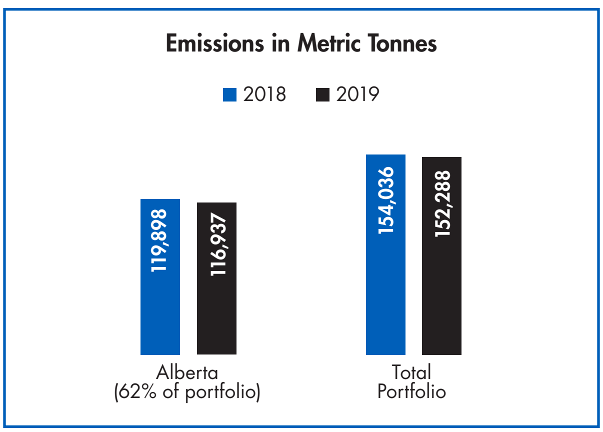
REDUCING GREENHOUSE GAS ("GHG") EMISSIONS AND ENERGY USAGE

1.1%

TOTAL REDUCTION IN GHG EMISSIONS IN 2019

Boardwalk continuously invests in energy efficiencies, which typically also result in cost savings. Over the last year, Boardwalk has seen a decrease of 1.9% and 1.1% in its GHG intensity (as measured as CO_2e per square foot) and its total emissions (in CO_2e) respectively. Representing 62% of the Trust's total portfolio, Alberta saw a 3.2% decrease in GHG intensity and a 2.5% decrease in total emissions, respectively, from 2018 to 2019. All data used in the graphs below is on a vacancy adjusted same property basis. Boardwalk defines same property as a project which Boardwalk has owned and operated for over 24 months. Data is internally prepared and has not been subject to any third-party review or audit. Years are defined as October 1 to September 30.





ELECTRICITY AND NATURAL GAS

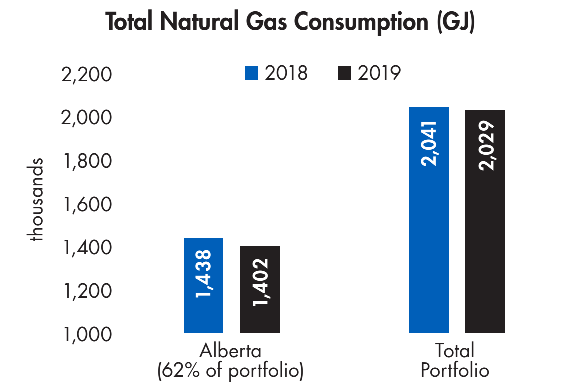
60 BASIS POINTS

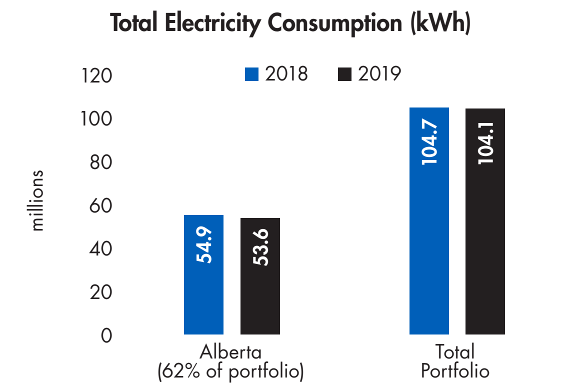
REDUCTION IN ELECTRICITY CONSUMPTION FROM 2018 TO 2019

50 BASIS POINTS

REDUCTION IN NATURAL GAS CONSUMPTION FROM 2018 TO 2019

When comparing 2018 to 2019, Boardwalk has seen a decrease in total electricity consumption (as measured in kilowatt hours ("kWh")) of 0.6% and a decrease in total natural gas consumption of 0.5% (as measured in gigajoules ("GJ")). Alberta saw a decrease of 2.4% for electricity consumption from 2018 to 2019 and a 2.5% decrease in gas consumption from 2018 to 2019. All data used in the graphs to the right is on a same property basis. Data is internally prepared and has not been subject to any third-party review or audit. Years are defined as October 1 to September 30.





ENERGY CONSERVATION INITIATIVES

Natural Gas

- Building envelope improvements (can include air barriers, exterior insulation, windows/doors)
- High efficiency boiler upgrades
- Improved heating system pumps, including the use of variable frequency drives
- Attic and roof insulation upgrades
- Furnace replacements and upgrades
- Thermostatic values to limit hot water temperature

Electricity

- LED light fixtures and bulbs
- Motion sensored LED light fixtures in common areas
- Energy Star appliances
- Timers and photocells for outdoor lighting

WATER

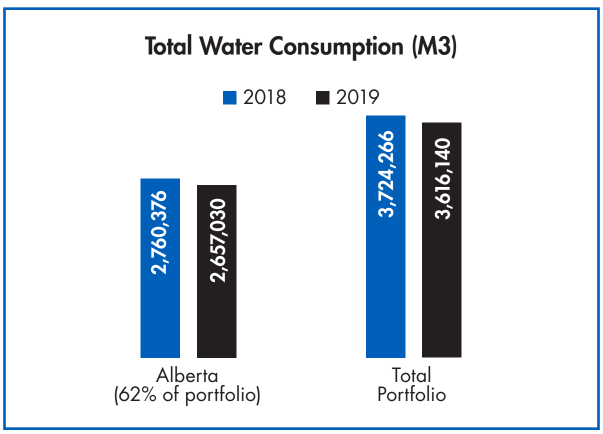
2.9%

REDUCTION IN SAME-PROPERTY WATER CONSUMPTION FROM 2018 TO 2019

As a provider of multi-family homes, our properties use in excess of 3 million cubic meters of water per year. As the majority of the water is used in-suite by our Resident Members, with replacement, renovation or development, the Trust aims to install low flow faucets, showerheads and toilets. As it relates to common area water consumption, Boardwalk focuses on utilizing water efficient irrigation systems and rain-water recycling programs, where possible, to meet landscaping needs.

Reducing the water footprint is a major priority in Boardwalk's Communities, resulting in a partnership with Alert Labs, a Canadian company that developed a cutting edge technology, based on sensors using a cellular connection to provide real-time monitoring and 24/7 alerts with powerful analytics to reduce utility bills, property damage and repair costs for residential and commercial properties. Additionally, Boardwalk implemented a series of water monitoring devices in 30 of its Communities with the goal of optimizing water usage, while also utilizing several flood detection devices for boiler rooms which have proven to be beneficial. Going forward, the Trust hopes to work with its laundry services provider to analyze the water efficiency of its laundry machines.

From 2018 to 2019, the Trust saw a 2.9% decrease in same-property water consumption as outlined in the graph below.



WASTE

396,601 lbs

OF CLOTHING DIVERTED FROM CANADIAN LANDFILLS IN 2019

Working with its Resident Members and Associates, the Trust tries to minimize the amount of waste it sends to local landfills. Boardwalk has initiated a partnership with Diabetes Canada, whereby in 2019, Boardwalk diverted 396,601 pounds of clothing from Canadian landfills and helped to convert those donations into charitable funds for Diabetes Canada. 396,601 pounds of donated clothing is equivalent to approximately 4,020,541 kg of carbon saved. Since partnering with Diabetes Canada, Boardwalk has become one of Canada's top diversion partner under its Declutter program **(www.declutter.diabetes.ca)**.

Other initiatives in place to decrease waste include:

- Compost recycling programs (including offering complimentary household bins to Resident Members)
- Ensuring all compostable landscaping products (i.e. grass and leaves) is taken to landfill separately to be composted
- Mixed use recycling bins provided on site for cardboard, paper, plastic, scrap metal, glass and computer/printer parts

In 2020, Boardwalk will continue to focus on measures to decrease waste, including expanding compost recycling, making mixed recycling easier and more accessible, and developing other partnerships such as the one with Diabetes Canada to determine if other products can be donated to charities.

CASE STUDY | **A CLOSER LOOK AT ENVIRONMENTAL INITIATIVES PER SUITE**

With each suite upgrade, Boardwalk aims to decrease its environmental impact. Below are Boardwalk's standard specifications which are used in every suite renovation with the goal to decrease operating costs and our carbon footprint.

Toilets

- Low flow 4.8 Liters per flush/1.28 Gallons
- LEED compliant
- US EPA Watersense Certified (could save the average family 13,000 gallons of water per year)

Kitchen Faucet

- Flow rate of 1.5 gallons per minute (GPM)
- Traditional average flow rate 2.2 GPM
- US EPA WaterSense Certified

Vanity Faucet

- Flow rate of 1.2 GPM
- Traditional average flow of 2.2 GPM
- US EPSA WaterSense Certified

Showerhead

- Flow rate of 2.5 GPM
- Traditional average flow of 2.5 to 3.0 GPM
- US ESPA WaterSense Certified

Paint

- Zero VOC (volatile organic compound) (VOCs are found in many building materials and are partially responsible for that new paint smell. Unfortunately, these unstable chemicals let off gasses that are very harmful to people and the environment).
- Green Guard Gold Certified – Product Certified for Low Chemical Emissions
- LEED Compliant

Luxury Vinyl Plank Laminate Flooring

- Contains a natural cork backing that is environmentally self-sustainable and is mold resistant and waterproof. Increased lifespan with warranty period of 25 years allowing for reduced waste.

Appliances

- All appliances purchased are Energy Star certified.

LED Fixtures

- LED lightbulbs are 85% more efficient than incandescent lightbulbs.

Our Saskatchewan team helping Resident Members go green!

RESIDENT ENGAGEMENT

We all recognize that the best way to decrease our carbon footprint is through awareness and as a result the Trust continually reaches out to its Resident Members to determine areas where we can improve but to also provide insight on how Resident Members can play a role in energy conservation. Boardwalk encourages ongoing communication with its Residents through its Resident Member portal, which will also decrease the use of paper, and recently provided a new year's resolution article on energy conservation.

Where possible, economical electrical sub-metering devices are being installed, which passes on the responsibility for electricity charges to the Resident Member. By providing sub-metering the Resident Member is more aware of his or her consumption and more likely to be conscience of his/her energy usage.

10 Green Resolutions for 2020

1. Control heat usage in your home. Try putting on a sweater or extra layers rather than turning up the heat in your apartment or townhome.

2. Another resolution may be to take advantages of the services offered through our municipalities where we can separate our garbage into compost, recycling and garbage in order to have as little as possible go to our landfills.

3. Recycle or reuse old gift-wrapping paper, boxes and bags when wrapping gifts.

4. Prepare coffee at home and use a reusable mug instead of buying coffee in a disposable cup every morning.

5. You can subscribe to pay all your bills online instead of receiving the paper version at home.

6. Upgrade your current lightbulbs to high efficiency LED bulbs.

7. Another switch could be as simple as turning your water off while brushing your teeth or shaving.

8. Repair leaky faucets and toilets. Water scarcity is one of the biggest challenges in global sustainability, and toilets are generally the biggest source of water consumption in a typical office environment.

9. Avoid fast fashion. We all love a bargain, but our appetite for cheap clothing that we only wear for one season results in a large carbon footprint should those items end up in our landfills. Consider long-term clothing purchases or donating to programs such as declutter by Diabetes Canada.

10. Shopping with reusable bags is a simple way to reduce ocean pollution, reduce consumption, prevent deforestation and reduce dependency on fossil fuels.

SOCIAL

Boardwalk is committed to providing a loving environment and, in doing so, continues to build our rich family culture that is every bit as caring, passionate and vibrant as the communities we create.

Resident Member outdoor terrace at Varsity Square Apartments; Calgary, AB

FACILITATING COMMUNITY

Our dedication to supporting the communities we serve means we are continually exploring innovative ideas and pioneering new ways to connect with our Resident Members. We care deeply about our Residents and Associates and believe the Boardwalk Community is built on love, where everyone has a genuine sense of belonging.

INVESTING IN OUR TEAM

A career with Boardwalk means discovering an environment rich with opportunities for growth and professional development. We are committed to investing in our Associates' growth and promise to empower them with the freedom and responsibility to thrive in their careers.

CORPORATE CULTURE

Our focus on people, genuine relationships, and shared values have created a truly unique and defining culture that differentiates a Boardwalk community. We put our heart and soul into everything we do, and we take pride in knowing that our communities are a place where Residents celebrate life's precious moments. Today, we continue to draw inspiration from our early days, taking pride in who we are, what we do, and maintain the same solid values that have helped us successfully navigate through decades of growth and change.

Giving Back

Boardwalk has a long-standing history of building strong and vibrant communities by giving back to the communities in which we serve. As we are deeply rooted in various regions across Canada – we have a unique opportunity to commit ourselves to support numerous charitable organizations. Each year, we continue our involvement with more than 60 community sponsorships and initiatives across Canada.

OUR RESIDENTS AND COMMUNITIES

Our buildings are more than just a place to live. Every Boardwalk community is a place where our Resident Members feel a sense of peace and belonging – a place they can call home.

We are committed to building strong and thriving communities where each Resident Member is proud to be a part of the Boardwalk family. While building communities is at the core of our business, our commitment to our Residents extends well beyond that, creating homes where our Resident Members live, work, play and invest in our communities.

EXCEPTIONAL CUSTOMER SERVICE

Boardwalk is committed to providing exceptional customer service throughout the entire resident journey. Whether it is helping a new resident get settled into their home or a quick response to a maintenance request, all our actions are rooted in a commitment to creating the best possible rental experience.

Our customer service is focused on listening and responding to our Residents' feedback and concerns. As part of this, Boardwalk strives to respond to all online and offline comments and reviews. We are always looking for areas to improve, and encourage continuous resident feedback across our communities and corporate social media platforms, including Facebook, Instagram, Twitter and YouTube. We also offer a 24/7 call center where residents enjoy the convenience of around-the-clock support.

We have enhanced how our Resident Members manage their account through our partnership with Yuhu. The website allows our Residents to conveniently gain access to information about their rental account, pay their rent, make maintenance requests, enter contests and RSVP to Boardwalk community events and initiatives.

CUSTOMER SATISFACTION

Boardwalk uses a Net Promoter Score (NPS) to measure resident sentiments. The Net Promoter Score is an index ranging from 0 to 100 and measures the willingness of customers to recommend a company's products or services to others. Customers are asked to rate on a 10-point scale the likelihood of recommending the company or brand to a friend, family member or colleague. Based on their rating, customers are then classified in three categories: detractors, passives and promoters. An NPS of 50 plus is considered excellent whereas a score above 70 is considered world class.

For 2019, Boardwalk is proud to have accomplished an NPS score of 65.

We are extremely proud to have achieved an NPS score above an external benchmark of other high performing companies such as Apple, Microsoft and Google. We continuously request feedback from future, current and past Residents to identify areas for improvement. Our surveys aim to understand Resident needs and identify what makes one community more desirable than another. Surveys are taken when new Residents join our communities, throughout the lease term and following a Resident's move out. The feedback is used to identify opportunities for improvements and directs potential amenity updates and additions.

RESIDENT RETENTION

Engaging with the Local Community

We create unique events that invite Resident Members to meet their neighbours and feel connected to their community. From simple summer barbeques and patio parties to Adult Night at the Bell National Music Centre and fun at the West Edmonton Mall World Waterpark, there are events for Residents of all ages and interests.

Boardwalk is committed to supporting local talent and businesses whenever possible. In past years, Boardwalk has hosted art exhibits featuring artwork created by our Residents Members and Associates and invited local musicians to perform at our events.

Facilitating Community

Boardwalk is committed to providing healthy living spaces for our Residents. Many of our communities offer fitness amenities, including gyms, racquetball courts and indoor and outdoor pools. By providing these amenities, we encourage our residents to live healthy lifestyles.

Some of our other amenities include:

- Fitness facilities
- Complimentary coffee stations
- Social rooms
- BBQ patios
- Lounge Area with Wi-Fi Bar
- Playgrounds

Many of our communities are also pet-friendly.

Boardwalk strategically partners with local and national businesses to offer exclusive discounts and offers to our Residents. Some of the companies we partner with include:

- Bed Bath & Beyond
- Zipsure.ca (Except Quebec)
- Rosso Coffee Roasters
- HelloFresh
- TELUS

Door Knocking 2019

In 2019, Boardwalk Associates conducted door-to-door surveys and heard first-hand what was most important to our Resident Members. Every Associate and leader, in pairs, knocked on 20 homes. In the end, 7,000 residents were surveyed across Canada. Here is what we discovered:

- 88% of our Residents' value safety and security in their communities.
- Residents were attracted to Boardwalk's great locations, amenities and incentives.
- 70% of our Residents have lived with us for more than 1 year. 26% have lived with us for more than 6 years.

What We Have Done to Enhance Security Based on These Findings

- Hired additional security guards
- Installed more security cameras throughout our communities
- Installed doors with security strips and key fobs
- Installed additional LED lighting
- Preliminary trialing of smart home technology
- Encourage and cultivate Resident Member engagement in securing their communities

Supporting Local Business

PET CARE

- Spot Dog Walking
- What-a-Mess
- Jeve's Pet Care

RETAIL

- River Layne Chocolates
- The Brick
- Apothecare Pharmacy

MOVING SERVICES

- Highland Moving & Storage Ltd.
- Best Moves

SERVICES

- Economy Glass
- Superior Paint & Body

Supporting the Communities We Serve

Giving back to our communities is a contribution we proudly commit to every year. Each engagement opportunity encourages our Residents Members and Associates to give back to their communities in meaningful ways. We coordinate numerous opportunities for our Residents and their families to volunteer with organizations that Boardwalk supports.

Every Boardwalk Associate receives four (4) volunteer hours per year.

Boardwalk is rooted in communities around Canada – which means a unique opportunity to commit ourselves to give back both locally and beyond. Each year, we continue our involvement with more than 60 community sponsorships and initiatives across Canada.

SOCIAL SERVICES

- Food Banks
- Coldest Night of the Year
- Calgary Youths Centre Food Program
- Mustard Seed
- St. Mary's Feed the Hungry
- Calgary Women's Emergency Shelter
- Hope Mission Meals
- 5 Days for the Homeless
- Salvation Army
- Canadian Red Cross
- Humane Society Canada
- Les Amis de Samuel Christmas Food Hampers
- Russet Court Collaborative
- Missing Children Society of Canada
- United Way

EDUCATION

- The Princess Shop

HEALTH

- Diabetes Canada
- Walk for Wellspring
- Ronald McDonald House Canada
- One2Many
- Canadian Cancer Society
- Canadian Mental Health Association
- Heart & Stroke Foundation

INTERNATIONAL RELIEF

- Operation Christmas Child
- Homes of Hope
- Habitat for Humanity
- Youth with a Mission (San Diego Tijuana)

ARTS

- Bell National Music Centre
- Ice on Whyte
- Sand on Whyte

We also proudly offer rental discounts to our veterans. As of 2019, 275+ Residents use the veteran's discount across Canada.

275+

RESIDENTS USE A BOARDWALK PROVIDED VETERAN'S DISCOUNT

Subsidized Housing

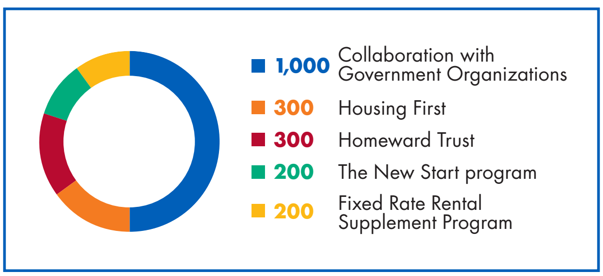
At Boardwalk, we believe everyone deserves a place to call home. Boardwalk works with various agencies to provide affordable housing to those in need. The agencies we partner with include:

- Calgary Housing
- Capital Region Housing
- Wood Buffalo Housing
- Red Deer Housing
- Calgary Alpha House
- Pathways
- Accessible Housing Society
- Jewish Family Services
- John Howard Society
- Grande Spirit Foundation
- London Housing
- Edmonton Mennonite Centre for Newcomers

Affordable Housing Partnerships

As an advocate of social responsibility, a significant number of units have been committed to address the need for affordable housing.

Boardwalk continues to offer an internally-mandated, self-regulated rent assistance program (the "Internal Subsidy Program") under which eligible Residents who are experiencing financial hardship are offered various methods of rental forgiveness, including reducing or withholding rental increases and subsidizing.



Partnership with Yuhu, a new Property Operations Platform

In 2019, Boardwalk REIT and Yuhu Inc. entered into a significant partnership providing Boardwalk's Associates and Resident Members with a distinct suite of leading edge technology solutions. With a host of self-serve options, Yuhu's unique Resident Member Portal will provide greater conveniences and time saving features for our Resident Members. Easy online service requests and payments, seamless communication with site Associates and timely updates on events and promotions are among a few of the notable highlights. This technology will also drive efficiencies at site, streamlining workflows, digitizing manual paper processes and thereby increasing overall customer service and satisfaction. We are thrilled to collaborate with Yuhu to develop a solution of this magnitude capable of engaging with our entire Resident Member community.

With Phase One scheduled for roll-out in March of 2020, the platform will continue to grow in functionality; with the next phase empowering an entirely digital sales, application and leasing process.

OUR TEAM

Our success comes from our 1,600 Associates who bring our purpose and mission to life. The better we do at meeting their needs and expectations, the better we collectively do as a company. Boardwalk prides itself in attracting and retaining caring, peak performers.

ASSOCIATE ENGAGEMENT

Building an inclusive and empowering culture requires an engaged team where Associates are motivated to do their best work every day. Boardwalk places high priority on communication to engage our Associates and drive our business goals. Similar to our process that includes regular check-ins with our Residents, we survey our Associates periodically to discover how they are feeling and what their needs are. By regularly surveying our Associates throughout the year, we can gather Associate feedback and continue to make improvements in the workplace.

METHODS OF ENGAGEMENT

- **Annual survey at TEAM**
- **Year-end reviews**
- **Peer-to-peer reviews**
- **Associate Engagement & Satisfaction Survey**

In 2019, we enhanced our internal communication strategy by incorporating an annual Associate Engagement and Satisfaction Survey where Associates were provided an opportunity to share confidential feedback about working at Boardwalk. This feedback was extremely valuable in helping us further understand how engaged our Associates are with Boardwalk overall.

In addition to surveying our Associates, Boardwalk hosts an annual luncheon called "The Executive Associate Meeting" (TEAM) in every region across Canada. The meeting provides opportunities for each Associate to connect with members of senior management and to receive updates on its operations and future plans.

~77%

OF ASSOCIATES WOULD RECOMMEND BOARDWALK AS A PLACE TO WORK

70%

OF ASSOCIATES DO NOT THINK OF LEAVING

77%

OF ASSOCIATES SAY BOARDWALK INSPIRES THEM TO DO THEIR BEST WORK

Boardwalk Connect

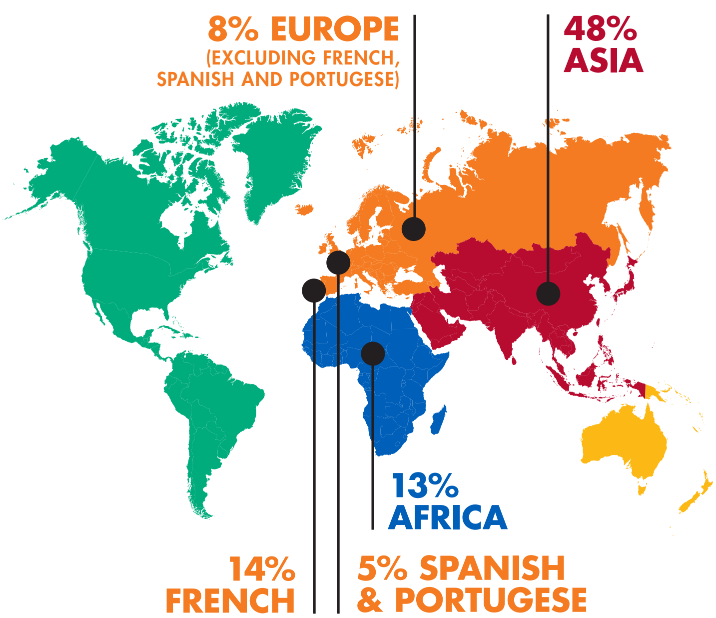
In 2019, we introduced Boardwalk Connect to our Associates. The new intranet provides our Associates with tools to help them do their jobs better as well as stay informed about what is happening across the country all in one convenient hub.

Boardwalk Women in Leadership

FOSTERING DIVERSITY, EQUALITY AND INCLUSION

We are continually breaking down social barriers and creating a collaborative culture that embraces diversity and inclusion. At Boardwalk, our goal is to cultivate and sustain an inclusive work environment where diversity thrives and our Associates voices are heard.

Boardwalk is continually searching for new diversity-focused initiatives for recruitment, career development and education. We actively seek diverse candidates by partnering with various government agencies and participating in job fairs that support newcomers in Canada. Our Human Resources team strives to point our Associates towards the right information and resources to succeed such as English language programs and libraries.



Percentage of Associates who speak a language from each continent. Please note the same Associate may appear in more than one population given the number of languages he/she speaks.

~30%

OF OUR ASSOCIATES SPEAK A DIALECT FROM THE PHILIPPINES

11%+

OF HEAD OFFICE ASSOCIATES SPEAK FRENCH

~7%

OF OUR ASSOCIATES SPEAK A DIALECT FROM INDIA

60%+

OF ASSOCIATES SPEAK MORE THAN ONE LANGUAGE

Associates, Lynn Hunt, Diana Beedassy, Abhay Talwar

BOARDWALK ASSOCIATES AT A GLANCE

91% FULL TIME

62% OF NEW HIRES ARE UNDER 40

23% OF NEW HIRES ARE UNDER 30

6 YEARS AVERAGE LENGTH OF TIME WITH BOARDWALK

69% OF EXECUTIVES ARE MALE

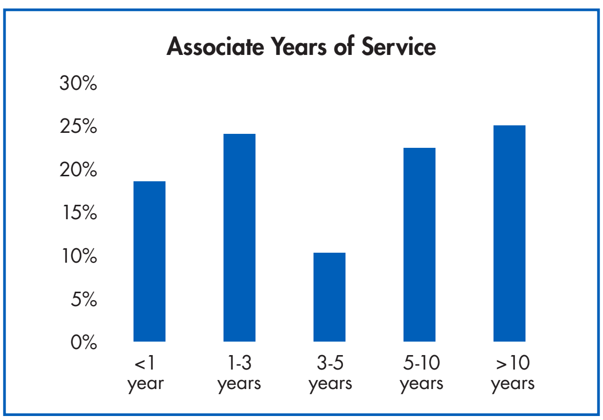
55% OF LEADERS ARE MALE

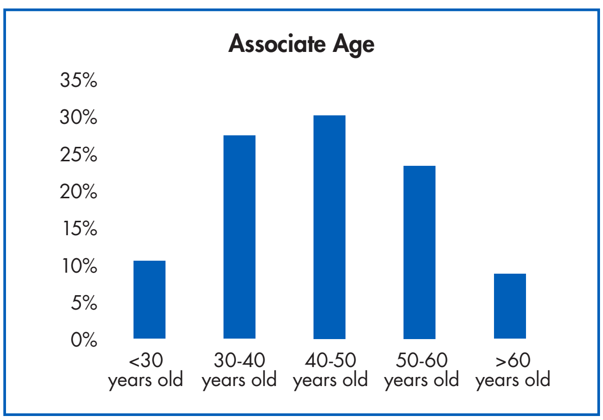
45% OF SALARIED EMPLOYEES ARE MALE

31% OF EXECUTIVES ARE FEMALE

45% OF LEADERS ARE FEMALE

55% OF SALARIED EMPLOYEES ARE FEMALE





INVESTING IN OUR ASSOCIATES

Boardwalk is invested in the health and wellness of our Associates and their families, going the extra mile to provide resources and programs that will help everyone achieve their wellbeing goals.

Physical

We want our Associates to make their health a priority. In addition to offering a comprehensive medical, vision and dental package to full-time Associates, we offer fitness reimbursements up to a maximum of $400 each year. Eligible expenses include memberships, equipment, fitness classes and more.

100% of eligible full-time Associates took advantage of Boardwalk's medical benefits which can include a health spending account.

515 Associates took advantage of the fitness reimbursement in 2019.

Career

Learning and development is fundamental to recruiting and retaining top talent. We expect our leaders and Associates to have regular check-in meetings and year-end performance reviews. By fostering a culture of open communication, we prepare Associates to be successful in their current position as well as their broader careers.

We also support Associates to keep learning by offering various training, mentoring and professional development programs and resources. Associates who wish to receive additional training or education can spend up to a maximum of $1,500 per year on tuition and books.

Above and beyond Boardwalk training, **250** Associates (or approximately 15%) took advantage of the program.

In 2019, two new leadership development assessment tools were introduced to build and improve Boardwalk's leadership capacity. Assessments are conducted quarterly and performance data is collected and shared via a comparative customized Dashboard showing each Leader's growth as well as the growth of our entire leadership team. Boardwalk has moved to and is promoting a continuous improvement feedback loop which includes open candor with all of its operations leaders. Each month these leaders are benchmarked to strive to always beat his/her personal bests and to achieve a peak performance culture.

Financial

In striving to provide our Associates with a rewarding place to work, Boardwalk conducts market research to ensure it offers competitive compensation packages. Boardwalk offers a group RRSP Employer Match Program where Boardwalk will match up to 8% (depending on years of service) contributions made to our Associate RRSP. This match is allocated to Boardwalk REIT Trust Units allowing for increased alignment in achieving and accomplishing our goals and targets.

In 2019, **1,043** Boardwalk Associates participated in the RRSP program, equating to over **63%** participation.

Additionally, Boardwalk offers a Profit Share and a High-Performance Program that rewards Associates for meeting and exceeding its financial and customer service targets.

CHAIRMAN'S SCHOLARSHIP

The Chairman's Scholarship Program is designed to assist children of Boardwalk Associates to pursue post-secondary education. Scholarships are awarded annually to selected students entering or attending university or college.

44 students received scholarship funding in 2019.

Boardwalk's CEO and VP of Quality Control forgo their salaries, so **$200,000** can be awarded to students annually.

Social

Boardwalk encourages cross-department collaboration by providing opportunities to create voluntary and employee-led groups. Some of Boardwalk groups and committees include:

- Social Committees in each region
- Rainbow of Hope in each region
- Joint Health & Safety
- The Sustainability Committee
- Board of Trustees
- The Wellness Committee
- Boardwalk Angels

All leaders also have a discretionary budget for team building to encourage collaboration amongst their team.

EMPLOYEE RECOGNITION

Boardwalk celebrates exceptional service by celebrating Associates through the Awards of Excellence – an awards system which recognizes Associates at all levels in each region. Associates are invited to attend the award ceremonies every year to celebrate the Associates who went above and beyond, living Boardwalk's mission, vision and values.

In addition, Boardwalk's Bravo Program recognizes team members who demonstrate excellence in the workplace. Associates are nominated by Residents.

Boardwalk values long-term Associates, recognizing Associates each year who achieved milestones of three, five, 10 and 20 years with Boardwalk by offering varying awards including additional vacation days and travel vouchers.

COMPENSATION AND EMPLOYEE BENEFITS

10%+

OF ASSOCIATES CHOOSE TO LIVE IN A BOARDWALK COMMUNITY

We appreciate the efforts and dedication our team provides, and strive to reward with competitive compensation and benefits. We understand that our Associates are our most valuable asset and for this reason, we are excited to offer a generous benefits package to them.

We offer rental discounts to Associates wishing to live in a Boardwalk community. As of 2019, over 10% of our Associates choose to live in a Boardwalk community. Even more, when an Associate retires from Boardwalk, they are eligible to receive a rental discount up to 5 years following their retirement.

Boardwalk also provides Associates with the opportunity to make a difference in the lives of others by giving to charitable causes that are important to them. Boardwalk will generously match up to $1,000 per Associate per year.

Our Human Resources team continues to add to and evolve our programs to meet our Associates' needs. Our desirable benefits package includes, but is not limited to:

- Medical, prescription drug, dental and visions plans
- Short-term and long-term disability
- Life insurance
- Critical illness
- Employee and family assistance
- Grace / personal days
- Vacation entitlement above government standards
- Accidental death and dismemberment
- Group RRSP match
- Associate rental discount
- Bereavement leave
- Retiree rental discount
- Military top-up
- Fitness reimbursement
- Charitable matching
- Sick leave & medical leave management program
- Compassionate care leave top-up
- Maternity/paternity leave top-ups
- Training and development
- Boardwalk Angels program
- Paid time off to volunteer

How Boardwalk Supports Families

Boardwalk understands the importance of family. That's why we offer an Employee and Family Assistance Program (EFAP) through our Group Benefits plan to our Associates and their family members. Services offered through the EFAP include counselling and support for stress management, marital and family problems, addiction, retirement planning, bereavement and more.

In addition to the EFAP, we also offer maternity and paternity leave top-up benefit to all full-time Associates. Eligible Associates receive a payment during the first six weeks of maternity or paternity leave. Parental leave is also offered for expecting and adoptive parents following the birth or placement of a child.

Boardwalk Associates Collaborating

HEALTH AND SAFETY

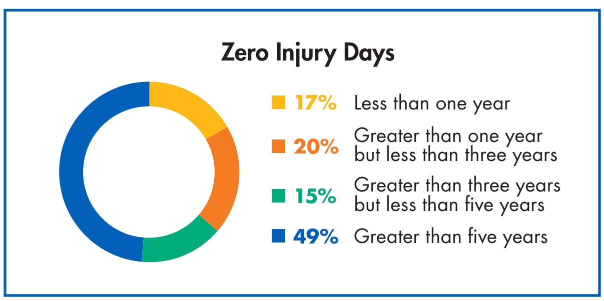
49%

OF SITES HAVE BEEN INJURY FREE FOR 5+ YEARS

At Boardwalk, we believe all injuries are preventable. Our goal of zero injuries is based on the idea that safety in the workplace is the joint responsibility of every Associate. We create a safe work environment by regularly educating Associates and enforcing health and safety procedures (including WHMIS refreshers) though online training. New Associates are required to complete health & safety training during orientation.

Regular safety updates and communications are shared with Associates on a weekly basis. Our on-site Associates also conduct monthly inspections for health & safety, as well as annual emergency evacuation drills. In 2019, Boardwalk updated all fire evacuation plans.

Below is a graph which summarizes the percentage of zero injury days at Boardwalk's sites. A total of 49% of our sites have been injury free for in excess of five years.



GOVERNANCE

Boardwalk believes that sound governance practices are essential to achieve the best long-term interests of the Trust and the enhancement of value for all security holders. Boardwalk further believes that an important element of sound governance is the alignment of interests between the Trustees and Unitholders of Boardwalk.

Boardroom, co-working space by Boardwalk at O'Neil Towers; Calgary, AB

CORPORATE TRANSPARENCY

We find our full transparency creates opportunities for prospective and current Unitholders to adequately evaluate the Trust's long-term value propositions, providing a consistent, sustainable and attractive investment option. Through the continued guidance and leadership of the Trust's experienced management, Boardwalk continues to be an industry leader in transparency and financial disclosure and continues to be one of the only REITs to provide stakeholders with financial guidance on a quarterly basis, providing fully transparent, current corporate information to all stakeholders.

TRUSTEE REVIEW

Ongoing assessments of individual Trustees, Board performance and Board composition is appropriate and necessary, and renewal of Board membership, as recommended based on such assessments, is vital. Boardwalk ensures to regularly assess its Board of Trustees.

ETHICS, INTEGRITY AND EQUALITY

Boardwalk prides itself in having a culture that provides each Associate and Resident Member with the foundation to succeed. Everyone is treated with respect and equality.

Governance Recognition

For the 18th year in a row, Report on Business has rated the work of Canada's corporate boards using a rigorous set of governance criteria designed to go far beyond minimum mandatory rules imposed by regulators. Categories used in the evaluation included Board Composition, Shareholding and Compensation, Shareholder Rights and Disclosure. As a result of continued enhancements to our corporate governance practices, Boardwalk ranked 29th out of 224 companies and trusts, and first among real estate issuers, in the S&P/TSX Composite Index.

GOVERNANCE OVERVIEW

Boardwalk's Corporate Governance Policy sets out the rules, practices and processes that direct and control the Trust.

Boardwalk prides itself on being honest, accountable and transparent to all Stakeholders, and this is evidenced in Boardwalk's corporate reporting. Excellence in corporate governance has been a foundation over the past 35 years, and Boardwalk was proud to be recognized by *The Journal of the Institute of Corporate Directors* for effective communication regarding its application of International Financial Reporting Standards ("IFRS") and as the winner of the Chartered Professional Accountants of Canada Award of Excellence in Corporate Reporting over multiple years for the Real Estate sector.

The Trust strives to provide information to Stakeholders in a timely manner, following which, open dialogue with Stakeholders is encouraged to ensure transparency. The Board of Trustees follows a mandate, as described in their Statement of Corporate Governance Practices, which explicitly defines the expectations and limits of both the Board and of Management. This comprehensive statement of governance principles gives both authority and autonomy to the Board through the articulation of key issues, including specific functions of the Board, Board integrity and independence, Trustee selection, and composition of the Board of Trustees and committees.

As a publicly traded Trust listed on the Toronto Stock Exchange ("TSX"), Boardwalk either meets or exceeds the guidelines set out by the TSX and Canadian Securities Administrators regarding effective corporate governance. Governance of the Trust is based on the mandate of its Board of Trustees, its Code of Business Conduct and its guiding Mission, Vision and Values, which all Associates, Management and Trustees are expected to uphold.

Boardwalk REIT has been recognized by the Globe and Mail's annual 'Board Games' as one of Canada's corporate boards which provide governance well beyond the minimum mandatory requirements imposed by regulators, which once again ranked the Trust at the top of the Real Estate sector and in the Top 30 among all industries in Canada in 2019.

Experience Centre; Radisson Village, Calgary, AB

ETHICS AND INTEGRITY

Boardwalk is built on four pillars which we call our Golden Foundation:

GOLDEN FOUNDATION

Golden Rule
"Treat others as you would like to be treated"

Golden Goal
"Be Good"

Golden Vision
"Love Community"

Golden Mission
"Have Fun"

As we continue to grow, we strive to attract others who share our vision and values. We are committed to providing a loving environment and, in doing so, continue building our rich family culture that is every bit as caring, passionate and vibrant as the communities we create.

With our guiding mission *"To serve and provide our Resident Members with quality rental communities"*, Boardwalk persists in exploring excellence and diversity in community, while focusing on the benefits created for its Associates, Resident Members, Communities and Unitholders. Regardless of economic conditions, Boardwalk is committed to abiding by its Golden Foundation. Our friendly, community-living and member-experience driven approach reflects that Boardwalk remains focused on maximizing value for all its stakeholders.

Code of Conduct

Boardwalk's Code of Business Conduct outlines standards and expectations that guide and assist us in making the right choice. It defines individual and corporate responsibilities and it is provided to all Boardwalk Associates, contractors, agents, officers and Board of Trustees of Boardwalk REIT. Each individual is responsible for understanding the Code of Conduct and is accountable for his/her business conduct. Although the Code outlines many legal and ethical business situations, there will be circumstances in which someone would question legal or ethical compliance. The Code must be used together with common sense and good judgement.

Whistleblower Policy

The Board of Trustees has ensured that an effective anonymous "whistle blowing" procedure exists to:

i) protect the integrity, reputation and business interests of Boardwalk, as well as its relationships with its Associates, Unitholders, consultants, contractors, professionals, suppliers, Resident Members and its greater communities;

ii) permits and encourage stakeholders to confidentially and anonymously express concerns regarding accounting or financial matters to an appropriately independent individual for safe reporting of any accounting and other financial irregularities and monitor compliance; and

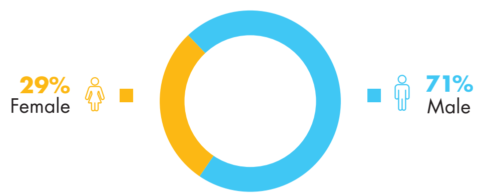
iii) set out procedures for stakeholders of Boardwalk and its subsidiaries to file reports on a confidential and anonymous basis regarding any concerns about accounting, internal accounting controls or financial irregularities and to report potential violations of law, suspected wrongdoing.

As part of its reporting, Boardwalk proudly advises that there were no critical concerns sent to Whistleblower in 2019.

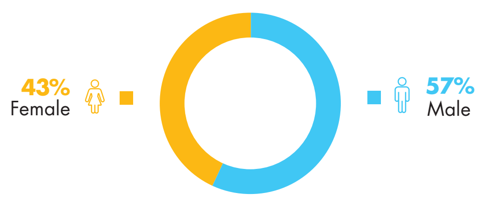
GOVERNANCE STRUCTURE

The Board of Trustees (the "Board "or the "Trustees") is fixed at seven members and is comprised of five independent members and two non-independent members. The Board is comprised of 29% female representatives and 71% male representatives.

Trustee Compositon



Target Trustee Composition



Nominating/Selecting Board Members and Committee Members

Under the Trust's mandate as set out in the Declaration of Trust, a Trustee majority must be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with a Trustee's ability to act with a view to the best interests of the Trust and its Unitholders. Currently, five of the seven Board members are independent.

The Board has appointed the Compensation, Governance and Nominations Committee ("CGN Committee"), which is responsible for (i) reviewing the size and composition of the Board, (ii) recommending candidates for election to the Board, (iii) reviewing credentials of nominees for re-election, and (iv) recommending candidates for filing vacancies on the Board. The CGN Committee maintains an active list of potential qualified nominees to the Board. The CGN Committee aims to ensure an appropriate mix of individuals with real estate, accounting, financial, legal, capital markets, real estate investment trust and general business experience.

Role of Board in Setting Purpose, Values and Strategy

Financial sustainability is attained through the guidance of Boardwalk's Board of Trustees, Management team and stakeholders. Through valued input and guidance from its Trustees and conservative fiscal management, Boardwalk continues to maintain a strong balance sheet and provides consistent, ongoing value to Unitholders, opportunities to enhance its net asset value, and to continue the Trust's mandate of "building better communities" which in turn provides happy, safe, and sustainable communities for Boardwalk's Resident Members and Associates in which to live and work.

In addition to assuming responsibility for the stewardship of the Trust, the Board of Trustees is specifically charged with:

- Reviewing, discussing and approving the Trust's Strategic Plan which addresses, among other things, opportunities and risks of the business.
- Identifying principal risks (including those risks concerning credit, market, liquidity and operations), in addition to reviewing risk management policies and processes of the Trust's business and ensuring implementation of appropriate systems to manage those risks.
- Reviewing the performance of the CEO and other senior executives of the Trust.
- Creating and maintaining the communication policy of the Trust, including approving the contents of major disclosure documents of the Trust.
- Reviewing policies and programs related to the image of the Trust and ensuring appropriate processes are in place for communicating with all stakeholders.
- Reviewing how the Trust communicates and interacts with analysts and the public to avoid selective disclosure.
- Managing the integrity of internal controls and management information systems.

Structure of the Board

The Board is comprised of three committees: 1) Audit and Risk Management, 2) Compensation, Governance and Nominations, and 3) Corporate Development. Authority is delegated from the Board of Trustees to the Chief Executive Officer through to Executive Management.

Collective Knowledge of the Board

	Name	Andrea Goertz	Gary Goodman	Art Havener	Sam Kolias	Samantha Kolias-Gunn	Scott Morrison	Brian Robinson
Boardwalk Representation	Title		Chair, ARM	Lead	Chairman/ CEO			Chair, CGN
	Committee	ARM/CGN	ARM	CGN		CDC	ARM/CGN	CGN/CDC
	Trustee Since	2019	2009	2007	Founder	2013	2018	2017
	Insider/Independent	Indep.	Indep.	Indep.	Insider	Insider	Indep.	Indep.
Demographics	Gender	F	M	M	M	F	M	M
	Geographic Location	Alberta	Ontario	U.S.A.	Alberta	Alberta	Ontario	Alberta
	Age	52	77	53	58	32	49	63
Business Backgorund and Experience	Company Title	CC&SO	CEO/CFO	President/VP	CEO	CFO[1]	CEO	CFO
	Other Public Board	N	Y	Y	N	N	N	Y
	Other Board	Y	Y	Y	N	N	Y	Y
	HR	Y	Y	Y	Y	Y	Y	Y
	Real Estate	Y	Y	Y	Y	Y	Y	N
	Real Estate Type	Other	MF, Other	MF, Other	MF	MF	MF, Other	N/A
	Finance/Investment Analysis	Y	Y	Y	Y	Y	Y	Y
	CA	N	Y	N	N	Y	N	Y
	Legal	N	N	N	N	N	N	N
	Strategy	Y	Y	Y	Y	Y	Y	Y
	Board/Marketing	Y	Y	N	Y	Y	Y	Y
	REIT	N	Y	Y	Y	Y	Y	N
Other	Professional/Academic Designations	MBA, DEP	CA, DEP	DEP, MBA	B.Sc. (Civil Eng.), CPM	CA, DEP	CFA	CA
	Boardwalk Owned Trust Units	1,455	27,897	25,160	4,337,500	Nil[1]	8,000	14,966
	Boardwalk Granted Deferred Units	2,326	13,488	16,244	Nil	3,686	5,618	7,905

CA – Chartered Professional Accountant
MBA – Master of Business Administration
CFA – Certified Financial Analyst
MF – Multi-family
DEP – Director Education Program

(1) Mrs. Kolias-Gunn is the CFO and a director of BPCL, which owns 8,675,000 Trust Units and an additional 4,475,000 LP Class B Units, which, if exchanged into Units, would give BPCL an aggregate of 13,150,000 Units.

Evaluating Board Performance

Each of the Board, its Committees and individual Trustees are evaluated on their effectiveness on an annual basis. Each Trustee is provided with a survey to be completed and returned to the Chair of the CGN Committee. The survey covers the effectiveness and contribution of:

- the Board as a whole;
- each of the Committees; and
- individual Trustees.

In particular, the survey ensures the following important outcomes:

- provides for quantitative ratings in key areas; and
- seeks subjective comment in relevant areas, including areas for improvement and important issues relevant to the Board and/or its Committees.

In addition to the survey, the Chairman of the CGN Committee meets with each Trustee on a one-on-one basis to assess the effectiveness and contribution of each individual Trustee. Both the survey and the Trustee interviews allow Trustees to comment on areas for improvement to ensure the continued effectiveness of the Board and its Committees.

Matters raised through the Board, Committee and individual Trustee evaluations are summarized and presented to both the CGN Committee and the full Board.

Conflict of Interest

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on Boardwalk, which:

a) requires each Trustee to disclose any interest in a material contract or transaction or proposed material contract or transaction with Boardwalk or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Boardwalk; and

b) enquires into and determines the appropriate resolution of any conflict of interest in respect of audit or financial matters.

ROLE OF THE BOARD WITH ESG

The Trust plans to form the appropriate operational committees to support all its ESG initiatives, risks and opportunities. As the Trust does so, the Board will become more involved in identifying and managing economic, environmental and social impacts while also evaluating the effectiveness of the Trust's risk management processes. The Board will be involved in reviewing ESG topics, assessing and approving ESG materiality. The Board will also consider and approve ESG metrics and targets.

Park Place; Edmonton, AB

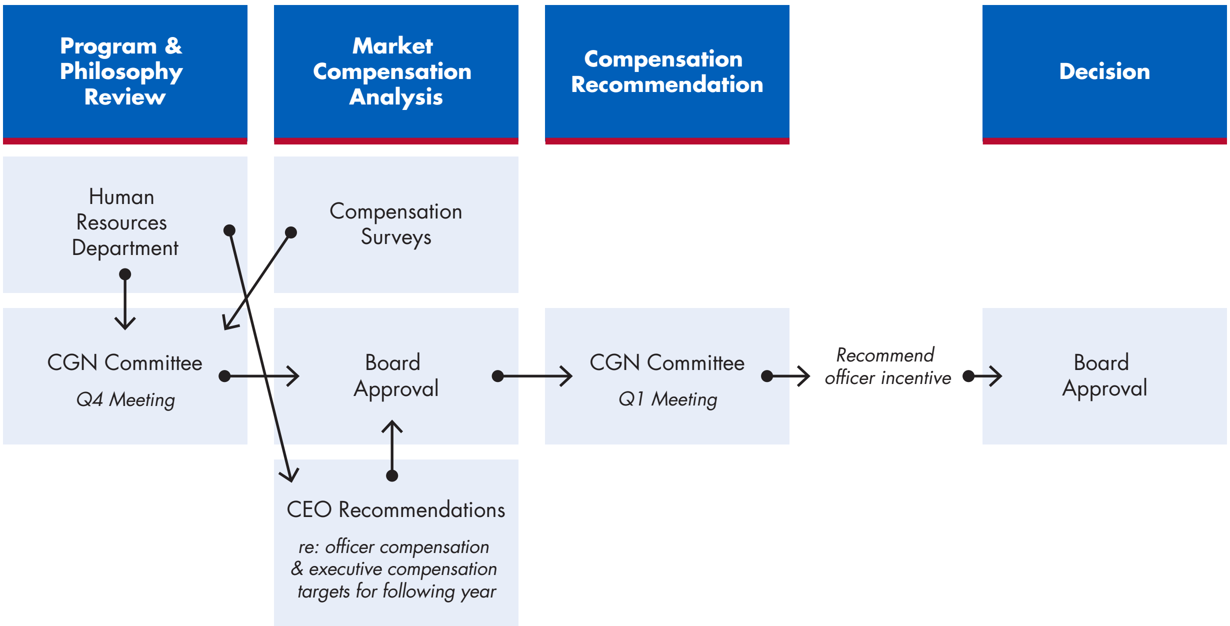
REMUNERATION

The Board, through its Compensation, Governance and Nominations Committee, reviews the adequacy and form of compensation of Trustees and executive officers annually. The Compensation, Governance and Nominations Committee considers the time commitment, risks and responsibilities of Trustees and executive officers, and takes into account the types of compensation and the amounts paid to directors, trustees and executive officers of comparable publicly traded Canadian companies and income trusts.

Of the three members of the Compensation, Governance and Nominations Committee, all are independent Trustees.

Boardwalk compensates Associates on the basis of performance, experience and work-related criteria. The Trust is dedicated to equitable and competitive compensation for all Associates in order to compete effectively in the labour market.

All compensation changes are initiated by the Trust's management, with the process being as follows:



Concluding Remarks

Implementing ESG best practices is a continual and evolving effort. Boardwalk is committed to this journey, recognizing that despite what we have done, there are more opportunities to continue to do better. We are committed to participate in benchmarking initiatives to continue to learn the areas where we can improve, while also reaching out to stakeholders and conducting a full materiality assessment. **We look forward to the journey ahead.**

boardwalk

Lifestyle communities living

First West Professional Building
Suite 200, 1501 – 1st Street SW
Calgary, Alberta T2R 0W1
Tel (403) 531-9255
Fax (403) 531-9565

WWW.BWALK.COM