FINANCIAL REVIEW CONTENTS

Management's Discussion and Analysis

Financial Statements

Supplemental Information

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended, December 31, 2020 and 2019

General and Advisories

GENERAL

The terms "Boardwalk", "Boardwalk REIT", the "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 twelve months ended December 31, 2020 and 2019. Financial data, including related historical comparatives, provided in this MD&A 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 25, 2021 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2020 and 2019, which have been prepared in accordance with IFRS, 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 website at www.sedar.com. Historical results and percentage relationships contained in the audited annual consolidated financial statements and MD&A related thereto, including trends, which might appear, should not be taken as indicative of future operations.

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 (as defined below). Further discussion of this is contained in this MD&A.

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 and information (collectively "forward-looking statements") within the meaning of applicable securities laws. These statements include, but are not limited to, statements made concerning Boardwalk's objectives, including, but not limited to, the REIT's 2021 financial outlook and market guidance, increasing its occupancy rates, joint venture developments and future acquisition and development opportunities, including its plans for the newly purchased land in Victoria, British Columbia and its long-term strategic plan of high-grading and geographic expansion, its strategies to achieve those objectives, expected increases in property taxes and insurance costs, the impact of the novel strain coronavirus (COVID-19) pandemic, as well as statements with respect to management's beliefs, plans, estimates, assumptions, 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 at the time such statements are made. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. All forward-looking statements in this MD&A are qualified by these cautionary statements.

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 Annual Information Form for the year ended December 31, 2020 ("AIF") dated February 25, 2021 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. Of particular note, during 2020 and continuing into 2021, the world and Canada have been impacted by, and continue to be impacted by, the COVID-19 pandemic. In an attempt to slow down the spread of this virus, the various levels of government in Canada and throughout the world have *enacted emergency measures. These measures, which include the implementation of travel bans, self-imposed and government-imposed quarantine periods and social distancing measures, including curfews and stay-at-home orders, have caused material disruption to businesses globally resulting in an economic slowdown and unprecedented unemployment levels. As of February 25, 2021, the full impact of the COVID-19 pandemic on the results of the Trust remains uncertain. This is not an exhaustive list of the factors that may affect Boardwalk's forward-looking statements. Other risks and uncertainties not presently known to Boardwalk could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, the impact of economic conditions in Canada and globally including as a result of the COVID-19 pandemic, the ability of the Trust to re-open and continue to leave open its communal spaces as the COVID-19 pandemic continues to impact the jurisdictions in which the Trust operates, the REIT's future growth potential, prospects and opportunities, 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, the impact of accounting principles under IFRS, general industry conditions and trends, changes in laws and regulations including, without limitation, changes in tax laws, mortgage rules and other temporary legislative changes in light of the COVID-19 pandemic, increased competition, the availability of qualified personnel, fluctuations in foreign exchange or interest rates, and stock market volatility. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that Boardwalk will derive from them. As such, undue reliance should not be placed on 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.*

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 REIT 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, 2018 (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 trust units ("Trust Units" or "Units") trade on the Toronto Stock Exchange ("TSX") under the trading symbol 'BEI.UN'. Boardwalk REIT's principal objectives are to provide its holders ("Unitholders") of Trust Units with stable monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of the 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, 2020, 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 2020, Boardwalk REIT's property portfolio was concentrated in the provinces of Alberta, Saskatchewan, Ontario, and Quebec.

At December 31, 2020 and 2019, the fair value of Boardwalk's Investment Property assets was approximately $5.9 billion and $6.1 billion, respectively, which generated a profit of $130.0 million and $120.9 million for the years ended December 31, 2020 and 2019 (before fair value losses, loss on sale of assets, adjustment to right-of-use asset related to lease receivable, other income, and income taxes), respectively. For the years ended December 31, 2020 and 2019, the Trust earned $139.7 million and $131.0 million, respectively, of Funds From Operations ("FFO"), or $2.74 and $2.57 per Unit on a diluted basis. Adjusted Funds From Operations ("AFFO") for the years ended December 31, 2020 and 2019 were $119.9 million and $106.9 million, respectively, or $2.35 and $2.10 per Unit on a diluted basis. Please refer to the section titled "Non-GAAP Financial Measures" in this MD&A for definitions of Funds From Operations and Adjusted Funds From Operations.

Environmental, Social and Governance Overview

The Trust is, and continues to be, committed to environmental, social and governance ("ESG") objectives and initiatives, including working towards reducing greenhouse gas emissions and electricity and natural gas consumption, water conservation, waste minimization and a continued focus on governance and oversight. As part of its 2020 Annual Report, the Trust has included its ESG Report, which will be available at www.bwalk.com/investors.

MD&A Overview

This MD&A focuses on key areas from the audited annual 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, including the COVID-19 pandemic discussed below. Additionally, other elements may or may not occur, which could affect the organization in the future. Please refer to the section titled "General and Advisories – Forward-Looking Statement Advisory" in this MD&A. 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 2020 Annual Report, the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019, and the AIF, each of which are available under the REIT's profile on www.sedar.com, 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.

COVID-19 Pandemic

Since its emergence in late 2019 and the declaration by the World Health Organization on March 11, 2020 as a global pandemic, the COVID-19 pandemic has had a substantial impact on the Canadian and global economy. In an attempt to slow down the spread of this virus, the various levels of government in Canada and throughout the world have enacted various emergency measures. These measures, which include the implementation of travel bans, self-imposed and government-imposed quarantine periods, social distancing measures, including curfews and stay-at-home orders, and restrictions on gatherings and events have caused material disruption to businesses globally resulting in a significant amount of economic activity being either shut down or scaled back materially. Global equity and capital markets have also experienced significant volatility and weakness. This economic contraction has resulted in widespread hardship, significant losses in jobs and business incomes, resulting in unprecedented unemployment levels. Uncertainty regarding the duration and severity of the pandemic has affected the spending decisions of both households and businesses. Until the pandemic is contained, a substantial portion of economic activity will continue to be adversely affected. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Acting swiftly has often meant that the measures the various levels of government are putting in place are announced early in their development and continue to evolve and change in order to meet the desired outcome. As such, it is not entirely known the extent of all the government programs that might be put in place, how long programs will last, how these programs may change over time, or what their full impact might be.

The COVID-19 pandemic, combined with ongoing tensions between the world's oil producers, have had a significantly negative impact on global oil prices in 2020, leading to additional economic uncertainty in some of the major markets in which the Trust operates. While the energy sector saw crude prices starting to trend higher towards the end of 2020, organizations are proceeding with caution given the risks that still exist with the COVID-19 pandemic. Uncertain economic conditions resulting from the COVID-19 pandemic have and may continue to, in the short or long term, materially adversely impact the Trust's tenants and/or the debt and equity markets, both of which could materially adversely affect the Trust's operations and financial performance. The duration and impact of the COVID-19 pandemic on the Trust is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Trust.

As a provider of housing, which all levels of government recognize as an essential service, the Trust values the important role it plays during this pandemic. First and foremost, the Trust has primarily concentrated its efforts on ensuring the safety and well-being of all of its Resident Members (as defined below) and Associates. For its Resident Members and in its communities, Boardwalk has increased its already high-standard of cleaning and maintenance with more frequent cleaning and sanitization of common areas and highly touched objects. Boardwalk will continue to assess and follow its provincial and municipal government recommendations to ensure the safety of its communities.

The Trust has enhanced communication through Boardwalk's online Resident Portal, powered by Yuhu, allowing for increased self-service, online payments and social-distancing, keeping our community together whilst we are physically apart. Boardwalk believes in timely, transparent communication and has provided regular updates to both Resident Members and Associates through various channels including the new portal bwalk.info, which shares public education on current health recommendations from both federal and provincial governments and timely information about government financial support programs. We continue to apply our Resident Member-friendly approach on a case-by-case basis, working on mutually beneficial resolutions in cases of Resident Member financial hardship, touching base personally with Resident Members. For Associates, the Trust has increased the procurement and use of Personal Protective Equipment and implemented recommended physical distancing in the workplace. Boardwalk has expedited its virtual showing capabilities, while ensuring on-going regular communication with its leadership and operational teams to assess and support any needs. As provinces across Canada continue to implement stronger public health measures to protect the health system and slow the spread of COVID-19, for regions where business and service restrictions are in effect, the Trust has utilized work-from-home protocols, leveraging Boardwalk's technology investments to allow for continued operation as part of its business continuity plan and have regular updates on best practices as shared by federal and provincial governments. In addition, for Associates deemed essential workers, and in provinces that have commenced various phases of re-opening the economy, Boardwalk has allowed for Associates to return to work at its sites with strict guidelines to adhere to appropriate health and safety measures.

Boardwalk is committed to keeping its stakeholders and financial partners informed. The Trust has increased its correspondence with stakeholders during this period with additional press releases, as well as COVID-19 pandemic specific information on its website. The Trust has increased the engagement with its financial partners and stakeholders. Additionally, the Trust has evaluated its risks relating to a global pandemic, including the COVID-19 pandemic. To that end, please refer to the section titled "Risks and Risk Management" in this MD&A and "Challenges and Risks" in the AIF.

During the summer months, with the number of COVID-19 cases being lower and more stable, many of the provinces continued onward with their plans to allow for larger gatherings and for more public spaces to re-open. However, with the re-opening of schools in September 2020 and the colder fall and winter weather, a second wave of COVID-19 cases have now drastically increased in Canada and around the world. In addition, to the emergence of a second wave of the COVID-19 pandemic in the fourth quarter of 2020, the emergence of various COVID-19 variant strains has led to the imposition of further containment measures to varying degrees in many regions within Canada and globally, which are ongoing as of the date hereof. With the increasing number of cases and the unknown impact new variants may have, the provincial governments have begun to re-impose more restrictions on gatherings and social distancing measures in an attempt to curb the rising number of COVID-19 cases. Around the world, governments are once again implementing self-isolation measures, closing down non-essential businesses and enforcing travel bans. These containment measures continue to impact global economic activity, including the ability to move towards recovery of the global economy and such measures also contribute to the decreased demand for products, increased market volatility and continued changes to the macroeconomic environment. As the impacts of the COVID-19 pandemic continue to materialize, the prolonged effects of the disruption have had and continue to have adverse impacts on the Trust's business strategies and initiatives, resulting in ongoing effects to the Trust's financial results, including the increase of counterparty, market and operational risks.

Near the end of 2020, several pharmaceutical companies around the world announced the successful development of vaccines with a high degree of immunization against COVID-19. Several promising vaccines were studied and approved by government health organizations around the world. Once approvals were obtained, mass production and distribution rollout plans commenced, with provinces in Canada receiving first shipments of vaccines in December 2020. As expected, demand for available vaccines is extremely high with all countries around the world wanting supply. Limited production facilities, supply chain logistics, and countries competing against each other to secure supply, has caused supply chain disruptions for Canada. It is uncertain at this time how long it will take for enough vaccines to arrive in Canada and to roll out to the majority of the population in order to immunize enough people to safely limit the spread of COVID-19.

Though the magnitude and length of the pandemic is unknown, the Trust has noted that the majority of Resident Members have still maintained timely payments on their rents for 2020, which has resulted in a lower impact on its bad debts than previously anticipated. The government's Canada Emergency Response Benefit (CERB) was extended to October 3, 2020, which continued to further provide support to our Resident Members with their essential needs. With the conclusion of the CERB, the Canadian government introduced the Canada Recovery Benefit, Canada Recovery Sickness Benefit, and the Canada Recovery Caregiving Benefit, all designed to help financially support individuals who have not been able to work or had their income reduced due to COVID-19. Additionally, the Canadian government increased the flexibility of Employment Insurance benefits as well as extended the Canada Emergency Wage Subsidy until June 2021, which will enable those employers who have experienced a considerable decline in revenue to continue paying wages to their employees, which will also support our Resident Members. However, it is not clear how long elevated unemployment rates may last, or the extent of all the government programs that might be put in place in the future and how these programs may change over time, or what their full impact might be. As a result, the impact on the Trust's cash flow from operating activities is still uncertain. In addition, the Trust's investment properties are measured at fair value based on assumptions influenced by market conditions. Given the uncertainty of the longer-term impact of the COVID-19 pandemic and how it will impact valuation assumptions, measurement uncertainty exists with respect to the Trust's investment properties.

Furthermore, as a result of the government measures put in place to slow the spread of COVID-19, there may be temporary or long-term stoppage of development projects, temporary or long-term labour shortages or disruptions, temporary or long-term impacts on domestic and global supply chains, increased risks to IT systems and networks and risks related to the Trust's ability to access capital on acceptable terms or at all. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, materially adversely impact operations and the financial performance of the Trust.

Please refer to the section titled "Risks and Risk Management" in this MD&A and "Challenges and Risks" in the AIF.

Outlook

The Bank of Canada, in its January 2021 Monetary Policy Report, continued to focus on the COVID-19 pandemic, assessing the overall economic impact of the pandemic on Canada and analyzing the factors that could hamper or favour the eventual recovery. The Bank of Canada forecasts that the timing of recovery will vary across regions and until the virus is under control and there is no need for physical distancing, the recuperation phase of the economic recovery will likely remain choppy and uneven. The arrival of vaccines will help, but it will still take time for a full recovery. Its speed will depend heavily on how the pandemic and the efforts to control it unfold, as well as on developments in global oil markets. Policy stimulus will support the recovery, however, uncertainty and the scarring effects of the recession on confidence and production capacity could prolong the recovery. To support the recovery, the Bank of Canada has indicated that it will continue to keep interest rates low.

In 2020, 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 customer retention through excellence in customer service remains Boardwalk's key performance strategy. With the COVID-19 pandemic, provincial governments had applied rental rate freezes and evictions for non-payment of rent were temporarily disallowed. During Q3 2020 these restrictions were lifted. The Trust worked, and is continuing to work, with each Resident Member, on a case-by-case basis, as it relates to the payment of monthly rent. The federal government has provided financial supports helping decrease the financial burden for our Resident Members as it relates to the payment of rent. During Q4 2020, the Trust experienced increased rent collections from its Resident Members with 98.3% of October revenue being collected in October, 98.0% of November revenue being collected in November, and 98.5% of December revenue being collected in December, as compared to a historical collection rate of over 98%. 98.4% of January revenue was collected in January.

Boardwalk continues to move forward with its development opportunities and announced the completion of its first joint venture development project with RioCan Real Estate Investment Trust ("RioCan") known as BRIO, located in Calgary, Alberta. BRIO is an amenity-rich affordable luxury 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 and RioCan are proud of the newest addition to the Lifestyle portfolio. The project was substantially completed on February 21, 2020 and on budget. As of February 2021, the project was 60% leased.

In 2020, Boardwalk continued with its 50:50 joint venture partnership 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 is 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. For the year ended December 31, 2020, the Trust contributed $9.2 million of capital to the limited partnership. For the year ended December 31, 2019, the Trust contributed $15.9 million of capital to the limited partnership. Despite necessary slowdowns resulting from the impact of the COVID-19 pandemic, tradesmen are still on site and working to progress the project, although at reduced staffing levels. Extra precautions for hygiene, cleaning and physical distancing are in place to ensure our worksite is in full compliance with best practices and requirements. The project is substantially tracking on time and on budget. The partnership has committed to a construction facility for 60% of the budgeted costs to construct, however, the facility will not be drawn upon until the 40% required equity has been contributed.

During the third quarter of 2019, and subject to zoning approvals, the Trust finalized a joint venture mixed-use project with 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.

Boardwalk's development opportunities include additional projects to be built on the Trust's excess land density, as well as new land that has been recently acquired in Victoria, British Columbia (please refer to the section titled "Investment Property Development" in this MD&A). These developments are in various stages of market analysis, planning and approval, and will further add newly constructed assets to the Trust's portfolio.

During 2020, the Trust renewed approximately $310 million of 2020 mortgage maturities, with an average term of six years at a weighted average interest rate of 1.64%, a decrease from the average maturing rate on these completed mortgages. In addition, the Trust obtained close to $185 million of additional mortgage funds. For the year ended December 31, 2020, principal repayment totaled $69.7 million. As of February 2021, Canada Mortgage and Housing Corporation ("CMHC") insured five and ten-year mortgage rates were estimated to be 1.30% and 2.10%, respectively. In 2021, the Trust has a total of $384.2 million of mortgages maturing. To date, the Trust has renewed or forward locked the interest rate on $81.4 million, or 21% of these mortgage maturities at an average interest rate of 1.30%, while extending the term of these mortgages by an average of six 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. Management of the Trust believes that 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. 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. 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 acquisition of legacy assets in Southwestern Ontario, development partnerships in Brampton and Mississauga, both in Ontario, land acquisitions in Victoria, British Columbia, has high-graded its Western Canadian portfolio through dispositions of non-core assets and capital redeployment into superior assets and has invested value add capital of $88.8 million in fiscal 2020 and $99.2 million in fiscal 2019 into its existing portfolio.

The funding for this strategic plan will be consistent with the Trust's 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 MD&A, Boardwalk has an adequate level of liquidity. Although the Trust distributes monthly distributions to its Unitholders at least equal to its taxable income, management of 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

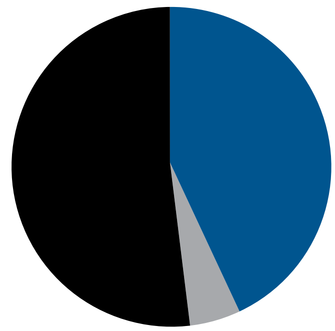
It is the goal of the Trust to not only diversify geographically, but also to diversify through its brand.

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 Resident Members 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 RENOVATION PROGRAM

Boardwalk has invested value add capital of $88.8 million in 2020 ($99.2 million in 2019, $102.8 million in 2018), 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, increased occupancy, as well as cost savings on turnovers. Historic investment in our assets and brands has resulted in a diversified product mix to match varying demand while allowing us to gain market share with increasing choice for existing and new Resident Members.

'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.

Management of 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 DOT, a copy of which is available on request to all Unitholders and is also available under the REIT's profile on www.sedar.com. A more detailed summary 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 Tax Act.

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 Units on or about each distribution date such percentage of FFO for the calendar month then ended as the Board of Trustees determines in its discretion. Distributions will not be less than Boardwalk REIT's taxable income, unless the Board of Trustees, in its absolute discretion, determines 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 add renovation program, brand diversification initiative, and new construction of multi-family communities in supply-constrained markets.

COMPLIANCE WITH DOT

At December 31, 2020, the Trust was in material compliance with all investment guidelines and operating policies as stipulated in the DOT. More details will be provided later in this MD&A with respect to certain detailed calculations.

For the year ended December 31, 2020, 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 Class B Units (as defined herein) and fair value adjustments, was 2.79 (December 31, 2019 – 2.76).

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. Management of Boardwalk expects to 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.

Management of 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-add opportunities.

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

- Ensure ample capital is available at all times for acquisitions and value-add 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 National Housing Act ("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 audited annual consolidated financial statements for the years ended December 31, 2020 and 2019, unless otherwise specified.

NON-GAAP FINANCIAL MEASURES

Boardwalk REIT prepares its financial statements in accordance with IFRS 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 NOI, FFO and 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 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 (Loss) Income. However, it is typically considered a non-GAAP measure for real estate entities and, therefore, is included here.

Funds From Operation

The IFRS measurement most comparable to FFO is Profit (loss). We define FFO as income before fair value adjustments, distributions on the LP Class B Units (as defined herein), 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 and adding the principal portion of lease receivables. The reconciliation from Profit (loss) 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 (loss) as presented in the audited annual consolidated financial statements.

Adjusted Funds From Operation

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 MD&A. The reconciliation of AFFO can be found below, under the section titled “Performance Measures”.

Adjusted Cash Flows From Operations

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 Statements of Cash Flows”, along with added commentary on the sustainability of Boardwalk REIT’s Trust Unit distributions.

Boardwalk REIT’s presentation of NOI, 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 (loss) determined in accordance with IFRS as indicators of Boardwalk REIT’s performance. In addition, Boardwalk REIT’s calculation methodology for NOI, 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 measures of a REIT’s ability to pay distributions. These ratios are computed by dividing Unitholder distributions paid (including distributions on the LP Class 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.

Enterprise Value

Enterprise Value is a non-GAAP measure calculated as the sum of the 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. The Trust has adopted a long-term strategic plan, which includes expanding its investments outside of Alberta and Saskatchewan and into high-growth markets, to allow the Trust to geographically diversify its brand of housing into new, undersupplied markets. 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. 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 Unitholders.

The Trust sells 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 Unitholders, reinvesting in its existing properties to achieve superior returns, developing new multi-family properties, and/or purchasing Trust Units for cancellation. Management of the Trust continues to review all available options that it believes will provide the optimal return to 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 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 2021, estimated CMHC-insured five and ten-year mortgage rates were estimated to be 1.30% and 2.10% 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 2020, the Trust reported AFFO per Unit of $2.35 on a fully diluted basis. When compared to the Trust Unit's market price of $33.74 as at December 31, 2020, this equates to approximately 6.97% as its cost of equity. Further details of the Trust's cost of capital can be found in NOTE 30 to the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019 which is available under the Trust's profile at www.sedar.com.

Performance Review of 2020

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.

Periodically, 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 capital 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 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 fourth quarter of 2020, the Trust sold a non-core asset, Boardwalk Manor (which is comprised of 72 units) in Regina, Saskatchewan for a sale price of $7.5 million, resulting in a total loss on asset sales of $0.5 million due to transaction costs. During the second quarter of 2020, the Trust sold a non-core, land leased asset, consisting of 158 units in Calgary, Alberta for a sale price of $3.0 million, resulting in a total loss on asset sales of $0.6 million due to transaction costs. During the third quarter of 2019, the Trust sold 138 units in Saskatoon, Saskatchewan for a sale price of $20.7 million, resulting in a total loss on asset sales of $0.4 million due to transaction costs. During the second quarter of 2019, the Trust sold 140 units in Saskatoon, Saskatchewan for a sale price of $20.7 million, resulting in transaction costs and a loss on asset sales of $0.3 million.

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 2020, the Board of Trustees 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, 2020, the Trust declared regular distributions of $51.0 million (inclusive of distributions paid to the holders of LP Class B Units), representing approximately 36.5% 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, 2020, the Trust declared regular distributions of $12.8 million representing approximately 37.3% 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. On a quarterly basis, the Board of Trustees reviews the current level of distributions and determines if any adjustments to the distributed amount is warranted.

FFO RECONCILIATION FROM 2019 TO 2020

The following table shows a reconciliation of changes in FFO from December 31, 2019 to December 31, 2020. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's audited annual 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 MD&A.

FFO Reconciliation		**3 Months**		**12 Months**
FFO Opening – Dec. 31, 2019	$	0.63	$	2.57
NOI from Stabilized Properties		-		0.19
NOI from Unstabilized Properties		0.02		0.04
FFO Loss from Sold Properties		-		(0.01)
Administration, financing and other		0.02		0.02
	$	0.04	$	0.24
	$	0.67	$	2.81
Other Adjustments				
Retirement costs	$	-	$	(0.07)
FFO Closing – Dec. 31, 2020	**$**	**0.67**	**$**	**2.74**

During the year ended December 31, 2020, $0.07 per fully diluted Trust Unit was recognized for executive retirements, mainly in the form of deferred unit-based compensation and severance payments.

FFO AND AFFO RECONCILIATIONS

In the table on the following page, Boardwalk REIT provides a reconciliation of FFO (a non-GAAP measure) to (Loss) profit for the period, its closely related financial statement measurement for the three months and years ended December 31, 2020 and 2019. Adjustments are explained in the notes below the table, as appropriate.

FFO Reconciliation *(In $000's, except per Unit amounts)*	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
(Loss) profit for the period	**$ (188,435)**	$ (108,636)		**$ (197,279)**	34,781	
Adjustments						
Adjustment to right-of-use asset related to lease receivable	**-**	-		**159**	-	
Loss on sale of assets	**532**	-		**1,136**	714	
Fair value losses (1)	**219,111**	137,955		**326,134**	86,132	
Add back distributions to LP Class B Units recorded as financing charges (2)	**1,120**	1,120		**4,479**	4,479	
Deferred income tax expense (recovery)	**258**	(125)		**(72)**	(754)	
Depreciation expense on Property Plant & Equipment	**2,259**	2,341		**8,195**	8,809	
Principal portion of lease obligations	**(732)**	(499)		**(3,465)**	(3,194)	
Principal portion of lease receivable	**155**	-		**449**	-	
Funds from operations	**$ 34,268**	$ 32,156	6.6%	**$ 139,736**	$ 130,967	6.7%
Funds from operations – per Unit	**$ 0.67**	$ 0.63	6.3%	**$ 2.74**	$ 2.57	6.6%

(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 (Loss) 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. Management of 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 $34.3 million for the fourth quarter of 2020 compared to $32.2 million for the same period in 2019. FFO, on a per Unit diluted basis, for the quarter ended December 31, 2020, increased approximately 6.3% compared to the same quarter in the prior year from $0.63 to $0.67. Additionally, the Trust earned FFO of $139.7 million for fiscal 2020 compared to $131.0 million for fiscal 2019. After adjusting for retirement costs, FFO totaled $143.4 million representing an increase of 9.5% from the year ended December 31, 2019. FFO, on a per Unit fully diluted basis, for the year ended December 31, 2020, increased approximately 6.6% compared to the prior year from $2.57 to $2.74. The increase was primarily driven from higher rental revenue coupled with lower building maintenance costs, advertising costs, and wages and salaries, being partially offset by increases in bad debt expense, insurance, property taxes, utilities, financing costs and retirement costs.

The following table provides a reconciliation of FFO to AFFO:

(000's)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019
Funds From Operations (FFO)	**$ 34,268**	$ 32,156	**$ 139,736**	$ 130,967
Maintenance Capital Expenditures (1)	**4,545**	6,096	**19,862**	24,060
Adjusted Funds From Operations (AFFO)	**$ 29,723**	$ 26,060	**$ 119,874**	$ 106,907
FFO per Unit (Trust and LP Class B Units)	**$ 0.67**	$ 0.63	**$ 2.74**	$ 2.57
AFFO per Unit (Trust and LP Class B Units)	**$ 0.58**	$ 0.51	**$ 2.35**	$ 2.10
Unitholder Distributions-Regular (Trust Units and LP Class B Units)	**$ 12,766**	$ 12,744	**$ 51,049**	$ 50,941
Distribution as a % of FFO	**37.3%**	39.6%	**36.5%**	38.9%
Distribution as a % of AFFO	**42.9%**	48.9%	**42.6%**	47.6%

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

LIQUIDITY

The access to liquidity is an important element of the Trust as it allows the Trust to implement its overall strategy. With the current COVID-19 pandemic, the importance of liquidity has been magnified even more due to the uncertainty of when the pandemic will abate. The further 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 provides mortgage financing at attractive rates. With the COVID-19 pandemic, we have seen declining interest rates which may result in lower interest rates upon renewal as compared to the existing interest rate, however, potential interest savings may be tempered by an increase in upfinancings to ensure appropriate liquidity.

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 $53.0 million at December 31, 2020, compared to $35.2 million reported on December 31, 2019. As at December 31, 2020, the Trust also had $199.7 million of unused credit facility (December 31, 2019 – $199.7 million) and committed secured upfinancings of $16.5 million (December 31, 2019 – $22.8 million), bringing total liquidity to $269.2 million (December 31, 2019 – $257.8 million).

NEW PROPERTY ACQUISITIONS AND DISPOSITIONS

On September 28, 2020, the Trust acquired a portfolio of four properties in Southwestern Ontario, located in the markets of Kitchener, Waterloo, and Cambridge. The portfolio is comprised of 226 units and had a purchase price $64.6 million (including transaction costs).

On August 27, 2020, the Trust purchased a property in Cambridge, Ontario. The property is comprised of 56 units and had a purchase price $16.8 million (including transaction costs).

On November 17, 2020, the Trust sold a non-core asset, Boardwalk Manor (comprised of 72 units), in Regina, Saskatchewan for total proceeds (excluding selling costs) of $7.5 million.

On June 25, 2020, the Trust sold a non-core, land leased asset, Elbow Tower (comprised of 158 units), in Calgary, Alberta for total proceeds (excluding selling costs) of $3.0 million.

On April 1, 2019, the Trust acquired a property in Edmonton, Alberta. The property is comprised of 124 units and had a purchase price of $36.8 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.

DEVELOPMENT

On September 1, 2020, the Trust acquired the first parcel of a development site in Victoria, British Columbia, in the community of Esquimalt, for a purchase price of $3.1 million (including transaction costs). On November 2, 2020, the Trust purchased the second parcel of adjacent land for a purchase price of $10.1 million (including transaction costs). The purchases are part of Boardwalk's long-term strategic plan of high-grading and geographic expansion, with the land planned for the development of new rental units. Subsequent to December 31, 2020, the Trust acquired a third parcel of adjacent land for a purchase price of $1.9 million (excluding transaction costs).

On November 23, 2020, the Trust purchased a development site in Victoria, British Columbia, in the community of View Royal, for a purchase price of $14.5 million (including transaction costs). The Trust plans to redevelop the land which has the potential for up to 247 new rental units.

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 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, with the building being turned over to the owners on February 21, 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 provide best-in-class retail and residential expertise, respectively, to co-develop the asset. To maximize the value of the development, RioCan manages the retail component and Boardwalk manages 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, 2020, Boardwalk incurred $3.7 million for its 50% interest. For the year ended December 31, 2019, Boardwalk incurred $16.8 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, BRIO, was 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. For the year ended December 31, 2020, the Trust contributed $9.2 million of capital to the limited partnership. For the year ended December 31, 2019, the Trust contributed $15.9 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. In 2019, the Trust paid $11.6 million (including transaction costs) for its 50% interest in the land. Zoning approvals are anticipated in early 2021, with timing of construction to be determined once approvals are in place.

Financial Performance Summary

At a Glance

(In $000's, except per Unit amounts)		**2020**		2019	% Change
Total Assets	**$**	**6,107,744**	$	6,276,384	(2.7)%
Total Rental Revenue	**$**	**465,572**	$	455,313	2.3%
(Loss) profit	**$**	**(197,279)**	$	34,781	(667.2)%
Total Funds From Operations	**$**	**139,736**	$	130,967	6.7%
(Loss) Profit Per Unit	**$**	**(4.24)**	$	0.75	(665.9)%
Funds from Operations Per Unit (fully diluted)	**$**	**2.74**	$	2.57	6.6%

Total Assets decreased from the amounts reported in the prior year, mainly due to a fair value loss on the Trust's investment properties in 2020. Total Rental Revenue increased by 2.3%, the result of higher in-place occupied rents in Ontario, Saskatchewan, and Quebec, and lower incentives in Alberta and Saskatchewan. Profit decreased by 667.2% compared to the prior year, due primarily to a significant fair value loss of $326.1 million recognized on its investment properties in 2020 compared to a $86.1 million loss in 2019. The change in fair value of the Trust's investment properties was largely driven by a decrease in rental revenue in Alberta as market conditions have become increasingly competitive, and an increase 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 NOI 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 $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 116,543**	$ 115,378	1.0%	**$ 465,572**	$ 455,313	2.3%
Expenses						
Operating expenses	**24,320**	26,250	(7.4)%	**96,338**	101,108	(4.7)%
Utilities	**12,820**	12,275	4.4%	**48,938**	47,883	2.2%
Property taxes	**13,630**	12,103	12.6%	**51,152**	47,529	7.6%
	$ 50,770	$ 50,628	0.3%	**$ 196,428**	$ 196,520	(0.0)%
Net operating income	**$ 65,773**	$ 64,750	1.6%	**$ 269,144**	$ 258,793	4.0%
Operating margins	**56.4%**	56.1%		**57.8%**	56.8%	
Number of suites at December 31	**33,396**	33,263		**33,396**	33,263	

(In $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Gross rental revenue, before vacancy losses and incentives	**$ 132,070**	$ 129,849	1.7%	**$ 524,513**	$ 514,742	1.9%
Vacancy loss	**(5,740)**	(4,894)	17.3%	**(20,174)**	(17,974)	12.2%
Incentives	**(9,787)**	(9,577)	2.2%	**(38,767)**	(41,455)	(6.5)%
Total rental revenue	**$ 116,543**	$ 115,378	1.0%	**$ 465,572**	$ 455,313	2.3%

Overall, Boardwalk REIT's rental operations for the three months and year ended December 31, 2020, reported higher results compared to the same periods in the prior year, with total rental revenue increasing 1.0% and 2.3%, respectively. For the three months ended December 31, 2020, the increase in total rental revenue was driven by slightly higher rental revenues. For the year ended December 31, 2020, the increase in total rental revenue was due to a combination of higher rental revenues and lower incentives offered. As outlined in the second table above, the Trust continued to offer selective incentives in certain communities to maintain occupancy levels while aiming to limit incentives on lease renewals. The Trust was able to reduce incentives by 6.5% year-over-year. However, these gains, as well as the addition of new rental suites from BRIO coming online at the end of February 2020, have contributed to an increase in vacancy losses of 12.2% for the year ended December 31, 2020. When excluding BRIO, vacancy loss increased 4.4% for the year ended December 31, 2020, compared to the same period in 2019. The Trust will continue to offer selective incentives in certain communities to maintain occupancy levels, but the overall goal is to continue to decrease incentives.

Overall, total rental expenses for the twelve months ended December 31, 2020, was consistent with 2019. Cost savings from lower building maintenance costs, advertising costs, and wages and salaries, were offset by increases in property taxes, utilities, bad debts, and insurance.

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. This availability of staff has been a benefit to the Trust during this time of quarantine and social distancing where contractors may not be so readily available. The Trust has been able to utilize our Associates to maintain quality customer services as well as to continue normal operations for both our repairs and maintenance as well as capital improvement projects. 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 of the Trust will adjust the amount allocated to more accurately reflect how many internal resources were directed towards specific capital improvements.

For the three months and year ended December 31, 2020, operating expenses decreased by 7.4% and 4.7%, respectively, compared to the same periods in the prior year, due to decreased repairs and maintenance, advertising costs, and wages and salaries, partially offset by an increase in bad debts and building insurance expense.

Utility costs increased by 4.4% and 2.2% for the three months and year ended December 31, 2020, respectively, compared to the same periods in 2019. The increase for the three months ended December 31, 2020, is mainly due to higher water and sewer costs, as well as an increase in carbon taxes across all provinces excluding Quebec. The increase for the year ended December 31, 2020, is due to higher electricity, water and sewer costs, and carbon taxes, partially offset by decreases in natural gas costs as well as increased electricity refunds for Ontario and Quebec. Fixed price physical commodity contracts have helped to partially or fully hedge the Trust's 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 audited annual consolidated financial statements for the years ended December 31, 2020 and 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 the addition of the new BRIO joint venture in February 2020 and the new Ontario acquisitions completed in the third quarter of 2020.

Overall, operating margin increased for the three months ended December 31, 2020, compared to the same period in 2019, from 56.1% to 56.4%.

Similarly, operating margin increased from 56.8% in fiscal 2019 to 57.8% for the twelve months ended December 31, 2020.

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 $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 73,740**	$ 74,998	(1.7)%	**$ 300,031**	$ 295,218	1.6%
Expenses						
Operating expenses	**15,454**	16,933	(8.7)%	**62,101**	65,571	(5.3)%
Utilities	**8,093**	7,426	9.0%	**30,825**	28,952	6.5%
Property taxes	**9,393**	7,968	17.9%	**34,415**	30,739	12.0%
	$ 32,940	$ 32,327	1.9%	**$ 127,341**	$ 125,262	1.7%
Net operating income	**$ 40,800**	$ 42,671	(4.4)%	**$ 172,690**	$ 169,956	1.6%
Operating margin	**55.3%**	56.9%		**57.6%**	57.6%	
Number of suites at December 31	**20,845**	20,922		**20,845**	20,922	

Alberta is Boardwalk's largest operating segment, representing 64.2% of total reported net operating income for the year ended December 31, 2020. In addition, Alberta represents 62.4% of total apartment units. Boardwalk REIT's Alberta operations for the three months and year ended December 31, 2020, reported a 1.7% decrease and a 1.6% increase, respectively, in total rental revenue, when compared to the same periods reported in 2019. For the three months ended December 31, 2020, the decrease in total rental revenue compared to the same period in the prior year was due to market conditions becoming increasingly competitive given the current economic conditions, resulting in lower occupied rent and higher vacancy loss, and the disposition of a non-core asset in Calgary during the second quarter of 2020. For the year ended December 31, 2020, the reported total rental revenue change is the combined effect of higher in-place rents and lower incentives compared to the same period in the prior year. For the year ended December 31, 2020, total rental expenses have slightly increased by 1.7% compared to the same period in the prior year due to increases in property taxes and utilities, partially offset by savings from lower operating expenses.

Operating expenses decreased by 8.7% and 5.3% for the three months and year ended December 31, 2020, respectively, from the same periods in the prior year due to management of controllable expenses related to building maintenance costs, advertising costs, and wages and salaries, partially offset by increased bad debts and insurance.

Reported utilities for the three months and year ended December 31, 2020, were up 9.0% and 6.5%, respectively, compared to the same periods in the prior year. For the three months ended December 31, 2020, the increase in utilities was due to the federal carbon tax rate that was applied to Alberta effective January 1, 2020, as the previous provincial carbon tax rate that was applied was repealed at the end of May 2019. For the year ended December 31, 2020, the increase was due to higher water and sewer costs, carbon tax levies, and electricity. Currently, the Trust has two outstanding electricity contracts with two utility companies to supply the Trust with its electrical power needs. The Trust also has three outstanding natural gas contracts to hedge the price of its natural gas usage. More details can be found in NOTE 29 to the audited annual consolidated financial statements.

Property taxes increased compared to the prior year as a result of increased property tax assessments and the addition of new buildings in Calgary and Edmonton. In addition, the tax rate in Calgary increased as a larger piece of the tax burden was shifted to residential assets.

NOI for Alberta increased $2.7 million, or 1.6% for the twelve months ended December 31, 2020, compared to the same period in 2019. Alberta's operating margin for the year ended December 31, 2020, was 57.6% compared to 57.6% for the same period in 2019.

SASKATCHEWAN RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 12,847**	$ 12,659	1.5%	**$ 50,956**	$ 51,198	(0.5)%
Expenses						
Operating expenses	**2,451**	2,444	0.3%	**9,581**	9,651	(0.7)%
Utilities	**1,953**	1,868	4.6%	**7,722**	7,844	(1.6)%
Property taxes	**1,237**	1,207	2.5%	**4,830**	4,921	(1.8)%
	$ 5,641	$ 5,519	2.2%	**$ 22,133**	$ 22,416	(1.3)%
Net operating income	**$ 7,206**	$ 7,140	0.9%	**$ 28,823**	$ 28,782	0.1%
Operating margin	**56.1%**	56.4%		**56.6%**	56.2%	
Number of suites at December 31	**3,684**	3,756		**3,684**	3,756	

SASKATCHEWAN RENTAL OPERATIONS, EXCLUDING SASKATOON ASSETS SOLD IN 2019

(In $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 12,847**	$ 12,668	1.4%	**$ 50,956**	$ 49,461	3.0%
Expenses						
Operating expenses	**2,451**	2,435	0.7%	**9,581**	9,299	3.0%
Utilities	**1,953**	1,863	4.8%	**7,722**	7,494	3.0%
Property taxes	**1,237**	1,207	2.5%	**4,830**	4,743	1.8%
	$ 5,641	$ 5,505	2.5%	**$ 22,133**	$ 21,536	2.8%
Net operating income	**$ 7,206**	$ 7,163	0.6%	**$ 28,823**	$ 27,925	3.2%
Operating margin	**56.1%**	56.5%		**56.6%**	56.5%	
Number of suites at December 31	**3,684**	3,756		**3,684**	3,756	

For the three months and year ended December 31, 2020, Saskatchewan total rental revenue, when excluding the 278 units sold in Saskatoon in 2019, increased by 1.4% and 3.0%, respectively, compared to the same periods in the prior year. The revenue increase is mainly due to higher occupied rent in both Regina and Saskatoon, and lower incentives and vacancy. Rental expenses, when excluding the 278 units sold in Saskatoon in 2019, increased by 2.5% and 2.8%, respectively, for the three months and year ended December 31, 2020, compared to the same periods in the prior year, due to higher operating expenses, utilities, and property taxes.

When excluding the Saskatoon assets sold in 2019, operating expenses for the three months and year ended December 31, 2020, increased 0.7% and 3.0%, respectively, compared to the same periods in 2019, due to increases in wages and salaries and building insurance costs.

Excluding the sold properties in Saskatoon, utility costs for the three months and year ended December 31, 2020, increased 4.8% and 3.0%, respectively, compared to the same periods in the prior year due, to higher water and sewer costs as well as higher carbon levies. 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 audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

Property taxes, when excluding the sold properties in Saskatoon, increased by 2.5% and 1.8% for the three months and year ended December 31, 2020, respectively, compared to the same periods in 2019 due to higher property tax assessments.

Excluding the sold properties in Saskatoon, reported operating margin for the year ended December 31, 2020, was 56.6% compared to 56.5% for the same period in 2019.

ONTARIO RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 9,344**	$ 7,642	22.3%	**$ 33,200**	$ 29,815	11.4%
Expenses						
Operating expenses	**1,467**	1,292	13.5%	**5,451**	5,151	5.8%
Utilities	**1,011**	963	5.0%	**4,031**	3,708	8.7%
Property taxes	**972**	817	19.0%	**3,491**	3,302	5.7%
	$ 3,450	$ 3,072	12.3%	**$ 12,973**	$ 12,161	6.7%
Net operating income	**$ 5,894**	$ 4,570	29.0%	**$ 20,227**	$ 17,654	14.6%
Operating margin	**63.1%**	59.8%		**60.9%**	59.2%	
Number of suites at December 31	**2,867**	2,585		**2,867**	2,585	

ONTARIO RENTAL OPERATIONS, EXCLUDING NEW ACQUISITIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 8,190**	$ 7,642	7.2%	**$ 31,925**	$ 29,815	7.1%
Expenses						
Operating expenses	**1,315**	1,292	1.8%	**5,291**	5,151	2.7%
Utilities	**917**	963	(4.8)%	**3,923**	3,708	5.8%
Property taxes	**841**	817	2.9%	**3,347**	3,302	1.4%
	$ 3,073	$ 3,072	0.0%	**$ 12,561**	$ 12,161	3.3%
Net operating income	**$ 5,117**	$ 4,570	12.0%	**$ 19,364**	$ 17,654	9.7%
Operating margin	**62.5%**	59.8%		**60.7%**	59.2%	
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 22.3% and 11.4%, respectively, for the three months and year ended December 31, 2020, compared to the same periods in the prior year, due to higher occupied rents and occupancy levels, and new acquisitions completed in the third quarter of 2020. Total rental expenses increased by 6.7% for the twelve months ended December 31, 2020, compared to the same period in the prior year, mainly due to the new acquisitions and increased utility costs and insurance.

Operating expenses, when excluding the new acquisitions, increased by 1.8% and 2.7% for the three months and year ended December 31, 2020, respectively, compared to the same periods in 2019, mainly due to increased building insurance costs.

Excluding the new acquisitions, utility costs were lower by 4.8% and higher by 5.8% for the three and twelve months ended December 31, 2020, respectively, compared to the same periods in 2019. For the three months ended December 31, 2020, the decrease in utility costs was mainly attributable to a higher electricity refund rate in effect compared to the same period in 2019. For the year ended December 31, 2020, the increase in utility costs was due to an increase in current year electricity rates and consumption, higher water and sewer costs, and the addition of carbon levy costs since April 2019, partially offset by savings from an increased electricity refund rate. 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 audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

Property taxes, when excluding the new acquisitions, increased 2.9% and 1.4% for the three months and year ended December 31, 2020, respectively, compared to the same periods in the prior year, due to higher property tax assessments.

Excluding the new acquisitions, net operating income increased by 9.7% for the year ended December 31, 2020, compared to the prior year. Reported operating margin for the year ended December 31, 2020, was 60.7% compared to 59.2% for the prior year.

QUEBEC RENTAL OPERATIONS

(In $000's, except number of suites)	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Total rental revenue	**$ 20,508**	$ 19,987	2.6%	**$ 80,988**	$ 78,778	2.8%
Expenses						
Operating expenses	**3,528**	3,878	(9.0)%	**13,443**	14,739	(8.8)%
Utilities	**1,678**	1,928	(13.0)%	**6,009**	7,007	(14.2)%
Property taxes	**1,970**	2,075	(5.1)%	**8,252**	8,399	(1.8)%
	$ 7,176	$ 7,881	(8.9)%	**$ 27,704**	$ 30,145	(8.1)%
Net operating income	**$ 13,332**	$ 12,106	10.1%	**$ 53,284**	$ 48,633	9.6%
Operating margin	**65.0%**	60.6%		**65.8%**	61.7%	
Number of suites at December 31	**6,000**	6,000		**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a total rental revenue increase of 2.6% and 2.8% for the three months and year ended December 31, 2020, respectively, compared to the same periods in the prior year, due to higher occupied rents.

Total rental expenses decreased by 8.9% and 8.1% for the three months and year ended December 31, 2020, respectively, when compared to the same periods in 2019, due to lower operating expenses, utilities, and property taxes.

For the three months and year ended December 31, 2020, operating expenses decreased by 9.0% and 8.8%, respectively, when compared to the same periods in 2019, due to decreases in wages and salaries, building repairs and maintenance, advertising, as well as a decrease in our meal service costs at our retirement building in Quebec City, partially offset by an increase in insurance.

The reported decrease of 14.2% in utilities for the twelve months ended December 31, 2020, compared to the same period in 2019, was due to the combined effect of lower electricity and gas delivery charges, as well as a large electricity refund received in the first quarter of 2020 due to the adoption of Bill 34 in Quebec. Bill 34 allows Quebec to take control of the rates charged for electricity in the province and, as a result of these changes, rebates would also be provided back to consumers based on their consumption from January 1, 2018, to December 31, 2019, to be paid in January of 2020. In addition, the Trust has one outstanding fixed price natural gas contract to hedge 75% of its Quebec natural gas usage. The details of the natural gas contract is reported in NOTE 29 to the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

Property taxes decreased 1.8% for the year ended December 31, 2020, compared to the prior year due to the Government of Quebec reducing the school tax rate with the objective to give financial flexibility to individuals and businesses in the context of the COVID-19 pandemic.

Reported operating margins for the twelve months ended December 31, 2020, increased from 61.7% to 65.8%.

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, especially during the ongoing COVID-19 pandemic.

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 increase 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, the Trust will be well-positioned to unwind these incentives and increase market rents. It has been our experience that this proactive 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.

Management of the Trust believes that when the NOI 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.

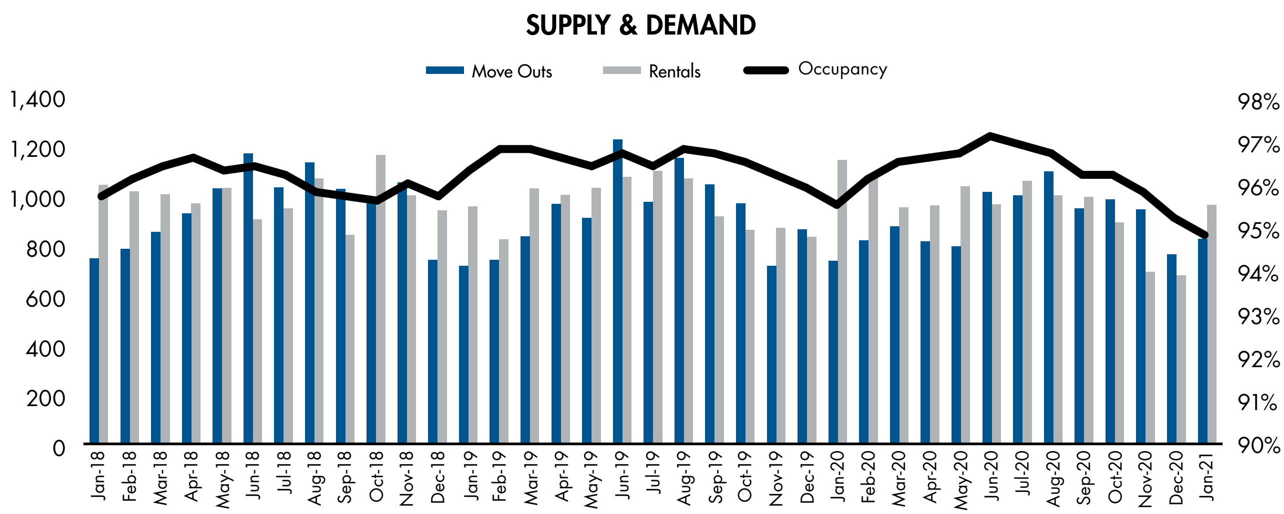
Boardwalk constantly reviews its existing programs, measuring them against resident demand, viability and expected return. Where appropriate, the Trust will make any necessary changes to optimally fine tune them.

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

City	**2020**	2019	**Q4 2020**	Q4 2019
Calgary	**96.56%**	96.74%	**96.50%**	96.06%
Edmonton	**94.84%**	95.25%	**93.58%**	94.72%
Fort McMurray	**95.42%**	92.34%	**96.87%**	93.65%
Grande Prairie	**94.94%**	95.72%	**93.33%**	94.74%
Kitchener	**98.73%**	98.66%	**97.87%**	98.68%
London	**98.39%**	98.37%	**98.29%**	98.26%
Montreal	**98.45%**	98.67%	**97.94%**	98.99%
Quebec City	**97.01%**	97.86%	**95.81%**	98.39%
Red Deer	**95.01%**	95.66%	**94.23%**	93.45%
Regina	**95.61%**	95.32%	**95.85%**	95.12%
Saskatoon	**97.10%**	96.39%	**97.90%**	97.43%
Verdun	**99.35%**	99.60%	**99.39%**	99.66%
Portfolio	**96.29%**	96.50%	**95.71%**	96.18%

In fiscal 2020, the Trust reported a year-over-year decrease of 21 basis points in its overall same-property occupancy rate, a decline from 96.50% to 96.29%. Occupancy continued to remain strong in Ontario and Quebec, and Saskatchewan. In Saskatchewan, both Regina and Saskatoon experienced an increase in supply of new units entering both markets and the Trust realized an occupancy increase compared to the prior year. However, these positive gains were offset by a decline in Alberta, the Trust's largest portfolio, where most markets experienced a decline from the prior year that contributed to the overall occupancy rate decrease. As a strategy, the Trust is constantly adjusting market rents and incentives based on property-specific demand and supply. Year-over-year, Calgary occupancy levels decreased by 18 basis points to 96.56%. Calgary does not include BRIO which was brought on-line in February 2020. Year-over-year, Edmonton occupancy levels decreased by 41 basis points to 94.84%. Edmonton does not include the 124-unit acquisition completed in April of 2019. The decrease in Edmonton's occupancy year-over-year is attributable to increasingly competitive market conditions given the current economic conditions. Regina saw occupancy levels increase to 95.61% in 2020 compared to 95.32% for 2019. Saskatoon saw occupancy levels increase to 97.10% in 2020 compared to 96.39% in 2019. As markets stabilize, we expect some up and down movements in occupancy as the Trust aims to maintain occupancy at approximately 97%.

RENTALS, MOVE-OUTS & IMPACT ON REPORTED OCCUPANCY (SAME-PROPERTY):



Demand and supply, as with any industry, is an essential 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 $4.7 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, 2020, or a total of 32,909 units. The tables below provide a regional breakdown on these properties for the fourth quarter of 2020, compared to the fourth quarter of 2019 and fiscal 2020, compared to fiscal 2019.

Dec. 31 2020 – 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,906	(1.9)%	0.9%	(4.3)%	35.0%
Calgary	5,798	0.1%	6.8%	(3.7)%	21.2%
Red Deer	939	(2.1)%	(3.0)%	(1.3)%	2.3%
Grande Prairie	645	(2.0)%	11.6%	(12.5)%	1.5%
Fort McMurray	352	(2.9)%	(5.4)%	(1.2)%	1.1%
Alberta	20,640	(1.3)%	2.3%	(4.2)%	61.1%
Quebec	6,000	2.6%	(8.9)%	10.1%	20.2%
Saskatchewan	3,684	2.3%	3.5%	1.5%	10.9%
Ontario	2,585	7.2%	0.1%	11.9%	7.8%
	32,909	0.3%	0.5%	0.2%	100.0%

Dec. 31 2020 – 12 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,906	1.4%	0.2%	2.4%	36.6%
Calgary	5,798	1.9%	3.9%	0.8%	21.4%
Red Deer	939	(0.1)%	4.2%	(3.7)%	2.2%
Grande Prairie	645	3.1%	12.2%	(4.0)%	1.6%
Fort McMurray	352	(2.0)%	(6.0)%	1.1%	1.0%
Alberta	20,640	1.5%	1.5%	1.4%	62.8%
Quebec	6,000	2.8%	(8.1)%	9.6%	19.6%
Saskatchewan	3,684	3.2%	2.9%	3.5%	10.5%
Ontario	2,585	7.1%	3.3%	9.7%	7.1%
	32,909	2.3%	0.2%	3.7%	100.0%

Stabilized revenue increased by 2.3% for the year ended December 31, 2020, compared to the same period in the prior year. Operating expenses reported for the year increased by 0.2% from 2019, resulting in a NOI increase of 3.7% compared to the prior year. The increase in reported stabilized revenue was driven by higher in-place occupied rents in Ontario, Saskatchewan, and Quebec, and lower incentives in Alberta and Saskatchewan, which accounts for approximately 73% of the Trust's reported stabilized NOI. Additionally, higher in-place occupied rents were achieved in Ontario as a result of renovations. Overall, stabilized operating expenses increased slightly with increases in property taxes, utilities, insurance, and bad debts, largely offset by cost savings from management of controllable costs related to building repairs and maintenance, advertising, and wages and salaries.

Stabilized Revenue Growth	# of Units	Q4 2020 vs Q3 2020	Q4 2020 vs Q2 2020	Q4 2020 vs Q1 2020	Q4 2020 vs Q4 2019
Edmonton	12,906	(2.2)%	(3.4)%	(2.5)%	(1.9)%
Calgary	5,798	(0.4)%	(0.4)%	(0.8)%	0.1%
Red Deer	939	(2.1)%	(3.3)%	(1.8)%	(2.1)%
Grande Prairie	645	(1.9)%	(2.6)%	(3.2)%	(2.0)%
Fort McMurray	352	0.6%	(1.1)%	(1.9)%	(2.9)%
Quebec	6,000	0.9%	1.8%	2.4%	2.6%
Saskatchewan	3,684	1.1%	2.3%	2.8%	2.3%
Ontario	2,585	2.2%	3.1%	5.4%	7.2%
	32,909	(0.6)%	(0.8)%	(0.2)%	0.3%

On a sequential basis, stabilized revenues reported in the fourth quarter of 2020 decreased by 0.6% over Q3 2020, decreased by 0.8% compared to Q2 2020, decreased by 0.2% compared to Q1 2020, and increased by 0.3% compared to Q4 2019. The change over each quarter is a reflection of Boardwalk's strategy, striving toward balancing the optimum level of market rents, rental incentives, and occupancy rates in order to achieve its net operating income optimization strategy. For the Alberta markets, the negative sequential revenue growth when comparing Q4 2020 to previous quarters in 2020 was the result of the lagged impact of rental rate restrictions. As rental restrictions have since been lifted, the Trust's focus is on sustainable rental rate increases with a focus on retention. The Trust continues to closely monitor this latest trend and is well positioned to strive towards balancing during these challenging times.

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 2020, and adjusted for current occupancy levels, totaled approximately $16.4 million on an annualized basis, representing $0.32 per Unit (Trust Units and LP Class B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than twelve 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. 2020 Market Rent (1)	Dec. 2020 Occupied Rent (1)	Mark to Market Per Month	Annualized Mark to Market Adjusted for Current Occupancy levels ($000's)	Dec. 2020 Market Rent, including incentives (1)	Dec. 2020 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	$ 1,300	$ 1,188	$ 112	$ 16,032	$ 1,185	$ 1,188	$ (3)	$ (1,029)	12,906	39%
Calgary	1,474	1,327	147	9,752	1,321	1,327	(6)	(581)	5,798	18%
Red Deer	1,175	1,050	125	1,311	1,032	1,050	(18)	(239)	939	3%
Grande Prairie	1,140	1,058	82	595	1,072	1,058	14	91	645	2%
Fort McMurray	1,498	1,164	334	1,381	1,187	1,164	23	93	352	1%
Alberta Portfolio	$ 1,342	$ 1,217	$ 125	$ 29,071	$ 1,213	$ 1,217	$ (4)	$ (1,665)	20,640	63%
Quebec	$ 1,244	$ 1,147	$ 97	$ 6,862	$ 1,243	$ 1,147	$ 96	$ 6,837	6,000	18%
Saskatchewan (2)	1,317	1,182	135	5,784	1,170	1,182	(12)	(582)	3,684	11%
Ontario	1,458	1,077	381	11,782	1,457	1,077	380	11,782	2,585	8%
Total Portfolio	$ 1,330	$ 1,189	$ 141	$ 53,499	$ 1,233	$ 1,189	$ 44	$ 16,372	32,909	100%

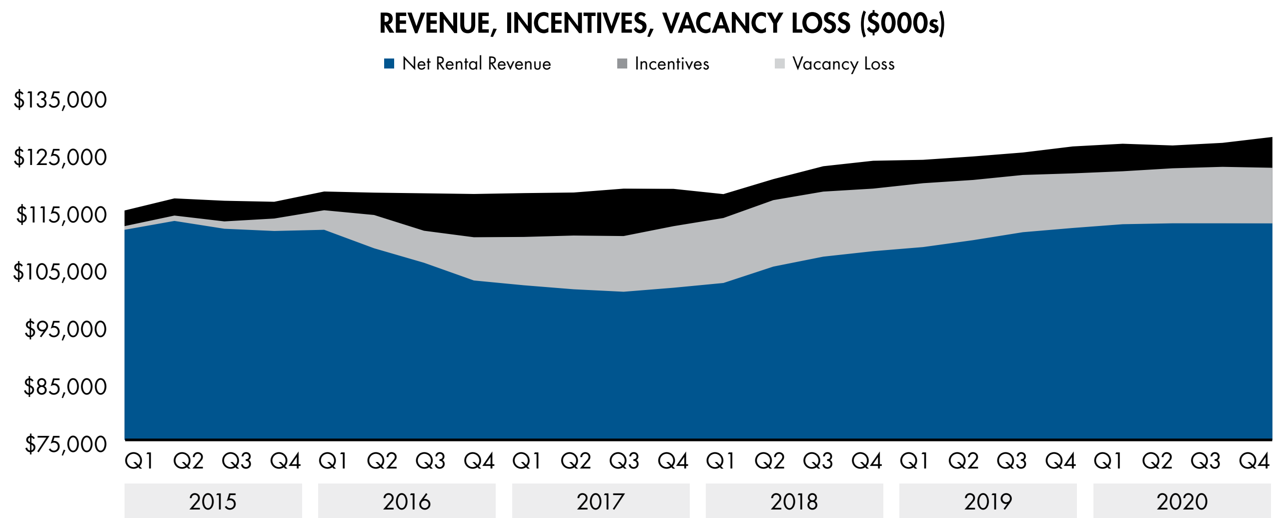
(1) Ancillary rental revenue is included in the calculation of market and occupied rent.
(2) Saskatchewan market rent includes an increase for cable and internet service.

The decrease in the loss-to-lease for our portfolio, from $18.3 million at September 2020 to $16.4 million at December 2020, was due primarily to a decrease in market rents in many of Boardwalk's Alberta rental markets for the month of December, using a weighted average mark-to-market of $44 per suite per month. Excluded from the loss-to-lease calculation of $16.4 million is approximately $97 per suite per month of incentives, resulting in additional revenue of approximately $37.1 million per annum for a total of $53.5 million.

In fiscal 2020, 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 slower-than-expected recovery of the rental markets, particularly in Alberta and, to a lesser extent, Saskatchewan, and the uncertainty resulting from lower oil prices and the COVID-19 pandemic, 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 this 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, 2020, increased from the same period in the prior year, from $88.2 million to $91.6 million, primarily due to increased mortgage interest as a result of upfinancings and new mortgages. At December 31, 2020, the reported weighted average interest rate of 2.58% was down from the weighted average interest rate of 2.74% at December 31, 2019. 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 4.2 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 obtain mortgages with lower interest rate spreads on its property financing 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-stress the importance of this government-backed mortgage insurance program administered by CMHC, which has proven even more essential during the COVID-19 pandemic. 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, 2020, approximately 99.7% 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 Statements of Comprehensive (Loss) 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. Management of 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 holders of LP Class B Units for the year ended December 31, 2020, which have been recorded as financing charges, was $4.5 million ($4.5 million for the year ended December 31, 2019). 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, 2020 was $0.8 million, compared to $1.3 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 14 to the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

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, 2020, was $6.2 million compared to $6.1 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 this 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 2021, the Trust anticipates having approximately $384.2 million of secured mortgages maturing with a weighted average rate of 2.40%. 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 1.30% (as of February 2021).

To date, the Trust has renewed, or forward locked the interest rate on $81.4 million or 21% of its 2021 mortgage maturities at an average interest rate of 1.30%, while extending the term of these mortgages by an average of six 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, 2020, which relates to corporate administration from continuing operations (excluding deferred unit-based compensation), was $36.1 million, compared to $38.6 million for the same period in the prior year, a decrease of approximately 6.5% for the year. The decrease was attributable to a decrease in staffing levels.

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 $60.5 million for the year ended December 31, 2020, compared to $60.8 million for the same period in the prior year. The decrease in total administration costs of approximately $0.3 million, or approximately 0.5%, was due to a decrease in staffing levels.

Depreciation

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

The Trust has elected to use the cost model under International Accounting Standard 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, 2020, was $8.2 million compared to $8.8 million recorded for the same period in the prior year.

Other Income and Expenses

INCOME TAX EXPENSE

Boardwalk REIT qualifies as a 'mutual fund trust' as defined in the Tax Act. The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts and the criteria for qualifying for the REIT Exemption, which exempts Boardwalk REIT from income tax under the SIFT Legislation. For 2019 and 2020 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 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, 2020, the Trust used a price of $33.74 based on the closing price of the Trust Units on the TSX to determine the fair value of these financial liabilities at that date. The total fair value of these units recorded on the Consolidated Statement of Financial Position at December 31, 2020, was $151.0 million, and a corresponding fair value gain of $54.6 million (year ended December 31, 2019 – fair value loss of $36.3 million) was recorded on the Consolidated Statement of Comprehensive (Loss) Income for the year ended December 31, 2020.

The deferred unit-based compensation plan had a fair value of $3.2 million, and a corresponding fair value gain of $2.2 million (year ended December 31, 2019 – fair value loss of $1.2 million) was recorded on the Consolidated Statements of Comprehensive (Loss) Income for the year ended December 31, 2020.

FINANCIAL CONDITION

Review of Consolidated Statements of Cash Flows

OPERATING ACTIVITIES

Cash Flow from Operations

For the three months ended December 31, 2020, cash flow from operating activities decreased by 4.8% from $38.6 million to $36.7 million, as compared to the three months ended December 31, 2019. Cash flow from operating activities decreased from $160.7 million for the year ended December 31, 2019 to $141.1 million for the year ended December 31, 2020.

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

ACFO Reconciliation *(In $000's, except per Unit amounts)*	**3 Months Dec. 31, 2020**	3 Months Dec. 31, 2019	% Change	**12 Months Dec. 31, 2020**	12 Months Dec. 31, 2019	% Change
Cash flow from operating activities	**$ 36,730**	$ 38,576		**$ 141,081**	$ 160,743	
Adjustments						
Operating working capital	**(1,160)**	(4,760)		**6,243**	(22,646)	
Deferred unit-based compensation	**(507)**	(565)		**(3,255)**	(2,268)	
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	**21,532**	20,465		**85,448**	81,673	
Financing costs	**(22,964)**	(22,275)		**(91,622)**	(88,198)	
Principal portion of lease liabilities	**(732)**	(499)		**(3,465)**	(3,194)	
Principal portion of lease receivable	**155**	-		**449**	-	
	34,268	32,156		**139,736**	130,967	
Maintenance capital expenditures (2)	**(4,545)**	(6,096)		**(19,862)**	(24,060)	
Adjusted Cash Flow From Operations (ACFO)	**29,723**	26,060	14.1%	**119,874**	106,907	12.1%
ACFO – per Unit	**$ 0.58**	$ 0.51	13.7%	**$ 2.35**	$ 2.10	11.9%

(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. Management of 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, 2020, Boardwalk REIT reported total ACFO of $119.9 million, or $2.35 per fully diluted Trust Unit. This represented an increase of approximately 12.1%, compared to $106.9 million, or $2.10 per fully diluted Trust Unit, reported for the same twelve months in 2019. The increase for 2020 is primarily due to higher rental revenue resulting from higher occupied rent and lower incentives. Additionally, the Trust is benefiting from its focus on decreasing controllable costs such as on-site wages and salaries, repairs and maintenance, and advertising.

For the current quarter, the Trust is paying out an estimated 37.3% of reported FFO and 43.0% of ACFO, compared to 39.6% and 48.9%, respectively, for the same period in the prior year. For the year ended December 31, 2020, the Trust is currently paying out an estimated 36.5% of FFO and 42.6% of ACFO, compared to 38.9% and 47.6%, respectively, for the same period in 2019. 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 of Trustees 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, 2020, the Trust paid regular distributions of $51.0 million to its Unitholders and holders of LP Class B Units, compared to $50.9 million for the same period in 2019. Regular distributions declared for the twelve months ended December 31, 2020 represented an FFO payout ratio of 36.5%, compared to 38.9% for the prior year. Regular distributions (Trust and LP Class B Units) declared in 2020 represented approximately 36.2% of cash flow from operating activities compared to 31.7% for 2019.

Financing of Revenue Producing Properties

During the twelve months ended December 31, 2020, the financing and refinancing of existing properties totaled approximately $284.4 million. During the financing and refinancing process, Boardwalk REIT decreased the weighted average interest rate on its mortgage portfolio from 2.74% at December 31, 2019 to 2.58% at December 31, 2020.

Acquisitions

On September 28, 2020, the Trust acquired a portfolio of four properties in Southwestern Ontario, located in the markets of Kitchener, Waterloo, and Cambridge. The portfolio is comprised of 226 units and had a purchase price of $64.6 million (including transaction costs).

On August 27, 2020, the Trust purchased a property in Cambridge, Ontario. The property is comprised of 56 units and had a purchase price $16.8 million (including transaction costs).

On April 1, 2019, the Trust acquired a property in Edmonton, Alberta. The property totaled 124 residential units and had a purchase price of $36.8 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. During the third quarter of 2020, $16.1 million of mortgages were assumed on acquisitions. These mortgages had in-place rates above market rates, resulting in market debt adjustments totaling $459 thousand that was made to the book cost of the corresponding assets.

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 the properties' 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'.

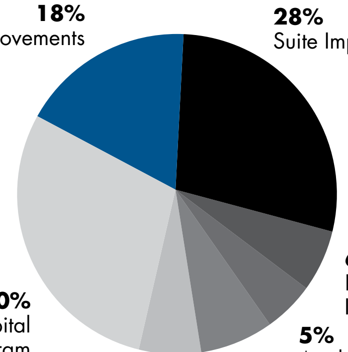
A number of the Trust's communities will be selected to be repositioned to the 'Boardwalk Communities' category. These communities will also be targeted based on location and will focus in on a modernization program. These communities tend to be located in mature areas near schools, parks, downtown core, 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 2020, Boardwalk REIT invested approximately $113.7 million (comprised of $108.7 million on its stabilized investment properties and $5.0 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 $123.2 million ($117.6 million on its stabilized investment properties and $5.6 million property, plant and equipment) invested in 2019.

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 $33.7 million of on-site wages and salaries that have been incurred towards these projects for 2020, compared to $32.5 million for 2019.

2020 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, AFFO, 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 $000's, except for per suite amounts)	**3 Months Dec. 31, 2020**	**Per Suite**	3 Months Dec. 31, 2019	Per Suite	**12 Months Dec. 31, 2020**	**Per Suite**	12 Months Dec. 31, 2019	Per Suite
Maintenance Capital Expenditures (1)	**$ 4,545**	**$ 136**	$ 6,096	$ 183	**$ 19,862**	**$ 596**	$ 24,060	$ 721
Value Enhancing Capital (including Suite Upgrades and Property, Plant & Equipment)	**29,277**	**876**	29,921	897	**93,754**	**2,813**	99,215	2,973
	$ 33,822	**$ 1,012**	$ 36,017	$ 1,080	**$ 113,616**	**$ 3,409**	$ 123,275	$ 3,694

(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 of the Trust has estimated that for fiscal 2020 and 2019, the amount allocated to maintenance capital was approximately $19.9 million, or $596 per apartment unit, and $24.1 million, or $721 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $93.8 million and $99.2 million, respectively, or $2,813 and $2,973 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 $564 per apartment unit for 2020, $605 per apartment unit for 2019, and $620 per apartment unit for 2018, is appropriate. Capital budget amounts for 2020, 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 2020, the amount of $564 per apartment unit was determined by taking the Trust's 2020 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 amount is then divided by the number of apartment units in Boardwalk's property portfolio to derive a per unit Maintenance CAPEX amount. For 2020, Boardwalk's estimate of Maintenance CAPEX was $19.9 million, or $596 per apartment unit, for the year based on a three-year rolling average of 2018, 2019, and 2020 actual expenditures. The Trust's calculation of standardized maintenance capital expenditures per suite is outlined on the following page:

Category	2020 Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	**2020 Maintenance Capital Expenditures ($000's, except per Unit amount)**
Building Exterior, Grounds & Parking	$ 20,990	15.0	7%	93%	$ 1,400
Hallways & Lobbies	$ 6,816	10.0	10%	90%	$ 682
Elevators	$ 2,653	10.0	10%	90%	$ 265
Mechanical & Electrical	$ 5,134	10.0	10%	90%	$ 513
Other – Information Technology	$ 4,422	5.0	20%	80%	$ 884
Site Equipment & Vehicles	$ 1,412	5.0	20%	80%	$ 282
Total Common Area	$ 41,427				
Paint & General	$ 10,446	4.0	25%	75%	$ 2,612
Flooring	$ 11,959	8.0	13%	88%	$ 1,495
Cabinets & Counters	$ 7,348	8.0	13%	88%	$ 919
Appliances	$ 5,523	8.0	13%	88%	$ 690
Suite Mechanical	$ 1,738	4.0	25%	75%	$ 435
Furniture, Fixtures & Equipment	$ 971	4.0	25%	75%	$ 243
Total Suites	$ 37,985				
Internal Capital Program	$ 33,658	4.0	25%	75%	$ 8,415
Subtotal	$ 113,070				$ 18,835
Corporate Capital Expenditures	546				
Total Budget Capital Expenditures	$ 113,616				
2020 Cash Flow from Investing Activities					
Improvements to Investment Properties	$ 108,653				
Additions to Property, Plant & Equipment	4,963				
	$ 113,616				
Apartment Units	33,396				$ 564
Three-year Rolling Average					
2018					$ 620
2019					$ 605
2020					$ 564
Maintenance CAPEX Per Unit					$ **596**

A similar calculation for 2019 and 2018 maintenance capital expenditures, reconciled to Boardwalk's 2019 and 2018 actual cash flow from investing activities, are also provided below for comparison. In 2019, Boardwalk estimated Maintenance CAPEX to be $605 per apartment unit for the year, and in 2018 the Trust estimated $620 per apartment unit per year, based on actual capital expenditures.

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
Standardized Maintenance CAPEX Per Unit					$ 605

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					
Improvements to Investment Properties	$ 117,914				
Additions to Property, Plant & Equipment	8,008				
	$ 125,922				
Apartment Units	33,424				$ 620
Standardized Maintenance CAPEX Per Unit					$ 620

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, 2020	**4**	**$**	**615,599**	**10.3%**
September 30, 2020	4	$	158,394	2.6%
June 30, 2020	4	$	157,212	2.6%
March 31, 2020	4	$	130,597	2.2%
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%

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 Appraisers. In addition to performing a valuation on a selection of the 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 (and significant unobservable inputs in Level 3) for the Trust's investment properties are set out in the following tables:

As at	**Dec. 31, 2020**				Dec. 31, 2019			
	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%**	**$**	**65,745**	4.50%	7.14%	$	69,080
Edmonton	**4.76%**	**5.75%**		**114,552**	4.78%	5.75%		122,396
Other Alberta	**5.75%**	**7.50%**		**17,981**	5.75%	7.50%		19,162
Kitchener	**4.50%**	**4.50%**		**3,088**	4.50%	4.50%		3,069
London	**4.50%**	**4.75%**		**18,385**	4.50%	4.75%		18,360
Montreal	**4.75%**	**5.75%**		**6,093**	4.75%	5.75%		5,852
Quebec City	**5.25%**	**5.75%**		**11,390**	5.25%	5.75%		10,975
Regina	**5.65%**	**6.00%**		**17,471**	5.65%	6.00%		19,178
Saskatoon	**5.75%**	**6.00%**		**15,687**	5.75%	6.00%		16,007
	4.50%	**7.50%**	**$**	**270,392**	4.50%	7.50%	$	284,079
Land Lease	**4.50%**	**31.78%**	**$**	**32,258**	4.50%	25.54%	$	31,825

Overall portfolio weighted average capitalization rate was 5.27% as at December 31, 2020 and 5.27% as at December 31, 2019.

The "Overall Capitalization Rate" method requires a forecasted stabilized 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, market rental rate potential, 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 cap rate will result in a decrease to the fair value of an investment property. When the cap rate is applied to NOI to calculate fair value, there is a significant impact whereby the lower the cap 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 building acquisitions valued at Level 2 inputs, right-of-use assets related to lease liabilities, and development) as at December 31, 2020 and December 31, 2019:

As at December 31, 2020		**Net Operating Income**				
		-3%	**-1%**	**As Forecasted**	**+1%**	**+3%**
Cap Rate		**$ 293,571**	**$ 299,624**	**$ 302,650**	**$ 305,677**	**$ 311,730**
-0.25%	5.02%	**$ 105,381**	**$ 226,038**	**$ 286,366**	**$ 346,695**	**$ 467,352**
Cap Rate As Reported	5.27%	**(172,394)**	**(57,465)**	**5,746,471**	**57,465**	**172,394**
+0.25%	5.52%	**(424,994)**	**(315,273)**	**(266,484)**	**(205,551)**	**(95,830)**

As at December 31, 2019		Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Cap 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)

Investment properties with a fair value of $622.2 million as at December 31, 2020 ($615.2 million – December 31, 2019), are situated on land held under ground (or land) leases.

Investment properties with a fair value of $762.5 million as at December 31, 2020 (December 31, 2019 – $895.5 million), are pledged as security against the Trust's committed revolving credit facility. In addition, investment properties with a fair value of $5.7 billion as at December 31, 2020 (December 31, 2019 – $5.8 billion), are pledged as security against the Trust's mortgages payable.

For the year ended December 31, 2020, the Trust capitalized $108.7 million in building improvements (and $32.9 million in development expenditures) and recorded a fair value loss of $383.0 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. See the section titled "Joint Venture Agreements" in this MD&A for a discussion of the Trust's multi-family joint venture projects.

On September 1, 2020, the Trust purchased the first parcel of a development site in Victoria, British Columbia, in the community of Esquimalt, for a purchase price of $3.1 million (including transaction costs). On November 2, 2020, the Trust acquired the second parcel of adjacent land for a purchase price of $10.1 million (including transaction costs). The purchases are part of Boardwalk's long-term strategic plan of high-grading and geographic expansion, with the land planned for the development of new rental units. Subsequent to December 31, 2020, the Trust acquired a third parcel of adjacent land for a purchase price of $1.9 million (excluding transaction costs).

On November 23, 2020, the Trust purchased a development site in Victoria, British Columbia, in the community of View Royal, for a purchase price of $14.5 million (including transaction costs). The Trust plans to redevelop the land which has the potential for up to 247 new rental units.

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, 2020, the Trust expended $32.9 million on total development costs compared to $30.1 million for the prior year. Interest costs of $1.4 million were capitalized for the year ended December 31, 2020. (December 31, 2019 – $1.4 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 99.7% of Boardwalk REIT's secured mortgages carry NHA insurance. In volatile times, including during the ongoing COVID-19 pandemic, the ability to access this product is very beneficial to the Trust as a whole.

The Trust's liquidity position as at December 31, 2020 remains stable as the following table highlights:

($000)		
Cash position, December 31, 2020	$	52,960
Subsequent Committed/Funded Financing		16,510
Committed Revolving Credit Facility Available		199,750
Total Available Liquidity	$	269,220

In addition to this, the Trust currently has 1,020 rental apartment units of unencumbered assets, of which 257 units are pledged against the Trust's committed revolving credit facility. It is estimated that, under current CMHC underwriting criteria, the Trust could obtain an additional $113.7 million of new proceeds from the financing of its current unencumbered assets. Approximately 99.7% of Boardwalk REIT's secured mortgages carry NHA insurance.

The reader should also be aware that of the $384.2 million of secured mortgages coming due in 2021 (as shown in the table below), all have NHA insurance, and represent in aggregate approximately 51% of current estimated "underwriting" values on those individual secured assets. Interest rates on five and 10-year NHA-insured mortgages as of February 2021 were 1.30% and 2.10%, 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 $81.4 million, or 21%, of its $384.2 million of 2021 mortgage maturities. The weighted average contracted interest rate on these renewals is 1.30%, for an average term of six 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) as at December 31, 2020, were $2.9 billion, compared to $2.7 billion as at December 31, 2019.

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, 2020, was 2.58% compared to 2.74% on December 31, 2019. 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, 2020	Weighted Average Interest Rate By Maturity	% of Total
2021	$ 384,245	2.40%	12.8%
2022	425,275	2.72%	14.2%
2023	350,931	2.91%	11.7%
2024	314,898	2.59%	10.5%
2025	561,108	2.15%	18.7%
2026	150,649	2.51%	5.0%
2027	381,567	3.03%	12.7%
2028	132,042	2.98%	4.4%
2029	185,049	2.53%	6.2%
2030	118,322	1.99%	3.8%
Total Principal Outstanding	3,004,086	2.58%	100.0%
Unamortized Deferred Financing Costs	(107,722)		
Unamortized Market Debt Adjustment	426		
Per Financial Statements	$ 2,896,790		

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, $42.4 million has been drawn on this loan, of which Boardwalk's 50% portion is $21.2 million. The facility is interest payable only and has a maturity date of July 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, 2020, and December 31, 2019, based on the most recently completed four fiscal quarters.

As at	**Dec. 31, 2020**	Dec. 31, 2019
Net operating income	**$ 269,144**	$ 258,793
Administration expenses (including deferred unit-based compensation)	**(39,324)**	(40,913)
Consolidated EBITDA [(1)] (12 months ended)	**229,820**	217,880
Consolidated interest expense (12 months ended)	**82,345**	79,032
Interest coverage ratio	**2.79**	2.76
Minimum threshold	**1.50**	1.50

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

For the year ended December 31, 2020, 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 Class B Units and fair value adjustments, was 2.79, compared to 2.76 for the year ended December 31, 2019. The reader should note that under IFRS, the distributions made to the holders of LP Class B Units 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 Trust Units issued and outstanding:

Summary of Unitholders' Capital Contributions	Units
December 31, 2018	46,391,986
Units issued for vested deferred units	69,307
December 31, 2019	46,461,293
Units issued for vested deferred units	87,655
December 31, 2020	**46,548,948**

Boardwalk REIT has one class of publicly traded voting securities, being the Trust Units. As at December 31, 2020, there were 46,548,948 Trust 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 Class B Units"), each of which also has a special voting unit in the REIT. Each LP Class B Unit is exchangeable for a Trust Unit on a one-for-one basis at the option of the holder. Each LP Class B Unit, through the special voting unit, entitles the holder to one vote at any meeting of Unitholders. Accordingly, if all of the LP Class B Units were exchanged for Trust Units, the total issued and outstanding Trust Units would be 51,023,948. 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 as at December 31, 2020 and 2019.

During 2019 and 2020, the Trust did not purchase and cancel any Trust Units.

EQUITY

Boardwalk has an equity market capitalization of approximately $1.7 billion based on the Trust Unit closing price of $33.74 on the TSX on December 31, 2020.

ENTERPRISE VALUE

With a total enterprise value of approximately $4.7 billion (consisting of total debt of $3.0 billion and market capitalization of $1.7 billion) as at December 31, 2020, Boardwalk's total debt is approximately 64% 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 AIF, which is available under the Trust's profile at www.sedar.com, 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 and we expect to commence operations in British Columbia. 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 twelve 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 twelve 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, as well as the ongoing COVID-19 pandemic, the risk of a prolonged 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, 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: Four of our properties, located in Banff, 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 2024 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 Trust Units will depend upon numerous factors, including, but not limited to, the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and Trust Unit redemptions and other factors that may be beyond the control of Boardwalk REIT. The distribution policy of Boardwalk REIT is established by the Board of Trustees and is subject to change at the discretion of the Board of Trustees. The recourse of Unitholders who disagree with any change in policy is limited and could require such Unitholders to seek to replace the Board of Trustees. Distributions may exceed 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 Trust 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 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 Resident Members is somewhat dependent on the availability of well-trained Associates and contractors to service our Resident Members 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 33,396 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 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 participates 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 2019 and 2020, the guideline amounts have been established at 1.8% and 2.2%, respectively, and for 2021 the guideline amount has been set at 0.0%. Further details on Ontario's Annual Rental Increase Guidelines can be found at http://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 2020 this return is 3.1% compared to 2.7% for 2019, compared to 2.4% for 2018 and compared to 2.4% for 2017), 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, 2020, and before April 2, 2021, 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 https://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.

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. Beginning in 2020, Alberta began to participate in the federal carbon levy at a price of $1.05/gigajoule. Any significant increase in these resource costs that Boardwalk REIT cannot pass on to the Resident Member 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 Resident Member; 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 Tax Act, for fiscal 2019 and 2020, the Trust qualified as a real estate investment trust for income tax purposes and, as such, was exempted from the specified investment flow-through rules (the SIFT Rules).

A real estate investment trust 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 real estate investment trust 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 real estate investment trust 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 real estate investment trust 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, Top Hat Operating Trust (the "Operating Trust") and Boardwalk REIT Limited Partnership (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 assets held by them (the "Contributed Assets"), which were acquired by Boardwalk REIT on May 3, 2004 pursuant to a plan of arrangement under section 193 of the Business Corporations Act (Alberta) (the "Plan of Arrangement").

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, BPCL Holdings Inc. (formerly called Boardwalk Equities Inc.) (the "Corporation") transferred the Contributed Assets to the Partnership and received, as certain consideration therefore. See "Corporate Structure and Background" in the AIF. 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. 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 "Corporate Structure and Background – Ancillary Agreements in Connection with the Arrangement" in the AIF. 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 distributable income of Boardwalk REIT.

Risks Associated with a Global Health Pandemic

A global health pandemic, including the COVID-19 pandemic, represents a risk which has a significant impact on many of the Trust's previously identified risks as follows on the next page:

Identified Risk	Global Health Pandemic Impact and Risk Management Response
Multi-family Residential Sector Risk	Upon expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. To date, turnover appears to have decreased as Resident Members are practicing social distancing. This has mitigated this risk.
Fluctuations of Cash Distributions	Distributions may exceed cash available to Boardwalk REIT from time to time. To mitigate this risk, Boardwalk has implemented a minimum distribution policy which provides increased cash flow certainty. As previously mentioned, for the year ended December 31, 2020, distributions currently represent 36.5% of FFO or 42.6% of AFFO, representing a low cash flow commitment and the ability to maintain payments should cash flow decrease.
Access to Capital Risk	The real estate industry is highly capital intensive and accessing capital may be more difficult during a global health pandemic, including the COVID-19 pandemic. To date, governments have responded quickly to ensure capital remains available. Through its partnership with CMHC, Boardwalk still remains able to access capital.
Credit Risk	The risk of loss due to failure of a Resident Member to fulfill its obligation of required payments. To date, Canada has experienced unprecedented unemployment rates which could hamper a Resident Member's ability to pay rent. Governments have implemented support programs which should mitigate this risk; however, the impact of the risk remains unknown.
Market Risk	The risk that the Trust could be adversely affected due to market changes particularly in supply, interest rates and regional rent controls. With the COVID-19 pandemic, provincial governments had, and could once again, apply rental rate freezes, which could adversely impact the Trust's cash flows from operating activities. To date, we have seen a decrease in government bond yields, resulting in a corresponding decrease in mortgage interest rates. This may provide an opportunity for the Trust to obtain financing at lower interest rates when mortgages mature and need to be renewed. Lastly, as social distancing practices are maintained, the expected onset of new supply of rental housing will likely take longer as construction completion times are extended. This decreases the supply risk to the Trust.
Supply Risk	Please see market risk.
Rent Control Risk	Please see market risk.
Reputation Risk	The risk that a pandemic impacts the reputation of the Trust for actions it did, or did not, take during a health pandemic.
Joint Ventures and Co-ownerships	A global pandemic, including the COVID-19 pandemic, may adversely impact our joint venture partners financially, which could have a correspondingly negative impact on the Trust's cash flows. To mitigate this risk, the Trust is in constant communication and engagement with our partners regarding their financial stability.

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 ("DC&P") or internal control over financial reporting ("ICFR").

The design and effectiveness of our DC&P and ICFR may not prevent all errors, misstatements, or misrepresentations. While management continues to review the design and effectiveness of our DC&P and ICFR, we cannot assure you that our DC&P or ICFR will be effective in accomplishing all control objectives all of the time. Deficiencies, particularly material weaknesses, in ICFR 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 to the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

The preparation of the audited annual consolidated 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 audited annual consolidated financial statements and the uncertainties that could affect the reported results.

In addition, beginning in 2020, the COVID-19 pandemic has had a substantial impact on the Canadian economy. As a result of the uncertainty associated with the unprecedented nature of the COVID-19 pandemic, certain of the Trust's significant judgements were impacted. Specifically, significant judgement was required when measuring the Trust's investment properties which are carried at fair value using assumptions based on market conditions, which currently have limited long-term visibility. The full long-term impact of the COVID-19 pandemic on the valuation of investment properties is unknown. Furthermore, judgement was required in assessing the collectability of any outstanding tenant receivable balances and the consideration of applying an allowance for estimated credit losses to these balances. In response to the spread of the virus, provincial governments have limited a landlord's ability to evict tenants for the non-payment of rent. Additionally, social (physical) distancing actions have resulted in the temporary closure of many businesses or limited openings and staffing for other businesses, which has had a significant impact on unemployment rates across Canada and may adversely impact residents' ability to pay rent, with the long-term impact unknown.

Due to the occurrence of COVID-19, an amendment was also issued by the IASB regarding Leases – IFRS 16 ("IFRS 16") effective June 1, 2020, with earlier application permitted. The impact of the amendment on the Trust's audited annual consolidated financial statements are disclosed in NOTE 2 to the audited annual consolidated financial statements.

(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) to the audited annual consolidated financial statements) 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) to the audited annual consolidated financial statements).

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 de-recognition 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) to the audited annual consolidated financial statements) and IFRS 5 (see NOTE 2(j) to the audited annual consolidated financial statements).

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) to the audited annual consolidated financial statements). 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 assets	15%	Declining balance
Automobiles	Site equipment and other assets	20%	Declining balance
Warehouse assets	Site equipment and other assets	10% to 20%	Declining balance
Corporate assets	Site equipment and other assets	10% to 20%	Declining balance
Computer hardware	Corporate technology assets	35%	Declining balance
Computer software*	Corporate technology assets	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 re-measured 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 re-measured at subsequent reporting dates in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, 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 (loss) income.

When a business combination is achieved in stages, the Trust's previously held equity interest in the acquiree is re-measured 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 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 resell, 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 (loss) 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 audited annual 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 (loss) 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

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) to the audited annual consolidated financial statements for definition of effective interest method).

The Trust re-measures 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 re-measured 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 re-measured 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 re-measured 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 (loss) 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 2019 and 2020, Boardwalk REIT qualified as a "mutual fund trust" as defined under the Tax Act and as a real estate investment trust 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 to the audited annual consolidated financial statements 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 statements of comprehensive (loss) 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 audited annual 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, 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 Board of 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 Trust 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 (loss) 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 twelve 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, and recovery of certain operating costs, including retirement services and 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 24 and NOTE 36 to the audited annual consolidated financial statements).

(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 (loss) 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 arrangements 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.

(vi) Property Management Fees

Boardwalk has an interest in an investment property through a joint arrangement whereby the Trust provides residential property management services to the co-owners for a management fee equal to 3.5% of gross revenue generated from the residential component of the investment property. The management fees are recorded as services are provided.

(N) FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures, 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 (loss) income.
FVTPL	Financial assets that do not meet the criteria for being measured at amortized cost or 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 estimated 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.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.
	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.
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
Construction loan payable	Amortized cost
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, 2020 and 2019, 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) to the audited annual consolidated financial statements), that have been made in applying the Trust's accounting policies and that have the most significant effect on the reported amounts in the audited annual 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) to the audited annual consolidated financial statements. 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 assets.

(iii) Investment Property and Internal Capital Program

The Trust's accounting policy relating to investment property is described in NOTE 2(f) to the audited annual consolidated financial statements. 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) to the audited annual consolidated financial statements. 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 audited annual 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.

In addition, beginning in 2020, the COVID-19 pandemic has had a substantial impact on the Canadian economy. As a result of the uncertainty associated with the unprecedented nature of the COVID-19 pandemic, certain of the Trust's significant judgements were impacted. Specifically, significant judgement was required when measuring the Trust's investment properties which are carried at fair value using assumptions based on market conditions, which currently have limited long-term visibility. The full long-term impact of COVID-19 pandemic on the valuation of investment properties is unknown. Furthermore, judgement was required in assessing the collectability of any outstanding tenant receivable balances and the consideration of applying an allowance for estimated credit losses to these balances. In response to the spread of the virus, provincial governments initially limited landlord's ability to evict tenants for non-payment of rent but have since lifted this regulation. Social (physical) distancing actions resulted in the temporary closure of many businesses, which has had a significant impact on unemployment rates across Canada and may adversely impact resident's ability to pay rent, with the long-term impact being unknown.

(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 to the audited annual consolidated financial statements. 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 to the audited annual consolidated financial statements 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 to the audited annual consolidated financial statements, 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 21 to the audited annual consolidated financial statements.

Application of New and Revised IFRS 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 audited annual consolidated financial statements and note disclosures.

(A) APPLICATION OF NEW AND REVISED IFRSS

New or Amended Standards	Summary of Requirements	Possible Impact on Audited Annual Consolidated Financial statements
Amendments to IFRS 3 Definition of a business	The amendment clarifies 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.	This amendment was applied prospectively on January 1, 2020 and there was no impact on the audited annual consolidated financial statements.
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.	This amendment was applied prospectively on January 1, 2020 and there was no impact on the audited annual consolidated financial statements.
Amendment to IFRS 16 COVID-19 Related Rent Concessions	The amendment provides a practical expedient to lessees, who have received a rent concession as a direct consequence of the COVID-19 pandemic, an optional election not to assess if it is a lease modification. A lessee that makes this election shall account for any changes in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.	Early adoption of this amendment was applied retrospectively to January 1, 2020 and there was no impact on the audited annual consolidated financial statements.

In addition, the following amended standards did not have any impact on the Trust's audited annual consolidated financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards.

(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 the audited annual consolidated financial statements:

New or Amended Standards	Summary of Requirements	Possible Impact on Audited Annual Consolidated Financial Statements
IFRS 3 – Business Combinations	The amendment updates reference to the Conceptual Framework. Specifically, the standard is updated to refer to the 2018 Conceptual Framework instead of the 1989 Framework; a new requirement is added that, for transactions and other events within the scope of IAS 37 – Provisions, contingent liabilities and contingent assets or interpretations of the IFRS Committee (IFRIC) 21 – Levies, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and the addition of an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendment applied prospectively and is effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.	The Trust does not expect this amendment to have any impact on its 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.
IAS 1 – Presentation of Financial Statements	The amendment deals with the presentation of liabilities, not the amount or timing of recognition, or disclosure. Specifically, the amendment clarifies the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively, with earlier application permitted.	The Trust is assessing the potential impact but does not expect any significant impact.
IAS 16 – Property, Plant and Equipment	The amendment covers proceeds from selling items produced from property, plant and equipment before its intended use. Specifically, the amendment to the standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is applied retrospectively and is effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Trust does not expect this amendment to have any impact on its consolidated financial statements.

New or Amended Standards	Summary of Requirements	Possible Impact on Audited Annual Consolidated Financial Statements
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	The amendment clarifies what costs an entity considers in assessing whether a contract is onerous. Specifically, the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is applied prospectively to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments or after the first reporting period beginning on or after January 1, 2022.	The Trust is assessing the potential impact but does not expect any significant impact.
2018-2020 Cycle		
IFRS 9 – Financial Instruments	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms or similarly when a substantial modification of the terms of an existing financial liability or a part of it occurs. Specifically, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively and is effective for annual reporting periods beginning on or after January 1, 2022.	The Trust does not expect this amendment to have any impact on its audited annual 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
- 2018-2020 Cycle:
  IFRS 1 – First-time Adoption of International Financial Reporting Standards
  IAS 41 – Agriculture

International Financial Reporting Standards

The Trust's audited annual consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and IFRIC.

Disclosure Controls and Procedures & Internal Control Over Financial Reporting

DC&P are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer, President and Chief Financial Officer, as applicable, on a timely basis so appropriate decisions can be made regarding public disclosure.

The preparation of this information is supported by a set of DC&P implemented by management. In fiscal 2020, 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 DC&P as at December 31, 2020. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission control 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* ("NI 52-109").

There were no changes made to our DC&P during the year ended December 31, 2020. Boardwalk REIT continues to review the design of DC&P to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining DC&P, as those terms are defined in NI 52-109.

As at December 31, 2020, 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 ICFR during the year ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our ICFR.

2021 FINANCIAL OUTLOOK AND MARKET GUIDANCE

The financial impact of the COVID-19 pandemic remains uncertain and, as a result, the Trust is suspending financial guidance for 2021. However, the Trust is committed to providing regular operational updates to is stakeholders in lieu of financial guidance.

The Board of Trustees has approved the 2021 Capital Budget as follows:

Capital Budget *($000's)*	2021 Budget	Per Suite	2020 Actual	Per Suite
Total Operational Capital	$ 132,900	$ 3,980	$ 113,616	$ 3,260
Development/Development JV	40,100		42,122	
Acquisitions	-		65,329	
Total Capital Investment	**$ 173,000**		**$ 221,067**	

In total, the Trust expects to invest $132.9 million (or $3,980 per apartment unit) on operational capital in 2021 as compared to $113.6 million (or $3,260 per apartment unit) actually spent in 2020. Additionally, for 2021, Boardwalk is estimating $40.1 million to be spent on development.

Selected Consolidated Financial Information

The following selected financial information should be read in conjunction with this MD&A and the audited annual consolidated financial statements and accompanying notes for the years ended December 31, 2020 and 2019, and the applicable unaudited condensed consolidated interim financial statements of the Trust for the various quarterly interim periods, which are available under the Trust's profile at www.sedar.com.

The consolidated statements of comprehensive (loss) income and financial position information set forth in the following tables has been derived from the audited annual 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, 2020	Dec. 31, 2019
Total rental revenue	**$ 465,572**	$ 455,313
(Loss) profit	**(197,279)**	34,781
Funds from operations	**139,736**	130,967
(Loss) profit per unit		
– Basic	**$ (4.24)**	$ 0.75
– Diluted	**$ (4.85)**	$ 0.75
Funds from operations per unit		
– Basic	**$ 3.00**	$ 2.82
– Diluted	**$ 2.74**	$ 2.57
Mortgages	**2,896,790**	2,741,648
Total assets	**6,107,744**	6,276,384
Number of apartment units	**33,396**	33,263
Rentable square feet (000's)	**28,879**	28,674

	Three Months Ended							
Quarterly Comparative *(Cdn$ Thousands, except per Unit amount)*	**Dec. 31, 2020**	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Total rental revenue	**$116,543**	$ 116,207	$ 116,818	$ 116,004	$ 115,378	$ 114,660	$ 113,383	$ 111,892
(Loss) profit	**(188,435)**	(31,444)	(35,269)	57,869	(108,636)	79,560	71,601	(7,744)
Funds from operations	**34,268**	37,785	36,201	31,482	32,156	35,775	34,788	28,249
(Loss) profit per unit								
– Basic	**$ (4.05)**	$ (0.68)	$ (0.76)	$ 1.25	$ (2.34)	$ 1.71	$ 1.54	$ (0.17)
– Diluted	**$ (4.05)**	$ (0.79)	$ (0.76)	$ 1.25	$ (2.34)	$ 1.71	$ 1.35	$ (0.17)
Funds from operations per unit								
– Basic	**$ 0.74**	$ 0.81	$ 0.78	$ 0.68	$ 0.69	$ 0.77	$ 0.75	$ 0.61
– Diluted	**$ 0.67**	$ 0.74	$ 0.71	$ 0.62	$ 0.63	$ 0.70	$ 0.68	$ 0.56

ADDITIONAL INFORMATION

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

Respectfully,

[signed]

Sam Kolias
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

[signed]

Lisa Smandych
CHIEF FINANCIAL OFFICER

February 25, 2021

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]

Lisa Smandych
CHIEF FINANCIAL OFFICER

February 25, 2021

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and the Board of Trustees 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, 2020 and 2019, and the consolidated statements of comprehensive (loss) income, changes in unitholders' 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, 2020 and 2019, 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.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

FAIR VALUE OF INVESTMENT PROPERTIES – REFER TO NOTES 2(F) AND 4 OF THE FINANCIAL STATEMENTS

Key Audit Matter Description

The Trust has elected the fair value model for all investment properties and accordingly measures all investment properties at fair value subsequent to initial recognition on the statement of financial position. The Trust uses a combination of internal and external processes and valuation techniques to estimate fair value based on a number of inputs.

While several inputs are required to determine the fair value of the investment properties, the assumptions with the highest degree of subjectivity and impact on fair values are the forecast of rental income and capitalization rates. Auditing these assumptions required a high degree of auditor judgment as the estimations made by management are subject to a high degree of estimation uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecast of rental income and capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the effectiveness of controls over determination of investment properties fair value, including those over the determination of the forecast of rental income and capitalization rates.
- Evaluated the reasonableness of management's forecast of rental income by comparing management's forecast with historical results, internal communications to management and the Board of Trustees, contractual information and market rents at the valuation date, where applicable.

- With the assistance of fair value specialists, evaluated the reasonableness of capitalization rates by developing a range of estimates based on recent market transactions and industry surveys and comparing them to the capitalization rates selected by management.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 24, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CDN $ THOUSANDS)

As at	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Non-current assets			
Investment properties	4	$ 5,948,955	$ 6,147,482
Property, plant and equipment	5	32,189	36,289
Equity accounted investments	6	34,967	25,751
Investment in private technology venture fund	7	2,019	1,454
Lease receivable	8	964	-
Mortgage receivable	9	2,790	2,708
Deferred tax assets	21	825	751
		6,022,709	6,214,435
Current assets			
Inventories	10	6,441	8,263
Prepaid assets	11	6,184	6,127
Lease receivable	8	652	-
Trade and other receivables	12	11,174	4,370
Segregated tenants' security deposits	13	7,624	8,023
Cash and cash equivalents	14	52,960	35,166
		85,035	61,949
Total Assets		$ 6,107,744	$ 6,276,384
LIABILITIES			
Non-current liabilities			
Mortgages payable	15	$ 2,452,681	$ 2,366,974
LP Class B Units	16	150,987	205,537
Lease liabilities	17	80,030	110,367
Construction loan payable	18	-	14,720
Deferred unit-based compensation	19	2,242	2,825
Deferred tax liabilities	21	2	-
Deferred government grant	22	4,506	4,885
		2,690,448	2,705,308
Current liabilities			
Mortgages payable	15	444,109	374,674
Lease liabilities	17	3,842	3,659
Construction loan payable	18	21,187	-
Deferred unit-based compensation	19	973	1,584
Deferred government grant	22	378	378
Refundable tenants' security deposits		10,797	10,855
Trade and other payables	20	59,561	61,871
		540,847	453,021
Total Liabilities		3,231,295	3,158,329
Equity			
Unitholders' equity	23	2,876,449	3,118,055
Total Equity		2,876,449	3,118,055
Total Liabilities and Equity		$ 6,107,744	$ 6,276,384

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 (LOSS) INCOME

(CDN $ THOUSANDS)

	Note	**Year Ended Dec. 31, 2020**	Year Ended Dec. 31, 2019
Rental revenue	24	**$ 465,572**	$ 455,313
Rental expenses			
Operating expenses		**96,338**	101,108
Utilities		**48,938**	47,883
Property taxes		**51,152**	47,529
Net operating income		**269,144**	258,793
Financing costs	25	**91,622**	88,198
Administration		**36,069**	38,645
Deferred unit-based compensation	19	**3,255**	2,268
Depreciation	26	**8,195**	8,809
Profit before the undernoted		**130,003**	120,873
Loss on sale of assets	27	**(1,136)**	(714)
Adjustment to right-of-use asset related to lease receivable	8	**(159)**	-
Fair value losses	28	**(326,134)**	(86,132)
Other income	7	**75**	-
(Loss) profit before income tax		**(197,351)**	34,027
Income tax recovery	21	**72**	754
(Loss) profit for the year		**(197,279)**	34,781
Other comprehensive income		**-**	-
Total comprehensive (loss) income		**$ (197,279)**	$ 34,781

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(CDN $ THOUSANDS)

	Trust Units	Cumulative Profit (Loss)	Cumulative Distributions to Unitholders	Retained Earnings	Total Unitholders' Equity
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
Units issued	2,244	-	-	-	2,244
Loss for the year	-	(197,279)	-	(197,279)	(197,279)
Total comprehensive loss for the year	-	(197,279)	-	(197,279)	(197,279)
Distributions declared to Unitholders	-	-	(46,571)	(46,571)	(46,571)
Balance, December 31, 2020	**$ 202,512**	**$ 4,155,480**	**$(1,481,543)**	**$ 2,673,937**	**$ 2,876,449**

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(CDN $ THOUSANDS)

	Note	**Year Ended Dec. 31, 2020**	Year Ended Dec. 31, 2019
Operating activities			
(Loss) profit for the year		**$ (197,279)**	$ 34,781
Loss on sale of assets	27	**1,136**	714
Adjustment to right-of-use asset related to lease receivable	8	**159**	-
Financing costs	25	**91,622**	88,198
Interest paid		**(85,448)**	(81,673)
Deferred unit-based compensation	19	**3,255**	2,268
Fair value losses	28	**326,134**	86,132
Income tax recovery	21	**(72)**	(754)
Income tax paid		**-**	-
Government grant amortization	22	**(378)**	(378)
Depreciation	26	**8,195**	8,809
		147,324	138,097
Net change in operating working capital	35	**(6,243)**	22,646
		141,081	160,743
Investing activities			
Purchase of investment properties	4	**(65,329)**	(36,842)
Improvements to investment properties	4	**(108,653)**	(117,645)
Development of investment properties	4	**(32,906)**	(30,091)
Additions to property, plant and equipment	**5**	**(4,963)**	(5,630)
Net cash proceeds from sale of investment properties	27	**4,920**	22,495
Capital contribution in equity accounted investments	6	**(9,216)**	(15,889)
Capital contribution in private technology venture fund	7	**(565)**	(802)
Principal repayments on lease receivable	8	**449**	-
Net change in investing working capital	35	**(773)**	(14,483)
		(217,036)	(198,887)
Financing activities			
Distributions paid	35	**(46,564)**	(46,456)
Proceeds from mortgage financings		**284,395**	144,478
Mortgage payments upon refinancing		**(63,056)**	(36,732)
Scheduled mortgage principal repayments		**(69,686)**	(68,203)
Proceeds from construction loan financing	18	**6,467**	14,720
Repayment of mortgage receivable	9	**-**	36,015
Deferred financing costs incurred		**(14,793)**	(4,999)
Principal repayments on lease liabilities		**(3,465)**	(3,194)
Net change in financing working capital	35	**451**	(405)
		93,749	35,224
Net increase (decrease) in cash		**17,794**	(2,920)
Cash and cash equivalents, beginning of year		**35,166**	38,086
Cash and cash equivalents, end of year	14	**$ 52,960**	$ 35,166

See accompanying notes to these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended, December 31, 2020 and 2019

(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, 2018, 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.

Certain comparative figures have been reclassified to conform to the presentation of the current year. Specifically, ancillary rental income has been included in rental revenue.

(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 statements of financial position and consolidated statements of comprehensive (loss) 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 generally 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 de-recognition 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 assets	15%	Declining balance
Automobiles	Site equipment and other assets	20%	Declining balance
Warehouse assets	Site equipment and other assets	10% to 20%	Declining balance
Corporate assets	Site equipment and other assets	10% to 20%	Declining balance
Computer hardware	Corporate technology assets	35%	Declining balance
Computer software*	Corporate technology assets	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 re-measured 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 re-measured at subsequent reporting dates in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, 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 (loss) income.

When a business combination is achieved in stages, the Trust's previously held equity interest in the acquiree is re-measured 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 previous page), 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 resell, 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 (loss) 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 (loss) 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

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 re-measures 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 re-measured 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 re-measured 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 re-measured 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 (loss) 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 2019 and 2020, 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 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 statements of comprehensive (loss) 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, 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 Board of 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 Trust 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 (loss) 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, and recovery of certain operating costs, including retirement services and 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 24 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 (loss) 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 arrangements 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.

(vi) Property Management Fees

Boardwalk has an interest in an investment property through a joint arrangement whereby the Trust provides residential property management services to the co-owners for a management fee equal to 3.5% of gross revenue generated from the residential component of the investment property. The management fees are recorded as services are provided.

(S) FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures, 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 (loss) income.
FVTPL	Financial assets that do not meet the criteria for being measured at amortized cost or 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 estimated 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.	Stated at fair value, with gains or losses arising on measurement recognized in profit or loss.
	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.
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
Construction loan payable	Amortized cost
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, 2020 and 2019, 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 assets.

(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

Below 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.

In addition, beginning in 2020, the COVID-19 pandemic has had a substantial impact on the Canadian economy. As a result of the uncertainty associated with the unprecedented nature of the COVID-19 pandemic, certain of the Trust's significant judgements were impacted. Specifically, significant judgement was required when measuring the Trust's investment properties which are carried at fair value using assumptions based on market conditions, which currently have limited long-term visibility. The full long-term impact of COVID-19 pandemic on the valuation of investment properties is unknown. Furthermore, judgement was required in assessing the collectability of any outstanding tenant receivable balances and the consideration of applying an allowance for estimated credit losses to these balances. In response to the spread of the virus, provincial governments initially limited landlord's ability to evict tenants for non-payment of rent but have since lifted this regulation. Social (physical) distancing actions resulted in the temporary closure of many businesses, which has had a significant impact on unemployment rates across Canada and may adversely impact resident's ability to pay rent, with the long-term impact being unknown.

(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 21.

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

(A) APPLICATION OF NEW AND REVISED IFRS

In the current year, the Trust has applied a number of 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.

New or Amended Standards	Summary of Requirements	Possible Impact on Consolidated Financial Statements
Amendments to IFRS 3 Definition of a business	The amendment clarifies 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.	This amendment was applied prospectively on January 1, 2020 and there was no impact on the consolidated financial statements.
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.	This amendment was applied prospectively on January 1, 2020 and there was no impact on the consolidated financial statements.
Amendment to IFRS 16 COVID-19 Related Rent Concessions	The amendment provides a practical expedient to lessees, who have received a rent concession as a direct consequence of the COVID-19 pandemic, an optional election not to assess if it is a lease modification. A lessee that makes this election shall account for any changes in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.	Early adoption of this amendment was applied retrospectively to January 1, 2020 and there was no impact on the consolidated financial statements.

In addition, the following amended standards did not have any impact on the Trust's consolidated financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards

(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
IFRS 3 – Business Combinations	The amendment updates reference to the Conceptual Framework. Specifically, the standard is updated to refer to the 2018 Conceptual Framework instead of the 1989 Framework; a new requirement is added that, for transactions and other events within the scope of IAS 37 – Provisions, contingent liabilities and contingent assets or IRIC 21 – Levies, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and the addition of an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendment applied prospectively and is effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.	The Trust does not expect this amendment to have any impact on its 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.
IAS 1 – Presentation of Financial Statements	The amendment deals with the presentation of liabilities, not the amount or timing of recognition, or disclosure. Specifically, the amendment clarifies the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendment is effective for annual reporting periods beginnng on or after January 1, 2022 and are to be applied retrospectively, with earlier application permitted.	The Trust is assessing the potential impact but does not expect any significant impact.
IAS 16 – Property, Plant and Equipment	The amendment covers proceeds from selling items produced from property, plant and equipment before its intended use. Specifically, the amendment to the standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is applied retrospectively and is effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Trust does not expect this amendment to have any impact on its consolidated financial statements.

New or Amended Standards	Summary of Requirements	Possible Impact on Consolidated Financial Statements
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	The amendment clarifies what costs an entity considers in assessing whether a contract is onerous. Specifically, the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is applied prospectively to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments or after the first reporting period beginning on or after January 1, 2022.	The Trust is assessing the potential impact but does not expect any significant impact.
2018-2020 Cycle		
IFRS 9 – Financial Instruments	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms or similarly when a substantial modification of the terms of an existing financial liability or a part of it occurs. Specifically, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively and is effective for annual reporting periods beginning on or after January 1, 2022.	The Trust does not expect this amendment to have any 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
- 2018-2020 Cycle:
  IFRS 1 – First-time Adoption of International Financial Reporting Standards
  IAS 41 – Agriculture

Note 4: Investment Properties

As at	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Balance, beginning of year	**$ 6,147,482**	$ 6,053,135
Additions		
Building acquisitions	**81,389**	36,842
Building improvements (incl. internal capital program)	**108,653**	117,645
Development of investment properties [1]	**32,906**	30,091
Dispositions	**(38,504)**	(41,371)
Fair value losses, unrealized	**(382,971)**	(48,860)
Balance, end of year	**$ 5,948,955**	$ 6,147,482

As at	Dec. 31, 2020	Dec. 31, 2019
Fair value of investment properties, before building acquisitions valued at Level 2 inputs, right-of-use assets, and developments	**$ 5,746,471**	$ 5,992,479
Building acquisitions (valued at Level 2 inputs)	**81,389**	-
Fair value, right-of-use assets (IFRS 16)	**77,635**	107,355
Revenue producing properties	**5,905,495**	6,099,834
Properties under development [2]	**43,460**	47,648
Total	**$ 5,948,955**	$ 6,147,482

(1) On September 1, 2020, and November 2, 2020, the Trust purchased adjacent parcels of land in Victoria, British Columbia, for a purchase price of $3.1 million and $9.8 million, respectively, and on November 23, 2020, purchased an additional parcel of land in Victoria, British Columbia, for a purchase price of $14.0 million. The acquisitions were funded with cash on hand and are planned for two separate development projects of new rental units.
(2) On February 21, 2020, a 162-unit development project in Calgary, Alberta (where the Trust owns 50%), with costs totaling $36.5 million was transferred from development to revenue producing properties.

On September 28, 2020, the Trust acquired a portfolio of four properties in Southwestern Ontario, located in the markets of Kitchener, Waterloo, and Cambridge. The portfolio is comprised of 226 units and had a purchase price of $63.0 million. The acquisition was funded with cash on hand and the assumption of a mortgage for $7.0 million.

On August 27, 2020, the Trust purchased a property in Cambridge, Ontario. The property is comprised of 56 units and had a purchase price of $16.2 million. The acquisition was funded with cash on hand and the assumption of a mortgage for $9.1 million.

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

Building Acquisitions	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Purchase price	**$ 79,200**	$ 35,813
Transaction costs	**2,189**	1,029
Total	**$ 81,389**	$ 36,842
Allocation of fair value to investment properties	**$ 81,389**	$ 36,842
Multi-family units acquired	**282**	124

Purchase price	**$ 79,200**	$ 35,813
Transaction costs	**2,189**	1,029
Mortgage financing assumed	**(16,060)**	-
Net cash paid	**$ 65,329**	$ 36,842

Please refer to NOTE 27 for details on the Trust's dispositions in fiscal 2020 and 2019.

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, 2020, 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, 2020						
	Balance, Beginning of Year	Building Acquisitions	Building Improvements (incl. Internal Capital Program)	Development of Investment Properties	Dispositions (NOTE 27)	Fair Value (Losses) Gains	Balance, End of Year
Recurring measurements Investment properties							
Calgary	$1,413,661	$ -	$ 22,838	$ 3,718	$ -	$ (123,964)	$1,316,253
Edmonton	2,314,352	-	43,841	-	-	(192,873)	2,165,320
Other Alberta	297,793	-	7,066	-	-	(26,212)	278,647
Victoria	-	-	-	27,883	-	-	27,883
Brampton	978	-	-	938	-	-	1,916
Cambridge	-	29,550	69	-	-	(69)	29,550
Kitchener	68,200	34,645	1,103	-	-	(688)	103,260
London	407,318	-	5,991	-	-	(5,441)	407,868
Mississauga	11,631	-	-	362	-	-	11,993
Waterloo	-	17,194	31	-	-	(31)	17,194
Montreal	116,351	-	2,828	-	-	1,703	120,882
Quebec City	201,800	-	3,891	-	-	3,689	209,380
Regina	323,440	-	6,306	5	(7,426)	(27,417)	294,908
Saskatoon	269,356	-	7,219	-	-	(12,522)	264,053
Land leases	722,602	-	7,470	-	(31,078)	854	699,848
Total	$ 6,147,482	$ 81,389	$ 108,653	$ 32,906	$ (38,504)	$ (382,971)	$5,948,955

Year Ended December 31, 2019							
	Balance, Beginning of Year	Building Acquisitions	Building Improvements (incl. Internal Capital Program)	Development of Investment Properties	Dispositions (NOTE 27)	Fair Value (Losses) Gains	Balance, End of Year
Recurring measurements Investment properties							
Calgary	$ 1,419,191	$ -	$ 18,363	$ 17,709	$ -	$ (41,602)	$ 1,413,661
Edmonton	2,337,898	36,842	45,629	(7)	-	(106,010)	2,314,352
Other Alberta	311,180	-	7,492	-	-	(20,879)	297,793
Brampton	253	-	-	725	-	-	978
Kitchener	52,828	-	1,621	-	-	13,751	68,200
London	318,767	-	7,978	-	-	80,573	407,318
Mississauga	-	-	-	11,631	-	-	11,631
Montreal	115,367	-	1,250	-	-	(266)	116,351
Quebec City	192,470	-	4,151	-	-	5,179	201,800
Regina	320,789	-	9,488	33	-	(6,870)	323,440
Saskatoon	305,889	-	9,514	-	(41,371)	(4,676)	269,356
Land leases	678,503	-	12,159	-	-	31,940	722,602
Total	$ 6,053,135	$ 36,842	$ 117,645	$ 30,091	$ (41,371)	$ (48,860)	$ 6,147,482

Investment properties measured at fair value in the consolidated statements 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, 2020, all of the Trust's investment properties were Level 3 inputs, except the new acquisitions which were Level 2 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2020 and December 31, 2019.

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, 2020	**4**	**$ 615,599**	**10.3%**
September 30, 2020	4	$ 158,394	2.6%
June 30, 2020	4	$ 157,212	2.6%
March 31, 2020	4	$ 130,597	2.2%
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%

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 Appraisers. 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.

Four of the Trust's properties: 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, 2020**			Dec. 31, 2019		
	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%**	**$ 65,745**	4.50%	7.14%	$ 69,080
Edmonton	**4.76%**	**5.75%**	**114,552**	4.78%	5.75%	122,396
Other Alberta	**5.75%**	**7.50%**	**17,981**	5.75%	7.50%	19,162
Kitchener	**4.50%**	**4.50%**	**3,088**	4.50%	4.50%	3,069
London	**4.50%**	**4.75%**	**18,385**	4.50%	4.75%	18,360
Montreal	**4.75%**	**5.75%**	**6,093**	4.75%	5.75%	5,852
Quebec City	**5.25%**	**5.75%**	**11,390**	5.25%	5.75%	10,975
Regina	**5.65%**	**6.00%**	**17,471**	5.65%	6.00%	19,178
Saskatoon	**5.75%**	**6.00%**	**15,687**	5.75%	6.00%	16,007
	4.50%	**7.50%**	**$ 270,392**	4.50%	7.50%	$ 284,079
Land Lease	**4.50%**	**31.78%**	**$ 32,258**	4.50%	25.54%	$ 31,825

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at December 31, 2020 and 2019 were 5.27% and 5.27%, 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 building acquisitions valued at Level 2 inputs, right-of-use assets, and developments):

As at December 31, 2020		**Net Operating Income**				
		-3%	**-1%**	**As Forecasted**	**+1%**	**+3%**
Cap Rate		**$ 293,571**	**$ 299,624**	**$ 302,650**	**$ 305,677**	**$ 311,730**
-0.25%	5.02%	**$ 105,381**	**$ 226,038**	**$ 286,366**	**$ 346,695**	**$ 467,352**
Cap Rate As Reported	5.27%	**(172,394)**	**(57,465)**	**5,746,471**	**57,465**	**172,394**
+0.25%	5.52%	**(424,994)**	**(315,273)**	**(266,484)**	**(205,551)**	**(95,830)**

As at December 31, 2019		Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Cap 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)

Investment properties with a fair value of $622.2 million (December 31, 2019 – $615.2 million) are situated on land held under land leases.

Investment properties with a fair value of $762.5 million (December 31, 2019 – $895.5 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 $5.7 billion (December 31, 2019 – $5.8 billion) are pledged as security against the Trust's mortgages payable. As at December 31, 2020, 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, and the joint venture project to develop two mixed-use towers in Brampton, Ontario (NOTE 6).

For the years ended December 31, 2020 and 2019, investment properties earned rental revenue (including ancillary rental income) of $465.6 million and $455.3 million, respectively. Direct operating expenses in relation to investment properties were $196.4 million and $196.5 million for the years ended December 31, 2020 and 2019, respectively.

Note 5: Property, Plant and Equipment

The carrying amounts of PP&E were as follows:

As at	**Dec. 31, 2020**			Dec. 31, 2019		
	Cost	**Accumulated Depreciation**	**Carrying Amount**	Cost	Accumulated Depreciation	Carrying Amount
Administration building	**$ 6,750**	**$ (4,045)**	**$ 2,705**	$ 6,686	$ (3,813)	$ 2,873
Site equipment and other	**62,702**	**(41,076)**	**21,626**	62,422	(37,209)	25,213
Corporate technology assets	**45,787**	**(37,929)**	**7,858**	42,723	(34,520)	8,203
Total	**$ 115,239**	**$ (83,050)**	**$ 32,189**	$ 111,831	$ (75,542)	$ 36,289

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2020:

	Balance, Beginning of Year	Additions	Remove Right-of-use Asset	Disposals	Depreciation	**Balance, End of Year**
Administration building	$ 2,873	$ 63	$ -	$ -	$ (231)	**$ 2,705**
Site equipment and other	25,213	3,269	(2,260)	(46)	(4,550)	**21,626**
Corporate technology assets [(1)]	8,203	3,070	-	(1)	(3,414)	**7,858**
Total	$ 36,289	$ 6,402	$ (2,260)	$ (47)	$ (8,195)	**$ 32,189**

(1) Included in corporate technology assets for the year ended December 31, 2020, was $0.9 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, 2019:

	Balance, Beginning of Year	Additions	Disposals	Depreciation	Balance, End of Year
Administration building	$ 22,965	$ 149	$ -	$ (241)	$ 2,873
Site equipment and other	27,877	2,465	(47)	(5,082)	25,213
Corporate technology assets [(1)]	8,201	3,489	(1)	(3,486)	8,203
Total	$ 39,043	$ 26,103	$ (48)	$ (8,809)	$ 36,289

(1) Included in corporate technology assets 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.

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.") for a 50% interest in the partnership and the partnership is a joint venture. The principal activity of the partnership is to develop and operate a mixed-use property in Brampton, Ontario.

For the year ended December 31, 2020, the Trust has contributed $9.2 million (December 31, 2019 – $15.9 million), resulting in a total investment of $35.0 million as at December 31, 2020. As at December 31, 2020 and 2019, the partnership had the following assets and liabilities:

As at	**Dec. 31, 2020**	Dec. 31, 2019
Non-current assets	**$ 73,147**	$ 51,685
Current assets [(1)]	**1,011**	1,519
Current liabilities	**4,226**	1,702

(1) Included in current assets, as at December 31, 2020, is cash of $0.3 million (December 31, 2019 – $0.2 million).

Note 7: Investment in Private Technology Venture Fund

For the year ended December 31, 2020, the Trust contributed $0.6 million (December 31, 2019 – $0.8 million) into a private real estate technology venture fund and received a distribution for $0.2 million from this investment (December 31, 2019 – $nil), representing a return of capital of $0.1 million and an investment gain of $0.1 million recorded in the consolidated statement of comprehensive (loss) income as other income. As at December 31, 2020, total investment was $2.0 million (December 31, 2019 – $1.5 million). The Trust has committed to contribute an additional USD $0.4 million. As a financial asset, this investment is being carried at fair value through profit and loss. As a December 31, 2020 and 2019, the fair value was equivalent to the contributed capital.

Note 8: Lease Receivable

In 2020, the Trust entered into a sublease for one of the warehouse spaces it carries as a lease obligation.

As at	**Dec. 31, 2020**		Dec. 31, 2019	
	Weighted Average Interest	**Lease Balance**	Weighted Average Interest	Lease Balance
Lease receivable				
Fixed rate	**4.13%**	**$ 1,616**	-	$ -
Total		**$ 1,616**		$ -
Current		**$ 652**		$ -
Non-current		**964**		-
		$ 1,616		$ -

In recognizing this lease receivable, the Trust derecognized the right-of-use asset it had recorded as a result of the lease obligation. The difference between the right-of-use asset and the lease receivable of $0.2 million is recorded in the consolidated statement of comprehensive (loss) income as an adjustment to the right-of-use asset related to the lease receivable.

Estimated future principal payments expected to be received for the lease receivable as at December 31, 2020 are as follows:

	Amount
12 months ending December 31, 2021	$ 652
12 months ending December 31, 2022	697
12 months ending December 31, 2023	267
	$ 1,616

Note 9: Mortgage Receivable

As part of a 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, 2020**		Dec. 31, 2019	
	Weighted Average Interest	**Receivable Balance**	Weighted Average Interest	Receivable Balance
Mortgage receivable				
Fixed rate	**2.19%**	**$ 2,790**	2.19%	$ 2,708
Total		**$ 2,790**		$ 2,708
Current		**-**		-
Non-current		**2,790**		2,708
		$ 2,790		$ 2,708

Note 10: 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, 2020	Dec. 31, 2019
Cabinets, appliances, baseboard, carpet, linoleum, and other	$ 6,441	$ 8,263

Note 11: Prepaid Assets

The major components of prepaid assets are as follows:

As at	Dec. 31, 2020	Dec. 31, 2019
Prepaid property taxes	$ 363	$ 765
Prepaid land leases	2,856	2,856
Prepaid expenses and other	2,965	2,506
	$ 6,184	$ 6,127

Note 12: 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 $11.2 million at December 31, 2020 (December 31, 2019 – $4.4 million).

As at	Dec. 31, 2020	Dec.31, 2019
Trade and other receivables	$ 2,395	$ 2,012
Receivable from insurers	8,779	2,358
	$ 11,174	$ 4,370

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 13: 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 $7.6 million at December 31, 2020 and $8.0 million at December 31, 2019.

Note 14: Cash and Cash Equivalents

Cash and cash equivalents include cash of $38.0 million and term deposits with maturities of 90 days or less of $15.0 million (December 31, 2019 – cash of $10.2 million and term deposits of $25.0 million).

Note 15: Mortgages Payable

As at	Dec. 31, 2020		Dec. 31, 2019	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgages payable				
Fixed rate	**2.58%**	**$ 2,896,790**	2.74%	$ 2,741,648
Total		**$ 2,896,790**		$ 2,741,648
Current		**$ 444,109**		$ 374,674
Non-current		**2,452,681**		2,366,974
		$ 2,896,790		$ 2,741,648

Estimated future principal payments required to meet mortgage obligations as at December 31, 2020 are as follows:

	Secured By Investment Properties
12 months ending December 31, 2021	$ 444,109
12 months ending December 31, 2022	463,186
12 months ending December 31, 2023	376,075
12 months ending December 31, 2024	323,492
12 months ending December 31, 2025	527,625
Subsequent	869,599
	3,004,086
Unamortized deferred financing costs	(107,722)
Unamortized market debt adjustments	426
	$ 2,896,790

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, 2020 and 2019, 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, 2020 (December 31, 2019 – $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, 2025. 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, 2020 (December 31, 2019 – $nil) under this facility, except for Letters of Credit ("LCs") issued and outstanding. The LCs totaled $0.3 million as at December 31, 2020 (December 31, 2019 – $0.3 million). As such, approximately $199.7 million was unused and available from this facility on December 31, 2020 (December 31, 2019 – $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 16: LP Class B Units

The LP Class B Units, as defined in NOTE 23, representing an aggregate fair value of $151.0 million at December 31, 2020 (December 31, 2019 – $205.5 million), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk Trust 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 Trust 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 (loss) income and are included in NOTE 28.

As at December 31, 2020 and December 31, 2019 , there were 4,475,000 LP Class B Units issued and outstanding.

Note 17: 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 four 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 4 to 75 years as at December 31, 2020. Two of the land leases provide for annual rent.

(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, 2020**		Dec. 31, 2019	
	Weighted Average Interest	**Lease Balance**	Weighted Average Interest	Lease Balance
Lease liabilities				
Fixed rate	**3.26%**	**$ 83,872**	3.25%	$ 114,026
Total		**$ 83,872**		$ 114,026
Current		**$ 3,842**		$ 3,659
Non-current		**80,030**		110,367
		$ 83,872		$ 114,026

Estimated future principle payments required to meet lease liabilities as at December 31, 2020 are as follows:

	Amount
12 months ending December 31, 2021	$ 3,842
12 months ending December 31, 2022	3,881
12 months ending December 31, 2023	2,734
12 months ending December 31, 2024	2,112
12 months ending December 31, 2025	1,860
Subsequent	69,443
	$ 83,872

The Trust had a land lease attributable to a property that was sold on June 25, 2020, (NOTE 27). Under this land lease, the Trust made variable payments not linked to an index and, as such, these variable payments were excluded from lease liabilities and included in operating expense. During 2020, up until the date the property was sold, variable lease payments related to this land lease and 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, 2020, lease payments on short-term leases or leases of low value assets totaled $2.1 million (December 31, 2019 – $2.1 million).

Note 18: Construction Loan Payable

During 2019, the Trust, in conjunction with its joint operation partner, entered into a $50 million revolving construction facility loan with a third-party financial institution. To date, $42.4 million has been drawn on this loan, of which Boardwalk's portion is $21.2 million. The facility is interest payable only and has a maturity date of July 31, 2021. The facility bears interest at prime plus 0.05%, or 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, 2020, the Trust was in compliance with these covenants.

Note 19: Deferred Unit-based Compensation

Deferred unit-based compensation is comprised of the following:

As at	Dec. 31, 2020	Dec. 31, 2019
Current	$ 973	$ 1,584
Non-current	2,242	2,825
	$ 3,215	$ 4,409

The total of $3.2 million represents the fair value of the underlying deferred units at December 31, 2020 (December 31, 2019 – $4.4 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 (loss) 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 the Board of Trustees, executives and leaders, 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 was most recently amended on February 26, 2020.

As at December 31, 2020 and 2019, 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
2015	55,236	February, June & December 2015	$ 3,094	February, June & December 2020	2,702
2016	63,697	February, June & December 2016	3,065	February, June & December 2021	6,828
2017	34,858	June & December 2017	1,614	June & December 2022	12,602
2018	41,238	June & December 2018	1,771	June & December 2023	19,713
2019	51,692	March, June & December 2019	2,188	March, June & December 2024	29,833
2020	117,618	March, June & December 2019	4,454	March, June & December 2024	97,557
					169,235
Additional deferred units earned on units					7,396
			$ 16,186		176,631

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, 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
Deferred units granted	117,618	88,261
Additional deferred units earned on units	4,623	5,555
Deferred units forfeited	(1,838)	-
Deferred units converted to Trust Units or cash	(87,660)	(87,660)
Balance, December 31, 2020	**176,631**	**13,834**

For the year ended December 31, 2020, total costs of $3.3 million (December 31, 2019 – $2.3 million) were recorded in expenses related to executive bonuses, leader bonuses, and trustee fees under the deferred unit plan.

Note 20: Trade and Other Payables

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

As at	Dec. 31, 2020	Dec. 31, 2019
Trade payables and accrued liabilities	**$ 49,923**	$ 52,505
Distribution payable	**4,255**	4,248
Provisions	**5,383**	5,118
	$ 59,561	$ 61,871

As at December 31, 2020 and 2019, 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, 2020 and 2019, the Trust does not have any material contingent liabilities.

Note 21: Income taxes

CURRENT INCOME TAX

For the year ended December 31, 2020 and 2019, 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, 2020 (December 31, 2019 – $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 2020 and 2019, Boardwalk REIT is a "mutual fund trust" as defined under the Tax Act and as a 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 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, 2019	Recognized in Profit	**Dec. 31, 2020**
Deferred tax assets (liabilities) related to:			
Operating losses	$ 751	$ 74	**$ 825**
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	-	-	**-**
Other	-	(2)	**(2)**
Net deferred tax assets	$ 751	$ 72	**$ 823**
Deferred tax assets	$ 751	$ 74	**$ 825**
Deferred tax liabilities	-	(2)	**(2)**
Net deferred tax assets	$ 751	$ 72	**$ 823**

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	$ (4)	$ 755	$ 751
Deferred tax assets	$ 64	$ 687	$ 751
Deferred tax liabilities	(68)	68	-
Net deferred tax assets	$ (4)	$ 755	$ 751

No current income taxes or deferred income taxes were recognized in equity, other than through profit or OCI, for the years ended December 31, 2020 and 2019.

As at December 31, 2020, wholly-owned Canadian corporate subsidiaries have deferred tax assets of $0.8 million (December 31, 2019 – $0.8 million) related to operating losses, which expire over the next 12 to 19 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 recovery include the following:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Current tax expense	$ -	$ -
Deferred tax recovery	(72)	(754)
Total income tax recovery	$ (72)	$ (754)

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

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
(Loss) profit before income tax expense	$ (197,351)	$ 34,027
Remove loss from non-taxable entities	247,004	11,492
Accounting profit subject to tax	49,653	45,519
Deduct management fee charged to corporate entities	(49,442)	(46,434)
Taxable profit (loss)	211	(915)
Weighted average substantively enacted tax rate	26.51%	26.60%
Calculated income tax expense (recovery)	56	(243)
Changes to other deferred tax liabilities	(128)	(511)
Total income tax recovery	$ (72)	$ (754)

Note 22: 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, 2020, $378,000 was recognized in profit under rental revenue for this grant (December 31, 2019 – $378,000).

Note 23: 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 Trust 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 "Trust 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 16.

(A) TRUST UNITS

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

Trust 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 Trust Units tendered for redemption shall be surrendered and the holder shall be entitled to receive a price per Trust Unit equal to the lesser of:

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

ii) 100% of the "closing market price" of the Trust Units on the principal market on which the Trust 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 Board of Trustees without the approval of any Unitholders.

The Trust has the following capital securities outstanding:

As at	**Dec. 31, 2020**	Dec. 31, 2019
Trust Units outstanding, beginning of year	**46,461,293**	46,391,986
Units issued for vested deferred units	**87,655**	69,307
Trust Units outstanding, end of year	**46,548,948**	46,461,293

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, 2020 and December 31, 2019, 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 Trust 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 Trust 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, 2020	**Monthly Distribution**	Units Outstanding Dec. 31, 2019	Monthly Distribution
Boardwalk Trust Units	**46,548,948**	**$0.0834/unit**	46,461,293	$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 Trust Units with a record date of January 29, 2021 (paid on February 15, 2021) 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, 2020.

(C) (LOSS) EARNINGS PER UNIT

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Numerator		
(Loss) profit – basic	**$ (197,279)**	$ 34,781
Distribution declared on LP Class B Units	**4,479**	-
Gain on fair value adjustments on LP Class B Units	**(54,550)**	-
Gain on fair value adjustment to unexercised deferred units	**(169)**	-
(Loss) profit – diluted	**$ (247,519)**	$ 34,781
Denominator		
Weighted average units outstanding – basic	**46,529,256**	46,422,020
Conversion of LP Class B Units	**4,475,000**	-
Unexercised deferred units	**5,414**	-
Weighted average units outstanding – diluted	**51,009,670**	46,422,020
(Loss) earnings per unit		
– basic	**$ (4.24)**	$ 0.75
– diluted	**$ (4.85)**	$ 0.75

All dilutive elements were included in the calculation of diluted per unit amounts. For the year ended December 31, 2020, both the conversion of LP Class B Units and the exercise of deferred units were dilutive and were included in the calculation of diluted (loss) earnings per unit. 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.

Note 24: 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. Rental revenue represents all revenue earned from the Trust's operating leases, as well as ancillary rental income earned from revenue share service agreements with third parties, and totaled $465.6 million for the year ended December 31, 2020 (December 31, 2019 – $455.3 million).

Rental revenue is comprised of the following:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Lease revenue	**$ 440,831**	$ 432,546
Parking revenue	**7,157**	7,163
Recoveries (cable, retirement) and revenue from telephone and cable providers	**7,097**	7,241
Revenue from coin laundry machines	**4,189**	4,589
Other (fees)	**6,298**	3,774
Total	**$ 465,572**	$ 455,313

As at December 31, 2020, 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	$ 232,219	$ 14,024	$ 427

Note 25: Financing Costs

Financing costs are comprised of interest on mortgages payable, distributions paid to the holders of LP Class B Units, 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, including interest earned on the lease receivable. Financing costs total $91.6 million for the year ended December 31, 2020 (December 31, 2019 – $88.2 million) and can be summarized as follows:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Interest on secured debt (mortgages payable)	**$ 77,962**	$ 75,159
Interest capitalized to properties under development	**(1,400)**	(1,433)
LP Class B Unit distribution	**4,479**	4,479
Other interest charges	**1,939**	1,478
Interest on lease obligations	**3,206**	3,737
Interest income	**(763)**	(1,342)
Amortization of deferred financing costs	**6,199**	6,120
Total	**$ 91,622**	$ 88,198

For the year ended December 31, 2020, interest was capitalized to properties under development at a weighted average effective interest rate of 2.41% (December 31, 2019 – 2.97%).

Note 26: Depreciation

The components of depreciation were as follows:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Depreciation of property, plant and equipment	**$ 8,195**	$ 8,809

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

On June 25, 2020, the Trust sold 158 units in Calgary, Alberta, which forms part of the Alberta geographical segment, for the sale price of $3.0 million. On November 17, 2020, the Trust sold 72 units in Regina, Saskatchewan, which forms part of the Saskatchewan geographical segment, for the sale price of $7.5 million. The loss on sale of assets and net cash proceeds is outlined on the following page.

On September 16, 2019, the Trust sold 138 units in Saskatoon, Saskatchewan. Additionally, on May 28, 2019, the Trust sold 140 units in Saskatoon, Saskatchewan. Both projects formed 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 on the following page.

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Sales price	$ 10,459	$ 41,420
Costs of disposition	(1,136)	(714)
Net proceeds	$ 9,323	$ 40,706
Net book value		
Investment property	10,412	41,372
Right-of-use-asset (IFRS 16)	28,092	-
Property, plant and equipment	47	48
Lease liability	(28,092)	-
	10,459	41,420
Loss on sale of assets	$ (1,136)	$ (714)
Sales price	$ 10,459	$ 41,420
Mortgage discharged on sale	(4,403)	(18,211)
Costs of disposition (cash only)	(1,136)	(714)
Net cash proceeds	$ 4,920	$ 22,495

Note 28: Fair Value (Losses) Gains

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

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Investment properties (NOTE 4)	$ (382,971)	$ (48,860)
Financial assets designated as FVTPL		
Mortgage receivable	82	250
Financial liabilities designated as FVTPL		
Deferred unit-based compensation	2,205	(1,185)
LP Class B Units	54,550	(36,337)
Total fair value losses	$ (326,134)	$ (86,132)

Note 29: Guarantees, Contingencies, Commitments and Other

As discussed in NOTE 17, the Trust has four 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, 2019	$3.17/Gigajoule ("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
Alberta	25%	November 1, 2020 to October 31, 2025	$2.78/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
Saskatchewan	40%	November 1, 2020 to October 31, 2025	$2.99/GJ
Verdun, Quebec	75%	November 1, 2018 to October 31, 2021	$3.40/GJ
London, Ontario	75%	November 1, 2018 to October 31, 2021	$3.45/GJ

Electrical:

Area	Estimated Usage Coverage	Term	Cost
Alberta	49%	October 1, 2017 to September 30, 2022	$0.05/Kilowatt-hour (“kWh”)
Alberta	40%	October 1, 2015 to September 30, 2020	$0.05/kWh
Alberta	45%	November 1, 2020 to October 31, 2024	$0.06/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, 2020 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, Saskatchewan on September 16, 2019, a mortgage totaling $12.5 million was assumed by the purchaser. As at December 31, 2020, this mortgage had a balance of $12.1 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, Saskatchewan in 2017, mortgages totaling $24.4 million were assumed by the purchaser. As at December 31, 2020, these mortgages have a balance of $22.1 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 British Columbia 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 $20.2 million as at December 31, 2020, 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, 2020 is approximately $54.4 million (December 31, 2019 – $55.9 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, 2020 and 2019, 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, 2020	Dec. 31, 2019
Net operating income	$ 269,144	$ 258,793
Administration expenses (including deferred unit-based compensation)	(39,324)	(40,913)
Consolidated EBITDA [(1)] (12 months ended)	229,820	217,880
Consolidated interest expense (12 months ended)	82,345	79,032
Interest coverage ratio	2.79	2.76
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, 2020, the Trust's weighted average cost of capital was calculated to be 4.17%.

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

As at	Dec. 31, 2020		Dec. 31, 2019	
	Cost of Capital [(1)]	Underlying Value [(2)]	Cost of Capital [(1)]	Underlying Value [(2)]
Liabilities				
Mortgages payable	2.58%	$ 3,029,152	2.74%	$ 2,766,101
LP Class B Units	6.97%	150,987	4.57%	205,537
Deferred unit-based compensation	6.97%	3,215	4.57%	4,409
Unitholders' equity				
Boardwalk Trust Units	6.97%	1,570,562	4.57%	2,133,967
Total	4.17%	$ 4,753,916	3.58%	$ 5,110,014

(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, 2020 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 49% 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 Trust 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 (loss) income.

As outlined in NOTE 32(d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at December 31, 2020 included cash and cash equivalents on hand of $53.0 million (December 31, 2019 – $35.2 million) as well as an unused committed revolving credit facility of $199.7 million (December 31, 2019 – $199.7 million). The Trust monitors its ratios and as at December 31, 2020 and December 31, 2019, 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, trade and other payables, and construction loan payable approximate their fair values due to their short-term nature.
- **ii)** the fair value of the Trust's investment in private technology venture 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.
- **iv)** 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 Trust 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, 2020 and December 31, 2019 are as follows:

As at	**Dec. 31, 2020**		Dec. 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets carried at FVTPL				
Mortgage receivable	**$ 2,790**	**$ 2,790**	$ 2,708	$ 2,708
Investment in private technology venture fund	**2,019**	**2,019**	1,454	1,454
Financial liabilities carried at amortized cost				
Mortgages payable	**2,896,790**	**3,029,152**	2,741,648	2,766,101
Construction loan payable	**21,187**	**21,187**	14,720	14,720
Financial liabilities carried at FVTPL				
LP Class B Units	**150,987**	**150,987**	205,537	205,537
Deferred unit-based compensation	**3,215**	**3,215**	4,409	4,409

The fair value of the Trust's mortgages payable was higher than the recorded value by approximately $132.4 million at December 31, 2020 (December 31, 2019 – higher by $24.5 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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, 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, 2020**			Dec. 31, 2019		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**$ -**	**$ 81,389**	**$ 5,867,566**	$ -	$ -	$ 6,147,482
Mortgage receivable	**-**	**-**	**2,790**	-	-	2,708
Investment in private technology venture fund	**-**	**-**	**2,019**	-	-	1,454
Liabilities						
LP Class B Units	**150,987**	**-**	**-**	205,537	-	-
Deferred unit-based compensation	**3,215**	**-**	**-**	4,409	-	-

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, 2020 and December 31, 2019, there were no transfers between Level 1, Level 2, and Level 3 assets and liabilities. As at December 31, 2020, those investment properties classified as Level 2 use 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, 2020, the Trust had no amount outstanding on its committed revolving credit facility and its mortgages payable are fixed-rate debt. However, the Trust had $21.2 million (December 31, 2019 – $14.7 million) extended on its construction loan payable, which is carried at variable-rate interest. As such, for the year ended December 31, 2020, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $0.8 million (December 31, 2019 – $0.2 million).

B) CREDIT RISK

The Trust is exposed to credit risk as a result of its lease receivable, mortgage receivable, and trade and other receivables. The trade and other receivables balance is comprised of mortgage holdbacks and refundable mortgage fees, accounts receivable from significant customers and insurers, and tenant receivables. As at December 31, 2020 and December 31, 2019, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers and insurers was past due. Additionally, the lease receivable and mortgage receivable are in good standing.

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 estimated credit losses. The amount of the loss is recognized in the consolidated statement of comprehensive (loss) income as part of operating expenses. As outlined in NOTE 2(v) with respect to the COVID-19 pandemic, provincial governments continue to regulate social (physical) distancing and this has resulted in the temporary closure of many businesses, which has had a significant impact on unemployment rates across Canada and may adversely impact resident's ability to pay rent, with the long term-term impact being unknown. The Trust evaluated whether an allowance for estimated credit losses was needed for the year ended December 31, 2020, and one was not applied. 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 year ended December 31, 2020, bad debt expense totaled $6.2 million (December 31, 2019 – $5.4 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 Unitholders. Finally, financial assets, such as cash and trade and other receivables, will be realized within the next twelve 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 [2]	Trades and Other Payables	Total
2021	2.40%	$ 384,245	$ 71,893	$ 3,842	$ 21,187	$ 10,797	$ 4,255	$ 55,306	$ 551,525
2022	2.72%	425,275	60,952	3,881	-	-	-	-	490,108
2023	2.91%	350,931	49,438	2,734	-	-	-	-	403,103
2024	2.59%	314,898	38,314	2,112	-	-	-	-	355,324
2025	2.15%	561,108	30,370	1,860	-	-	-	-	593,338
Subsequent	2.72%	967,629	52,475	69,443	-	-	-	-	1,089,547
	2.58%	3,004,086	303,442	83,872	21,187	10,797	4,255	55,306	3,482,945
Unamortized deferred financing costs		(107,722)	-	-	-	-	-	-	(107,722)
Unamortized market debt adjustments		426	-	-	-	-	-	-	426
		$2,896,790	$303,442	$ 83,872	$ 21,187	$ 10,797	$ 4,255	$ 55,306	$3,375,649

(1) Based on current in-place interest rates for the remaining term to maturity.
(2) Distribution payable includes distributions owed on the Boardwalk Trust Units and the LP Class B Units.

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, 2020 of approximately $762.5 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, 2020 (December 31, 2019 – $199.7 million). The revolving facility requires monthly interest payments, is for a five-year term maturing on July 27, 2025, 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, 2020, this ratio was 1.48 (December 31, 2019 – 1.45).
- **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, 2020, this ratio was 1.41 (December 31, 2019 – 1.42).
- **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, 2020, this ratio was 47.8% (December 31, 2019 – 44.8%).

As at December 31, 2020 and December 31, 2019, 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.

Entity	Type	Relationship
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
Helmcken Rd. Development B.C Ltd.	Corporation	100% owned by BGP
Carlisle Ave Development B.C. 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) BOARD OF TRUSTEES

The Board of Trustees of Boardwalk REIT during the year ended December 31, 2020 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 Board of Trustees was as follows:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Deferred unit-based compensation redeemed for Trust Units	**$ 19**	$ 849
	$ 19	$ 849

(B) KEY MANAGEMENT PERSONNEL

The individuals considered key management personnel of the Trust as at December 31, 2020 have changed since December 31, 2019. Key management personnel of the Trust for the six months ended June 30, 2020 were as follows:

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

Key management personnel of the Trust subsequent to June 30, 2020 and for the six months ended December 31, 2020 and up to the date of this report December 31, 2020 were:

James Ha, VP, Finance & Investor Relations

Sam Kolias, Chief Executive Officer

Van Kolias, Senior VP, Quality Control

Helen Mix, VP, Human Resources

Lisa Russell, Senior VP, Corporate Development

Lisa Smandych, Chief Financial Officer

The remuneration of the Trust's key management personnel was as follows:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Short-term benefits	**$ 3,444**	$ 1,184
Post-employment benefits	**51**	56
Other long-term benefits	**4**	4
Deferred unit-based compensation redeemed for Trust Units	**2,135**	890
	$ 5,634	$ 2,134

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 Class 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, 2020, distributions on the LP Class B Units totaled $4.5 million (December 31, 2019 – $4.5 million). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk Trust Units.

As at December 31, 2020, there was $373,000 owed to related parties (December 31, 2019 – $ 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, 2020, payments to this provider totaled $0.2 million (December 31, 2020 – $0.5 million). As at December 31, 2020 and 2019, there was no balance owed to this related party.

Note 35: Other Information

(A) SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Net change in operating working capital		
Net change in inventories	**$ 1,822**	$ 1,731
Net change in prepaid assets	**(57)**	3,036
Net change in trade and other receivables	**(6,804)**	3,843
Net change in segregated and refundable tenants' security deposits	**341**	92
Net change in trade and other payables	**(1,545)**	13,944
	$ (6,243)	$ 22,646
Net change in investing working capital		
Net change in trade and other payables	**$ (773)**	$ (14,483)
Net change in financing working capital		
Net change in trade and other payables	**$ 451**	$ (405)
Distributions paid		
Distributions declared	**$ (46,571)**	$ (46,462)
Distributions declared in prior period paid in current period	**(3,875)**	(3,869)
Distributions declared in current period paid in next period	**3,882**	3,875
Distributions paid	**$ (46,564)**	$ (46,456)

(B) Included in administration costs was $2.9 million relating to Registered Retirement Savings Plan ("RRSP") matching for the year ended December 31, 2020 (December 31, 2019 – $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. Expiring leases are either 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, 2020					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 3,810,497**	**$ 560,228**	**$ 558,374**	**$ 995,460**	**$ 183,185**	**$ 6,107,744**
Liabilities	**1,942,419**	**299,506**	**207,410**	**580,683**	**201,277**	**3,231,295**

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

	Year Ended December 31, 2020					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	$ 300,031	$ 50,956	$ 33,200	$ 80,988	$ 397	$ 465,572
Rental expenses						
Operating expenses	62,101	9,581	5,451	13,443	5,762	96,338
Utilities	30,825	7,722	4,031	6,009	351	48,938
Property taxes	34,415	4,830	3,491	8,252	164	51,152
Net operating income (loss)	172,690	28,823	20,227	53,284	(5,880)	269,144
Financing costs (b)	55,595	9,222	4,889	17,602	4,314	91,622
Administration	2,952	671	15	388	32,043	36,069
Deferred unit-based compensation	-	-	-	-	3,255	3,255
Depreciation (c)	861	187	48	148	6,951	8,195
Profit (loss) before the undernoted	113,282	18,743	15,275	35,146	(52,443)	130,003
Loss on sale of assets	(604)	(532)	-	-	-	(1,136)
Adjustment to right-of-use asset related to lease receivable	-	-	-	-	(159)	(159)
Fair value (losses) gains	(349,742)	(39,940)	(6,229)	12,941	56,836	(326,134)
Other income	-	-	-	-	75	75
(Loss) profit before income tax	(237,064)	(21,729)	9,046	48,087	4,309	(197,351)
Income tax recovery (d)	-	-	-	-	72	72
(Loss) profit for the year	$ (237,064)	$ (21,729)	$ 9,046	$ 48,087	$ 4,381	$ (197,279)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) income	$ (237,064)	$ (21,729)	$ 9,046	$ 48,087	$ 4,381	$ (197,279)
Additions to non-current assets (e)	$ 73,996	$ 13,682	$ 72,560	$ 12,382	$ 39,231	$ 211,851

	Year Ended December 31, 2019					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	$ 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

(A) RENTAL REVENUE

Rental revenue was as follows:

	Year Ended December 31, 2020					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Lease revenue	**$ 283,647**	**$ 47,526**	**$ 32,542**	**$ 76,845**	**$ 271**	**$ 440,831**
Parking revenue	**4,425**	**517**	**136**	**2,079**	**-**	**7,157**
Recoveries (cable, retirement) and revenue from telephone and cable providers	**3,577**	**2,200**	**95**	**1,099**	**126**	**7,097**
Revenue from coin laundry machines	**2,777**	**278**	**515**	**619**	**-**	**4,189**
Other (fees)	**5,605**	**435**	**(88)**	**346**	**-**	**6,298**
Total	**$ 300,031**	**$ 50,956**	**$ 33,200**	**$ 80,988**	**$ 397**	**$ 465,572**

	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 (cable, retirement) and revenue from telephone and cable providers	3,854	2,330	69	857	131	7,241
Revenue from coin laundry machines	3,016	327	511	735	-	4,589
Other (fees)	3,181	507	(104)	191	(1)	3,774
Total	$ 295,218	$ 51,198	$ 29,815	$ 78,778	$ 304	$ 455,313

(B) FINANCING COSTS

Financing costs were as follows:

	Year Ended December 31, 2020					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 50,972**	**$ 8,475**	**$ 4,435**	**$ 14,080**	**$ -**	**$ 77,962**
Interest capitalized to properties under development	**(149)**	**-**	**-**	**-**	**(1,251)**	**(1,400)**
LP Class B Unit distribution	**-**	**-**	**-**	**-**	**4,479**	**4,479**
Other interest charges	**311**	**(15)**	**53**	**8**	**1,582**	**1,939**
Interest on lease obligations	**435**	**-**	**-**	**2,505**	**266**	**3,206**
Interest income	**-**	**-**	**-**	**-**	**(763)**	**(763)**
Amortization of deferred financing costs	**4,026**	**762**	**401**	**1,009**	**1**	**6,199**
Total	**$ 55,595**	**$ 9,222**	**$ 4,889**	**$ 17,602**	**$ 4,314**	**$ 91,622**

	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

(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: Subsequent Events

On February 1, 2021, the Trust closed on the purchase of a third parcel of adjacent land in Victoria, British Columbia. The property, which is planned for the development of new rental units, was purchased using cash on hand for $1.9 million.

Note 38: Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Trustees and authorized on February 24, 2021.

FIVE YEAR SUMMARY

($000's except per Unit and per square foot)	2016 (IFRS)	2017 (IFRS)	2018 (IFRS)	2019 (IFRS)	**2020 (IFRS)**
Assets					
Investment properties	$ 5,612,568	$ 5,688,125	$ 5,943,969	$ 6,147,482	**$ 5,948,955**
Other assets	156,045	176,950	165,122	128,902	**158,789**
Total assets	$ 5,768,613	$ 5,865,075	$ 6,109,091	$ 6,276,384	**$ 6,107,744**
Mortgages payable	$ 2,435,666	$ 2,593,980	$ 2,719,195	$ 2,741,648	**$ 2,896,790**
Other liabilities	311,624	293,433	263,143	416,681	**334,503**
	$ 2,747,290	$ 2,887,413	$ 2,982,338	$ 3,158,329	**$ 3,231,293**
Deferred income taxes	4	55	68	-	**2**
Unitholders' equity	3,021,319	2,977,607	3,126,685	3,118,055	**2,876,449**
Total liabilities and unitholders' equity	$ 5,768,613	$ 5,865,075	$ 6,109,091	$ 6,276,384	**$ 6,107,744**
Trust unit outstanding (000) (including LP Class B Units)	50,739	50,813	50,867	50,936	**51,024**
Trust unit price at year-end ($)	$ 48.65	$ 43.09	$ 37.81	$ 45.93	**$ 33.74**
Market capitalization ($MM)	2,468.4	2,189.5	1,923.3	2,339.5	**1,721.5**
Number of rental units	33,773	33,187	33,417	33,263	**33,396**
Fair value per rental unit ($000)	166	171	178	185	**178**
Long-term debt per rental unit ($000)	72	78	81	82	**87**
Net rentable square feet (000)	28,924	28,539	28,793	28,674	**28,879**
Fair value per square foot ($)	194	199	206	214	**206**
Long-term debt per square foot ($)	84	91	94	96	**100**
Average net rentable SF per unit	856	860	862	862	**865**
L/T debt weighted average interest rate	2.78%	2.61%	2.65%	2.74%	**2.58%**

FIVE YEAR SUMMARY

($000's except per Unit)	2016 (IFRS)	2017 (IFRS)	2018 (IFRS)	2019 (IFRS)	2020 (IFRS)
Rental revenue	$ 438,846	$ 422,926	$ 434,616	$ 455,313	**$ 465,572**
Rental expenses					
Operating expenses	97,620	113,986	113,615	101,108	**96,338**
Utilities	44,711	47,967	47,628	47,883	**48,938**
Property taxes	43,416	44,890	45,966	47,529	**51,152**
Net operating income	253,099	216,083	227,407	258,793	**269,144**
Operating margin	58%	51%	52%	57%	**58%**
Financing costs	84,634	85,763	80,586	88,198	**91,622**
Administration	33,947	33,402	37,093	38,645	**36,069**
Deferred unit-based compensation	-	-	2,095	2,268	**3,255**
Depreciation	5,219	5,586	6,754	8,809	**8,195**
Profit from continuing operations before the undernoted	129,299	91,332	100,879	120,873	**130,003**
Proceeds on insurance settlement	-	3,162	-	-	**-**
Loss on sale of assets	-	(1,678)	(27)	(714)	**(1,136)**
Adjustment to right-of-use asset related to lease receivable	-	-	-	-	**(159)**
Fair value (losses) gains	(186,681)	(35,418)	92,371	(86,132)	**(326,134)**
Other income	-	-	-	-	**75**
(Loss) profit before income taxes	(57,382)	57,398	193,223	34,027	**(197,351)**
Income tax (expense) recovery	(58)	(140)	(23)	754	**72**
(Loss) profit for the year	(57,440)	57,258	193,200	34,781	**(197,279)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive (loss) income	$ (57,440)	$ 57,258	$ 193,200	$ 34,781	**$ (197,279)**
(Loss) earnings per unit – diluted	$ (1.24)	$ 0.84	$ 3.43	$ 0.75	**$ (4.85)**
Funds from operations	$ 144,468	$ 106,987	$ 112,112	$ 130,967	**$ 139,736**
Funds from operations per unit – fully diluted	$ 2.84	$ 2.11	$ 2.21	$ 2.57	**$ 2.74**
Interest Coverage Ratio	3.14	2.60	2.68	2.76	**2.79**

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.
Years prior to December 31, 2020 have been restated to present rental revenues consolidated with ancillary rental income.

2020 QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	Dec. 31, 2020
Rental revenue	$ 116,004	$ 116,818	$ 116,207	$ 116,543	**$ 465,572**
Rental expenses					
Operating expenses	25,513	22,964	23,541	24,320	**96,338**
Utilities	13,945	11,359	10,814	12,820	**48,938**
Property taxes	11,891	11,971	13,660	13,630	**51,152**
Net operating income	64,655	70,524	68,192	65,773	**269,144**
Financing costs	22,460	23,129	23,069	22,964	**91,622**
Administration	9,282	10,710	7,425	8,652	**36,069**
Deferred unit-based compensation	1,687	787	274	507	**3,255**
Depreciation and amortization	1,875	1,984	2,077	2,259	**8,195**
Profit before the undernoted	29,351	33,914	35,347	31,391	**130,003**
Loss on sale of assets	-	(604)	-	(532)	**(1,136)**
Adjustment to right-of-use asset related to lease receivable	(159)	-	-	-	**(159)**
Fair value gains (losses)	28,528	(68,661)	(66,890)	(219,111)	**(326,134)**
Other income	-	-	-	75	**75**
Profit (loss) before income tax	57,720	(35,351)	(31,543)	(188,177)	**(197,351)**
Income tax recovery (expense)	149	82	99	(258)	**72**
Profit (loss) for the period	57,869	(35,269)	(31,444)	(188,435)	**(197,279)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income (loss)	$ 57,869	$ (35,269)	$ (31,444)	$ (188,435)	**$ (197,279)**
Loss per unit – diluted	$ (0.86)	$ (0.76)	$ (0.79)	$ (4.05)	**$ (4.85)**
Funds from operations	$ 31,482	$ 36,201	$ 37,785	$ 34,268	**$ 139,736**
Funds from operations per unit – fully diluted	$ 0.62	$ 0.71	$ 0.74	$ 0.67	**$ 2.74**

2019 QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	Dec. 31, 2019
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**

MARKET AND UNITHOLDER INFORMATION

Solicitors

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Bankers

TD Commercial Banking

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Calgary, Alberta T2P 4K9

Auditors

Deloitte LLP

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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.

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Investor Relations

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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 General Meeting

The Annual General Meeting of the Unitholders of Boardwalk REIT will be held on May 13, 2021 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, 2020 to December 31, 2020
High: $51.66
Low: $16.53
Year-end Closing Price: $33.74

MONTHLY DISTRIBUTIONS

Month	Per Unit	Annualized	Record Date	Distribution Date
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
May-20	$0.0834	$1.00	29-May-20	15-Jun-20
Jun-20	$0.0834	$1.00	30-Jun-20	15-Jul-20
Jul-20	$0.0834	$1.00	31-Jul-20	17-Aug-20
Aug-20	$0.0834	$1.00	31-Aug-20	15-Sep-20
Sep-20	$0.0834	$1.00	30-Sep-20	15-Oct-20
Oct-20	$0.0834	$1.00	30-Oct-20	16-Nov-20
Nov-20	$0.0834	$1.00	30-Nov-20	15-Dec-20
Dec-20	$0.0834	$1.00	31-Dec-20	15-Jan-21
Jan-21	$0.0834	$1.00	29-Jan-21	15-Feb-21
Feb-21	$0.0834	$1.00	26-Feb-21	15-Mar-21
Mar-21	$0.0834	$1.00	31-Mar-21	15-Apr-21
Apr-21	$0.0834	$1.00	30-Apr-21	17-May-21