A DISCIPLINED APPROACH

BOARDWALK REAL ESTATE INVESTMENT TRUST

2014 ANNUAL REPORT | www.BoardwalkREIT.com | TSX: BEI.UN

BOARDWALK RENTAL COMMUNITIES

A DISCIPLINED APPROACH

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BOARDWALK REIT

2014 HIGHLIGHTS

OPERATING RESULTS

- Rental revenues increased by 4.3% to $473.2 million.
- Net Operating Income ("NOI") increased by 2.9% to $292.4 million.
- Funds From Operations ("FFO") excluding gains and losses from dispositions increased by 4.5% to $175.8 million.

PERFORMANCE

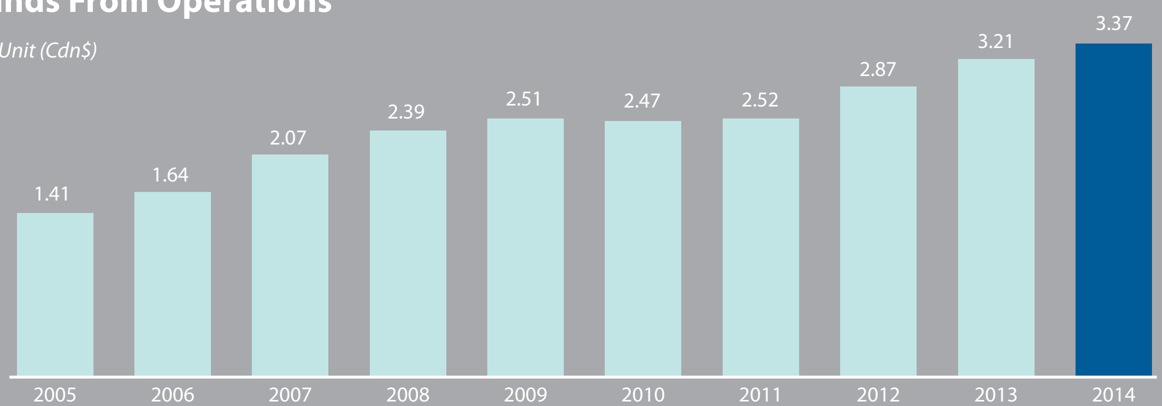
- The Trust distributed $2.04 per Trust Unit of regular distributions on an annualized basis in 2014.
- A special distribution of $1.40 per Trust Unit was paid to Unitholders of record on December 31, 2014.
- The Trust demonstrated one of the lowest regular distribution payout ratios among Canadian REITs during fiscal 2014 at approximately 61% of FFO.

FINANCIAL POSITION

- The Trust renewed $427.3 million in fiscal 2104 and reduced its average interest rate on these mortgages from 3.42% to 2.67%.
- The Portfolio Weighted Average interest rate has been reduced to 3.34%.
- 99% of the Trust's mortgages are NHA-Insured.
- At December 31, 2014, the Trust had $140 million in cash on its balance sheet in addition to a $196 million undrawn credit facility.

Funds From Operations

Per Unit (Cdn$)



OUR MISSION:

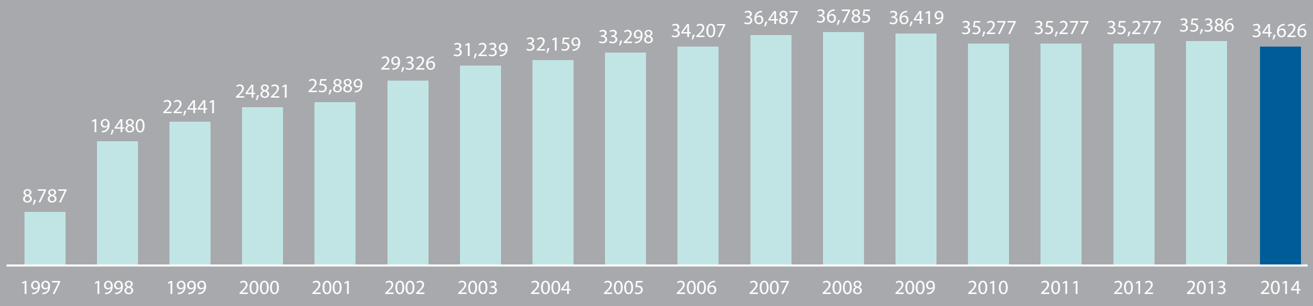
"TO SERVE AND PROVIDE OUR RESIDENTS WITH QUALITY RENTAL COMMUNITIES."

Corporate Profile

Boardwalk REIT strives to be Canada's friendliest landlord and currently owns and operates more than 220 communities with over 34,000 residential units totaling approximately 29 million net rentable square feet. Boardwalk's principal objectives are to provide its Residents with the best quality communities and superior customer service, while providing Unitholders with sustainable monthly cash distributions, and increase the value of its trust units through selective acquisitions, dispositions, development, and effective management of its residential multi-family communities. Boardwalk REIT is vertically integrated and is Canada's leading owner/operator of multi-family communities with over 1,500 Associates bringing Residents home to properties located in Alberta, Saskatchewan, Ontario, and Quebec.

34,626
Total Units

Boardwalk REIT – Total Number of Units



A DISCIPLINED APPROACH

We are pleased to report on a positive year for Boardwalk REIT ("Boardwalk" or the "Trust"). In 2014, we continued to provide the best value in housing by focusing on providing our Resident Members with superior customer service and the best quality communities, while also providing our Unitholders with sustainable monthly distributions coupled with long-term organic growth. The commitment and dedication of our Associates continues to drive our success and has allowed the Trust to report Funds from Operations ("FFO") performance of $3.37 per Trust Unit on a diluted basis for 2014, a growth of approximately 5% compared to 2013.

Our disciplined approach begins with our commitment to provide the best quality and service. We continue to provide Resident friendly programs, including our internal subsidy program, which provides rental increase forgiveness to Resident Members who can prove financial hardship as a result of a rental increase, and our self-imposed rent protection program, which limits the amount of a rent increase to a sustainable level for any given year for existing Residents. These programs, along with our Community initiatives, help to further provide a Community where we believe our Residents are proud to call home. Our approach in providing our Residents with the best value in housing has set us apart and, to date, our Resident Members have rewarded us with their loyalty through lower turnover and higher occupancy as we continue to build long-term relationships with them.

2014 ECONOMIC ENVIRONMENT

Demand for rental housing remained strong in 2014 in most of the Trust's markets. Throughout the year, vacancy rates remained low in most of the Trust's core markets. Lower vacancy levels allow the Trust to continue its Rental Strategy of maintaining high occupancy through the continuous monitoring of occupancy levels, adjusting market rents and offering suite specific incentives to optimize revenue.

Despite early market expectations of higher interest rates in 2014, the Canadian Real Estate market continued to be strong as multi-family asset transactions showed that Capitalization Rates remained low, which in turn, when coupled with increasing market rents in most markets, kept prices high for investment grade apartments. Debt financing continued to be readily available for CMHC-insured financing for Multi-Family Real Estate, which continued to drive demand. The Trust was able to capitalize further on the low interest rate environment by renewing its maturing mortgages at interest rates well below the maturing rates.

Despite decreasing oil prices in December of 2014, the Prairie Provinces led economic growth for the majority of 2014. As a result, continued strong rental fundamentals remained for the Trust, which were driven by positive employment prospects in Alberta. Migration into the province remained elevated in 2014 as interprovincial and international migration were sources of new residents into Alberta. Alberta and Saskatchewan continued its trend of carrying the lowest unemployment rates in the Country, and continued to earn the highest wages in Canada, a positive leading indicator for housing. In Alberta, the home ownership and resale market appeared to be in balance, despite the tightening of mortgage criteria in the previous year. In Saskatchewan, the higher level of wages resulted in an increase of single-family and condominium home ownership, which tempered the Trust's occupancy levels in the last quarter of 2014. Many of the Residents who leave a Boardwalk community do so to purchase a home. However, despite increasing market rents, rental continues to remain the most affordable form of housing in Canada.

(From left to right): William Wong, Chief Financial Officer; Van Kolias, Senior Vice President, Quality Control; Sam Kolias, Chief Executive Officer and Chairman of the Board; William Chidley, Senior Vice President, Corporate Development; Roberto Geremia, President; and Dean Burns, General Counsel and Secretary.

BALANCED AND SUSTAINABLE GROWTH

The Trust did not acquire any Apartment Units in 2014, with the exception of one (1) unit acquired in Edmonton, Alberta in the property known as 'Morningside Estates' for a purchase price of $175 thousand. The Trust currently owns 222 of the 224 units in the property. However, Boardwalk delivered solid organic growth this year. With approximately 70% of its over 34,000 apartment units in Alberta and Saskatchewan, the Trust believes it is well-positioned in historically higher-growth markets, while remaining diversified with properties in Ontario and Quebec. In 2014, the Trust continued to provide sustainable monthly cash distributions while also decreasing the Trust's FFO payout ratio. As of the February 2015, regular monthly distributions have increased 13.3% since the beginning of 2012 to $2.04 per Trust Unit on an annualized basis. The Trust's FFO payout ratio has decreased simultaneously to a conservative 61% of 2014 FFO. The Trust continues to be in a solid position.

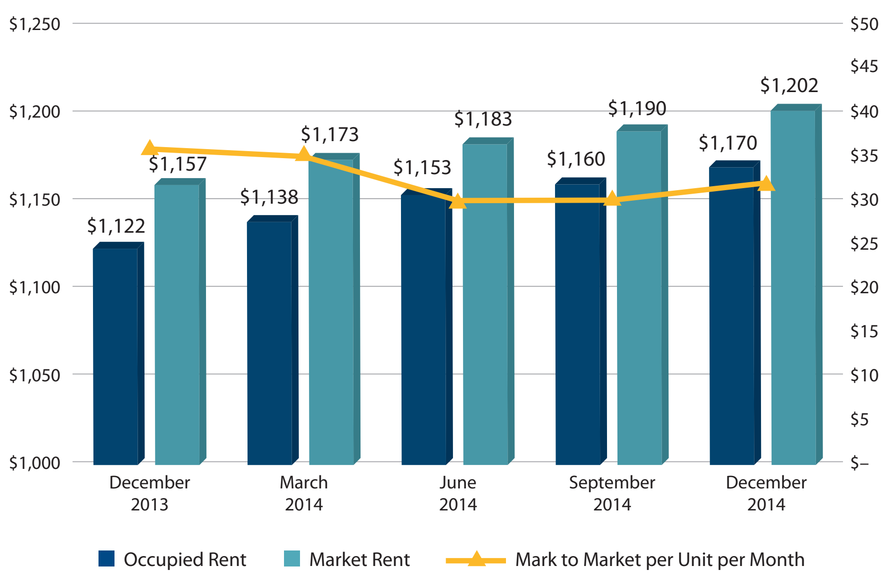
In 2014, the Trust completed the disposition of its British Columbia portfolio, as well as a non-core asset in Edmonton. The total sale price for these assets was $153.5 million, with net proceeds of approximately $90 million. The Trust is continuing the process of reviewing the potential sale of select non-core properties with the intent of high-grading its portfolio by re-deploying the equity from these assets towards value enhancing transactions, including development, capital improvements, return of equity to Unitholders, and the repurchase and cancellation of Trust Units under the Trust's Normal Course Issuer Bid.

The majority of the proceeds from the Trust's dispositions in 2014 were returned to Unitholders through a Special Distribution of $1.40 per Trust Unit for Unitholders of record as at December 31, 2014. In 2014, the Trust also deployed $31.6 million towards the purchase and cancellation of 472,100 Trust Units at an average purchase cost of $67.01 per Trust Unit. Between mid-2007 and the beginning of 2012, the Trust exercised a similar strategy of high-grading its portfolio through the sale of 1,578 Apartment Units, comprised of non-core assets, for total gross proceeds of $171.9 million. The Trust re-deployed this equity into the purchase and cancellation of Trust Units under similar Normal Course Issuer Bids, and, re-purchased and cancelled 4,542,747 Trust Units, representing a total investment of $170.5 million, or an average cost of $37.53 per Trust Unit.

We continue to benefit from high occupancy as a result of the Trust's Rental Strategy of monitoring vacancy, adjusting market rents, and offering suite specific incentives to optimize revenue. The Trust reported occupancy levels at the end of 2014 of 97.8%, a slight decrease from the prior year of 98.2%, and continued to be successful in increasing occupied rents throughout the year in a progressive fashion. Market rents throughout the year have also increased and continue to have a favourable mark-to-market opportunity as we enter 2015.

The Trust's average market rent at the end of 2014 was $1,202 versus the average occupied rent of $1,170. The narrowing of this loss to lease gap continues to be a key revenue growth opportunity for the Trust, however, we believe the best method of closing this loss to lease opportunity is through the Trust's Rental Strategy of maintaining occupancy, adjusting rent, and offering suite specific incentives to optimize revenue.

Boardwalk completed construction of its first development project on excess land the Trust owned. The 109-unit, wood-frame building in Calgary, Alberta, named Spruce Ridge Gardens, was completed on time and on budget of approximately $19 million. Boardwalk received an Occupancy Permit from The City of Calgary in December of 2013 and has been fully leased with an estimated capitalization rate of 6.9% including the surfacing of $4.25 million of land value.



PORTFOLIO HIGHLIGHTS

- **Occupancy for the year ended 2014 was 97.8%.**
- **Average Market Rent for the end of 2014 was $1,202 per unit per month, up from $1,157 in 2013.**
- **Average Occupied Rent for the end of 2014 was $1,170 per unit per month, up from $1,122 in the same period last year.**
- **Interest coverage ratio for fiscal 2014 was 3.37 times compared to 3.15 for the same period last year.**

In October of 2014, the Trust executed a fixed price construction contract, and commenced construction of the first phase of its Pines of Normanview Development on excess land the Trust owns in Regina, Saskatchewan. The first phase consists of a four storey, 79 unit, wood frame, elevatored building with underground parking. The Trust estimates the project will be completed in Q1 2016, with a total cost of approximately $14.1 million, or $178,000 per door, resulting in an estimated capitalization rate of 6.0% to 6.5%, excluding land value.

The Trust is continuing to explore the viability of other potential developments on excess land the Trust currently owns. The combination of low capitalization rates, low interest rates, and relatively low construction costs provides an opportunity to enhance value to our Unitholders by increasing the quality of the Trust's portfolio from the development of new multi-family assets.

Financial Strength and Flexibility

At the end of 2014, the Trust had approximately $336 million in available liquidity (comprised of $140 million in cash and access to an undrawn $196 million credit facility). It should be noted that approximately $73 million of the cash at the end of 2014 funded the special distribution for Unitholders of record on December 31, 2014, which was paid on January 15, 2015. This distribution is related to the Trust's return of equity to Unitholders from the sale of its British Columbia assets. Ample liquidity and balance sheet strength is an important element in the execution of the Trust's overall strategy as it provides maximum flexibility should a potential opportunity arise.

As interest rates continued to remain low throughout 2014, the Trust was able to renew approximately $427 million in mortgage maturities, as well as obtain $10 million of additional mortgage funds with an average term of 6 years at a weighted average interest rate of 2.67%, a decrease from the 3.42% maturing rate on these mortgages, and a significant decrease in the Trust's interest expense. As of February 2015, estimated CMHC-insured 5 and 10 year mortgage rates continued to decrease and were estimated to be 1.50% and 2.30% respectively. The Trust was able to execute forward locking of interest rates on select mortgages to crystalize interest savings on a portion of the Trust's maturities in 2015. The Trust's mortgage program in a low interest environment has a bias towards longer mortgage terms to lock in low interest rates for a longer term.

Boardwalk's Debt (net of cash) to Fair Value at the end of 2014 was a conservative 38%. The Trust's Fair Value excluding sold properties as of December 31, 2014 was $5.8 billion, an increase from $5.6 billion a year ago, as a result of increasing market rents and overall growth in the Trust's Net Operating Income, where capitalization rates remained relatively unchanged. Our interest coverage ratio, measured as Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") to interest expense (excluding gains) for the current year increased to 3.37 times versus 3.15 times for the same period last year.

The Trust achieved an increase of 2.5% in Stabilized Building Net Operating Income in 2014, which was within our original and revised guidance range. The Trust's rental strategy of maintaining high occupancy coupled with the increase in occupied and market rents, along with decreasing turnover costs, provided positive organic revenue growth in 2014. These gains were tempered, however, by an increase in operating expenses

FINANCIAL AND OPERATING HIGHLIGHTS

- **Rental revenues of $473.2 million, an increase of 4.3% compared to $453.6 million for the twelve-month period ended December 31, 2014.**
- **Net Operating Income of $292.4 million, representing a 2.9% increase from $284.2 million in the same period last year.**
- **FFO of $175.8 million, an increase of 4.5% compared to $168.2 million year-over-year.**
- **FFO per unit of $3.37 on a diluted basis, up 5.0% compared to $3.21 for the twelve-month period ended December 31, 2014.**
- **AFFO was $159.3 million, an increase of 5.2% compared to $151.4 million year-over-year.**
- **AFFO per unit was $3.05 on a diluted basis, up 5.5% compared to $2.89 for the twelve-month period ended December 31, 2014.**

mainly attributable to higher wages and salaries and utilities as well as inflationary pressures of other expense items throughout the year, including property taxes.

Boardwalk Stabilized NOI Growth for 2014

Original Guidance	1% – 4%
Revised Guidance	2% – 4%
Actual Results, 2014	2.5%

For fiscal 2014, our reported FFO per unit increased by approximately 5.0% versus the same period last year at $3.37, and finished within our original and quarterly revised guidance range. The positive FFO growth was attributed to the positive NOI growth the Trust achieved through its NOI Optimization strategy combined with a continued reduction in interest expense.

Funds from Operation – 2014

Original Guidance	$3.25 to $3.45
Revised Guidance	$3.32 to $3.41
Actual Results, 2014	$3.37

2015 Outlook

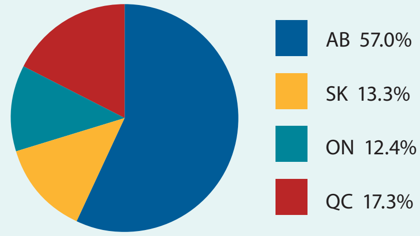
The volatility of crude prices in 2015 has resulted in pressure on the Alberta and Saskatchewan economies with the potential to impact each province's near term growth. In the past, our disciplined approach has well-positioned us to weather volatile economies. We continue to exercise discipline and build long term relationships with our Residents while further enhancing our product and service. Renting continues to be a great option when looking at consumer housing options with today's economic uncertainty. This organic growth opportunity combined with management of inflationary expenses will continue to help us deliver another year of solid financial results in 2015.

A continued low interest rate environment will further enhance FFO growth as approximately $427 million of mortgages will mature in 2015 with an average interest rate of 3.66%, representing an interest savings opportunity with current (as of February, 2015) 5 and 10 year CMHC insured financing rates of 1.50% and 2.30% respectively. The Trust is constantly monitoring the credit market and, if warranted, may commit to further forward interest rate locks in order to crystallize interest expense savings. However, the Trust is committed to maintaining a balanced approach to its mortgage program.

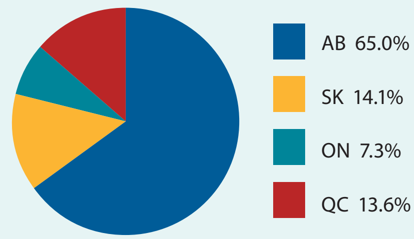
With this in mind, we remain cautiously optimistic for 2015. As is customary, at the end of the third quarter of 2014, the Trust provided a financial outlook for the upcoming year to enhance transparency in our financial reporting by sharing our own perspectives on the Trust's current position and objectives. This guidance is updated on a quarterly basis and is reported during our quarterly conference calls and press releases.

Description	2015 Financial Guidance
Investment Properties	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI Growth	1% to 4%
FFO Per Trust Unit	$3.40 to $3.60
AFFO per Trust Unit – based on $500/yr/apt	$3.07 to $3.27

Unit Breakdown by Province
As at Dec 31, 2014



NOI Breakdown by Province
As at Dec 31, 2014



In 2015, we expect to remain well-capitalized, and foresee a positive year with FFO in the range of $3.40 to $3.60 and Stabilized Building NOI growth of 1% to 4%. At this time, we are not anticipating any new apartment acquisitions in 2015, as we continue to believe our largest opportunity remains organic growth, investment in our existing communities, and investment in the Trust's Unit Buyback program.

In Summary

Our disciplined approach can be found in all aspects of the Trust.

We continue to provide our Resident Members with the best value in housing with our customer friendly approach that includes superior customer service, resident support programs and the best quality communities.

Balanced and sustainable growth through financial strength and flexibility combined with our customer friendly approach has positioned the Trust to continue to provide its Unitholders with sustainable monthly cash distributions and capital appreciation. The Trust will continue to maintain a flexible financial position to allow it to efficiently pursue any future potential opportunities which may arise.

We would like to take this opportunity to thank our 1,500 associates across Canada for their discipline and commitment to our vision and values in providing our Residents with the best quality communities.

Thank you to our stakeholders as well as financial and operating partners for their continued support. We would especially like to thank CMHC, our largest financial partner, as they continue to provide mortgage insurance products which maintain low interest rates and mitigates renewal risks, all of which allows Boardwalk to provide the best value in rental housing for Canadians.

We would also like to thank our Board of Trustees for their discipline, guidance and continued focus on governance.

As always, thank you to our Residents for their continued loyalty and engagement in our Boardwalk Community. Thank you for calling Boardwalk your home.

Respectfully,

Sam Kolias
Chairman and CEO

Rental Revenue Cycle

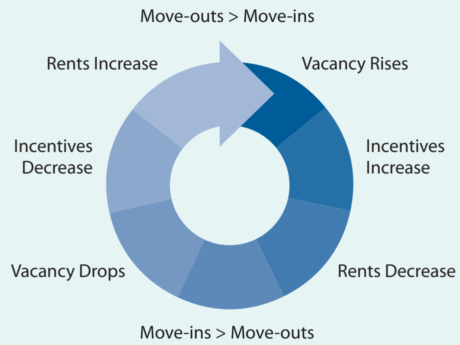


TABLE OF QUALITATIVE AND QUANTITATIVE

GOALS AND TARGETS

Boardwalk strives to meet and exceed its goals and targets by adhering to its Golden Foundation:

GOLDEN RULE: TREAT OTHERS AS YOU WANT TO BE TREATED

GOLDEN GOAL: BE GOOD

GOLDEN VISION: LOVE COMMUNITY

GOLDEN MISSION: HAVE FUN

Boardwalk's guiding mission is, "To serve and provide our Resident Members with quality rental communities." We take a disciplined approach to this mission and continue to create and implement strategies that help us accomplish this. The result of these strategies can be felt by our Resident Members, our Associates, our Organization, our Communities, and our Unitholders.

The benefits of this include:

- Property values that continue to appreciate, along with the ability to obtain cash flow that is sustainable and long-term, creating and enhancing value for our Unitholders;
- The ability to continue to build a work environment for our valued Associates that is rewarding, safe, healthy, and happy, as well as consistent across Canada;
- The opportunity to be a positive influence and affect change throughout our local and global communities; and,
- To strive towards being Canada's friendliest and leading residential landlord through strategic acquisitions, dispositions, and development, as well as through the implementation of creative and innovative strategies.

Our strategies can be measured and assessed based on the goals and targets that Boardwalk sets annually. These goals and targets are outlined in the following table. Boardwalk aims to exceed these goals and targets; however, we recognize that outside market influences and forces can affect our expenses and ultimately, our returns. As a result, we realize that exceeding these targets is not always possible in each area. With this said, Boardwalk strives to overcome and mitigate these obstacles and improve where, and when, we can.

The goals and targets outlined below are intricately intertwined, each continually affecting the others. While one stakeholder may place importance on one, others may place priority on another. Boardwalk firmly believes in continuing to hold ourselves accountable to these goals and targets, and we hope our performance will encourage discussion between all of our stakeholders. Boardwalk believes taking a disciplined approach to these goals and targets, provides positive benefits for all of our stakeholders, in addition to creating, building, and enhancing strong and lasting communities for our Resident Members, Associates and Stakeholders alike.

Key:

- Achieved, and aim to improve still further
- Achieved
- Partly achieved
- Did not achieve

RESIDENT MEMBERS: To work proactively to ensure Boardwalk remains Canada's multi-family residential landlord of choice.

2014 Targets	2014 Results		2015 Targets
Continually improve the Customer Service we provide.		In order to provide Resident Members with the best service possible, the Boardwalk Call Centre is open 24 hours a day, 7 days a week and 365 days a year. Residents can contact Customer Service by telephone, email or live chat. In 2014, the Boardwalk Call Centre received 143,993 phone calls, 21,885 live chats, and 123,008 emails. In addition to the Boardwalk Call Centre, Resident Members are provided with 24-hour on-call maintenance. This includes our 72-hour maintenance guarantee that states all standard maintenance request will be completed within three days. In 2014, Boardwalk continued to track the reasons Residents move out. Boardwalk saw a slight decrease in the number of move outs in 2014 at 12,182, as compared to 12,222 in 2013. By monitoring this, Boardwalk is able to identify areas of improvement with regards to the service we are providing our Residents. Throughout 2014, Boardwalk continued to administer an automated telephone survey to track the satisfaction of Residents who have just moved in, or have recently had maintenance work completed. In 2014 85% of Residents were satisfied with their maintenance work and over 90% were satisfied with their move-in. In 2014, Boardwalk launched a brand new secure Resident Website. This new website has features such as: a newsfeed, the ability to view their lease and account balance, receive electronic communication from Boardwalk, and a Community Corner that allows Residents to communicate directly with Boardwalk, and with each other. As of December 1, 2014, the number of Residents registered on the site had increased by 45% since its launch.	Continually improve the Customer Service we provide.
Respond to the changing priorities of our Resident Members.		Boardwalk launched a redesign of the external facing website, www.bwalk.com. 2014 saw continued success with this website, as well as the addition of new features in an effort to continue to provide current and potential Residents with easy access to the information they need. These new features include: a mobile optimized menu bar, map view project search, and a newly designed Investor Website. In addition, Boardwalk continues to see success with its secure Resident Website. A redesigned version was launched in 2014 and as a result, Registration on the site increased by 45%. We continue to look for new features and additions to this site to serve the demand for online options for our Residents.	Respond to the changing priorities of our Resident Members.

RESIDENT MEMBERS *(continued)*

2014 Targets	2014 Results		2015 Targets
Develop innovative ways to further improve our long term relationships with our Resident Members.	✓	Throughout 2014, Boardwalk continued to offer its Internal Subsidy Program to help Residents in financial need. In addition, Boardwalk also continued to offer Residents internal rent control, which limits the amount Boardwalk will raise rents in any given year. These programs continue to create long and lasting relationships with our Residents. In 2014, Boardwalk sponsored over 70 events across Canada. These events encouraged our Residents to get involved in their communities by getting to know their neighbours, or volunteering. Boardwalk is planning to continue these initiatives in 2015 in an effort to continue to build strong and lasting communities. Boardwalk hosted its third annual Monopoly Tournament in 2014. This year the competition was held in Regina, SK. Following the same format as previous years, after four rounds of competition, three finalists competed against a Boardwalk representative. The first place winner received six months of free rent, second place received one month of free rent, and third place received an iPad. In 2014, Boardwalk continued to invite Residents and Associates to partner with Youth With a Mission (YWAM) to build homes for those in need in Tijuana, Mexico. Over the course of 2014, Boardwalk hosted three trips to Tijuana, which saw 105 Associates and five Residents build seven homes. In 2014, Boardwalk continued to distribute the Resident Magazine, 'Across the Board.' The magazine has three issues per year and features a growing number of articles contributed by Resident Members. The magazine offers Residents a way to feel connected with the Boardwalk community across Canada. The magazine has seen great success in 2014, and Boardwalk plans to continue distributing this magazine in 2015. Boardwalk continues to believe that part of creating long lasting relationships with our Residents is building communities in which they are proud to live. As a result, our continued volunteer efforts in Boardwalk communities, not only better the communities in which we operate, but also give our Residents the opportunity to join us in our goal of building better communities.	Develop innovative ways to further improve our long term relationships with our Resident Members.

ASSOCIATES: Invest in our people to provide them with supportive, engaging, long-term employment.

2014 Targets	2014 Results		2015 Targets
Strive to cultivate a corporate culture of on-going, open, two-way dialogue between all levels of staff. Continue to implement our new internal communications strategic plan.	✓	Boardwalk continued to operate its intranet for Associates in 2014. The intranet provides Associates with online access to important information and documents, as well as the ability to view updates and photos from Boardwalk events around Canada. In 2015, we will be evaluating this website and are investigating the opportunity to redesign the website to further enhance its use. In 2014, Boardwalk continued to distribute its quarterly internal magazine to Associates. This magazine continued to be successful with Associates in 2014 with increased contributions from Associates. The magazine provides Associates with quarterly financial information, as well as important Health and Safety, and Human Resources information. It also provides Associates with stories and photos from around Canada. Boardwalk continues to look for new and innovative additions to the magazine. Throughout 2014, Boardwalk continued to host annual luncheons for Associates with the Executive Team. These events continue to provide a medium for Executives to communicate directly with Associates across Canada, and communicate Boardwalk's strategic initiatives with them directly. Associates continue to provide positive feedback with regards to these events and in 2015 Boardwalk will be hosting them once again. We continue to look for ways to improve Associate engagement.	Strive to cultivate a corporate culture of on-going, open, two-way dialogue between all levels of staff. Continue to implement our strategic internal communications plan.

ASSOCIATES *(continued)*

2014 Targets	2014 Results		2015 Targets
Encourage a positive workplace that effectively engages Associates. Encourage work-life balance. Constantly adjust internal policy and focuses to the changing priorities of our Associates, innovatively maintaining a balance between our Associates, Resident Members, Unitholders and Communities.	✔✔	Boardwalk continues to ensure that they are providing competitive salaries and benefits to valued Associates. To ensure this, Boardwalk conducts market research to ensure that salaries and benefits align with its competitors. Additionally, Boardwalk provides Associates with a Profit Share Program, and a High Potential Program that recognizes outstanding Associates. Boardwalk has a long-standing internal committee that is dedicated to raising funds to provide assistance to Associates who may be in need. Each Region Boardwalk operates in has a committee, and Boardwalk matches 100% of the fundraising efforts for these committees.	Encourage a positive workplace that effectively engages Associates. Encourage work-life balance. Constantly adjust internal policy and focuses to the changing priorities of our Associates, innovatively maintaining a balance between our Associates, Resident Members, Unitholders and Communities.
Foster safe and respectful work practices and environments, and further develop the training, orientation and support offered to new Associates.	✔✔	Boardwalk continued to invest in Associate training and development with $107,000 invested in 2014. The funds are used by Associates to cover items such as books, tuition and membership fees to help in their continued education and development. Boardwalk conducts orientation for all new Associates. This provides new Associates with the opportunity to speak directly to Human Resources personnel, learn about Boardwalk's Health and Safety policy, and receive important information about internal processes and protocol. Orientation also offers Boardwalk the opportunity to begin to immerse new Associates in the Boardwalk culture.	Foster safe and respectful work practices and environments, and further develop the training, orientation and support offered to new Associates.
Educate and enforce our Health and Safety Procedures to all Associates	✔✔	Boardwalk continued the Zero Injury Campaign in 2014 in an effort to ensure that we continue to provide a safe work environment for Associates. In 2014, 183 sites remained injury free. Injury free sites are recognized through Boardwalk's intranet, internal magazine, and the annual luncheons with Executives. Additionally, all Boardwalk Associates continue to have a Health and Safety objective included in their performance review. Boardwalk conducted an external Health and Safety audit in 2014. The results of which was an overall score of 97%. The finished report outlined key strengths Boardwalk has in regards to Health and Safety, as well as suggestions for improvement. Through 2015, Boardwalk will be working towards developing the areas outlined for improvement, as well as continuing to grow in our Health and Safety strengths. Boardwalk continues to monitor and review the Health and Safety Program in place to ensure it is in compliance with the most recent legislation, as well as to ensure we continue to offer Associates a safe and healthy place to work. In 2014, Boardwalk added a workplace violence risk assessment to the Health and Safety Program.	Continue to create a safe work environment by educating our Associates and enforcing our Health and Safety Procedures.

ASSOCIATES *(continued)*			
2014 Targets	**2014 Results**		**2015 Targets**
Strive to constantly enhance our ability to attract, support, encourage and recognize high-performing and innovative team members.	✔	In 2014, Boardwalk was pleased to present 11 Associates with Foundation of Excellence Awards, and one Associate with a Leader of Excellence Award. These awards are peer nominated and given to Associates who continue to portray Boardwalk's Mission, Vision, and Values each day. In 2014, Boardwalk continued the Chairman's Scholarship. This provides the children of Boardwalk Associates with the opportunity to obtain scholarships for post-secondary education. In 2014, Boardwalk awarded scholarships to 24 individuals, the first installment of these scholarships totalling over $92,000. Boardwalk also provided the second installment to 11 recipients of 2013 Chairman's Scholarship, which totaled an additional $50,000. Boardwalk continued the internal Bravo Program in 2014. This program gives Boardwalk the opportunity to recognized Associates who go above and beyond and have received compliments from our Residents. In 2014, Boardwalk was pleased to award over 340 Bravos to Associates and sites. In 2014, Boardwalk continued to offer the Associate Referral Bonus. This provides Associates with a bonus when they refer friends or family to work at Boardwalk. Boardwalk continues to ensure that Associates are receiving compensation that is in line with competitors and market averages. As a result, we continually conduct market research to ensure that Associate salaries and benefits are competitive. Boardwalk also offers Associates a comprehensive benefits package. In 2014 Boardwalk amended the benefits package to include a Mission Sponsorship, encouraging Associates to take extended time to conduct a mission to enhance local or global communities. During such a Mission, Boardwalk provides Associates with financial help to conduct the mission. Additionally, Boardwalk offers Associates an RRSP Match Program. In 2014, Boardwalk dedicated over $2 million to this program. Over the course of 2014, Boardwalk invested over $2 million in comprehensive group benefits.	Strive to constantly enhance our ability to attract, support, encourage and recognize high-performing and innovative team members.
Decrease turnover to 10-20% retain long term Associates, and further develop succession planning policy and procedures	✔	Boardwalk continues to offer its Mentorship Program for Associates. The goal of this program is to ensure all Associates feel comfortable in their positions. Each Boardwalk Site Associate is provided with a mentor who helps them with their training, learn their new job, and better understand the Boardwalk culture. Boardwalk continues to evaluate and update this program, and in 2014, Power Tool training was introduced. To ensure Boardwalk's continued success as well as to prepare for the future and offer Associates a chance to excel, Boardwalk continues to implement its Succession Planning Program. This program requires that each Leader to identify a successor for their role, as well as to set a time frame in which this individual would be ready to take on the role. This program promotes a continued investment in our Associates training and development. Boardwalk has over 1,500 Associates across Canada. We are pleased to know that of these Associates, 25% of them have been with Boardwalk for between five to ten years, and 22% of them have been with Boardwalk between ten to 25 years. In 2014 Associates turnover was 16.62%, a decrease from 2013.	Retain long term Associates, and further develop succession planning policy and procedures

COMMUNITY: To positively impact the communities in which we operate and the larger global community.			
2014 Targets	**2014 Results**		**2015 Targets**
Expand and continue to focus on our Community Development Department in order to further foster collaboration with Government and Social Services.	✔	Through partnerships with various organizations across Canada, Boardwalk provides over 1,000 units of affordable housing to individuals in need. This also represents an in-kind donation of over $1 million. Organizations Boardwalk partners with include: Calgary Housing Company, Housing First, Accessible Housing, Red Deer Housing, London Housing Company, and many more.	Expand and continue to focus on our Community Development Department in order to further foster collaboration with Government and Social Services.
Continue to assist our Resident Members who are in financial need.	✔	Boardwalk continued its Internal Subsidy Program in 2014, providing assistance to Residents in financial need. In 2014, Boardwalk had approximately 30 suites on internal subsidy; however, this number fluctuates throughout the year. Boardwalk continues to implement its internal rent control policy. This policy limits the amount that Boardwalk can, or will, increase rents in any given month. Boardwalk began this program in 1999 it is evaluated on an ongoing basis to ensure it continues to improve and is sustainable for our Residents.	Continue to provide assistance to our Resident Members who are in financial need.
Focus on encouraging corporate and individual contribution and involvement in our communities.	✔	In 2014, Boardwalk once again hosted the annual National Week of Caring. This is held in December every year, and provides Associates with the opportunity to volunteer in their communities for up to four hours of paid work time. To facilitate this, and encourage Associates to give back, Boardwalk organizes multiple different volunteer efforts over the week to make it easier for Associates to give back. In 2014, Boardwalk saw over 425 Associates participate in the Week of Caring, for a total over 1,460 hours. In addition, Boardwalk sponsored various events in 2014 including: We Day Alberta, the Boardwalk Walk for Wellspring, The Coldest Night of the Year, and among others, Hockey Helps the Homeless. In 2014, Boardwalk continued to offer a Company Matched Payroll Charitable Deduction Program to all Associates. This program gives Associates the opportunity to donate to specific charities, and to have that donation matched by Boardwalk. Boardwalk will match these contributions up to $1,000 per Associate, per year. In 2014, Boardwalk matched over $29,700. The Boardwalk Angels Program continued in 2014. The Boardwalk Angels Program continues to recognize Associates and Resident Members who give back to their communities and who participate in charitable events that support local and global communities. This program has only been in place for three years at Boardwalk, and we are pleased that in 2014 we continued to recognize over 100 buildings which participated in multiple community engagements. This program will continue into 2015.	Focus on encouraging corporate and individual contribution and involvement in our communities.
To expand our boundaries by taking an active role in our global community.	✔	In 2014, Boardwalk continued to invite Residents to join Associates and travel to Tijuana, Mexico to build homes for families in need. Over the course of 2014, Boardwalk conducted three trips to Tijuana and built seven homes. Again, in 2014, Boardwalk continued to encourage Associates and Resident Members to participate in Operation Christmas Child. Samaritan's Purse sends shoeboxes of gifts to children in need around the world. In 2014, Boardwalk had Associates volunteer at the Samaritan's Purse warehouse to prepare these shoeboxes for travel. In addition, Boardwalk Associates and Resident Members packed 2,668 shoe boxes, and increase in number from 2013.	To expand our boundaries by taking an active role in our global community.

THE ENVIRONMENT: To positively impact the environment through sustainable practices.			
2014 Targets	**2014 Results**		**2015 Targets**
Increase corporate sustainability by creating opportunities for positive environmental change.	✔	In 2014, Boardwalk increased the use of LED lighting and installed variable frequency drivers in all our large motors, both of which have allowed us to reduce our energy consumption. Additionally, Boardwalk has been installing high efficiency boilers, where applicable. Boardwalk has electrically metered over 5,500 suites across its portfolio in Canada in an effort to continue to make our Residents aware of their impact on the environment. Additionally, we have installed low-flow shower heads and toilets, and continue to use paint that is low in VOC. We also continue to purchase energy star appliances. To continue to reduce our energy consumption, Boardwalk uses timers and photocells in outdoor lighting at sites, as well as LED lights in emergency fixtures. In an effort to reduce paper usage, Boardwalk continues to ensure that all Investor materials are available online at www.BoardwalkREIT.com. In 2014, Boardwalk launched a redesign of this site to encourage increased online usage in the hopes Investors would opt for online versions of materials, rather than printed versions. Additionally, Boardwalk continues to use FSC-certified mixed sources paper for our annual reports. Further to this, Boardwalk continues to offer online options for Residents and Associates to further reduce the amount of paper the company consumes. In addition to our newly redesigned Investor Website, Boardwalk continues to encourage Investors to register online to receive our Annual Report and other Investor materials.	Increase corporate sustainability by creating opportunities for positive environmental change.

CORPORATE GOVERNANCE: To provide fully transparent, on-going corporate information to all stakeholders, meeting or exceeding the guidelines set out by the TSX regarding effective corporate governance.			
2014 Targets	**2014 Results**		**2015 Targets**
Maintain independence of the Board.	✔	Currently the Trust has 7 Trustees, 5 of whom are independent.	Maintain independence of the Board.
Strive to continually improve transparency and open, honest dialogue with all Unitholders.	✔	We provide the public with the opportunity to call in and listen to all our quarterly conference calls. There is also an audio recording of our webcasts made available following the teleconference. Our senior management as well as our dedicated Investor Relations team are committed to making ourselves available to answer and address specific Unitholder questions.	Strive to continually improve transparency and open, honest dialogue with all Unitholders.
Further enhance procedures and systems for the consistent, timely dissemination of corporate and industry information.	✔	In 2014, we continued to see success and improvement with our quarterly reporting format. With feedback from Stakeholders and the Investment Community, Boardwalk strives to provide transparent and useful financial documents. We provide webcasts of all of our quarterly conference calls to the public. We also strive to make all of our documents and webcasts easily accessible. There are links to all of our current and past documents containing our corporate information on our investor website.	Further enhance procedures and systems for the consistent, timely dissemination of corporate and industry information.

UNITHOLDERS: To provide a consistent, sustainable and attractive investment option focused on providing stable monthly cash flow and increasing overall returns for Unitholders.			
2014 Targets	**2014 Results**		**2015 Targets**
Realize FFO target of $3.25 to $3.45 per Trust Unit.	✔	Boardwalk met its FFO target in 2014, and exceeded the mid-point of its original FFO expectation for the year, achieving FFO of $3.37 per Trust Unit for 2014. The Trust continues to update its financial guidance each quarter, and has provided its 2015 financial guidance	Realize FFO target of $3.40 to $3.60.
Stabilized Buildings NOI growth of 1% to 4%.	✔	Stabilized Buildings NOI increased 2.5%, and was within our original target. The Trust also revises its NOI target each quarter, and has provided its 2015 NOI guidance.	Stabilized Buildings NOI growth of -1% to 4%.
Realize a total return on the REIT units that outperforms the S&P / TSX Composite and the S&P / TSX Capped REIT Indices.	✗	In 2014, Boardwalk Unitholders realized a total return of 9.1% on their REIT units, compared to the posted return of 10.4% for the S&P / TSX Capped REIT Indices. The return for Boardwalk and other publicly traded entities for 2014 were moderated by a decline in REIT Unit Prices in December, a result of declining Crude Oil Prices. The S&P TSX Composite index returned a gain of 10.6% and also outperformed Boardwalk Units in 2014.	Realize a total return on the REIT units that outperforms the S&P / TSX Composite and the S&P / TSX Capped REIT Indices.
Complete performance enhancing transactions to maximize Unitholder value.	✔	In 2014, the Trust increased its FFO/Unit by 5.0% to $3.37/Trust unit by focusing on organic revenue growth while managing controllable expenses. The Trust feels this organic growth focus continues to be the largest opportunity for sustainable growth. The Trust also continued to renew its maturing mortgages at accretive interest rates given the low interest rate environment. In addition, the Trust completed a disposition of its BC Assets and one property located in Edmonton for a total price of approximately $154 million. A portion of the proceeds were returned to Unitholders in the form of a Special Distribution of $1.40 per Trust Unit for Unitholders of Record on December 31, 2014.	Complete performance enhancing transactions to maximize Unitholder value.

A DISCIPLINED APPROACH FOR OUR

UNITHOLDERS

Boardwalk continues to cultivate a diverse portfolio of assets that span across four provinces and consist of over 220 properties. This continued diversity allows Boardwalk to navigate and adapt to the changing market conditions that are seen across different regions, as well as to mitigate risks in individual markets. While Boardwalk is not immune to global market instability, the Trust continues to maintain a strong financial position with ample liquidity which allows Boardwalk to pursue opportunities as they arise.

The Trust continues to take a disciplined approach with regards to acquisitions, dispositions and development. When considering an acquisition, Boardwalk's analysis ensures that any potential acquisitions are accretive under the appropriate conditions. In recent years, Boardwalk has not seen substantial portfolio growth through acquisitions because the risk adjusted cost was not in the best interest of the Trust. In 2014, the Trust completed a disposition of its British Columbia Portfolio and one asset in Edmonton totalling 735 units for a total price of $153.5 million. Some of the proceeds were used in recycling capital within the Trust's organic growth strategy; however a large portion of the proceeds were returned to Unitholders through a special distribution made to Unitholders of record on December 31, 2014. Boardwalk successfully completed its first development project, Spruce Ridge Gardens, and began leasing in December of 2013. The project was completed on time, and under budget. Boardwalk has embarked on its second development project, Pines Edge Estates, located on existing land the Trust owns in Regina, SK. The project's completion is targeted for the first quarter of 2016. The Trust continues to evaluate the viability of other development projects in regions where Boardwalk currently operates.

Organic growth within the Trust's portfolio remains the largest opportunity for the Trust to enhance value to Unitholders. The closing of the Trust's loss-to-lease (the difference between market rents and the actual rent received) on rents grew to $32 per unit per month at the end of 2014, and represents nearly $13 million in annualized revenue. As the Trust continues to maintain high occupancy with rent adjustments and suite specific incentives as part of its revenue optimization strategy, the closing of this loss-to-lease represents a significant opportunity for the Trust.

2014 FFO per unit was positive at $3.37 per Trust Unit, a 5.0% increase over the previous year. The Trust was able to sustainably increase distributions since the beginning of 2012 by 13.3% to provide our Unitholders with $2.04 per Unit on an annualized basis of regular cash distribution as of December 31, 2014, which represents approximately 61% of FFO in 2014, and remains one of the most conservative payout ratios among our peers. In 2014, the Trust approved a special distribution of $1.40 per unit to return capital to Unitholders. In total, the Trust distributed $106 million in regular distributions and $73 million in special distributions totalling $179 million in 2014.

As interest rates remained low for much of 2014, Boardwalk is pleased to have renewed approximately $427 million of maturing CMHC mortgage principal. The weighted average new interest rate on these funds was 2.67% versus the maturing rate of 3.42%, a significant decrease to Boardwalk's interest expense. The average term of these renewals was over 6 years.

Moving into 2015, interest rates are expected to remain at historically low levels and present an opportunity for the Trust to continue to reduce the maturing interest rates on 2015 mortgages. The Trust will continue to proactively monitor interest rate markets, and has prepared optional forward interest rate fix contracts on a significant number of mortgage maturities in 2015, should the market change.

Through a disciplined approach, and at the guidance and leadership of the Trust's seasoned management team, Boardwalk continues to be an industry leader with regards to transparency and financial disclosure. Boardwalk encourages all of our stakeholders to review our quarterly financial reports as they are an excellent source of information. All of the Trust's financial reports can be found on Boardwalk's recently redesigned website: www.BoardwalkREIT.com. As seen in these reports, Boardwalk continues to be one of the few REITs who provide stakeholders with financial guidance on a quarterly basis. Full transparency allows prospective and current Unitholders the opportunity to fully evaluate the Trust's long-term value proposition including, but not limited to, the Trust's stable cash distributions, healthy balance sheet, and conservative fiscal management.

13.3%

The Trust was able to sustainably increase distributions since the beginning of 2012 by 13.3%.

MEETING THE NEEDS OF BOARDWALK'S

RESIDENT MEMBERS

Boardwalk continues to take a disciplined approach to meet Resident Members' needs and enhance the communities in which they live. This focus has resulted in increased retention of Resident Members as we continue to build long lasting relationships.

Boardwalk strives to provide exceptional Customer Service to Resident Members across Canada. To accomplish this, Boardwalk provides Residents with a Customer Call Centre that is available 24 hours a day, 7 days a week, and 365 days a year. Residents can reach the Customer Call Centre by email, telephone, or live chat. In 2014, the Call Centre received 143,993 phone calls, 21,885 live chats, and 123,008 emails.

Additionally, Boardwalk provides Residents with 24-hour on call maintenance. Boardwalk has also implemented a 72-hour Maintenance Guarantee for Residents, which promises all standard maintenance requests, will be completed within 72 hours. To ensure Boardwalk Residents are consistently satisfied with Boardwalk service, we conduct an automated telephone survey for Residents who have just had a maintenance request completed, or recently moved into a Boardwalk Community. In 2014, the survey results showed 85% of Residents were satisfied with their maintenance work, and over 90% were satisfied with their move in. In addition, Boardwalk continues to monitor the reasons why Residents leave their Boardwalk communities. In 2014, turnover was down to 12,182, a slight decrease from 12,222 in 2013.

Throughout 2014, Boardwalk continued its Internal Subsidy Program. This program helps Residents in financial need through various methods of rent forgiveness, or by withholding a rental increase. In 2014, Boardwalk had 30 suites in the Internal Subsidy Program. However, this number fluctuates throughout the year, increasing as needed.

In an effort to continue to respond to the changing needs and priorities of Residents, Boardwalk launched a new design for the secure Resident website in 2014. The redesign of the website provides Residents with an easier to use layout, and a website that is compatible across a variety of different devices. The redesign saw the addition of new features for Residents including a newsfeed and an online forum for Residents to communicate with one another, as well as Boardwalk. These new features are added to already existing features that include an online account balance, the ability to receive electronic communications from Boardwalk, and the ability to submit maintenance requests, to name a few. Since the launch of the redesign, the number of Residents registered on the website has increased by 45%.

Boardwalk hosts numerous Resident appreciation events across Canada. These events include barbeques, movie nights, zoo days, sport camps for children, pool parties, as well as exclusive invites to events such as The Calgary Improv Festival in Calgary, AB, and The Beatlemania concert in Verdun, QC. Boardwalk finds these appreciation events create long lasting, positive relationships with our Resident Members, which directly results in higher Resident retention, as well as creating a better community for Residents to be a part of.

In 2014, Boardwalk continued to publish its Resident magazine, "Across the Board." The magazine is published three times a year, and features an increasing number of stories contributed by Residents. The magazine is also made available online on the Resident website, but an increasing amount of Residents are requesting paper copies to read. While Boardwalk has spent a considerable amount of time and effort to create a sense of community within each Boardwalk building, the Resident magazine allows us the opportunity to extend that sense of community and unite Boardwalk Residents across Canada.

In 2014, Boardwalk continued to publish its Resident magazine, "Across the Board."

To continue to strengthen our relationship with our Residents, Boardwalk invites Resident Members to accompany Associates on trips to Tijuana, Mexico, with Youth with a Mission (YWAM). In 2014, five residents were able to attend these trips, all expenses paid, to work alongside Boardwalk Associates and build seven houses for families in need in Tijuana, Mexico. Boardwalk continues to receive positive feedback from Residents who have attended these trips, saying it allows them to see a different side of the landlord/tenant relationship, and how much they enjoy getting to know some of the hardworking Associates at Boardwalk.

Monopoly Tournament Winners

Aligning with Boardwalk's goal to build better communities, and its Golden Mission, to Have Fun, Boardwalk hosted the third annual Monopoly Tournament for Residents in Regina, SK. Once again, Residents from across the region competed against one another for a chance to play against a Boardwalk representative in the final. The winner of the tournament received six months of free rent, second place received one month of free rent, and the Resident in third place received an iPad. This Tournament continues to be the source of an abundance of positive feedback from Residents, as well as an opportunity for Residents to connect and get to know one another.

Over the past years, Boardwalk has focused on creating new and innovative ways to connect with our Residents and make them proud to call Boardwalk home. These efforts have been tremendously successful in recent years as we continue to hear positive comments from our Residents and see an increase in our Resident retention. Boardwalk plans to continue these efforts in 2015.

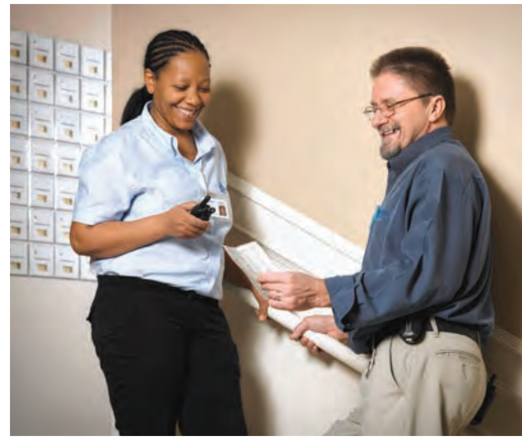
BOARDWALK'S TEAM OF DEDICATED

ASSOCIATES

We believe our past, present and future success is, and will be, driven by our team of 1,500 Associates. Boardwalk takes a disciplined approach towards Associate recruitment, ensuring our Associates are dedicated to Boardwalk's Community and Customer Service culture. The result is a team committed to Boardwalk's vision of building better communities.

Operating in four provinces, Boardwalk provides every Associate timely access to necessary information. To accomplish this, Boardwalk has implemented an internal communication strategy that aims to ensure its team remains informed about updated policies and procedures through the use of multiple information vehicles. Firstly, the Boardwalk "Bistro" intranet is a secure and frequently updated website. Associates are able to visit the intranet from anywhere, at any time, and obtain updates on Boardwalk's Health and Safety Program, Human Resources information, and an update on Boardwalk current events across Canada. Secondly, Boardwalk publishes the "Community Chest", an internally distributed quarterly magazine. "Community Chest" features similar information to the intranet, but also offers the opportunity for Associates to contribute their own stories. The Community Chest also features spotlights on Associates while also providing d access to up-to-date Boardwalk financial information. Finally, Boardwalk continues to host annual TEAM luncheons for our Associates. Boardwalk's Executive team travels to each city where Boardwalk operates and provides focused updates on Boardwalk's corporate strategy to our Associates.

Boardwalk works towards supporting Associates in various ways. In each Region Boardwalk operates, there is an internal committee with the sole purpose of raising funds to provide gifts of hope to Associates and their families during a time of need. Boardwalk matches 100% of the funds raised for this program. Associates are eligible to receive these gifts when they are nominated by one of their peers.



Boardwalk aims to provide Associates with a rewarding place to work, with a focus on work-life balance and competitive compensation packages. Boardwalk conducts market research to ensure that total compensation packages are in line with competitors. Further, our Profit Share Program and a High Potential program reward Associates who consistently perform above expectations. Boardwalk recognizes the continued importance of Associate development. To promote continued learning and growth, Boardwalk invests in Associate training and development. In 2014, Boardwalk invested over $100,000 towards tuition fees, books, and professional membership fees, for Associates.

Boardwalk continues to offer Associates a great benefits package. Benefits include an RRSP Match Program, where Associates can opt to have a percentage of their salary go directly into an RRSP. Boardwalk will match these contributions based on the length of an Associate's employment. In 2014, Boardwalk contributed over $2 million to the RRSP Match program. Throughout 2014, Boardwalk extended its already comprehensive Associates benefits package to include new items such as the Mission Sponsorship which encourages Associates to do charitable work in local and global communities for an extended period of time while receiving financial support for the mission from Boardwalk. Additionally, Boardwalk's group benefits plan eligibility requirements have been changed from a waiting period of six months to three months =- a positive for our newest team members. Over the course of 2014, Boardwalk invested over $2 million in comprehensive group benefits.

Over the course of 2014, Boardwalk continued to offer the Chairman's Scholarship to the children of Boardwalk Associates. In 2014, 24 students were provided a combined total of over $90,000 towards their post-secondary education. Additionally, Boardwalk provided the second installment of the scholarship to 11 of the 2013 recipients, representing an additional $50,000.

Chairman's Scholarship Recipients

Student	Associate	City
Katelyn Battle	Wanda Battle	Edmonton
Kassandra Bautista	Abelardo Bautista	Edmonton
Liam Belisle	Boyd Belisle	Calgary
Brendan Bella	Marcel Bella	Red Deer
Anita Linares	Pacita Caponpon	Calgary
Martin Brisson	Kristine Dault	St-Jean-Sur-Richelieu
Brett Dietterle	Norman Dietterle	Calgary
Naomi Gallardo	Imelda Gallardo	Edmonton
Carissa Delorme	Sasha Guido	Calgary
Alec Wu	Tracy Guo	Calgary
Ravindu Karunathilake	Jay Karunathilaka	Edmonton
Jhon Mapalo	Wilfredo Mapalo	Edmonton

Student	Associate	City
Brock Mix	Helen Mix	Airdrie
Erin Reiman	Dean Reiman	Calgary
Sarah Reiman	Dean Reiman	Calgary
Nicole Smith	Maureen Smith	Regina
Sera Sajeev	Sajeev Thomas	Edmonton
Eugini Tolentino	Filomeno Tolentino	Edmonton
Holly Zwicker	Jack Zwicker	Aylmer
Olivier Cabana	Helene Thomas	Montreal
Jordann Trudel	Daniel Trudel	Verdun
Jessika Denault	Donald Denault	St Constant
Lisa Massa	Lorenzo Massa	Laval
Rodolfo Guevera Rojas	Rene Guevera	Red Deer

Boardwalk also encourages Associates to give back to their communities. The Company Matched Charitable Deduction Program offers Associates the opportunity to dedicate a certain portion of their salary to a specific charity. Boardwalk will then match these donations, up to $1,000 per Associate, per year. In 2014, Boardwalk donated over $29,700 to charities on behalf of Associates.

Boardwalk continues to search for ways to recognize outstanding Associates. In 2014, Boardwalk continued to award Associates with Foundation of Excellence and Leader of Excellence Awards. These awards are peer nominated, and given to Associates who continually go above and beyond. In 2014, Boardwalk was pleased to present 11 Associates with Foundation of Excellence awards, and one Associate with a Leader of Excellence award. Boardwalk also recognized 340 Associates with Bravos for receiving compliments from Residents at the Customer Call Centre.

The results of Boardwalk's continued effort to create a healthy, safe, and happy work environment for Associates are evident in Associate retention. Of Boardwalk's team of over 1,500 Associates, 25% have been with Boardwalk between five and ten years, and 22% between ten to 25 years. In 2014, Boardwalk's Associate turnover was 16.62%, a slight decline from the previous year.

Boardwalk continues to focus on creating better communities, both where our Residents live, and where our Associates work. In 2014, Boardwalk continued its focus on building and sustaining a strong Boardwalk community for Associates to work in. Boardwalk's goal is to provide a place of employment Associates are proud and motivated to go to each day. The efforts will carry through into 2015 as we as a team continue to grow and support the Boardwalk family.

HEALTH AND SAFETY

Boardwalk continues to ensure Associates have a healthy and safe work environment. Boardwalk continued the Zero Injury Campaign in 2014. The Campaign goal is to eliminate all workplace injuries and illnesses, and in 2014, Boardwalk had 183 sites remain injury free for the entire year. These sites are recognized for this accomplishment in the "Community Chest", the "Bistro", and at the annual TEAM luncheons with the Executive team. Further to this, Associates continue to have a Health and Safety objective on their performance reviews in order to reinforce the importance of workplace safety.

In 2014, Boardwalk conducted an external Health and Safety audit. This audit resulted in a score of 97%. While Boardwalk was pleased to receive such a high score, we continue to look for ways to improve. The final report provided advice and suggestions for further improvement that Boardwalk will work to implement in 2015. Further to this audit, Boardwalk added a Workplace Violence Risk Assessment to the Health and Safety Program in 2014, and continues to ensure the program is in compliance with the most recent legislation.

One of the challenges our Health and Safety Program faces is Boardwalk has over 1,500 Associates who are located across Canada. To ensure Boardwalk's Health and Safety Program is successful, the Health and Safety Program is communicated to each and every Associate. In an effort to accomplish this, Boardwalk had a dedicated page to Health and Safety on the "Bistro", with an abundance of information along with the necessary forms for Associates to access at any time, from any place. Additionally, each quarterly distribution of the "Community Chest" includes valuable Health and Safety information, including updates to the program, including advice for creating a safer work environment. Finally, Health and Safety is always included in the presentation at the annual TEAM luncheons, where we continue to emphasize the importance of Health and Safety to each of Boardwalk's team members.

Boardwalk has the following programs in place to ensure our Associates receive the appropriate training and education, allowing them to work in a safe manner. ➔

Health and Safety Programs

Asbestos Management Plan
Associate Training
Bed Bugs
Bodily Fluids & Dead Animal Cleanup
Chainsaw Safety
Communication
Company Vehicle Safety
Confined Spaces
Electrical Safety
Emergency Response
Environmental Policy
Fall Protection
Firearms / Weapons Found on Site
First Aid
Forklift Safety
Hazard Detection Program
Hazardous Materials, Storage and Disposal
Housekeeping
Incident Reporting
Indoor Air Quality
Job Hazard Analysis
Joint Health & Safety Committee
Ladder Safety
Lockout and Tagging
Material Safety Data Sheets (MSDS)
Modified Duties
Monthly Site Safety Inspections
Mould Remediation
Needle / Syringe Safety
Noise Exposure & Hearing Conservation
Office Ergonomics
Pandemic Response
Personal Protective Equipment
Pesticides
Pool Safety
Power Tool Safety
Respirator Code of Practice
Right to Refuse Unsafe Work
Safety Infractions
Site Safety Meetings
Slip, Trip & Fall
Snow Shoveling
Sun & Heat Protection
Transportation of Dangerous Goods
Visitor Policy
Workplace Hazardous Materials Information Systems (WHMIS)
Working Alone
Workplace Violence
Zero Injury Campaign

BUILDING BETTER
COMMUNITY

Boardwalk continued its community focus in 2014. This focus includes a disciplined approach to creating, and developing strong and sustainable Boardwalk communities. Boardwalk continues to encourage Associates and Resident Members to get involved in their local and global communities, working together to affect change. Boardwalk believes the continued focus on building better communities has created positive results for all Stakeholders, including, Resident Members, Associates, and Unitholders.

Feed the Hungry

Walk for Wellspring

Boardwalk continues to create innovative ways to engage Associates and Resident Members in community development. In 2014, Boardwalk continued the Boardwalk Angels Program which recognizes Resident Members who have participated in charitable programs and initiatives. We are currently recognizing over 100 sites for multiple engagements in the program. Additionally, Boardwalk hosted the annual Week of Caring in December of 2014. Over the course of this week, Boardwalk provides Associates the opportunity to volunteer for up to four paid work hours. In 2014, we had over 425 Associates volunteer for over 1,460 hours. Boardwalk also encouraged both Resident Members and Associates to participate in Operation Christmas Child through Samaritans Purse. Together, Boardwalk packed over 2,600 shoeboxes of gifts for children in need around the world.

Boardwalk remained involved with Homes of Hope in 2014, and sponsored three trips to Tijuana, Mexico. Over the course of these three trips, Boardwalk brought 105 Associates and 5 Resident Members to Tijuana, Mexico, to build seven homes for families in need. Boardwalk plans to continue these trips in 2015 as they provide Boardwalk Associates across Canada the opportunity to team build, as well as to build long term relationships with our Resident Members. We find these trips are excellent team building activities and help us work towards building better global communities.

Throughout 2014, Boardwalk sponsored numerous different community initiatives. 2014 was the third consecutive year Boardwalk sponsored We Day Alberta. We Day is an event

Homes of Hope, Tijuana, Mexico

Windsor Heart and Stroke Big Bike Ride

focused on empowering youth as the leaders of tomorrow. Through this sponsorship, Boardwalk was able to bring Resident Members to the We Day Alberta event, along with 12 students from a local school who would have otherwise been unable to attend. Additionally, during We Day, Boardwalk hosted a Twitter contest that required participants in the audience of 20,000 students to tweet how they have done good this year. The winner received $500 to the charity of her choice, which was, the Sheldon Kennedy Child Advocacy Centre.

In 2014, Boardwalk launched a new sponsorship at the University of Alberta in Edmonton, AB. The sponsorship was for the Community Service Learning Program. The sponsorship created the Boardwalk Building Better Communities Change and Learning Grant for $10,000. Students at the university were challenged to create community improvement programs, of which, two were selected and funded. Two projects were selected: 1) Summer camps for immigrant youths to adapt to Canada, and, 2) A published book of senior stories to be used in plays by a senior acting troupe out of Edmonton.

Throughout 2014, Boardwalk also sponsored numerous youth programs, including a YMCA Youth Leadership Program, Calgary Police Services Youthlink, Windsor Youth Volunteer Program, and University of Alberta's Sport Activity Camps for Youth, to name a few. Additionally in 2014, Boardwalk began a sponsorship at the Calgary Women's Emergency Shelter to house a family for one month, as well as to rebuild the Shelter's security fence and garbage enclosure.

In an effort to create better communities, Boardwalk contributes units of affordable housing to individuals in need. Across the entire Boardwalk portfolio, over 1,000 units of affordable housing is provided in partnership with various organizations, including Calgary Housing Company, Housing First, Accessible Housing, Red Deer Housing, and London Housing Company. In addition to these units, through various partnerships, Boardwalk also provides in-kind donations totaling over $1.1 million. To help the Residents in financial need in Boardwalk communities, Boardwalk continued its Internal Subsidy Program in 2014.

Finally, to continue to encourage our Associates to give back to communities, the Charitable Match Program remained in place at Boardwalk in 2014. This program gives Associates the opportunity to direct a portion of their salary to a specific charity. Of this donation, Boardwalk will match up to $1,000 per Associate, per year. In 2014, Boardwalk donated over $29,700 on behalf of Associates.

Samaritans Purse, Operation Christmas Child

Hockey Helps the Homeless

We Day Winner

ENVIRONMENT AND SUSTAINABILITY

Boardwalk takes a disciplined approach with regards to creating value for Unitholders, Associates, Resident Members, and Communities and ensures this is accomplished in a way that is both financially and environmentally sustainable.

Part of Boardwalk's commitment to the environment is continuing to make Residents aware of their individual impact. As a result, Boardwalk has over 5,500 units that are electrically sub-metered, all of which meet the Canada Measurement Certification Requirements. Further, through the implementation of the secure Resident website, Boardwalk has been able to decrease the amount of paper materials distributed to Residents, as they are opting to have Boardwalk correspondence delivered electronically.

Boardwalk continues to decrease the impact we, as a company, have on the environment.

In addition to making Residents aware of their impact on the environment, Boardwalk continues to decrease the impact we, as a company, have on the environment. This is accomplished by installing low flow shower heads and toilets, and energy efficient fixtures, the purchase of energy star appliances, and use of low VOC paint. Boardwalk also uses timers and photocells for outdoor lighting to ensure lights do not stay on longer than necessary, and we are increasing the use of LED lighting as well as installing variable frequency drives on all of our large motors. These efforts have had a positive effect on reducing our energy consumption. Boardwalk is also installing high efficiency boilers, where applicable. Boardwalk continues to participate in ongoing capital projects that benefit efficiency, which include attic insulation, ventilation upgrades, roof

replacements, building envelope upgrades, siding upgrades, and window replacements, all of which are having a tremendous impact in lowering the amount of energy Boardwalk consumes.

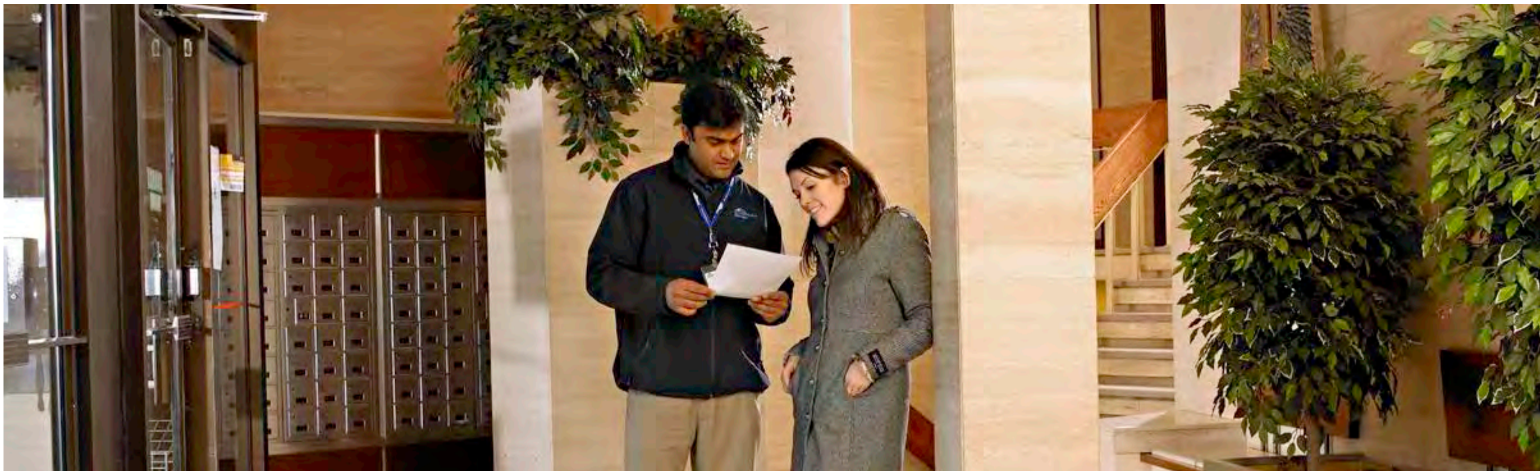
Throughout Boardwalk offices across Canada, Associates continue to be encouraged to shut off their lights and computers at the end of each day, over weekends, and while on vacation. Boardwalk also offers recycling programs at all offices for items such as cardboard, paper, plastic, and computer and printer parts. In addition, Boardwalk continues to ensure that materials are available online for Residents, Associates, and Unitholders, all in an effort to reduce the amount of paper printing we do.

In addition to monitoring its impact on the environment via day-to-day operations, Boardwalk strives to be a sustainable company from a social and financial perspective. Boardwalk continues to make efforts to be a positive force in communities and work towards finding solutions for social issues. This includes initiatives such as offering affordable housing and partnering with organizations across Canada to help end homelessness. In 2014, Boardwalk sponsored, and became directly involved in, many youth programs to help fight social issues early in an individual's life. Of course, we also continued our trips to Tijuana, Mexico, to help impact the global community. In 2015, Boardwalk will continue to support social issues currently facing our communities, and to positively affect the world around us. These efforts continue to be largely driven by our Associates. Boardwalk provides our Associates with opportunities to create change in local and global communities. We continue to be pleased and impressed by how our Associates have embraced these opportunities, and as a company we are now extending this empowerment to our Residents as well.

Boardwalk's continued financial sustainability is driven by the Trust's Board of Directors, Management Team, and our Stakeholders. With the valued input and guidance from each of these groups, Boardwalk continues to maintain a strong balance sheet and continues its conservative fiscal management. Boardwalk continues to take measures to ensure the continued financial sustainability of the company for all Stakeholders involved. The continued financial stability of Boardwalk allows us to provide value to our Unitholders, a healthy work environment for our Associates, a place to call home for our Residents, and the opportunity to build better local and global communities.

The continued financial stability of Boardwalk allows us to provide value to our Unitholders, a healthy work environment for our Associates, a place to call home for our Residents, and the opportunity to build better local and global communities.

PORTFOLIO SUMMARY



Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
CALGARY, AB				
Beltline Towers	Highrise	115	80,424	699
Boardwalk Heights	Highrise	202	160,894	797
Brentview Towers	Highrise	239	151,440	634
Centre Pointe West	Midrise	123	110,611	899
Chateau	Highrise	145	110,545	762
Elbow Tower	Highrise	158	108,280	685
Flintridge Place	Midrise	68	55,023	809
Glamorgan Manor	Walk-Up	86	63,510	738
Hillside Estates	Walk-Up	76	58,900	775
Lakeside Estates	Walk-Up	89	77,732	873
Lakeview	Walkup	120	107,680	897
McKinnon Court	Walk-Up	48	36,540	761
McKinnon Manor	Walk-Up	60	43,740	729
Northwest Pointe	Walk-Up	150	102,750	685
Oak Hill Estates	Townhouse	240	236,040	984
O'Neil Tower	Highrise	187	131,281	702
Patrician Village	Walk-Up	392	295,600	754
Pineridge	Lowrise	76	52,275	688
Prominence Place Apts.	Walk-Up	75	55,920	746
Radisson Village I	TH & WU	124	108,269	873
Radisson Village II	TH & WU	124	108,015	871
Radisson Village III	Townhouse	118	124,379	1,054
Ridgeview Gardens	Townhouse	160	151,080	944
Royal Park Plaza	Highrise	86	66,137	769
Russet Court	Garden	206	213,264	1,035
Sarcee Trail Place	HR & MR	376	301,720	802
Skygate Tower	Highrise	142	113,350	798
Spruce Ridge Estates	Walk-Up	284	196,464	692
Spruce Ridge Gardens	Walk-Up	109	86,351	792
Travois	Walk-Up	89	61,350	689
Varsity Place	Walk-up	70	47,090	673
Varsity Square	MR & LR	297	241,128	812
Vista Gardens	Townhouse	100	121,040	1,210
Westwinds Village	Walk-Up	180	137,815	766
Willow Park Gardens	Walk-Up	66	44,563	675
		5,180	4,161,200	803
EDMONTON, AB				
Alexander Plaza	Walk-Up	252	203,740	808
Aspen Court	Walk-Up	80	68,680	859
Boardwalk Arms A	Walk-Up	78	64,340	825
Boardwalk Centre	Highrise	597	471,871	790
Boardwalk Villages	Townhouse	255	258,150	1,012
Breton Manor	Walk-Up	66	57,760	875
Briarwynd Court	TH & WU	172	144,896	842
Brookside Terrace	TH & WU	131	196,779	1,502
Cambrian Place	Walk-Up	105	105,008	1,000

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
EDMONTON, AB *(continued)*				
Camelot	Walk-Up	64	54,625	854
Capital View Tower	Highrise	115	71,281	620
Carmen	Walk-Up	64	54,625	854
Castle Court	Walk-Up	89	93,950	1,056
Castleridge Estates	Townhouse	108	124,524	1,153
Cedarville	Walk-Up	144	122,120	848
Christopher Arms	Lowrise	45	29,900	664
Corian	Garden	153	167,400	1,094
Deville	Highrise	66	47,700	723
Ermineskin Place	Highrise	226	181,788	804
Fairmont Village	Walk-Up	424	362,184	854
Fontana Place	Lowrise	62	40,820	658
Fort Garry House	Highrise	93	70,950	763
Galbraith House	Highrise	163	110,400	677
Garden Oaks	Garden	56	47,250	844
Granville Square	Townhouse	48	53,376	1,112
Greentree Village	Walk-Up	192	156,000	813
Habitat Village	Townhouse	151	129,256	856
Imperial Tower	Highrise	138	112,050	812
Kew Place	Walk-Up	108	105,776	979
Lansdowne Park	Midrise	62	48,473	782
Leewood Village	Walk-Up	142	129,375	911
Lord Byron Towers	Highrise	158	133,994	848
Lord Byron Townhouses	Townhouse	147	172,369	1,173
Lorelei House	Walk-Up	78	65,870	844
Maple Gardens	Walk-Up	181	163,840	905
Marlborough Manor	Walk-Up	56	49,582	885
Maureen Manor	Highrise	91	64,918	713
Meadowside Estates	Walk-Up	148	104,036	703
Meadowview Manor	Walk-Up	348	284,490	818
Monterey Pointe	Walk-Up	104	83,548	803
Morningside Estates	Walk-Up	222	166,315	749
Northridge Estates	Walk-Up	180	103,270	574
Oak Tower	Highrise	70	51,852	741
Parkside Tower	Highrise	179	162,049	905
Parkview Estates	Townhouse	104	88,432	850
Pembroke Estates	Walk-Up	198	198,360	1,002
Pinetree Village	Walk-Up	142	106,740	752
Point West Townhouses	Townhouse	69	72,810	1,055
Primrose Lane	Walk-Up	153	151,310	989
Prominence Place	Highrise	91	73,310	806
Redwood Court	Lowrise	116	107,680	928
Riverview Manor	Highrise	81	62,092	767
Royal Heights	Highrise	74	41,550	561
Sandstone Pointe	Walk-Up	81	83,800	1,035
Sir William Place	HR & WU	220	126,940	577
Solano House	Highrise	91	79,325	872
Southgate Tower	Highrise	170	153,385	902

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
EDMONTON, AB *(continued)*				
Summerlea Place	Garden	39	43,297	1,110
Suncourt Place	Walk-Up	62	55,144	889
Tamarack East & West	Garden	132	212,486	1,610
Terrace Garden Estates	Walk-Up	114	101,980	895
Terrace Tower	Highrise	84	66,000	786
The Palisades	Highrise	94	77,200	821
The Westmount	Highrise	133	124,825	939
Tower Hill	Highrise	82	46,360	565
Tower On The Hill	Highrise	100	85,008	850
Valley Ridge Tower	Highrise	49	30,546	623
Victorian Arms	Walk-Up	96	91,524	953
Viking Arms	Highrise	240	257,410	1,073
Village Plaza	Townhouse	68	65,280	960
Warwick	Walk-Up	60	49,092	818
West Edmonton Court	Walk-Up	82	73,209	893
West Edmonton Village	HR, WU & TH	1,176	1,138,368	968
Westborough Court	Walk-Up	60	50,250	838
Westbrook Estates	Walk-Up	172	148,616	864
Westmoreland	Lowrise	56	45,865	819
Westridge Estates B	Lowrise	91	56,950	626
Westridge Estates C	Lowrise	90	56,950	633
Westridge Manor	Garden	64	69,038	1,079
Westwinds of Summerlea	Garden	48	53,872	1,122
Whitehall Square	HR & WU	598	545,934	913
Wimbledon	Highrise	165	117,216	710
		11,956	10,499,334	878
FORT MCMURRAY, AB				
Birchwood Manor	Walk-Up	24	18,120	755
Chanteclair	Walk-Up	79	68,138	863
Edelweiss Terrace	Walk-Up	32	27,226	851
Heatherton	Walk-Up	23	16,750	728
Hillside Manor	Walk-Up	30	21,248	708
Mallard Arms	Walk-Up	36	30,497	847
McMurray Manor	Lowrise	44	30,350	690
The Granada	Walk-Up	44	35,775	813
The Valencia	Walk-Up	40	33,850	846
		352	281,954	801
RED DEER, AB				
Canyon Pointe	Walk-Up	163	114,039	700
Cloverhill Terrace	Midrise	120	102,225	852
Inglewood Terrace	Lowrise	68	42,407	624
Parke Avenue Square	Walk-up	88	87,268	992
Riverbend Village	Walk-Up	150	114,750	765
Saratoga Tower	Midrise	48	53,762	1,120
Taylor Heights	Walk-Up	140	103,512	739
Watson Tower	Midrise	50	43,988	880
Westridge Estates	Townhouse	112	113,664	1,015
		939	775,615	826

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
LONDON, ON				
Abbey Estates	Townhouse	53	59,794	1,128
Castlegrove Estates	Lowrise	144	126,420	878
Forest City Estates	Highrise	272	221,000	813
Heritage Square	MR & WU	359	270,828	754
Landmark Towers	Highrise	213	173,400	814
Maple Ridge On The Parc	Highrise	257	247,166	962
Meadowcrest	Walk-Up	162	110,835	684
Noel Meadows	Walk-Up	105	72,600	691
Ridgewood Estates	Townhouse	29	31,020	1,070
Sandford	Walk-Up	96	77,594	808
The Bristol	Highrise	138	109,059	790
Topping Lane Terrace	Midrise	189	177,880	941
Villages of Hyde Park	Townhouse	60	57,850	964
Westmount Ridge	Midrise	179	131,700	736
		2,256	1,867,146	828
MONTREAL, QC				
Domaine d'Iberville	Highrise	720	560,880	779
Le Bienville	Walk-up	168	115,600	688
Les Jardins Viva	Walk-up	112	91,000	813
Nuns' Island Portfolio	HR, WU & TH	3,100	3,075,140	992
Complexe Deguire	Highrise	322	276,324	858
Le Quatre Cent	Highrise	259	153,500	593
		4,681	4,272,444	913
QUEBEC CITY, QC				
Complexe Laudance	Midrise	183	134,480	735
Appartements Du Verdier	Walk-Up	195	152,645	783
Les Jardins de Merici	Highrise	346	300,000	867
Place Charlesbourg	Midrise	108	82,624	765
Place du Parc	Midrise	111	81,746	736
Place Samuel de Champlain	Highrise	130	104,153	801
Place Chamonix	Townhouse	246	236,630	962
		1,319	1,092,278	828

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
REGINA, SK				
Ashok Portfolio	Walk-Up	140	81,098	579
Boardwalk Estates	Walk-Up	665	467,696	703
Boardwalk Manor	Walk-Up	72	60,360	838
Centennial South	Garden	170	129,080	759
Centennial West	Garden	60	46,032	767
Eastside Estates	Townhouse	150	167,550	1,117
Evergreen Estates	Walk-Up	150	125,660	838
Grace Manors	Townhouse	72	69,120	960
Greenbriar	Walk-Up	72	57,600	800
Lockwood Arms	Walk-Up	96	69,000	719
Pines of Normanview	Garden	133	115,973	872
Qu'appelle Village I & II	TH & WU	154	133,200	865
Qu'appelle Village III	Walk-Up	180	144,160	801
Southpointe Plaza	Midrise	140	117,560	840
The Meadows	Townhouse	52	57,824	1,112
Wascana Park Estates	Townhouse	316	307,200	972
		2,622	2,149,113	820
SASKATOON, SK				
Carlton Tower	Highrise	158	155,138	982
Chancellor Gate	Walk-Up	138	126,396	916
Dorchester Tower	Highrise	52	48,608	935
Heritage Townhomes	Townhouse	104	99,840	960
Lawson Village	Walk-Up	96	75,441	786
Meadow Park Estates	Townhouse	200	192,000	960
Palace Gates	Walk-Up	206	142,525	692
Penthouse	Lowrise	82	61,550	751
Regal Towers	Highrise	161	122,384	760
Reid Park Estates	Walk-Up	179	128,700	719
St. Charles Place	Walk-Up	156	123,000	788
St. James Place	Walk-Up	140	105,750	755
Stonebridge	Walk-Up	162	131,864	814
Stonebridge Townhomes	Townhouse	100	135,486	1,355
Wildwood Ways B	Walk-Up	54	43,961	814
		1,988	1,692,643	851

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
WINDSOR, ON				
Anchorage	Highrise	135	110,245	817
Anchorage on the Park	Townhouse	31	38,750	1,250
Askin Tower	Midrise	60	39,675	661
Buckingham Tower	Midrise	34	30,805	906
Caron Tower	Midrise	47	36,947	786
Empress Court	Walk-Up	40	28,250	706
Frances Tower	Midrise	53	43,906	828
Glenwood	Midrise	33	25,619	776
Janisse Tower	Midrise	75	45,000	600
Karita Tower	Midrise	41	28,950	706
Lauzon Tower	Highrise	178	137,784	774
Marine Court	Midrise	68	49,206	724
Randal Court	Walk-Up	47	38,775	825
Regency Colonade	Highrise	133	113,205	851
Riverdale Manor	Walk-up	97	77,850	803
Rivershore Tower	Highrise	96	63,300	659
Sandilands Tower	Midrise	47	38,775	825
Sandwich Tower	Midrise	66	40,650	616
Seaway Tower	Highrise	152	112,037	737
Sun Crest Tower	Midrise	58	43,100	743
Sun Ray Manor	Midrise	41	29,950	730
Tecumseh Terrace	Midrise	98	71,606	731
University Tower	Midrise	50	36,100	722
		1,680	1,280,485	762
OTHER				
Boardwalk Park Estates I	TH & WU	369	306,850	832
Boardwalk Park Estates II (Grande Prairie, AB)	Townhouse	32	30,210	944
Prairie Sunrise (Grande Prairie, AB)	HR & WU	244	201,992	828
Elk Valley Estates (Banff, AB)	Walk-Up	76	53,340	702
Tower Lane Terrace (Airdrie, AB)	Walk-Up	163	130,920	803
Springwood Place (Spruce Grove, AB)	Lowrise	160	122,640	767
Sturgeon Point Villas (St. Albert, AB)	Walk-up	280	284,953	1,018
Kings Tower (Kitchener, ON)	Highrise	226	171,100	757
Westheights Place (Kitchener, ON)	Midrise	103	91,920	892
		1,653	1,393,925	843
Total – As at Dec 31, 2014		**34,626**	**29,466,136**	**851**
Total – As at Dec 31, 2013		35,386	30,022,352	848

GOOD CORPORATE

GOVERNANCE

One of Boardwalk's corporate values is integrity. Accordingly, we pride ourselves on striving to be honest, accountable and transparent in all of our corporate reporting. As a result of our commitment to integrity, good corporate governance has been the foundation of all of Boardwalk's successes over the past 31 years. We were proud to be recognized by The Journal of the Institute of Corporate Directors for effective communication regarding our transition to International Financial Reporting Standards (IFRS). We aim to provide our stakeholders with important information in a timely manner, and encourage open and honest dialogue between, and with, our stakeholders in an effort to ensure Boardwalk's continued success. Our Board of Trustees follows a mandate described in their Statement of Corporate Governance Practices that explicitly defines the expectations and limits of both the Board and management. This comprehensive statement of our governance principles gives authority and autonomy to the Board through the articulation of key issues, including: specific functions of the Board, Board independence and integrity, selection and composition of the Board, and Board committees.

As a publicly traded Trust listed on the Toronto Stock Exchange (TSX), Boardwalk either meets or exceeds the guidelines set out by the TSX and Canadian Securities Administrators regarding effective corporate governance. The governance of our Trust is based on the mandate of our Board of Trustees, our Code of Business Conduct, as well as the guiding Mission, Vision and Values that all Associates and management are expected to uphold. These guiding principles, derived from the Golden Rule of "treating others as we would like to be treated," provide a framework for our Trustees and Associates as they deal with the often complex and sensitive issues that arise over the normal course of our business.

As per the mandate, a majority of Trustees must be independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Trustee's ability to act with a view to the best interests of the Trust and its Unitholders. Currently, five (5) of the seven (7) Board members are independent. In addition to assuming responsibility for the stewardship of the Trust, Boardwalk's Board is specifically charged with:

- Reviewing, discussing and approving the Trust's strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Identifying the principal risks of the Trust's business, and ensuring implementation of appropriate systems to manage those risks. (Among other things, the Board reviews risk management policies and processes, including those concerning credit risk, market risk, liquidity risk and operational risk.)
- Reviewing the performance of the CEO and other senior executives of the Trust.
- Creating and maintaining the communication policy of the Trust, including
  - Approving the contents of major disclosure documents of the Trust.
  - Reviewing policies and programs related to the image of the Trust and ensuring appropriate processes are in place for communicating with all stakeholders.
  - Reviewing how the Trust communicates and interacts with analysts and the public to avoid selective disclosure.
- Managing the integrity of internal controls and management information systems.

In addition to its other accountabilities, the Board is responsible for two committees, the Compensation, Governance and Nominations Committee, as well as the Audit and Risk Management Committee, each of which is composed solely of outside and independent Trustees. The Compensation, Governance and Nominations Committee is charged with the responsibilities of identifying and evaluating candidates to fill Board vacancies, and assessing Board and committee effectiveness. The Audit and Risk Management Committee assists the Board in overseeing the integrity of the Board's financial statements, the performance of the Trust's external auditors, the adequacy and effectiveness of internal controls and compliance with legal and regulatory matters.

FINANCIAL REVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS

SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2014

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking statements:

The terms "Boardwalk", "Boardwalk REIT", the "Trust", "we", "us" and "our" in the following Management's Discussion and Analysis ("MD&A") refer to Boardwalk Real Estate Investment Trust, its consolidated financial position, and results of operations for the years ended December 31, 2014 and 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and as required by all Publicly Accountable Enterprises to be adopted effective January 1, 2011. This MD&A is current as of February 19, 2015 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2014 and 2013, which have been prepared in accordance with IFRS, together with the MD&A related thereto, copies of which have been filed electronically with securities regulators in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR web site at www.sedar.com. Historical results and percentage relationships contained in the annual consolidated financial statements and MD&A related thereto, including trends, which might appear, should not be taken as indicative of future operations.

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

Forward-Looking Statement Advisory:

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

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Boardwalk's current estimates and assumptions, which are subject to risks and uncertainties, including those described in Boardwalk REIT's 2014 Annual Information Form ("AIF") 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 riles regarding mortgage insurance, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles adopted by the Trust effective January 1, 2011 under IFRS. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

The Income Tax Act (Canada) (the "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 of 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 of its taxable income continue to be distributed to its Unitholders. Further discussion of this is contained in this MD&A.

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

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

Boardwalk Real Estate Investment Trust ("Boardwalk REIT", "Boardwalk" or the "Trust") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated January 9, 2004, and as amended and restated on various dates between May 3, 2004 and May 14, 2014 (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").

On May 3, 2004, the Corporation sold all of its assets and undertakings to Boardwalk REIT. Boardwalk REIT Units trade on the Toronto Stock Exchange ("TSX") under the trading symbol 'BEI.UN'. Boardwalk REIT's principal objectives are to provide its Unitholders ("Unitholders") with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its units through the effective management of its residential multi-family investment properties and the acquisition of additional, accretive properties. At the end of 2014, Boardwalk REIT owned and operated in excess of 220 properties, comprised of 34,626 residential units and totaling approximately 29 million net rentable square feet. As of December 31, 2014, Boardwalk REIT's property portfolio was concentrated in the provinces of Alberta, Saskatchewan, Ontario and Quebec. As a result of the disposition in Q2 2014 of all of the Trust's real estate assets in British Columbia, earnings from these assets were reclassified as discontinued operations with restatement of prior period comparative earnings.

At December 31, 2014 and 2013, the fair value of Boardwalk's Investment Property assets was approximately $5.8 billion and $5.7 billion, respectively, which generated a profit of $154.8 million and $151.2 million for the years ended December 31, 2014 and 2013 (before fair value gains, income tax expense recovery and profit from discontinued operations). During the years ended December 31, 2014 and 2013, the Trust earned $175.8 million and $168.2 million, respectively, of Funds From Operations (FFO), or $3.37 and $3.21 per Unit on a diluted basis. Adjusted Funds From Operations ("AFFO") for the years ended December 31, 2014 and 2013 were $159.3 million and $151.4 million, respectively, or $3.05 and $2.89 per Unit on a diluted basis.

MD&A OVERVIEW

This MD&A focuses on key areas from the audited consolidated financial statements and pertains to major known risks and uncertainties relating to the real estate industry, in general, and the Trust's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in other parts of Boardwalk REIT's Annual Report, the audited consolidated financial statements for the years ended December 31, 2014 and 2013 and the Annual Information Form ("AIF") dated February 19, 2015, along with all other publicly posted information on the Corporation and Boardwalk REIT. It is not our intent to reproduce information that is located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information.

OUTLOOK

The 2014 year proved to be a successful year for Boardwalk REIT and the multi-family real estate rental market in Canada. Throughout the year, Boardwalk continued to see strong demand for rental apartments across its major markets, particularly in natural resource intensive provinces, like Alberta and Saskatchewan. For most of the year, Alberta led the way in Canada in gross domestic product (GDP) growth, sustained by the strength of its oil and gas sector, positive net provincial migration and positive job growth forecast. Both Calgary and Edmonton's apartment vacancy rates, at less than 2%, remained relatively stable for 2014. The dramatic decline in resource prices near the end of the year and the start of 2015, however, if sustained over the longer period may result in a significant slowing of Alberta's and Saskatchewan's economic growth, and have a longer-term impact on rental and vacancy rates. Recently, a number of energy producers have reduced or scaled back 2015 capital spending plans, with some also reducing dividend payouts.

This potential slowing in Western Canada's economic growth rate, if sustained over a longer period, may filter through to weaker employment prospects, a tempering of housing demands and a decline in net migration. In contrast, oil-consuming provinces, like Ontario and Quebec, may see an increase to GDP growth forecasts as lower crude oil prices and a lower Canadian dollar may provide a lift to manufacturing activity, in the midst of rising U.S. demand. While the apartment rental market still remains one of the most affordable housing options in Canada, Boardwalk continues to monitor the volatility of resource prices to see if changes will be needed to its rental revenue strategy, for example, by offering more incentives for a longer-term lease. Long-term Government of Canada benchmark yields remain low and stable, and have continued to decline since March of 2014, despite previous forecasts that interest rates were headed higher. However, uncertainty still remains regarding how interest rates will play out for the foreseeable future, particularly with the recent cut in the Government of Canada Interest rates, which have resulted in base level Canadian Bonds posting rates at historical lows and further emphasizing the downside risk to 2015 economic growth brought on by the recent sharp decline in oil prices. Recent property transactions continue to demonstrate there is a demand to own apartment assets in major Canadian markets, to the extent that Capitalization Rates remain low and selling prices remain high for properties in this asset class. The Trust is continuously evaluating whether to sell non-core real estate assets and, during Q2 2014, sold one project in Edmonton, Alberta, and all of its British Columbia assets.

Although Boardwalk did not acquire any new apartment buildings during 2013 or 2014, we remain active in the bidding process; however, Boardwalk has not been able to conclude that acquiring these assets at the offered selling prices would be in the best interest of the Trust on a risk-adjusted basis. Boardwalk continues to maintain a healthy liquidity position, and allocated a portion of this to new development opportunities and trust unit buybacks through its current Normal Course Issuer Bid. Boardwalk is still well positioned to take advantage of future acquisitions or value-added opportunities, if and when they arise.

The Canadian multi-family real estate sector continues to have access to a very low cost of debt through the use of Government of Canada-backed debt with the National Housing Act ("NHA") program, which is administered by Canada Mortgage and Housing Corporation ("CMHC"). With the continued volatility and muted recovery in the world markets, Canada continues to be a country of high regard and, as a result, is experiencing historical low interest rates in the bond markets. This has translated into historically low interest rates for those who choose to use the NHA vehicle.

Boardwalk REIT believes the fundamentals of its asset class, and, in particular, its specific assets, generally remain strong. This strength is mainly due to the affordability of renting versus the cost of owning a home. This fact has kept overall occupancy at reasonable levels and, when combined with the non-exposure to any one or small group of Customers or Resident Members, has kept revenue stable and risks low. In the debt capital market, the fact that over 99% of the Trust's secured debt carries NHA insurance, the benefits of which will be detailed later in this report, has significantly assisted in renewing and obtaining new financing on its assets at rates better than the maturing interest rates. The Trust continues to be well positioned, with a regular distribution payout ratio of approximately 60.5% of FFO for the year ended December 31, 2014. This is below the 61.5% for the year ended December 31, 2013, an improvement that can be attributed to stronger operating performance in 2014 as well the ability to refinance maturing mortgages at significantly lower interest rates. The Trust continues to have access to low-rate Government of Canada-backed debt in the form of NHA insurance.

As the Trust moves forward, Boardwalk continues to look for ways to further enhance the returns provided to our stakeholders. The Trust continues to focus inward on our operations, continuously looking for ways to reduce costs while simultaneously focusing on our Resident Members. In addition, we continue to maintain a conservative balance sheet with a Debt-to-Enterprise Value at approximately 40%.

At the start of 2015, Boardwalk continues to witness a stable demand for rentals in all rental markets in which it operates. However, given the backdrop of lower oil prices, Boardwalk is continuing to monitor its rental activities and rental operating expenses closely to see if changes are needed to its Net Operating Income (NOI) Optimization Strategy. The Trust continues to believe that a focus on its NOI Optimization Strategy will lead to stable results for fiscal 2015.

DECLARATION OF TRUST

The investment guidelines and operating policies of the Trust are outlined in the Trust's DOT, a copy of which is available on request to all Unitholders. Further information of the DOT can also be located on page 40 of 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 property In Canada; and,
2. No investment will be made that would disqualify Boardwalk REIT as a "mutual fund trust" or a "registered investment" as defined in the Income Tax Act (Canada).

Operating Policies

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

Distribution Policy

Boardwalk REIT may distribute to holders of REIT Units on or about each Distribution Date[(1)], respectively, such percentage of Funds From Operations for the calendar month then ended as the Trustees determine in their discretion. Distributions will not be less than Boardwalk REIT's taxable income, unless the Trustees, in their absolute discretion, determine another amount.

Compliance with DOT

At December 31, 2014, the Trust was in material compliance with all investment guidelines and operating policies as stipulated in the DOT as amended. More details will be provided later in this document with respect to certain detailed calculations.

For the year ended December 31, 2014, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value gains and losses, was 3.37 (December 31, 2013 – 3.15).

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.

(1) "Distribution Date" means with respect to a distribution by Boardwalk REIT, a business day determined by the Trustees for any calendar month to be on or about the 15th day of the following month.

Our Vision

Boardwalk REIT's Vision is to be Canada's leading provider of multi-family residential housing. Boardwalk believes it will be able 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 the latest tools and technology and utilize the latest tools and technology designed 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 Rule of 'treating others in a way we would wish to be treated', balancing our needs with those of others, our Golden Goal is to 'be good', our Golden Mission Is 'have fun', and our Golden Vision is to 'love community'.

- *Our Associates*

  We will provide a safe and respectful work environment that attracts, supports, develops, and recognizes high-performing and innovative team members.

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

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

- Maximizing Resident Member satisfaction by providing an above-average level of service and accommodation;
- Acquiring selected multi-family residential properties;
- Selling properties ("Non-Core") with lower future growth prospects or, on a limited basis, the conversion of properties into condominium units for sale, and the reinvesting of 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 partnership, joint ventures, or an exchange of assets; and
- Reinvesting the released equity from asset sales back into the Trust's portfolio to create additional value-added opportunities.

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

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

NON-GAAP FINANCIAL MEASURES

Boardwalk REIT assesses and measures operating results based on performance measures referred to as "Funds From Operations" (FFO), and Adjusted Funds From Operations (AFFO). FFO is a widely accepted supplemental measure of the performance of a Canadian real estate entity; however, it is not a measure defined by IFRS. In recent periods, additional attention has been given to AFFO as a supplemental measurement. FFO and AFFO do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other entities. The IFRS measurement most comparable to FFO and AFFO is Profit. We define FFO, after the adoption of IFRS, as income before fair value adjustments, distributions on the LP B Units, gains or losses on the sale of Investment Properties, depreciation, deferred income tax, and certain other non-cash adjustments, if any. The reconciliation from Profit under IFRS to FFO can be found below, under the section titled "Performance Measures". The reconciliation from FFO to AFFO can be found in the section titled "Maintenance of Productive Capacity". FFO and AFFO, however, should not be construed as an alternative to profit determined in accordance with IFRS as indicators of Boardwalk REIT's performance. In addition, Boardwalk REIT's calculation methodology for FFO and AFFO may differ from that of other real estate companies and trusts.

A reconciliation of FFO 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.

INVESTMENT PHILOSOPHY

Throughout Boardwalk REIT's history, the Trust has constantly looked for opportunities to create value for the Trust Unitholders. This is achieved by investing managerial resources and capital in activities that increase FFO per unit and AFFO per unit on a sustaining basis and/or increase Net Asset Value ("NAV") per unit. Prior to 2008, a large part of this opportunity was focused on investment opportunities, both in capital improvements of our existing portfolio and in acquisition of additional properties. However, our investment strategy is not simply one by which we are constantly looking to expand our existing footprint, but rather one by which we are constantly looking to create value. Starting in 2008, but more pronounced during 2009 and 2010, it was evident to us that the Trust's investment opportunities were not in the acquisition of additional apartment units, but rather in the sale of Non-Core properties and the deployment of capital to acquire additional Boardwalk REIT Trust Units in the public markets through our published Normal Course Issuer Bids ("NCIBs"), as the Trust can purchase our own well-maintained assets (i.e our Units) at less than what is available through acquisitions.

Cumulatively, since 2007, Boardwalk REIT purchased and cancelled approximately 4.9 million Trust Units for a total purchase price of $195.4 million, or an average cost of $40.26 per Trust Unit.

The Trust has an on-going program of selling Non-Core properties in its portfolio and re-deploying the released capital to acquiring or developing additional properties, potentially paying a special distribution to its Unitholders, reinvesting in its existing properties to achieve superior returns, developing new multi-family properties and/or purchasing its Trust Units for cancellation. The Trust continues to review all available options that management believes will provide the greatest return to our Unitholders.

Cost of Capital

In understanding Boardwalk REIT's investment strategy, it is also necessary to review its cost of capital. The Trust's cost of capital is generally defined as its weighted average cost of raising incremental capital and, thus, its hurdle rate for evaluating incremental investment opportunities. In other words, it can be thought of as the rate of return that the Trust would otherwise be able to earn given the same level of risk. As with most real estate entities, the cost of capital is the combination of the cost of debt and the cost of equity. As will be discussed in a later section, 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. It is our view that on those investments where you do not have the benefit of hindsight, for example with the actual purchase, ownership and management of a particular building, there is an increased level of performance risk. To moderate this risk, it is necessary to hedge the interest rate risk, by taking a longer-term mortgage to allow you time to better understand the performance risk of the specific property investment. The other major component in the cost of capital relates to the 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 2014, the Trust reported AFFO per Unit of $3.05 on a fully diluted basis. When compared to the Trust Unit's market price of $61.54 as at December 31, 2014, this equates to approximately 4.96% as its cost of equity.

Once we have determined the cost of capital, management then analyzes and evaluates the opportunities available to the Trust against a base case scenario. The base case will be determined on two distinct criteria:

(i) whether the investment is accretive to the Trust's implied Capitalization Rate ("Cap Rate") after adjusting for related risk, and

(ii) given the existing leverage of the Trust, whether the investment is accretive on a FFO and AFFO basis given its existing portfolio's internal growth profile. The investment is also evaluated on a stabilized basis, that is, after considering the impact of

funding deferred capital expenditures and leasing up the property. The base case of the Cap Rate test focuses on the implied Cap Rate of the Trust's existing property portfolio because the Trust best understands the operations and risk profile of its own apartment units, and its ability to purchase its own real estate through the use of NCIBs. In general, for an investment to be accretive, not only does it have to generate a return above this level, it must also be of equivalent (or better) quality and location. The amount of expectation above this base rate is the anticipated risk premium adjustment. Each investment is looked at in isolation and evaluated accordingly. It is necessary to understand that multi-family rental real estate has historically been an investment based on leverage. As such, it is necessary for us to analyze the underlying ability to obtain debt and the cost of that debt. Boardwalk currently does have access to NHA insurance from the Government of Canada, the details of which are discussed later in this document. As with other debt in most instances, the longer the proposed term maturity, the higher the price typically paid for this debt. This difference is the adjustment the market puts on the risk that the interest rates will be higher during the term of the loan. Accordingly, the investment consideration for the Trust also adjusts for this risk by building into its current cost of debt a balanced strategy of mortgage maturities, with upcoming renewals and refinancings targeted for terms ranging from five to ten years.

HEDGING ACTIVITIES

There were no new hedging activities in the fiscal year ended December 31, 2014.

In 2008, the Trust entered into forward hedging arrangements with respect to some of its mortgage interest obligations. The strategy consisted of hedging, or locking in, the interest rates on the underlying bonds used to set mortgage interest rates while layering an interest rate swap on top of this to reduce overall interest rates and variability in cash flows from fluctuating interest rates. The effect on the current and prior year's financial results is outlined below.

Bond Forward Transaction

In 2008, the Trust entered into a bond forward transaction (the "Transaction") with a major Canadian financial institution. In total, the Transaction, which comprised of bond forward contracts on specific mortgages that matured and were renewed in 2008, was for a total notional amount of $101.6 million with a weighted average term and interest rate of 7.2 years and 3.63%, respectively. One of the bond forward contracts in the Transaction, which was assessed to be an effective hedge, was settled for a loss of $284 thousand. This bond forward contract continues to be assessed as "effective" under IFRS and this loss continues to be amortized over the term of the new financing until the May 1, 2015 date of maturity. As at December 31, 2014, the unamortized amount of this effective hedge was approximately $41 thousand.

Interest Rate Swap

In 2008, Boardwalk REIT entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. These interest rate swap agreements were designated as cash flow hedges on March 11, 2008. The effective date of the hedges was May 1, 2008, and will continue to be designated as such until the May 1, 2015 date of maturity. Hedge accounting has been applied to these agreements in accordance with International Accounting Standard ("IAS") – 39: Financial Instruments: Recognition and Measurement ("IAS 39").

The effectiveness of the hedging relationship is reviewed on a quarterly basis and measured at fair value. Any gains or losses, which arise as a result of the "effectiveness" of the hedge, will be recognized in Other Comprehensive Income ("OCI"). The ineffective portion of the hedging gain or loss on the swap transaction will be recognized immediately in profit. On recognition of the financial liability of the hedged item on the consolidated statement of financial position, the associated gains or losses that were recognized in OCI would be reclassified into income in the same period, or periods, during which the interest payments of the hedged item affect profit. However, if all, or a portion, of the loss recognized in OCI will not be recovered in one or more future periods, this amount will be immediately reclassified into income.

As at December 31, 2014, the interest rate swap agreement was assessed to be an effective hedge in accordance with IFRS and, any gains or losses on the interest rate swap agreement were recognized in income in the periods during which the interest payments on the hedged items were recognized. For the year ended December 31, 2014, a gain of $2.4 million was recognized in OCI (December 31, 2013 – gain of $2.1 million).

PERFORMANCE REVIEW OF 2014

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 (who we refer to as "Resident Members") who have varying lease terms ranging from month-to-month to twelve-month leases.

In the past, Boardwalk REIT has generated additional income from the sale of selective non-core real estate properties. The sale of these properties is part of Boardwalk REIT's overall operating strategy whereby the equity generated through the sale is then utilized by Boardwalk REIT for the acquisition and/or development of new rental properties, to assist in its property value enhancement program, or for the acquisition of Boardwalk REIT's Trust Units in the public market. The Trust, however, will only proceed with the sale of Non-Core real estate properties if market conditions justify the dispositions and Boardwalk has an alternative use for the net proceeds generated. During the second quarter of 2014, a property in Edmonton, Alberta, and all of Boardwalk's British Columbia real estate assets were sold, resulting in a total loss on asset sales of $4.5 million. As Investment Properties are carried at fair value, a loss on sale arises from the transaction costs.

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. In 2014, the Trust distributed $2.04 per outstanding Trust and LP B Unit on an annualized basis (or $0.17 per Trust and LP B Unit on a monthly basis). The Trust also declared a special distribution of $1.40 per Unit to all Unitholders of record as at December 31, 2014. This special distribution was in addition to the regular normal distribution (described above) that the Trust declares and pays on a monthly basis. The total dollar amount of this one-time special distribution was approximately $72.8 million and was paid on January 15, 2015 in conjunction with the regular monthly distribution to Unitholders of record as at December 31, 2014. Additional information related to this special distribution is discussed below.

For the year ended December 31, 2014, the Trust declared regular distributions of $106.3 million (inclusive of distributions paid to the LP Class B Unitholders), representing approximately 60.5% of FFO. The reader should note the overall operating performance of the first and fourth quarters tend 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 simply annualize these quarterly reported results. On a quarterly basis, the Trust's Board of Trustees reviews the current level of distributions and determines if any adjustment to the distributed amount is warranted.

Although the Trust believes it is important to distribute a significant portion of its FFO, it also maintains it should withhold a portion of the available cash flow to assist with the execution of its business strategy. On an overall basis, the Trust aims to maintain a conservative payout ratio and reviews this with its Board of Trustees on a quarterly basis.

Over the past few years, AFFO has begun to surface as an additional performance measurement. 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 definitions, 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 asset. A more detailed discussion of this topic will be provided in the 'Maintenance of Productive Capacity' section later in this document.

Special Distribution

As noted, during 2014, the Trust sold a selective number of non-core properties. The net proceeds of the sale of certain non-core properties have partially assisted In the purchase of REIT Units for cancellation on the open market. Although the Trust continues to be committed to this strategy, consistent with our balanced approach, the sale of these non-core assets resulted in a significant profit to the Trust for the 2014 fiscal year. The size of this profit, when combined with the existing income generated from continued operations, resulted in a significant increase in the Trust's reported taxable income and, as a result, a "Special Distribution" in the amount of $1.40 per outstanding Trust and LP Class B Unit for Unitholders of record as of December 31, 2014 was declared. The payable date on the Special Distribution was January 15, 2015 to Unitholders of record as of December 31, 2014. The capital required for this distribution came directly from the net proceeds on the sale of non-core properties in 2014.

Unlike many REIT's and real estate companies, Boardwalk REIT does not include any gains 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.

How Did We Do?

At the beginning of the 2014 fiscal year, certain selective performance targets were set out for fiscal 2014. The assumptions used in these performance targets were reviewed on a quarterly basis and the full-year guidance was adjusted if such assumptions changed. The following table compares our forecasted performance to our actual results in fiscal 2014.

	2014 Actual	2014 Objectives Revised in Q3 2014	2014 Objectives Revised in Q2 2014	2014 Original Objectives
FFO per Trust Unit	$3.37	$3.32 to $3.41	$3.27 to $3.43	$3.25 to $3.45
AFFO per Trust Unit	$3.05	$3.00 to $3.09	$2.95 to $3.11	$2.93 to $3.13
Investment Properties	Sold one project in Edmonton, Alberta, and all of its British Columbia assets. No new acquisitions or developments.	No additional apartment acquisitions, dispositions or developments	No additional apartment acquisitions, dispositions or developments	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI Growth	2.5%	2% to 4%	1% to 4%	1% to 4%

The reader is cautioned the financial objectives, when generated, were considered forward-looking information and that actual results may vary materially from these objectives reported.

Both actual FFO and AFFO for fiscal 2014 were within the revised guidance reported as part of the Trust's disclosure for the third quarter of 2014.

FFO Reconciliation from 2013 to 2014

The following table shows a reconciliation of changes in FFO from December 31, 2013 to December 31, 2014. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO, under IFRS, as net income before fair value adjustments, distributions on the LP Class B Units, gains (losses) on the sale of Investment Properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO will be provided later in this report.

FFO Reconciliation	12 Months
FFO Opening – Dec 31, 2013	$ 3.21
NOI from Stabilized Properties	0.14
NOI from Non-Stabilized Properties	0.02
FFO Loss from Sold Properties	(0.06)
Financing Costs [(1)]	0.07
Administration and other	(0.03)
Unit Buyback	0.02
FFO Closing – Dec 31, 2014	$ 3.37

(1) Financing costs above exclude the distribution payments for LP Class B Units which are classified as financial liabilities under IFRS. Further discussion related to this can be found later in this report.

Liquidity

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

The Trust's cash position was $139.6 million at December 31, 2014, compared to $131.1 million reported on December 31, 2013. However, it should be noted that this cash position is before the previously noted Special Distribution declared to its Trust and LP Class B Unitholders in the amount of $72.8 million, or $1.40 per outstanding unit, on record as at December 31, 2014. This Special Distribution was paid on January 15, 2015.

FFO Reconciliations

In the following table, Boardwalk REIT provides a reconciliation of FFO (a non-IFRS measure) to profit for the period, its closely related financial statement measurement for the years ended December 31, 2014 and December 31, 2013. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation *In $000's, except per unit amounts*	**12 months 2014**	12 months 2013	% Change
Profit for the period	**$ 235,610**	$ 325,135	
Adjustments			
Profit from discontinued operations, net of tax [(1)]	**11,181**	12,595	
Loss on sale of assets	**4,453**	–	
Fair value gains [(2)]	**(95,443)**	(183,118)	
Add back distributions to LP Class B Units recorded as financing charges [(3)]	**15,372**	8,838	
Deferred income tax expense	**40**	533	
Depreciation expense on PP&E	**4,612**	4,201	
Funds from operations	**$ 175,825**	$ 168,184	4.5%
Funds from operations – per unit	**$ 3.37**	$ 3.21	5.0%

(1) The Trust disposed of all its British Columbia real estate assets. As British Columbia represents an identifiable geographic segment under IFRS, this disposition has been classified as a discontinued operation. The earnings from discontinued operations prior to its sale, but not the gain or loss on disposition, are included in determining FFO.

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

(3) Under IFRS, the LP Class B Units are considered financial instruments in accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"). As a result of this classification, their corresponding distribution amounts are considered "financing charges" under IFRS. The Trust believes these distribution payments do not truly represent "financing charges", as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. Therefore, these distributions are excluded from the calculation of FFO, consistent with the treatment of distributions paid to all other Unitholders.

Overall, Boardwalk REIT earned FFO of $175.8 million for fiscal 2014 compared to $168.2 million for the same period in 2013. FFO on a per unit fully diluted basis for the current year ended December 31, 2014, increased approximately 5.0%, compared to the prior year, from $3.21 to $3.37. The increase was primarily driven by higher rental revenue while maintaining high occupancy levels and lower financing costs.

New Property Acquisitions and Dispositions

For the 2013 and 2014 years, there were no new investment property acquisitions.

During the second quarter of 2014, Boardwalk sold a 102-unit project in Edmonton, Alberta, and all of its British Columbia real estate assets consisting of 633 apartment units. The sale of the Edmonton project closed May 5, 2014, at a selling price of $13.5 million before selling costs. There was no secured mortgage encumbrance on the Edmonton property. The sale of the British Columbia real estate assets closed May 29, 2014, at a selling price of $140 million before selling costs and a holdback of $1.5 million to upgrade a fire hydrant waterline as required by the fire department of the City of Victoria. The purchaser of the British Columbia real estate assets assumed the secured mortgages on these assets, with the Trust remaining as guarantor on two of the three mortgages until term maturity, or when these mortgages are refinanced, whichever occurs sooner.

The Trust also purchased one unit in Edmonton, Alberta, in the property known as 'Morningside Estates' for a purchase price of $175 thousand. The purchase closed May 15, 2014, after which, the Trust owned 222 of the 224 units in the property.

During the third quarter of 2014, a total of 26 apartments units were designated unavailable for rental, reducing the Trust's total number of apartment units available from 34,652 to 34,626. Four of the units were completely destroyed by fire and all four were located in one building forming part of our Wascana property. These units are covered under our existing insurance policy and the Trust is expecting to be fully reimbursed for the restoration and any lost revenue as a result. The other 22 units are located in a stand-alone building at the Trust's Boardwalk Estates property in Regina, Saskatchewan. The entire project is comprised of 655 units spread across 49 separate buildings. The Trust noted during its regular preventative maintenance program that some structural work was needed on this 22-unit building, where preliminary reports recommended certain procedures be completed to shore up the structure. The Trust proceeded with these recommendations, but had subsequently found that the remediation was not sufficient. In October of 2014, an additional external report was commissioned, which noted that the foundation continued to have movement and recommended that the building be vacated until such time a solution was found. In the interest of the health and safety of our Resident Members, the Trust agreed and further investigation determined that the nature of the problem related to the ground properties of the site. The Trust has determined that the best solution will be to demolish this complex of 22 units and, subsequently, utilize the land as a green space designed to enhance the surrounding area. Given this strategy, the Trust has adjusted its IFRS fair value on these noted properties to account for the loss of units. Boardwalk is constantly monitoring the condition of our buildings and suites to ensure they remain safe for our Resident Members.

Development

On November 7, 2013, Boardwalk received the Occupancy Permit from the City of Calgary for the 109-unit development (Spruce Ridge Gardens) it started in July of 2012. To date, Boardwalk has completed the lease up phase of this project. The Trust defines "Stabilized Properties" as properties that have been owned by Boardwalk for a 24-month period or greater. As such, Spruce Ridge Gardens is not a stabilized property, and any reference to stabilized properties or same store properties does not include Spruce Ridge Gardens.

In October 2014, the Trust commenced the first phase of construction for a 79-unit building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The Trust executed a fixed-price construction contract with an estimated cost to complete of approximately $14.4 million, or $178,000 per door. The four-story, wood frame building will consist of 13 one-bedroom and 66 two-bedroom units. Stabilized capitalization rate is estimated to be between 6.0% and 6.5%, excluding any value attributable to the land. The Trust internally estimated the value of the land to be approximately $1.0 million, or $12,000 per door. The building is estimated to be completed in Q1 2016.

We continue to explore other development opportunities in Regina, Calgary, and Edmonton. Each of these opportunities will be evaluated separately to determine the viability of these projects.

Financial Performance Summary

At a Glance

In $000's, except per unit amounts	**2014**	2013	% Change
Total Assets	**$ 5,971,645**	$ 5,925,683	0.8%
Total Rental Revenue	**$ 473,245**	$ 453,584	4.3%
Profit	**$ 246,791**	$ 337,730	(26.9)%
Total Funds From Operations	**$ 175,825**	$ 168,184	4.5%
Profit Per Unit	**$ 5.17**	$ 7.05	(26.7)%
Funds From Operations Per Unit	**$ 3.37**	$ 3.21	5.0%

Total Assets increased from the amounts reported in the prior year, mainly due to an increase in the reported amount for investment properties, which are now carried at fair value. Total Rental Revenue increased by 4.3%, the result of higher rental rates. Profit decreased by 26.9% compared to the prior year, due primarily to a decrease in the fair value gain recognized on its investment properties in 2014 compared to 2013.

CONSOLIDATED OPERATIONS AND EARNINGS REVIEW

OVERALL REVIEW

Consolidated Statements of Comprehensive Income

Rental Operations

Boardwalk REIT's Net Operating Income Strategy includes a rental revenue strategy that focuses on enhancing overall rental revenues through the balance between market rents, rental incentives, turnovers, and occupancy losses. 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 $000's, except number of suites	**12 Months 2014**	12 Months 2013	% Change
Total rental revenue	**$ 473,245**	$ 453,584	4.3%
Expenses			
Operating expenses	**$ 93,180**	$ 89,002	4.7%
Utilities	**$ 47,572**	$ 42,121	12.9%
Property taxes	**$ 40,091**	$ 38,272	4.8%
	$ 180,843	$ 169,395	6.8%
Net operating income	**$ 292,402**	$ 284,189	2.9%
Operating margins	**61.8%**	62.7%	
Number of suites at December 31	**34,626**	35,386	

Overall, Boardwalk REIT's rental operations for the year ended December 31, 2014 reported higher results compared to the same period in the prior year, with total rental revenue increasing 4.3% for the year ended December 31, 2014 compared to the prior year. The increase in rental revenue is the combined effect of increases to market rents with decreases in suite-specific rental incentives while maintaining high occupancy levels compared to the same period in 2013. Total rental expenses increased 6.8% for the year ended December 31, 2014, compared to 2013, mainly due to higher utilities, particularly higher natural gas expense.

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

Utility costs increased by 12.9% for the year ended December 31, 2014 due primarily to an increase in natural gas expense and, to a lesser extent, higher water and sewer costs. For the first quarter of 2014, many regions of Canada experienced an extremely cold winter, resulting in an increase in gas and electricity consumption compared to the prior year. The increase in demand also resulted in a significant increase to prices, particularly the price of natural gas. The Trust has fixed price physical commodity contracts for much of its Alberta electricity exposure, which helped mitigate the effects of the higher electricity consumption. In June of 2014, the Trust entered into two fixed price natural gas contracts to hedge 50% of its Alberta usage at an average price of approximately $4.24/Gigajoule ("GJ") of consumption. The contracts are effective for the period commencing November 1, 2014 and ending October 31, 2016 for 25% usage for one and October 31, 2017 for 25% usage, for the other. The Trust also renewed its fixed price natural gas contract to hedge 100% of its Saskatchewan usage through two new contracts at an average price of $4.52/GJ. The new contracts are effective for the period commencing November 1, 2014, and ending October 31, 2015 for 50% usage for one and October 31, 2017 for 50% usage for the other. Lastly, the Trust entered into a one-year fixed price natural gas contract to hedge 50% of its usage in Ontario and Quebec at a price of $3.62/GJ, commencing November 1, 2014, and ending October 31, 2015.

The reported increase in property taxes 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 part, 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.

Overall, the operating margin for the year decreased from the same period in 2013 from 62.7% to 61.8%.

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 $000's, except number of suites	**12 Months 2014**	12 Months 2013	% Change
Total rental revenue	**$ 297,624**	$ 280,489	6.1%
Expenses			
Operating expenses	**$ 54,188**	$ 50,985	6.3%
Utilities	**$ 26,708**	$ 23,303	14.6%
Property taxes	**$ 22,920**	$ 21,659	5.8%
	$ 103,816	$ 95,947	8.2%
Net operating income	**$ 193,808**	$ 184,542	5.0%
Operating margins	**65.1%**	65.8%	
Number of suites at December 31	**19,751**	19,743	

Alberta is Boardwalk's largest operating segment, representing approximately 66.3% of total reported net operating income and 57.0% of total apartment units. Boardwalk REIT's Alberta operations for the year ended December 31, 2014, reported a 6.1% increase in total rental revenue, when compared to the same period reported in 2013. The reported rental revenue change is the combined effect of increases to in-place occupied rents and decreases in suite-specific incentives while maintaining high overall occupancy levels, compared to the prior year. Total rental expenses have increased 8.2% for the year ended December 31, 2014, compared to the prior year due primarily to increases in utilities.

Operating expenses increased 6.3% from the prior year due to an increase in wages and salaries and higher repairs and maintenance.

Reported utilities for the year ended December 31, 2013 were up 14.6%. The reported increase is mainly the result of higher reported natural gas expense due to an increase in both consumption and natural gas prices as a result of the extreme cold weather in the first quarter of 2014. Water and sewer costs, another form of property tax charged by the municipalities, were also higher in the current year compared to 2013. Currently, the Trust has two electricity contracts, one for Southern Alberta and the other for Northern Alberta, with two utility companies to supply the Trust with its electrical power needs commencing October 1, 2010 and ending September 30, 2017 (Southern Alberta) and September 30, 2015 (Northern Alberta). The blended rate of these electricity contracts is $0.06 per kilowatt hour ("kWh"). In June of 2014, the Trust entered into two fixed price natural gas contracts to hedge 50% of its Alberta natural gas usage. The contracts are effective beginning November 1, 2014 and end October 31, 2016 for 25% usage for the one, and October 31, 2017 for 25% usage for the other, at an average rate of approximately $4.24/GJ of natural gas consumption.

Property taxes increased 5.8% for the year ended December 31, 2014, compared to the prior year mainly as a result of higher property tax assessments as many municipalities look to increase their property tax revenue base.

Net operating income for Alberta increased $9.3 million, or 5.0%, In the current year compared to the prior year. Alberta's operating margins for the year ended December 31, 2014 decreased marginally to 65.1%, compared to 65.8% for the same period in 2013.

Saskatchewan Rental Operations

In $000's, except number of suites	**12 Months 2014**	12 Months 2013	% Change
Total rental revenue	**$ 62,202**	$ 60,837	2.2%
Expenses			
Operating expenses	**$ 10,609**	$ 9,806	8.2%
Utilities	**$ 5,728**	$ 5,292	8.2%
Property taxes	**$ 4,308**	$ 4,204	2.5%
	$ 20,645	$ 19,302	7.0%
Net operating income	**$ 41,557**	$ 41,535	0.1%
Operating margins	**66.8%**	68.3%	
Number of suites at December 31	**4,610**	4,636	

For year ended December 31, 2014, Boardwalk's Saskatchewan total rental revenue increased by 2.2%. The revenue increase is mainly the result of higher rents achieved in both Regina and Saskatoon, despite a decline in occupancy levels. Rental rates also increased as a result of Boardwalk being able to charge additional rent for cable service provided to its Resident Members. Rental expenses increased by 7.0% for the year ended December 31, 2014, compared to the prior year, primarily due to higher operating expenses and utilities.

Operating expenses increased mainly due to higher repairs and maintenance, particularly related to boiler maintenance inspections performed in the year.

Utility costs for the current year increased from the previous year, primarily due to higher electricity expense, water and sewer charges and cable costs during the current period. The Trust had a fixed price natural gas supply contract for its Saskatchewan natural gas consumption, which covered the period from November 1, 2012 and ended October 31, 2014, and fixed the commodity at a price of $3.74/GJ. During the third quarter, the Trust renewed its fixed price natural gas hedge with two contracts to hedge 100% of its Saskatchewan natural gas usage. The contracts are effective beginning November 1, 2014, and end on October 31, 2015 for 50% usage for one, and October 31, 2017 for 50% usage for the other, at an average rate of approximately $4.52/GJ of natural gas consumption. Cable expense was higher as Boardwalk implemented a new bulk cable and internet bundled program in the second half of the year. The program provides Resident Members a more cost-effective alternative to cable service compared to subscribing individually with cable service providers.

Property taxes increased by 2.5% for the year ended December 31, 2014, due to higher property tax assessments, particularly in the city of Regina.

Reported operating margins for the year ended December 31, 2014 decreased slightly to 66.8%, compared to 68.3% reported for the prior year.

Ontario Rental Operations

In $000's, except number of suites	**12 Months 2014**	12 Months 2013	% Change
Total rental revenue	**$ 41,809**	$ 41,402	1.0%
Expenses			
Operating expenses	**$ 7,282**	$ 7,144	1.9%
Utilities	**$ 7,654**	$ 6,978	9.7%
Property taxes	**$ 5,322**	$ 5,250	1.4%
	$ 20,258	$ 19,372	4.6%
Net operating income	**$ 21,551**	$ 22,030	(2.2)%
Operating margins	**51.5%**	53.2%	
Number of suites at December 31	**4,265**	4,265	

Boardwalk REIT's Ontario operations reported a slight increase in total rental revenue of 1.0% for the year ended December 31, 2014, compared to the previous year, due to an increase in occupied rents while maintaining occupancy levels. Total rental expenses increased by 4.6%, primarily as a result of higher utilities, especially during the first quarter of the year. With a sluggish economic recovery (especially with the manufacturing sector), and little population growth, coupled with Ontario's legislated 0.8% rent increase guideline for 2014, Boardwalk REIT's Ontario operations were stable, but relatively flat, for the current year.

The reported increase in utilities was the result of higher electricity costs and natural gas expense as a result of the colder weather experienced in the region earlier in the year. During the third quarter of 2014, the Trust entered into a fixed price natural gas contract to hedge 50% of its Ontario and Quebec natural gas usage. The contract is effective beginning November 1, 2014, and ends on October 31, 2015, at an average rate of approximately $3.62/GJ of natural gas consumption.

Property taxes increased due to higher assessments in 2014 compared to 2013, particularly in the cities of London and Kitchener.

As a result of higher utility expense, net operating income declined slightly by 2.2% in the current year compared to the same period in the prior year. Reported operating margins for the year ended December 31, 2014 decreased slightly to 51.5%, compared to 53.2% reported for the prior year.

Quebec Rental Operations

In $000's, except number of suites	**12 Months 2014**	12 Months 2013	% Change
Total rental revenue	**$ 71,393**	$ 70,644	1.1%
Expenses			
Operating expenses	**$ 16,857**	$ 16,285	3.5%
Utilities	**$ 7,015**	$ 6,126	14.5%
Property taxes	**$ 7,413**	$ 7,034	5.4%
	$ 31,285	$ 29,445	6.2%
Net operating income	**$ 40,108**	$ 41,199	(2.6)%
Operating margins	56.2%	58.3%	
Number of suites at December 31	6,000	6,000	

Boardwalk REIT's Quebec operations reported a marginal total rental revenue increase of 1.1% for the year ended December 31, 2014, compared to the previous year.

Total rental expenses for the year increased by 6.2% compared to the prior year, mainly due to higher utility costs.

The reported 14.5% increase in utilities was due to higher natural gas costs compared to the prior year. During the third quarter, the Trust entered into a fixed price natural gas contract to hedge 50% of its Ontario and Quebec natural gas usage. The contract is effective beginning November 1, 2014, and ends on October 31, 2015, at an average rate of approximately $3.62/GJ of natural gas consumption. The details of the natural gas contracts are reported in Note 25 of the Trust's consolidated financial statements for the year ended December 31, 2014.

Property taxes for the year increased 5.4% compared to the prior year due to higher property tax assessments received in 2014.

As a result of higher utilities reported, net operating income decreased 2.6% in 2014 compared to the prior year. Reported operating margins for the year ended December 31, 2013 decreased to 56.2%, compared to 58.3% reported for the prior year.

British Columbia Rental Operations

In $000's, except number of suites	**12 Months 2014**	12 Months 2013	% Change
Total rental revenue	**$ 3,507**	$ 8,438	(58.4)%
Expenses			
Operating expenses	**$ 799**	$ 1,288	(38.0)%
Utilities	**$ 379**	$ 807	(53.0)%
Property taxes	**$ 464**	$ 496	(6.5)%
	$ 1,642	$ 2,591	(36.6)%
Net operating income	**$ 1,865**	$ 5,847	(68.1)%
Operating margins	**53.2%**	69.3%	
Number of suites at December 31	**–**	633	

Earnings from Boardwalk's British Columbia property portfolio are being presented as discontinued operations as the Trust sold these non-core asset sales on May 29, 2014.

OPERATIONAL SENSITIVITIES

Boardwalk's Net Operating Income Optimization Strategy

Boardwalk's current strategy is to focus on optimizing net operating income. This focus requires us to manage not only revenues but also related operating costs, and take both into consideration when determining a service and pricing model. Lowering overall turnover while maintaining reasonable increases in lease rates while continuing to focus on a high quality level of service continue to be the model that has delivered the most stable and growing income source to date. This strategy is region specific and these variables are in constant flux.

In a more competitive market, the Trust locks in rentals on selective suites for future months, but does not collect revenues for certain months in the immediate future. This means the Trust may decide to rent a suite in December with the Customer not moving in until the following year. Although the suite is rented, it will not generate revenue until the Customer 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.

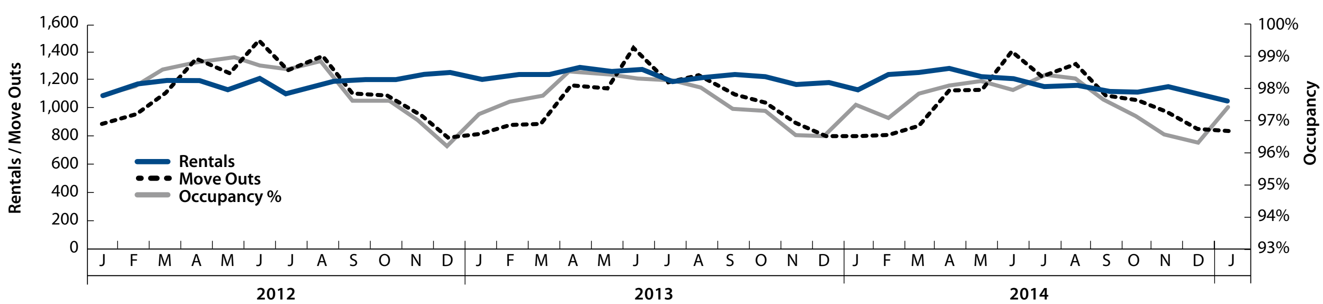
Boardwalk REIT's Portfolio Occupancy

City	2014	2013
Calgary	**98.92%**	99.44%
Edmonton	**98.48%**	98.51%
Fort McMurray	**94.22%**	97.38%
Grande Prairie	**98.36%**	97.84%
Kitchener	**98.35%**	98.51%
London	**97.63%**	97.83%
Montreal	**97.24%**	97.08%
Quebec City	**96.19%**	97.65%
Red Deer	**99.18%**	99.18%
Regina	**96.99%**	97.93%
Saskatoon	**97.73%**	98.09%
Vancouver (1)	**98.57%**	98.89%
Victoria (1)	**96.89%**	98.24%
Verdun	**98.85%**	98.74%
Windsor	**98.46%**	98.01%
Total	**98.20%**	98.44%

(1) BC Property Portfolio was sold on May 29, 2014

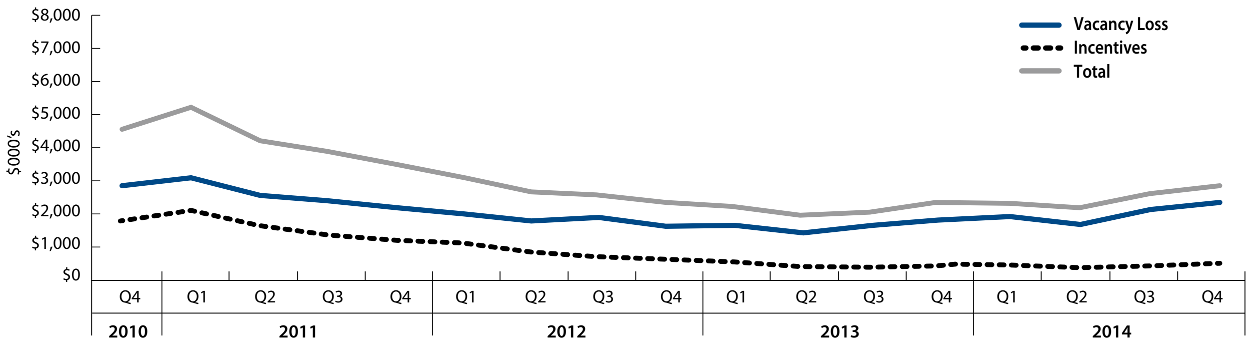
In fiscal 2014, the Trust reported a slight decrease in overall occupancy rate to 98.20% from 98.44% for the prior year on its same store properties. A softening of all rental markets contributed to the overall occupancy rate decrease. Boardwalk's overall rental revenue strategy focuses on the Trust balancing the key inputs, including occupancy levels and existing rental market rates. As a strategy, the Trust is constantly adjusting market rents based on property-specific demand and supply.

Supply versus Demand & Impact on Reported Occupancy



The issue of demand and supply, as with any industry, is an important performance indicator for multi-family real estate. The above chart attempts to show the total move-outs (supply) compared to total move-ins (demand) and the resulting impact on reported occupancy relating to our portfolio. The cumulative impact of demand being greater than supply, or vice versa, is the primary driver in the reported occupancy rate. In recent years, Boardwalk focused on maintaining high occupancy levels by cautiously adjusting market rents upward only when warranted 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.

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 details rental incentives versus vacancy loss. The slight increase in Boardwalk's vacancy loss for the 2014 year is attributable to the softening rental markets in all provinces,. Select incentives were introduced into the Calgary and Edmonton markets to maintain higher occupancy. Overall, Alberta demonstrates a stable rental market in all regions other than Fort McMurray. Boardwalk REIT will continue to manage its overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. All three key variables show continued stability in the apartment rental market, particularly in the cities of Calgary, Edmonton, and Grande Prairie. We continue to focus on maximizing overall revenues through the management of these key revenue variables.

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 $4.8 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 99.7% of its total rental unit portfolio as at December 31, 2014, or a total of 34,517 units. The table below provides a regional breakdown on these properties for fiscal 2014, as compared to fiscal 2013.

Dec 31 2014 – 12 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	5.3%	5.7%	5.1%	19.8%
Edmonton	12,396	6.4%	9.3%	4.7%	39.3%
Fort McMurray	352	(2.1)%	0.8%	(3.2)%	1.9%
Grande Prairie	645	6.1%	10.3%	3.7%	1.7%
Red Deer	939	7.3%	4.4%	9.2%	2.4%
Ontario	4,265	1.0%	4.6%	(2.2)%	7.3%
Quebec	6,000	1.1%	6.2%	(2.6)%	13.6%
Saskatchewan	4,610	2.2%	7.0%	0.1%	14.1%
	34,517	4.2%	7.1%	2.5%	100.0%

Stabilized revenue increased by 4.2% for the year ended December 31, 2014, compared to the prior year. Operating expenses reported for the year increased by 7.1% from 2013, resulting in a NOI increase of 2.5% compared to the prior year. The increase in reported stabilized revenue was driven by higher in-place occupied rents, particularly in Alberta (except Fort McMurray), which accounts for approximately 65.1% of the Trust's reported stabilized Net Operating Income. Operating expenses increased primarily as a result of increases in utilities and higher property taxes.

Stabilized Revenue Growth	# of Units	Q4 2014 vs. Q3 2014	Q4 2014 vs. Q2 2014	Q4 2014 vs. Q1 2014	Q4 2014 vs. Q4 2013
Calgary	5,310	1.0%	2.4%	4.3%	5.4%
Edmonton	12,396	1.4%	3.1%	4.9%	6.1%
Fort McMurray	352	(1.8)%	(6.1)%	(7.3)%	(7.7)%
Grande Prairie	645	1.8%	3.1%	4.5%	5.8%
Red Deer	939	(0.1)%	2.1%	3.9%	5.6%
Ontario	4,265	0.8%	0.5%	1.6%	1.3%
Quebec	6,000	0.2%	0.2%	0.5%	0.2%
Saskatchewan	4,610	0.3%	0.0%	1.1%	1.1%
	34,517	0.8%	1.7%	3.1%	3.7%

On a sequential basis, stabilized revenues reported in the fourth quarter of 2014 increased slightly by 0.8% over Q3 2014, increased by 1.7% compared to Q2 2014, increased 3.1% compared to Q1 2014 and increased by 3.7% compared to Q4 2014. The Trust strives toward balancing the optimum level of rental incentives and occupancy rates in order to achieve its net operating income optimization strategy.

Estimated Loss-to-Lease Calculation

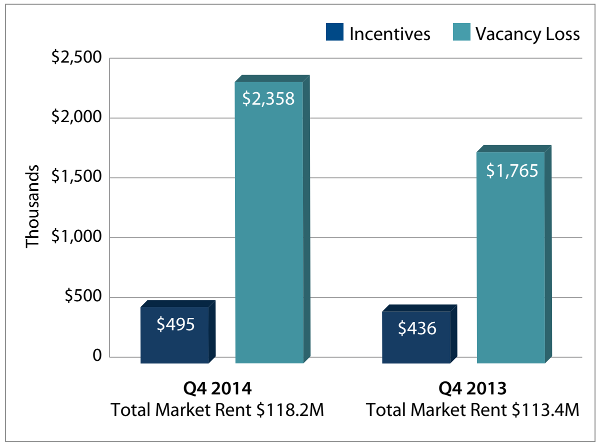
Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents in December 2014, and adjusted for current occupancy levels, totaled approximately $12.9 million on an annualized basis, representing $0.25 per Unit (Trust & LP B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than twelve months. On physical turnover, the rental units are then re-leased directly at current market rent. If market rents are increasing and a Boardwalk Resident Member wishes to renew and he or she is able to demonstrate real financial hardship at the end of the lease agreement, the Trust's self-imposed rent control and Rental Increase Forgiveness program will reduce rental increases as appropriate, recognizing the long term benefits of such goodwill. By providing sustainable rental increases to our Resident Members, the Trust and all its Stakeholders have historically benefited from lower turnover, reduced expenses, and higher 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 Store	December 2014 Occupied Rent [1]	December 2014 Market Rent [1]	Mark to Market Per Month	Annualized Mark to Market Adjusted for Current Occupancy levels ($000's)	Weighted Average Apartment Units	% of Portfolio
Calgary	$ 1,370	$ 1,453	$ 83	$ 5,375	5,419	16%
Edmonton	$ 1,272	$ 1,299	$ 27	$ 3,865	12,396	36%
Fort McMurray	$ 1,899	$ 1,822	$ (77)	$ (339)	352	1%
Grande Prairie	$ 1,054	$ 1,094	$ 40	$ 302	645	2%
Red Deer	$ 1,040	$ 1,078	$ 38	$ 432	939	3%
Alberta Portfolio	$ 1,292	$ 1,333	$ 41	$ 9,635	19,751	58%
Saskatchewan [2]	$ 1,160	$ 1,203	$ 43	$ 2,272	4,610	13%
Ontario	$ 838	$ 846	$ 8	$ 392	4,265	12%
Quebec	$ 1,013	$ 1,022	$ 9	$ 595	6000	17%
Total Portfolio	$ 1,170	$ 1,202	$ 32	$ 12,894	34,626	100%

(1) Ancillary rental revenue is included in the calculation of market and occupied rent

(2) Saskatchewan market rent now includes an increase for cable and internet service

The amount reported as mark-to-market of $32 per month represents 2.7% of December 2014 occupied rent, an amount which is realistically attainable at lease maturity. The decrease in the loss-to-lease for our portfolio, from $14.8 million at December 2013 to $12.9 million at December 2014, was due primarily to a slowing growth rate in market rents, particularly in Calgary and Edmonton, thus decreasing the spread between occupied and market rents.



In fiscal 2014, the Trust was able to increase market rents on specific properties by reducing incentives while maintaining high occupancy levels. As with prior periods, Boardwalk REIT continues 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.

As was previously mentioned, given a softening of the rental markets and the impact uncertainty resulting from lower oil prices, Boardwalk's continued focus is on increasing occupancy in the short term by offering various suite-specific incentives in exchange for longer-term leases.

Investing In Our Properties

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

FINANCING COSTS

Financing costs for the year ended December 31, 2014 increased from the same period in the prior year, from $88.8 million to $92.0 million, directly as a result of the special distribution related to the LP Class B units. Should this special distribution of $6.3 million, or $1.40 per unit, be removed, financing costs decreased from $88.8 million to $85.7 million, the combined effect of the Trust being able to renew maturing mortgages at interest rates substantially below the noted maturing rates and the reduction in mortgages outstanding during the year. At December 31, 2014, the reported weighted average interest rate of 3.34% was down from the weighted average interest rate of 3.46% at December 31, 2013. Boardwalk REIT has continued to take advantage of historically low interest rates to refinance and renew certain mortgages, resulting in a lower overall weighted average interest rate. The average term to maturity of the Trust's mortgage portfolio is approximately 4.1 years. Given the continued low interest rates forecasted for 2015, this average term is expected to increase in subsequent periods as the Trust continues to renew maturing mortgages for significantly longer terms, ranging from 5 to 10 years with an emphasis in the longer end of this range.

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

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

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

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

At December 31, 2014, approximately 99% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 30 years.

As was previously noted, the adoption of IFRS has also had an impact on the amount of financing costs reported on the Trust's Consolidated Statement of Comprehensive Income. As a result of the Trust's LP Class B Units being classified as financial liabilities in accordance with IAS 32, the corresponding distributions paid to the Unitholders are classified as financing costs under IFRS. The Trust believes these distribution payments do not truly represent "financing charges" as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. The total amount of distributions paid to the LP Class B Unitholders for the year ended December 31, 2014, which have been recorded as financing charges, was $15.4 million ($8.8 million – December 31, 2013). 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 year. The total amount of interest income earned for the current year was $2.0 million, compared to $1.9 million in the prior year.

Interest Rate Sensitivity

Although Boardwalk REIT manages its financing risk in a variety of ways, as discussed later in the MD&A, it is important the reader understands how significant interest rate changes could impact the Trust as a whole. Due to the size of Boardwalk's overall mortgage portfolio, it has been prudent to spread out the maturity of these mortgages over a number of years. In fiscal 2015, the Trust anticipates having approximately $427 million of secured mortgages maturing with a weighted average rate of 3.66%. If we were to renew these mortgages today with a new 5-year term, we estimate, based upon interactions with possible lenders, the new rate would be approximately 1.50% (as of February 19, 2015), resulting in an estimated $9.2 million potential annualized reduction in interest expense in our soon-to-mature mortgages.

ADMINISTRATION

Included in administration expenses are costs associated with Boardwalk REIT's centralized administrative functions. The amount reported for the year ended December 31, 2014, which relates to corporate administration from continuing operations, was $33.7 million, compared to $32.2 million for the same period in the prior year, an increase of approximately 4.8%. The increase is primarily due to higher wages and salaries and Associate transition payments in the current year compared to 2013.

For the year ended December 31, 2014 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 and corporate, were $57.4 million for the year ended December 31, 2014, compared to $55.4 million for the same period in the prior year. The increase in total administration costs of approximately $2.0 million, or approximately 3.6%, was primarily the result of higher wages and salaries and Associate transition payments. The allocation of administration expenses between corporate and operating general and administration costs has not been materially impacted by the Trust's adoption of IFRS standards. The transition payments relate to a short term program that allowed for team Associates that met select criteria to elect a retirement package. The amount included for this in the 2014 financial statements was $1.6 million or $0.03 per Trust Unit.

DEPRECIATION AND AMORTIZATION

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

Depreciation of property, plant and equipment

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

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.

For the year ended December 31, 2014, no deferred financing costs were written off due to the term maturity and payout of mortgages in Boardwalk's secured debt portfolio.

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

The total amount reported as depreciation and amortization for the year ended December 31, 2014, was $11.9 million, which was consistent with the $11.9 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 Income Tax Act (Canada) (the "Tax Act"). The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation") and the criteria for qualifying for the real estate investment trust exemption (the "REIT Exemption"), which would exempt Boardwalk REIT from income tax under the SIFT Legislation. For 2013 and 2014, the Trust qualified for the REIT Exemption.

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

LP Class B Units and the Deferred Unit Compensation Plan

The LP Class B Units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at December 31, 2014, the Trust used a price of $61.54 based on the closing price of the TSX-listed Boardwalk REIT Trust Units to determine the fair value of these financial liabilities at that date. The total fair value of these units recorded on the Consolidated Statements of Financial Position at December 31, 2014, was $275.4 million, and a corresponding fair value loss of $7.6 million (year ended December 31, 2013 – fair value gain of $20.9 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2014.

The deferred unit-based compensation plan had a fair value of $7.8 million, and a corresponding fair value loss of $1.1 million (year ended December 31, 2013 – fair value loss of $0.3 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2014.

FINANCIAL CONDITION

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

Operating Activities

Cash Flow from Operations

Boardwalk REIT prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") and with the recommendations of the Real Property Association of Canada ("REALpac"). REALpac has adopted measurements called Funds From Operations and Adjusted Funds From Operations to supplement profits or earnings as measures of operating performance. These measurements are considered to be meaningful and useful measures of real estate operating performance. Boardwalk REIT's presentation of FFO and AFFO 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 and AFFO do not represent cash flow from operations as defined by IFRS. Boardwalk REIT considers FFO and AFFO to be appropriate measurements 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 and AFFO should be considered in conjunction with profit as presented in the audited consolidated financial statements. Boardwalk REIT's computation of FFO from profit is highlighted above in the section titled, "FFO Reconciliations". Boardwalk REIT's computation of AFFO from FFO is highlighted below In the section titled, "Maintenance of Productive Capacity".

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

FFO Reconciliation *In $000's, except per unit amounts*	**12 months 2014**	12 months 2013	% Change
Cash flow from operating activities	**$ 173,568**	$ 170,107	
Adjustments			
Operating working capital	**(348)**	(3,361)	
Deferred financing amortization	**(7,364)**	(7,825)	
Government grant earned	**378**	32	
Add back distributions to LP Class B Units recorded as financing charges (1)	**15,372**	8,838	
Interest paid	**86,196**	89,211	
Financing costs	**(91,977)**	(88,818)	
Funds from operations	**$ 175,825**	$ 168,184	4.5%
Funds from operations – per unit	**$ 3.37**	$ 3.21	5.0%

(1) Under IFRS, the LP Class B Units are considered financial instruments in accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"). As a result of this classification, their corresponding distribution amounts are considered "financing charges" under IFRS. The Trust believes these distribution payments do not truly represent "financing charges", as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. Therefore, these distributions are excluded from the calculation of FFO, consistent with the treatment of distributions paid to all other Unitholders.

The reader is cautioned that Boardwalk REIT's calculation of FFO may be different from other real estate corporations or REITs and, as such, a straight comparison may not be warranted. For the fiscal year ended December 31, 2014, Boardwalk REIT reported total FFO of $175.8 million, or $3.37 per fully diluted Trust Unit. This represented an increase of approximately 4.5% and 5.0%, respectively, compared to the $168.2 million, or $3.21 per fully diluted Trust Unit, reported for fiscal 2013. The increase is primarily due to rental revenue growth and interest expense savings.

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 fiscal 2014, the Trust declared regular distributions of $106.3 million to its Trust and LP Class B Unitholders, in addition to a special distribution of $72.8 million to Unitholders on record as at December 31, 2014, compared to $103.4 million for fiscal 2013. Regular distributions declared in 2014 represented a FFO payout ratio of 60.5% compared to 61.5% for the prior year. Regular distributions declared in 2014 also represented approximately 61.2% of cash flow from operating activities compared to 60.8% for 2013. As regular distributions are funded by the Trust's fund and cash flow from operations, these regular distributions appear sustainable in the foreseeable future.

As noted earlier, the cash required to fund the special distribution of $72.8 million came directly from the net proceeds on the sale of non-core properties in 2014 and will not affect the sustainability of the Trust's regular distributions.

Financing of Revenue Producing Properties

During the year ended December 31, 2014, the refinancing of existing properties totaled approximately $9.8 million versus $68.4 million for the year ended December 31, 2013. During the financing and refinancing process, Boardwalk REIT was able to decrease the weighted average interest rate on its mortgage portfolio from 3.46% at December 31, 2013 to 3.34% at December 31, 2014.

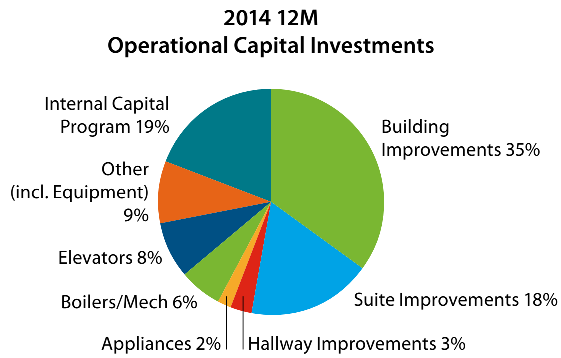
Acquisitions

There were no new property acquisitions in 2014 and 2013.

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 (that is, free hold versus land lease) and type of construction. As required under IFRS, on acquisition, an analysis is performed on the mortgage debt assumed, if any. The analysis focuses on the interest rates of the debt assumed. If it is determined that the in-place rates are materially below or above market rates, an adjustment is made to the book cost of the recorded asset. No mortgages were assumed in 2014 and 2013 and, therefore, no adjustment for fiscal 2014 or 2013 was made.

Capital Improvements

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



In 2014, Boardwalk REIT invested approximately $89.4 million, continuing and discontinued operations combined (comprised of $80.2 million on its stabilized investment properties, $2.0 million on development properties and $7.2 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 $96.5 million ($73.8 million on its stabilized investment properties, $15.5 million on development properties and $7.2 million property, plant and equipment) invested in 2013. The amount of this investment will vary from year-to-year.

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 $16.7 million of on-site wages and salaries that have been incurred towards these projects for 2014, compared to $17.8 million for 2013.

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 'stabilizing and value enhancing capital expenditures'.

Maintenance capital expenditures are funded from operating cash flows. These expenditures are deducted from FFO in order to estimate a sustainable amount, called Adjusted Funds From Operations, that can be distributed to Unitholders. Maintenance capital expenditures include those expenditures that are not considered betterments, and relate more to maintaining the existing earnings capacity of our property portfolio. In contrast, stabilizing and 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 $000's, except for per suite amounts	**12 Months Dec 31, 2014**	**Per Suite**	12 Months Dec 31, 2013	Per Suite
Maintenance Capital Expenditures	**$ 16,571**	**$ 475**	$ 16,757	$ 475
Stabilizing & Value Enhancing Capital (excluding Property, Plant & Equipment)	**$ 63,657**	**$ 1,825**	$ 57,068	$ 1,618
	$ 80,228	**$ 2,300**	$ 73,825	$ 2,093

Items reported as capital are determined as investments in assets that have a useful life longer than the current reporting period. Management has estimated that for fiscal 2014 and 2013, the amount allocated to maintenance capital was approximately $16.6 million, or $475 per apartment unit, and $16.8 million, or $475 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $63.7 million and $57.1 million, respectively, or $1,825 and $1,618 per apartment unit.

The amount allocated to maintenance capital in 2014 was approximately $16.6 million, or $475 per apartment unit, which is consistent with the $475 per apartment unit in 2013.

If we compare the funds generated by the Trust after adjusting for the required maintenance capital expenditures, we note the Trust is currently paying out an estimated 60.5% of reported FFO and 66.7% of AFFO for the year ended December 31, 2014, compared to 61.5% and 68.3%, respectively, for the previous year. The Trust feels that in addition to FFO, AFFO is an important measure of economic performance. As an alternate measure to FFO, AFFO is indicative of the Trust's ability to pay distributions to its Unitholders. AFFO is a non-GAAP measure which does not have a standard meaning as defined by IFRS and, therefore, it may not be comparable to AFFO as presented by other entities.

(000's)	**12 months Dec 31, 2014**	12 months Dec 31, 2013
Funds From Operations (FFO)	**$ 175,825**	$ 168,184
Maintenance Capital Expenditures	**$ 16,571**	$ 16,757
Adjusted Funds From Operations (AFFO)	**$ 159,254**	$ 151,427
AFFO per unit (Trust and LP B Units)	**$ 3.05**	$ 2.89
Unitholder Distributions – Regular (Trust Units and LP B Units)	**$ 106,286**	$ 103,409
Distribution as a % of FFO	**60.5%**	61.5%
Distribution as a % of AFFO	**66.7%**	68.3%

Maintenance capital expenditures for our income-producing properties are dependent upon many factors, including, but not limited to, the number of suites, age and location of our properties, and the Trust's policy of ongoing investment, resulting in safe and desirable apartments for its Resident Members and Associates.

REVIEW OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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 follow:

Date	Number of properties	Aggregate fair value	Percentage of portfolio as of that date
December 31, 2014	5	$ 524,041	9.1%
September 30, 2014	4	$ 348,154	6.0%
June 30, 2014	4	$ 102,104	1.8%
March 31, 2014	4	$ 105,282	1.8%

Date	Number of properties	Aggregate fair value	Percentage of portfolio as of that date
December 31, 2013	7	$ 779,487	13.6%
September 30, 2013	7	$ 217,022	3.8%
June 30, 2013	6	$ 211,895	3.8%
March 31, 2013	7	$ 178,609	3.2%

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

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

As at	**December 31, 2014**			December 31, 2013		
	Capitalization rate		**Forecasted total standardized net operating income**	Capitalization rate		Forecasted total standardized net operating income
	Minimum	**Maximum**		Minimum	Maximum	
Calgary	**4.50%**	**6.00%**	**$ 63,743**	4.75%	6.00%	$ 60,110
Edmonton	**5.00%**	**5.50%**	**126,363**	5.00%	5.50%	121,623
Other Alberta	**5.75%**	**7.25%**	**20,643**	5.75%	7.25%	20,497
Vancouver	**–%**	**–%**	**–**	4.75%	5.25%	6,195
Kitchener	**5.50%**	**5.50%**	**1,754**	5.50%	5.50%	1,754
London	**5.75%**	**6.00%**	**10,875**	5.75%	6.00%	11,145
Windsor	**6.50%**	**7.00%**	**6,814**	6.50%	7.00%	7,068
Montreal	**5.50%**	**6.25%**	**5,510**	5.50%	6.25%	5,348
Quebec City	**5.75%**	**6.25%**	**9,926**	5.75%	6.25%	9,980
Regina	**5.75%**	**6.00%**	**23,118**	5.75%	6.00%	23,156
Saskatoon	**5.75%**	**6.00%**	**19,675**	5.75%	6.00%	19,569
	4.50%	**7.25%**	**288,421**	4.75%	7.25%	286,445
Land Lease	**5.25%**	**15.09%**	**$ 28,055**	5.25%	13.49%	$ 28,337

Overall portfolio weighted average capitalization rates was 5.48% as at December 31, 2014 and 2013.

The "Overall Capitalization Rate" method requires a forecasted stabilized net operating income ("NOI") be divided by a capitalization rate ("cap rate") to determine a fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. As such, fluctuations in both NOI and cap rates could significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase In capitalization rate will result in a decrease to the fair value of an investment property. When the capitalization rate is applied to NOI to calculate fair value, there is a significant impact whereby the lower the capitalization rate, the larger the impact. Below are tables that summarize the sensitivity impact of changes in both cap rates and NOI on the Trust's fair value of its investment properties (excluding development) as at December 31, 2014 and December 31, 2013:

As at December 31, 2014 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 306,982	$ 313,311	$ 316,476	$ 319,641	$ 325,970
Capitalization Rate						
-0.25%	5.23%	$ 94,522	$ 215,545	$ 276,057	$ 336,569	$ 457,592
Cap Rate As Reported	5.48%	(173,253)	(57,751)	5,775,111	57,751	173,253
+0.25%	5.73%	(417,662)	(307,200)	(251,968)	(196,737)	(86,274)

As at December 31, 2013 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 305,339	$ 311,635	$ 314,782	$ 317,930	$ 324,226
Capitalization Rate						
-0.25%	5.23%	$ 94,016	$ 214,392	$ 274,580	$ 334,767	$ 455,143
Cap Rate As Reported	5.48%	(172,326)	(57,442)	5,744,205	57,442	172,326
+0.25%	5.73%	(415,427)	(305,556)	(250,620)	(195,684)	(85,812)

Investment properties with a fair value of $480.0 million as at December 31, 2014 ($488.4 million – December 31, 2013) are situated on land held under ground (or land) leases.

Investment properties with a fair value of $670.0 million as at December 31, 2014 (December 31, 2013 – $654.8 million) are pledged as security against the Trust's committed revolving credit facility. In addition, investment properties with a fair value of $5.3 billion as at December 31, 2014 (December 31, 2013 – $5.3 billion) are pledged as security against the Trust's mortgages payable.

For the year ended December 31, 2014, including discontinued operations, the Trust capitalized $80.2 million in building improvements (and $2.0 million in development expenditures) and recorded a fair value gain of $104.1 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 twelve 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

In the past, the development of multi-family apartment units by the Trust was not a significant part of its overall strategy. The main reason was due to management's opinion that the anticipated return on development was far below other available risk adjusted capital allocation alternatives, such as the acquisition of existing apartment units in the Trust's target markets and/or the buyback of Trust Units for cancellation. Over the last number of years there has been a change in the multi family apartment environment in Canada. Over 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 in Canada.

With this increase in the market value of apartments, there has been a significant decrease in the expected returns from the above noted allocation alternatives to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land the Trust currently owns. Accordingly, the Trust pursued new apartment development on some of its excess density. In 2012, the Trust received development approval from the City of Calgary in Alberta, Canada, and commenced construction of a 109-unit four storey, elevatored, wood frame building in the Southwest part of the city. The development was substantially completed on November 7, 2013 and an Occupancy Permit allowing Boardwalk to commence the lease-up of the units was issued by the City of Calgary for the project. The project was completed on time and within budget totaling approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. As at December 31, 2014, all of the $7.5 million was received by the Trust. In return for this grant, the Trust has agreed to classify 54 of the 109 units as 'affordable', with market rents set at 10% below average market rates for Calgary for a term of 20 years. The remainder of the approximate $11.5 million development funds required came from Boardwalk's cash on hand. We estimated the stabilized capitalization rate on this project to be between 6.5% and 7.0%, including an estimated allocation of $4.25 million, or $39 thousand per apartment unit, for the excess land allocated to this project. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents. For the year ended December 31, 2014, $378 thousand (December 31, 2013 – $32 thousand) was recognized in profit under rental revenue for this grant.

In October of 2014, the Trust commenced the first phase of construction for a 79-unit building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The Trust executed a fixed-price construction contract with an estimated cost to complete of approximately $14.1 million, or $178,000 per door. The four-story, wood frame building will consist of 13 one-bedroom and 66 two-bedroom units. Stabilized capitalization rate is estimated to be between 6.0% and 6.5%, excluding land. Internally, we have valued the land at approximately $12,000 per door. The building is estimated to be completed in Q1 2016.

It is our intention to continue to investigate further development opportunities, particularity in Alberta and Saskatchewan; 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. The Trust currently mitigates this risk by avoiding leverage and using cash on hand for new development and undertaking development as a small part of Boardwalk's overall strategy.

For the year ended December 31, 2014, the Trust expended $2.0 million on total development costs compared to $15.5 million for the prior year.

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 FFO. However, in common with the majority of real estate entities, we rely 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. In volatile times, the ability to access this product was very beneficial to the Trust as a whole.

The Trust's current liquidity position remains stable as the following table highlights:

($000)	
Cash position December 31, 2014	$ 139,564
Special Distribution January 15, 2015	72,794
Net cash position	66,770
Committed Revolving Credit Facility Available	$ 195,836
Total Available Liquidity	$ 262,606

Note that the total available liquidity of the Trust was reduced by approximately $72.8 million as a result of the special distribution declared for Trust and LP Class B Unitholders on record as at December 31, 2014 and paid January 15, 2015.

In addition to this, the Trust currently has 3,058 rental apartment units of unencumbered assets, of which 855 units are pledged against the Trust's committed revolving credit facility. It is estimated under current CMHC underwriting criteria, that the Trust could obtain an additional $270.1 million of new proceeds from the financing of its current unencumbered assets.

Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance. Maturing mortgages already have commitments at interest rates lower than their existing (maturing) interest rates.

The reader should also be aware that of the $427.4 million of secured mortgages coming due in 2015 (as shown in the table below), all have NHA insurance, and represent in aggregate approximately 47% of current estimated "underwriting" values on those individual secured assets. Currently, interest rates on NHA insured mortgages are slightly below the weighted average interest rate of the $427.4 million maturing mortgages of 3.66%. 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 this risk, the Trust has forward locked or renewed $137.3 million, or 32%, of its $427.4 million of 2015 mortgage maturities. The weighted average contracted interest rate on these renewals is 2.18%, for an average term of 7 years. These forward locked and renewed mortgages represent an annualized interest savings of approximately $3.0 million.

Mortgages Schedule

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

Total mortgages payable (net of unamortized transaction costs) on December 31, 2014, were $2.17 billion, compared to $2.26 billion reported on December 31, 2013.

Boardwalk REIT's overall weighted average interest rate on its long-term debt has decreased from the prior year. The weighted average interest rate on December 31, 2014, was 3.34% compared to 3.46% on December 31, 2013. 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, 2014	Weighted Average Interest Rate By Maturity	% of Total
2015	$ 427,357	3.66%	19.0%
2016	264,455	3.89%	11.8%
2017	309,019	2.92%	13.8%
2018	176,823	3.27%	7.9%
2019	410,292	3.00%	18.3%
2020	84,160	3.86%	3.7%
2021	55,463	3.67%	2.5%
2022	221,639	3.37%	9.9%
2023	185,016	3.01%	8.2%
2024	93,651	3.37%	4.2%
2025	15,755	3.10%	0.7%
Total Principal Outstanding	$ 2,243,630	3.34%	100.0%
Unamortized Deferred Financing Costs	$ (74,131)		
Per Financial Statements	$ 2,169,499		

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, 2014 and December 31, 2013, based on the most recently four completed fiscal quarters.

As at	**December 31, 2014**	December 31, 2013
Consolidated EBITDA	**$ 260,531**	$ 257,827
Consolidated Interest Expense	**77,341**	81,813
Interest Coverage Ratio	**3.37**	3.15
Minimum Threshold	**1.50**	1.50

For the year ended December 31, 2014, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value gains and losses, was 3.37, compared to 3.15 for the previous year. The reader should note upon the adoption of IFRS standards, the distributions made to the LP Class B Unitholders are now considered financing charges and is the result of the reclassification of these units as financial liabilities. The calculation of the interest coverage ratio above does not include these distribution payments in the calculation of interest expense.

Unitholders' Equity

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

Summary of Unitholders' Capital Contributions	Units
December 31, 2012	47,851,667
Units issued for vested deferred units	68,297
December 31, 2013	47,919,964
Units issued for vested deferred units	73,089
Units purchased and cancelled	(472,100)
December 31, 2014	**47,520,953**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at December 31, 2014, there were 47,520,953 REIT Units issued and outstanding. In addition, there were 4,475,000 special voting units issued to holders of "Class B Units" of Boardwalk REIT Limited Partnership ("LP B Units"), each of which also has a special voting unit in the REIT. Each LP B Unit is exchangeable for a REIT Unit on a one-for-one basis at the option of the holder. Each LP B Unit, through the special voting unit, entitles the holder to one vote at any meeting of Unitholders. Accordingly, if all of the LP B Units were exchanged for REIT Units, the total issued and outstanding REIT Units would be 51,995,953. 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.

In 2013, the Trust received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase and cancel up to 3,894,712 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced July 3, 2013 and terminated July 2, 2014. The Trust's daily purchase limit pursuant to the Bid was 22,289 Trust Units.

On June 30, 2014, the Trust received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase and cancel up to 3,901,031 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced July 3, 2014, and terminates July 2, 2015, or when the Bid is completed. The Trust's daily purchase under this Bid will be limited to 15,449 Trust Units.

During 2014, the Trust purchased and cancelled 472,100 Units at an average purchase cost of $67.01 per Trust Unit.

Equity

Boardwalk has an equity market capitalization of approximately $3.2 billion based on the Trust Unit closing price of $61.54 on the Toronto Stock Exchange on December 31, 2014.

Enterprise Value

With a total enterprise value of approximately $5.4 billion (consisting of total debt of $2.2 billion and market capitalization of $3.2 billion) as at December 31, 2014, Boardwalk's total debt is approximately 40% of total enterprise value at the end of the year.

RISKS AND RISK MANAGEMENT

Boardwalk REIT, like most real estate rental entities, is exposed to a variety of risk areas. These areas are categorized between general and specific risks. General risks are the risks associated with general conditions in the real estate sector, and consist mainly of commonly exposed risks that affect the real estate industry. Specific risks focus more on risks uniquely identified with the Trust, such as credit, market, liquidity and operational risks. The following will address each of these risks. In addition, this section should be read in conjunction with the Trust's AIF dated February XX, 2015, 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. Currently, we operate in Canada, in the provinces of Alberta, Saskatchewan, Ontario and Quebec. Neither of Alberta and 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.

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. Each operating lease signed is 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 recent drastic drop in oil prices, the risk of a downturn in the economy has dramatically increased. A disruption in the economy could have a significant impact on how much space tenants will lease and the rental rates paid by tenants. This would affect the income produced by our properties as a result of downward pressure on rents. [Need to Update for recent drop in oil price]

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.

Ground Lease Risk: Five of our properties, located in Banff, Calgary, Edmonton, and two in Montreal, are subject to long-term ground (or land) leases and similar arrangements; in each instance, the underlying land is owned by a third party and leased to the Trust. Under the terms of a typical ground lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. These leases are set to expire between 2028 and 2095. Approximately 10% of the Trust's FFO derives from the properties in its portfolio which 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, is also subject to a rent revision clause, which commenced on December 1, 2008 (based on a valuation date of March 16, 2008). It is phased in on a property-by-property basis through to 2015, and is based on 75% of the land value in its current use. After that revision, the land rent will remain constant thereafter through to 2064. An event of default by us, under the terms of a ground lease, could also result in a loss of the property, subject to such ground lease, should the default not be rectified in a reasonable period of time. The Trust is not aware of any default under the terms of the ground leases.

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

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

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

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

Workforce Availability

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

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

SPECIFIC RISKS

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

For us, one of the key credit risks involves the possibility that our Resident Members will be unable or unwilling to fulfill their lease term commitments. Due to the very nature of the multi–family business, credit risk is not deemed to be very high. The Trust currently has 34,626 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 Member 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).*

With the current world economic and financial situation, there is a heightened risk that not only will existing maturing mortgages be subject to increased interest rate changes but also the distinct possibility that maturing mortgages will themselves not be able to be renewed, or, if they are, they will be at significantly lower loan to value ratios. 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 that 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.

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 that 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 twelve months by no more than the "guideline amount" established by regulation. For the calendar years 2013 and 2014, the guideline amounts have been established at 2.5% and 0.8%, respectively, and for 2015 the guideline amount has been set at 1.6%. 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. 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.

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 2015 this return is 2.9% compared to 2.6% for 2014, 2.6% for 2013 and 2.9% for 2012), 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 1st, 2015 and before April 2nd, 2016, before any consideration for increases to municipal and school taxes as well as capital expenditures, are: 1.0% for electricity heated dwellings, 1.8% for gas heated dwellings, 1.4% for oil heated dwellings and 0.6% for non-heated dwellings.

Presently, rent control legislation does not exist in, and is not planned for, Alberta or Saskatchewan, although in April of 2007, the province of Alberta amended its existing rental legislation the details of which will be discussed in more detail later in this document.

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 Property 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. Any significant increase in these resource costs that Boardwalk REIT cannot pass on to the Customer may have a negative material impact on the Trust. To mitigate this risk, the Trust has begun to play a more active role in controlling the fluctuation and predictability of this risk. Through the combined use of financial instruments and resource contracts with varying maturity dates, exposure to these fluctuations has been reduced. In addition to this, the following steps have been implemented:

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

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

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

CERTAIN TAX RISKS

Mutual Fund Trust Status

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

In accordance with the Income Tax Act (Canada) (the "Tax Act"), for fiscal 2013 and 2014, the Trust qualified as a real estate investment trust ("REIT") for income tax purposes and, as such, was exempted from the specified investment flow-through rules (the SIFT Rules").

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

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

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

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

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

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

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

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

Existing Tax Filing Positions

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

Since the Partnership acquired the relevant properties on a tax-deferred basis, its tax cost in certain properties may be less than their fair market value. Accordingly, if one or more properties are disposed of, the gain recognized by the Partnership may be in excess of that which it would have realized if it had acquired the properties at their fair market values. Immediately prior to the Plan of Arrangement becoming effective, the Corporation transferred the Contributed Assets to the Partnership and received, as consideration therefore, (i) an assumption of all of the indebtedness of the Corporation associated with the Contributed Assets (other than the Retained Debt), (ii) the LP Note, and (iii) a credit to the capital accounts in respect of each of the LP Class B Units and the LP Class C Units, all of which were owned at that time by the Corporation. See "Overview of the Acquisition and the Arrangement Replacing the Corporation as a Public Entity with Boardwalk REIT – Pre-Arrangement Reorganization" in the AIF dated February XX, 2015. The transfer and contribution were effected as a "rollover" under subsection 97(2) of the Tax Act, and the Corporation, based on the advice of legal counsel, is of the view that there is no income tax payable in connection therewith. There can be no assurance that the CRA will not take a contrary view; however, the Corporation has been advised by counsel that, in such event, the CRA would not be successful. If, contrary to this, the CRA successfully challenges the rollover, income tax may be payable by the Corporation in connection with the transfer and contribution of the Contributed Assets at the applicable tax rate on the value of the capital contribution in respect of the LP Class C Units. The Partnership has agreed to indemnify the Corporation for all liabilities incurred by it in connection with the Acquisition and the Arrangement, including the transfer and contribution of the Contributed Assets to the Partnership and any associated tax that might be payable by the Corporation in respect thereof. See "Overview of the Acquisition and the Arrangement replacing the Corporation as a Public Entity with Boardwalk REIT – Ancillary Agreements in Connection with the Arrangement" in the AIF dated February XX, 2015. The amount of such indemnification would be significant and have a material adverse effect on the amount of distributable cash of the Partnership and, consequently, on the distributions of Boardwalk REIT.

RISKS ASSOCIATED WITH DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

ACCOUNTING AND CONTROL MATTERS

CRITICAL ACCOUNTING POLICIES

The Trust adopted IFRS as its basis of financial reporting, effective January 1, 2011. The significant accounting policies adopted by the Trust are included in Note 2 of the notes to the audited Consolidated Financial Statements for the year ended December 31, 2014.

These statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and with the recommendations of the Real Property Association of Canada ("REALpac"). In applying these policies, in certain cases, it is necessary to use estimates and judgments. In determining estimates, management uses the information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness. Any change to these estimates is applied prospectively in compliance with IFRS. We believe that the application of judgments and assessments is consistently applied and produces financial information that fairly depicts the results of operations for all periods presented. Boardwalk REIT considers the following policies to be critical in determining the judgments that are involved in the preparation of the consolidated financial statements and the uncertainties that could affect the reported results.

(a) Investment properties

Investment properties consist of multi-family residential properties held to earn rental income, 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. Cost includes all amounts relating to the acquisition (excluding transaction costs related to a business combination) 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 amounts that are internal amounts, 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 International Accounting Standard ("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.

Any directly attributable costs incurred on investment properties under development are capitalized. Such costs include direct development costs, property taxes and other costs directly attributable to the development. These costs are directly related to the construction of a qualifying asset and will be incurred and capitalized until such time that substantially all of the activities required to prepare the qualifying asset for its intended use are complete.

Properties owned by the Trust where a significant portion of the property is used for administrative purposes by the entity 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 the 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.

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 (loss). Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Excess land represents land owned by the Trust located contiguous to land included as Investment Property. The Trust has the ability to develop additional multi-family residential buildings on this land or sell it separately from the Investment Property at a later date. Excess land is held for capital appreciation and is, therefore, 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) 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.

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 costs less accumulated depreciation and any accumulated impairment losses (see NOTE 2(h)). 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 tangible asset over its useful economic life. IAS 16 also requires that the cost and useful economic life of each significant component of a depreciable 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 depreciable 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 6)	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
Automobile	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

(c) 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, are recorded as an asset addition based on the purchase price.

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, if 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 classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, or IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss in the consolidated statement of comprehensive income.

When a business combination is achieved in stages, the Trust's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Trust obtains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date, and 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.

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

(ii) Discontinued operations

An asset or group of assets will be classified as a discontinued operation when it is a component of an entity that has either been disposed of or is classified as held for sale and represents a separate major line of business, it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or it is a subsidiary acquired exclusively with a view to resell. Profits and gains or losses related to the disposal of discontinued operations are measured based on fair value less cost to sell or on the disposal of the assets (or disposal groups) and are presented in the 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 does not constitute a major line of business, individual building sales are not treated as discontinued operations.

(e) 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 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, otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period (with the exception of goodwill), a reversal of the impairment loss is recorded in profit or loss. However, in accordance with IAS 36, 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.

(f) 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.

(g) Taxation

For fiscal 2013 and 2014, Boardwalk REIT was a "mutual fund trust" and qualified as a real estate investment trust ("REIT") as defined under the Income Tax Act (Canada) (the "Tax Act"). Accordingly, the Trust is not taxable on its income to the extent that 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.

Current tax

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities of corporate subsidiaries included 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.

(h) Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("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, 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.

(i) Unit-based payments

Equity-settled unit-based payments to employees and Trustees are measured at the fair value of the deferred unit at the grant date and expensed over the vesting period based on the Trust's estimate of the deferred units that will actually vest. At the end of each reporting period, the Trust revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss prospectively such that the cumulative expense reflects the revised estimate. In accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"), the deferred units are presented as a liability on the statement of financial position as the Trust is obliged to provide the holder with REIT Units once the deferred units vest. Under IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), the deferred units are classified as 'fair value through profit or loss' and are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Fair value of the deferred units is calculated based on the observable market price of Boardwalk REIT's Trust Units.

(j) 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, 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.

(k) 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.

(ii) Building sales

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

(iii) Interest income

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

(iv) Ancillary rental income

Ancillary rental income comprises revenue from coin laundry machines and income received from telephone and cable providers and is recorded as earned.

(l) Financial instruments and derivatives

Financial instruments and derivatives are accounted, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures ("IFRS 7"), IAS 32 and IAS 39. 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 into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. 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
FVTPL	Classified as FVTPL when the financial asset 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 selling 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 asset 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.
Held-to-maturity investments	Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity.	Measured at amortized cost using the effective interest method less any impairment. (1) (2)
Available-for-sale	Non-derivative financial assets that either are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.	Measured at fair value through other comprehensive income.
Loans and receivables	Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.	Measured at amortized cost using the effective interest method less any impairment. (1) (2)

(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 assessed for indicators of impairment at the end of each reporting period. Generally, the carrying amount of the financial asset is reduced by the impairment loss.

Boardwalk REIT's financial assets are as follows:

Financial asset	Classification	Measurement
Trade and other receivables	Loans and receivables	Amortized cost
Segregated tenants' security deposits	Loans and receivables	Amortized cost
Cash	Loans and receivables	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 as either financial liabilities 'at FVTPL' or 'other financial liabilities'. 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.
Other financial liabilities	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	Measurement
Mortgages payable	Other financial liabilities	Amortized cost
LP Class B Units	FVTPL	Fair value
Deferred unit-based compensation	FVTPL	Fair value
Refundable tenants' security deposits	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	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. Further details of derivative financial instruments are disclosed in NOTE 13 and NOTE 27. 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, 2014 and December 31, 2013, the Trust had no embedded derivatives requiring separate recognition.

(m) Hedge accounting

The Trust applies hedge accounting to derivative financial instruments in cash flow hedging relationships. At the inception of the hedging relationship, the Trust documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at inception of the hedge and on an ongoing basis, the Trust documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

In cash flow hedging relationships, the effective portion of the change in the fair value of the hedging derivative is recognized in the consolidated statement of comprehensive income as other comprehensive income ("OCI") while the ineffective portion is recognized immediately in profit or loss. Hedging gains and losses previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of comprehensive income as the recognized hedged item.

Hedge accounting is discontinued when the Trust revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in OCI, and accumulated in equity at that time, remains in equity, and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(n) Cash and cash equivalents

Cash is comprised of bank balances, interest-earning bank accounts and term deposits not greater than 90 days.

(o) Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see 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 in identifying the temporary differences in each 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 the consolidated financial statements. The Trust makes judgments in determining whether certain leases, in particular, tenant leases, as well as leased warehouse space and long-term ground leases, which are considered leases under IFRS, and where the Trust is the lessor, are operating or finance leases. The Trust has determined that all of its leases are operating leases.

(iii) Investment property and internal capital program

The Trust's accounting policy relating to investment property is described in NOTE (a) 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 capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgment in the estimated amount of directly attributable to on-site wages relating to capital improvements and upgrades of its real estate assets to be capitalized.

(iv) Financial instruments

The Trust's accounting policies relating to financial instruments are described in the consolidated financial statements. Critical judgments inherent in these policies and related to applying the criteria set out in IAS 39 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 – Consolidated Financial Statements ("IFRS 10"). Judgment is applied in determining if an entity meets the criteria of control as defined in the accounting standard

(vi) Deferred unit-based compensation

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

(p) Key accounting estimates and assumptions

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

(i) Investment property

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 of the 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 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 6, and forecast 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 the specific upgrade.

(iv) Utility accrual

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 versus the tax basis of those assets and liabilities held in various corporate subsidiaries, and the tax rates at which the differences will be realized, are outlined in NOTE 16.

APPLICATION OF NEW AND REVISED IFRSs AND FUTURE ACCOUNTING POLICIES

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

(a) Application of new and revised IFRSs

In the current year, the Trust has applied a number of new and revised IFRSs issue by the IASB. The following highlights these changes and the effect, if any, on the Trust's consolidated financial statements.

Financial Instruments

Amendments were made to IAS 32, which clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement". These amendments did not have a significant impact on the Trust's consolidated financial statements, as the Trust does not have any financial assets and financial liabilities that qualify for offset.

Additionally, amendments were made to IAS 39, which provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. These amendments did not have an impact on the Trust.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The Trust does not have any investment entities, and as such these amendments did not have an impact on its consolidated financial statements.

IFRS Interpretation Committee 21 – Levies ("IFRIC 21")

Effective January 1, 2014, the Trust adopted IFRIC 21. Within IFRIC 21, a levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

(a) those outflows of resources that are within the scope of other standards (such as income taxes that are within the scope of IAS 12); and

(b) fines or other penalties that are imposed for breaches of the legislation.

'Government' refers to government, government agencies and similar bodies whether local, national or international. IFRIC 21 provides an interpretation for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21.

The adoption of IFRIC 21 did not have an impact on the Trust's consolidated financial statements.

Amendments to IAS 36 Impairment of Assets

The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Trust does not have an impaired assets, and as such these amendments did not have an impact on its consolidated financial statements.

(b) Future accounting policies

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

New or amended standards	Summary of requirements	Possible impact on consolidated financial statements
IFRS 9 – Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.	The Trust is assessing the potential impact on its consolidated financial statements but does not expect it to have a significant impact.
IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 – Revenue ("IAS 18"), IAS 11 – Construction Contracts and IFRIC 13 – Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted.	The Trust is assessing the potential impact on its consolidated financial statements.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements ("IFRS 11")	The amendments to IFRS 11 provide guidance on how to account for the acquisition on an interest in a joint operation in which the activities constitute a business combination as defined in IFRS 3. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The amendments to IFRS 11 apply prospectively for annual periods beginning on or after January 1, 2016.	The Trust is assessing the potential impact on its consolidated financial statements.

The following new or amended standards are not expected to have a significant impact or any impact on the Trust's consolidated financial statements:

- IFRS 14 – Regulatory Deferral Accounts
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Agriculture Bearer Plants (Amendments to IAS 16 and IAS 41 – Agriculture)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 – Employee Benefits)
- Equity method in Separate Financial Statements (Amendments to IAS 27)
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidated Exception (Amendments to IFRS 10, IFRS 12, and IAS 28)

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

The IASB has released the final amendments for the 2010-2012 and 2011-2013 annual improvement project with the majority of these amendments applying for annual periods beginning on or after July 1, 2014. Only those which may have a significant impact on the Trust are included below.

Standard	Details of amendment	Expected impact
2010-2012 Cycle		
IFRS 3 – Business Combinations	An obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or equity on the basis of the definitions in IAS 32. Non-equity consideration is measured at fair value at each reporting date, with changes recognized in the income statement.	The Trust will determine the impact of this amendment should a business combination occur.
2011-2013 Cycle		
IFRS 3 – Business combinations	The amendment clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself.	The Trust will determine the impact of this amendment should a business combination occur.
IAS 40 – Investment property	The amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists preparers to distinguish between investment property and owner-occupied property. IFRS 3 determines whether the acquisition of an investment property is a business combination.	The Trust will determine the impact of this amendment should the acquisition of an investment property occur.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Disclosure Controls and Procedures & Internal Control Over Financial Reporting

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

The preparation of this information is supported by a set of disclosure controls and procedures ("DC&P") implemented by management. In fiscal 2014, these controls and procedures were reviewed and the effectiveness of their design and operation was evaluated. This evaluation confirmed the effectiveness of both the design and the operation of disclosure controls and procedures as at December 31, 2014. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO") control framework (the "2013 Framework") adopted by the Trust and the requirements of National Instrument 52-109 of the Canadian Securities Administrators titled, Certification of Disclosure in Issuers' Annual and Interim Filings.

There were no changes made to our disclosure controls and procedures during the year ended December 31, 2014. Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining disclosure controls and procedures, as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

As at December 31, 2014, Boardwalk REIT confirmed the effectiveness of both the design and the operation of its internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements and information. Boardwalk REIT may, from time to time, make changes aimed at enhancing their effectiveness and ensuring that our systems evolve with our business. There were no changes made in our internal controls over financial reporting during the year ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2015 FINANCIAL OUTLOOK AND MARKET GUIDANCE

At the end of the third quarter of 2014, the Trust announced its financial outlook for the upcoming 2015 year. The following table highlights the key financial objectives for the 2015 fiscal year as well as our performance for the 2014 year.

Description	2015 Objectives	2014 Actual
Investment Properties	No new apartment acquisitions, dispositions or developments	Sold one project in Edmonton, Alberta, and all of its British Columbia assets. No new acquisitions or developments.
Stabilized Building NOI Growth	1% to 4%	2.5%
FFO Per Unit	$3.40 to $3.60	$3.37
AFFO Per Unit	$3.07 to $3.27	$3.05

In deriving these forecasts, we have adjusted for the treatment of the LP B Units to be treated as equity (versus debt under IFRS) and their related treatment of the distributions paid (which are classified as financing charges under IFRS). In addition, we are assuming no additional acquisition or disposition of properties.

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

In addition to the above financial guidance for 2015, the Trust has assumed the following capital will be reinvested in its existing portfolio for the 2015 fiscal year.

Capital Budget	**2015 Budget**	**Per Suite**	2014 Actual	Per Suite
Total Operational Capital Approved (including Property, Plant & Equipment)	**$ 98,837**	**$ 2,854**	$ 87,420	$ 2,506
Maintenance Capital	**$ 17,326**	**$ 500**	$ 16,571	$ 475
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	**$ 81,511**	**$ 2,354**	$ 70,849	$ 2,031
	$ 98,837	**$ 2,854**	$ 87,420	$ 2,506
Development Capital Approved	**$ 12,158**		$ 1,995	

In total, we expect to invest $98.8 million (or $2,854 per apartment unit) on operational capital in 2015 as compared to $87.4 million (or $2,506 per apartment unit) actually spent in 2014. Approximately $17.3 million, or $500 per apartment unit, will be in the form of maintenance capital and the balance of $81.5 million will be in stabilizing and value-added capital.

For 2015, the Trust has included a budget of $12.2 million allocated towards development, which in addition to determining the viability of development on various excess land the Trust currently owns, will be directed towards the completion of construction of the development at the Trust's Pines of Normanview project in Regina, Saskatchewan.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with "Management's Discussion and Analysis", the audited consolidated financial statements and accompanying notes for the years ended December 31, 2014 and 2013, and the unaudited interim consolidated financial statements of Boardwalk REIT and accompanying notes, both incorporated herein by reference.

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

Annual Comparative *Cdn$ Thousands, except per unit amount*	Twelve Months Ended **Dec 31, 2014**	 Dec 31, 2013
Total rental revenue	**473,245**	453,584
Profit	**246,791**	337,730
Funds from operations	**175,825**	168,184
Profit per unit		
– Basic	**5.17**	7.05
– Diluted	**5.17**	6.22
Funds from operations per unit		
– Basic	**3.68**	3.51
– Diluted	**3.37**	3.21
Mortgages and debentures	**2,169,499**	2,261,412
Total assets	**5,971,645**	5,925,683
Number of apartment units	**34,626**	35,386
Rentable square feet (000's)	**29,466**	30,022

	Three Months Ended							
Quarterly Comparative *Cdn$ Thousands, except per unit amounts*	**Dec 31, 2014**	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
Total rental revenue	**119,853**	118,885	117,954	116,553	115,511	113,987	113,042	111,044
Profit	**(14,546)**	55,102	83,856	122,379	(27,511)	159,244	112,633	93,364
Funds from operations	**43,704**	46,792	45,313	40,015	41,442	44,969	42,564	39,209
Profit per unit								
– Basic	**(0.31)**	1.15	1.75	2.56	(0.57)	3.32	2.35	1.95
– Diluted	**(0.28)**	1.15	1.75	2.46	(0.28)	3.02	1.83	1.65
Funds from operations per unit								
– Basic	**0.92**	0.98	0.95	0.83	0.86	0.94	0.89	0.82
– Diluted	**0.84**	0.90	0.86	0.76	0.79	0.86	0.81	0.75

Additional Information

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

Respectfully,

Roberto A. Geremia
President

William Wong
Chief Financial Officer

February 19, 2015

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.

Sam Kolias	Roberto A. Geremia	William Wong
Chief Executive Officer	President	Chief Financial Officer

February 18, 2015

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Boardwalk Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of Boardwalk Real Estate Investment Trust, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in unitholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boardwalk Real Estate Investment Trust as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

February 18, 2015
Calgary, Alberta

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CDN $ THOUSANDS)

As at	Note	Dec 31, 2014	Dec 31, 2013
Assets			
Non-current assets			
Investment properties	4	**$ 5,778,108**	$ 5,745,207
Property, plant and equipment	6	**26,124**	23,625
Deferred tax assets	16	**378**	455
		5,804,610	5,769,287
Current assets			
Inventories	7	**3,594**	3,585
Prepaid assets	8	**4,493**	4,209
Trade and other receivables	9	**7,246**	4,819
Segregated tenants' security deposits	10	**12,138**	12,704
Cash and cash equivalents		**139,564**	131,079
		167,035	156,396
Total Assets		**$ 5,971,645**	$ 5,925,683
Liabilities			
Non-current liabilities			
Mortgages payable	11	**$ 1,702,179**	$ 1,790,625
LP Class B Units	12	**275,392**	267,829
Other non-current liabilities	13	**972**	3,364
Deferred unit-based compensation	14	**4,510**	4,872
Deferred tax liabilities	16	**13**	50
Deferred government grant	17	**6,775**	6,436
		1,989,841	2,073,176
Current liabilities			
Mortgages payable	11	**467,320**	470,787
Deferred unit-based compensation	14	**3,250**	3,453
Deferred government grant	17	**378**	380
Refundable tenants' security deposits		**15,900**	16,375
Trade and other payables	15	**136,968**	61,990
		623,816	552,985
Total Liabilities		**2,613,657**	2,626,161
Equity			
Unitholders' equity	18	**3,357,988**	3,299,522
Total Equity		**3,357,988**	3,299,522
Total Liabilities and Equity		**$ 5,971,645**	$ 5,925,683

See accompanying notes to these consolidated financial statements

Guarantees, contingencies, commitments and other (NOTE 25)

On behalf of the Trust:

Sam Kolias
Trustee

Gary Goodman
Trustee

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(CDN $ THOUSANDS)	Note	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Rental revenue	19	**$ 466,435**	$ 446,626
Ancillary rental income	20	**6,810**	6,958
Total rental revenue		**473,245**	453,584
Rental expenses			
Operating expenses		**93,180**	89,002
Utilities		**47,572**	42,121
Property taxes		**40,091**	38,272
Net operating income		**292,402**	284,189
Financing costs	21	**91,977**	88,818
Administration		**33,732**	32,202
Depreciation and amortization	22	**11,933**	11,920
Profit from continuing operations before the undernoted		**154,760**	151,249
Loss on sale of assets	5	**(235)**	–
Fair value gains	23	**81,126**	174,424
Profit from continuing operations before income tax expense		**235,651**	325,673
Income tax expense	16	**(41)**	(538)
Profit from continuing operations		**235,610**	325,135
Profit from discontinued operations, net of tax	5	**11,181**	12,595
Profit for the year		**246,791**	337,730
Other comprehensive income		**2,445**	2,149
Total comprehensive income		**$ 249,236**	$ 339,879

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(CDN $ THOUSANDS)	Trust Units	Cumulative profit	Cumulative distributions to Unitholders	Retained earnings	Accumulated other comprehensive income (loss) (NOTE 18(c))	Total Unitholders' equity
Balance, December 31, 2012	$ 191,110	$ 3,597,307	$ (732,708)	$ 2,864,599	$ (5,608)	$ 3,050,101
Units issued	4,113	–	–	–	–	4,113
Profit for the year	–	337,730	–	337,730	–	337,730
Other comprehensive income	–	–	–	–	2,149	2,149
Total comprehensive income for the year	–	337,730	–	337,730	2,149	339,879
Distributions declared to Unitholders	–	–	(94,571)	(94,571)	–	(94,571)
Balance, December 31, 2013	$ 195,223	$ 3,935,037	$ (827,279)	$ 3,107,758	$ (3,459)	$ 3,299,522
Units issued	4,573	–	–	–	–	4,573
Units purchased and cancelled	(3,845)	(27,789)	–	(27,789)	–	(31,634)
Profit for the year	–	246,791	–	246,791	–	246,791
Other comprehensive income	–	–	–	–	2,445	2,445
Total comprehensive income for the year	–	246,791	–	246,791	2,445	249,236
Distributions declared to Unitholders	–	–	(163,709)	(163,709)	–	(163,709)
Balance, December 31, 2014	**$ 195,951**	**$ 4,154,039**	**$ (990,988)**	**$ 3,163,051**	**$ (1,014)**	**$ 3,357,988**

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(CDN $ THOUSANDS)	Note	**Year ended Dec 31, 2014**	Year ended Dec 31, 2013
Operating activities			
Profit for the year		**$ 246,791**	$ 337,730
Profit from discontinued operations, net of tax		**(11,181)**	(12,595)
Loss on sale of assets		**235**	–
Financing costs	21	**91,977**	88,818
Interest paid		**(86,196)**	(89,211)
Fair value gains		**(81,126)**	(174,424)
Income tax expense	16	**41**	538
Income tax paid	16	**(1)**	(5)
Government grant amortization	17	**(378)**	(32)
Depreciation and amortization	22	**11,933**	11,920
		172,095	162,739
Net cash operating inflows from discontinued operations	5	**1,125**	4,007
Net change in operating working capital	32	**348**	3,361
		173,568	170,107
Investing activities			
Improvements to investment properties	4	**(79,662)**	(72,727)
Development of investment properties	4	**(1,995)**	(15,479)
Additions to property, plant and equipment	6	**(7,192)**	(7,149)
Net cash investing inflows (outflows) from discontinued operations	5	**136,981**	(1,098)
Net cash proceeds from sale of investment properties	5	**13,265**	–
Net change in investing working capital	32	**1,929**	2,911
		63,326	(93,542)
Financing activities			
Distributions paid	32	**(97,008)**	(94,320)
Unit repurchase program		**(31,634)**	–
Proceeds from mortgage financings		**9,779**	68,411
Mortgages repayments on maturity		**–**	(13,663)
Scheduled mortgage principal repayments		**(46,977)**	(44,098)
Deferred financing costs incurred		**(1,313)**	(4,041)
Bond forward settlement, net of amortization		**54**	61
Government grant proceeds	17	**715**	4,565
Net cash financing outflows from discontinued operations	5	**(62,496)**	(1,162)
Net change in financing working capital	32	**471**	105
		(228,409)	(84,142)
Net increase (decrease) in cash		**8,485**	(7,577)
Cash, beginning of year		**131,079**	138,656
Cash, end of year		**$ 139,564**	$ 131,079

See accompanying notes to these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

(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 14, 2014, 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 period. Within the statement of comprehensive income, discontinued operations net of tax have been disclosed. Additionally, within the cash flow statement, disclosure was made of cash flows from discontinued operations.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Trust and its consolidated subsidiaries (see NOTE 30), 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) Investment properties

Investment properties consist of multi-family residential properties held to earn rental income, 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(f)) 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, 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 International Accounting Standard ("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.

Any directly attributable costs incurred on investment properties under development are capitalized. Such costs include direct development costs, property taxes and other costs directly attributable to the development. These costs are directly related to the construction of a qualifying asset and will be incurred and capitalized until such time that substantially all of the activities required to prepare the qualifying asset for its intended use are complete.

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(g)).

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

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

(e) 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(d) above) and IFRS 5 (see NOTE 2(g) below).

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(h)). 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 6)	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.

(f) Business combinations

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

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

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

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

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

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

When a business combination is achieved in stages, the Trust's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Trust obtains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive 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.

(g) Assets held for sale and discontinued operations

(i) Assets (or disposal groups) held for sale

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

(ii) Discontinued operations

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

(h) Impairment of assets

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

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

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

(i) 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.

(j) Taxation

For fiscal 2013 and 2014, Boardwalk REIT qualified as a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") eligible for the 'REIT Exemption' in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided that all of its taxable income is distributed to its Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax (NOTE 30 summarizes the Trust's subsidiaries, including its corporate subsidiaries).

Current tax

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

Deferred tax

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

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

(k) Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("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.

(l) Unit-based payments

Equity-settled unit-based payments to employees and Trustees are measured at the fair value of the deferred unit at the grant date and expensed over the vesting period based on the Trust's estimate of the deferred units that will actually vest. At the end of each reporting period, the Trust revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss prospectively such that the cumulative expense reflects the revised estimate. In accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"), the deferred units are presented as a liability on the consolidated statement of financial position as the Trust is obliged to provide the holder with REIT Units once the deferred units vest. Under IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), the deferred units are classified as 'fair value through profit or loss' and are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Fair value of the deferred units is calculated based on the observable market price of Boardwalk REIT's Trust Units.

(m) 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, 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.

(n) 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.

(ii) Building sales

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

(iii) Interest income

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

(iv) Ancillary rental income

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

(o) Financial instruments and derivatives

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures ("IFRS 7"), IAS 32 and IAS 39. 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 into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. 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
FVTPL	Classified as FVTPL when the financial asset 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 selling 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 asset 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.
Held-to-maturity investments	Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity.	Measured at amortized cost using the effective interest method less any impairment. (1) (2)
Available-for-sale	Non-derivative financial assets that either are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.	Measured at fair value through other comprehensive income.
Loans and receivables	Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.	Measured at amortized cost using the effective interest method less any impairment. (1) (2)

(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 assessed for indicators of impairment at the end of each reporting period. Generally, the carrying amount of the financial asset is reduced by the impairment loss.

Boardwalk REIT's financial assets are as follows:

Financial asset	Classification	Measurement
Trade and other receivables	Loans and receivables	Amortized cost
Segregated tenants' security deposits	Loans and receivables	Amortized cost
Cash	Loans and receivables	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 as either financial liabilities 'at FVTPL' or 'other financial liabilities'. 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.
Other financial liabilities	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	Measurement
Mortgages payable	Other financial liabilities	Amortized cost
LP Class B Units	FVTPL	Fair value
Deferred unit-based compensation	FVTPL	Fair value
Refundable tenants' security deposits	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	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. Further details of derivative financial instruments are disclosed in NOTE 13 and NOTE 27. 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, 2014 and 2013, the Trust had no embedded derivatives requiring separate recognition.

(p) Hedge accounting

The Trust applies hedge accounting to derivative financial instruments in cash flow hedging relationships. At the inception of the hedging relationship, the Trust documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at inception of the hedge and on an ongoing basis, the Trust documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

In cash flow hedging relationships, the effective portion of the change in the fair value of the hedging derivative is recognized in the consolidated statement of comprehensive income as other comprehensive income ("OCI") while the ineffective portion is recognized immediately in profit or loss. Hedging gains and losses previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of comprehensive income as the recognized hedged item.

Hedge accounting is discontinued when the Trust revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(q) Cash and cash equivalents

Cash is comprised of bank balances, interest-earning bank accounts and term deposits not greater than 90 days

(r) Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see NOTE 2(s) 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(n)(i). The Trust makes judgments in determining whether certain leases, in particular tenant leases, as well as leased warehouse space and long-term land leases, which are considered leases under IFRS, where the Trust is the lessor, are operating or finance leases. The Trust has determined that all of its leases are operating leases.

(iii) Investment property and internal capital program

The Trust's accounting policy relating to investment property is described in NOTE 2(d) 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(o). Critical judgments inherent in these policies related to applying the criteria set out in IAS 39 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) 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.

(s) Key accounting estimates and assumptions

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

(i) Investment property

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 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 6 and forecast 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 the specific upgrade or capital improvement.

(iv) Utility accrual

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 16.

NOTE 3: APPLICATION OF NEW AND REVISED IFRSS AND FUTURE ACCOUNTING POLICIES

(a) Application of new and revised IFRSs

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

Financial Instruments

Amendments were made to IAS 32, which clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement". These amendments did not have a significant impact on the Trust's consolidated financial statements, as the Trust does not have any financial assets and financial liabilities that qualify for offset.

Additionally, amendments were made to IAS 39, which provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. These amendments did not have an impact on the Trust.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The Trust does not have any investment entities and, as such, these amendments did not have an impact on its consolidated financial statements.

IFRS Interpretations Committee 21 – Levies ("IFRIC 21")

Effective January 1, 2014, the Trust adopted IFRIC 21. Within IFRIC 21, a levy is defined as an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

(a) those outflows of resources that are within the scope of other standards (such as income taxes that are within the scope of IAS 12); and

(b) fines or other penalties that are imposed for breaches of the legislation.

'Government' refers to government, government agencies and similar bodies whether local, national or international. IFRIC 21 provides an interpretation for the recognition of liabilities for obligations to pay levies that are within the scope of IFRIC 21.

The adoption of IFRIC 21 did not have an impact on the Trust's consolidated financial statements.

Amendments to IAS 36 – Impairment of Assets

The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Trust does not have any impaired assets, and, as such, these amendments did not have an impact on its consolidated financial statements.

(b) Future accounting polices

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 9 – Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.	The Trust is assessing the potential impact on its consolidated financial statements but does not expect it to have a significant impact.
IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 – Revenue ("IAS 18"), IAS 11 – Construction Contracts and IFRIC 13 – Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted.	The Trust is assessing the potential impact on its consolidated financial statements.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements ("IFRS 11")	The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business combination as defined in IFRS 3. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The amendments to IFRS 11 apply prospectively for annual periods beginning on or after January 1, 2016.	The Trust is assessing the potential impact on its consolidated financial statements.

The following new or amended standards are not expected to have a significant impact or any impact on the Trust's consolidated financial statements:

- IFRS 14 – Regulatory Deferral Accounts
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Agriculture Bearer Plants (Amendments to IAS 16 and IAS 41 – Agriculture)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 – Employee Benefits)
- Equity method in Separate Financial Statements (Amendments to IAS 27)
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidated Exception (Amendments to IFRS 10, IFRS 12, and IAS 28)

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

The IASB has released the final amendments for the 2010-2012 and 2011-2013 annual improvement project with the majority of these amendments applying for annual periods beginning on or after July 1, 2014. Only those which may have a significant impact on the Trust are included below.

Standard	Details of amendment	Expected impact
2010-2012 Cycle		
IFRS 3 – Business Combinations	An obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or equity on the basis of the definitions in IAS 32. Non-equity consideration is measured at fair value at each reporting date, with changes recognized in the income statement.	The Trust will determine the impact of this amendment should a business combination occur.
2011-2013 Cycle		
IFRS 3 – Business combinations	The amendment clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself.	The Trust will determine the impact of this amendment should a business combination occur.
IAS 40 – Investment property	The amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists preparers to distinguish between investment property and owner-occupied property. IFRS 3 determines whether the acquisition of an investment property is a business combination.	The Trust will determine the impact of this amendment should the acquisition of an investment property occur.

NOTE 4: INVESTMENT PROPERTIES

As at	**Dec 31, 2014**	Dec 31, 2013
Balance, beginning of year	**$ 5,745,207**	$ 5,493,448
Additions		
Building improvements (incl. internal capital program)	**79,662**	72,727
Building improvements discontinued operations	**566**	1,098
Development of investment properties	**1,995**	15,479
Dispositions	**(153,420)**	–
Fair value gains, unrealized, from continuing operations	**89,781**	153,761
Fair value gains, realized, from discontinued operations	**14,317**	8,694
Balance, end of year	**$ 5,778,108**	$ 5,745,207
Revenue producing properties	**$ 5,775,111**	$ 5,744,205
Development [(1)]	**2,997**	1,002
Total	**$ 5,778,108**	$ 5,745,207

(1) For the year ended December 31, 2013, a development project was completed in December 2013, totaling $19.1 million in costs, and was reclassified from development to revenue producing properties (December 31, 2014 – $nil).

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, 2014, there has been no change to the valuation technique.

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 are 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, 2014						
	Balance, beginning of year	Building improvements (incl. internal capital program and discontinued operations)	Development of investment properties	Dispositions	Fair value gains (losses), unrealized, from continuing operations	Fair value gains, realized, from discontinued operations	Balance, end of year
Recurring measurements Investment properties							
Calgary	$ 1,204,095	$ 10,598	$ 82	$ –	$ 63,399	$ –	$ 1,278,174
Edmonton	2,303,868	29,363	5	(13,485)	76,969	–	2,396,720
Other Alberta	316,819	5,694	–	–	(2,748)	–	319,765
Vancouver/Victoria	125,052	566	–	(139,935)	–	14,317	–
Kitchener	31,890	956	–	–	(949)	–	31,897
London	193,722	4,620	–	–	(9,506)	–	188,836
Windsor	104,664	3,196	–	–	(6,925)	–	100,935
Montreal	92,985	2,306	–	–	587	–	95,878
Quebec City	168,008	4,831	–	–	(5,896)	–	166,943
Regina	387,046	5,828	1,908	–	(6,402)	–	388,380
Saskatoon	328,949	5,586	–	–	(3,928)	–	330,607
Land leases	488,109	6,684	–	–	(14,820)	–	479,973
Total	$ 5,745,207	$ 80,228	$ 1,995	$ (153,420)	$ 89,781	$ 14,317	$ 5,778,108

	Year ended December 31, 2013						
	Balance, beginning of year	Building improvements (incl. internal capital program)	Development of investment properties	Dispositions	Fair value gains (losses), unrealized, from continuing operations	Fair value gains (losses), unrealized, from discontinued operations	Balance, end of year
Recurring measurements Investment properties							
Calgary	$ 1,155,452	$ 9,342	$ 15,307	$ –	$ 23,994	$ –	$ 1,204,095
Edmonton	2,176,033	25,886	71	–	101,878	–	2,303,868
Other Alberta	294,477	3,889	–	–	18,453	–	316,819
Vancouver/Victoria	115,284	1,074	–	–	–	8,694	125,052
Kitchener	30,766	2,085	–	–	(961)	–	31,890
London	187,864	3,418	–	–	2,440	–	193,722
Windsor	94,418	2,609	–	–	7,637	–	104,664
Montreal	95,881	2,088	–	–	(4,984)	–	92,985
Quebec City	170,578	1,783	–	–	(4,353)	–	168,008
Regina	373,301	7,442	101	–	6,202	–	387,046
Saskatoon	316,891	4,099	–	–	7,959	–	328,949
Land leases	482,503	10,110	–	–	(4,504)	–	488,109
Total	$ 5,493,448	$ 73,825	$ 15,479	$ –	$ 153,761	$ 8,694	$ 5,745,207

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

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

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

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

The Trust's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at December 31, 2014, all of the Trust's investment properties were Level 3 inputs. There were no transfers in or out of Level 3 fair value measurements for investment properties held as at December 31, 2014 and 2013.

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. 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, 2014	5	$ 524,041	9.1%
September 30, 2014	4	$ 348,154	6.0%
June 30, 2014	4	$ 102,104	1.8%
March 31, 2014	4	$ 105,282	1.8%

Date	Number of properties	Aggregate fair value	Percentage of portfolio as of that date
December 31, 2013	7	$ 779,487	13.6%
September 30, 2013	7	$ 217,022	3.8%
June 30, 2013	6	$ 211,895	3.8%
March 31, 2013	7	$ 178,609	3.2%

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

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

Five of the Trust's properties: one in Calgary, one in Banff, one in Edmonton and two in Montreal, are subject to long-term land leases and similar arrangements in which the underlying land is owned by a third party and leased to the Trust.

Under the terms of a typical land lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements in respect of all the leased premises. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. Due to the relatively short term remaining on one of the land leases in Montreal (with an expiry date of 2028) and an anticipated significant land rent escalation in 2016 for the land lease in Calgary, these two properties 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 rates reflect 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:

	Dec 31, 2014			Dec 31, 2013		
	Capitalization rate		**Forecasted total standardized net operating**	Capitalization rate		Forecasted total standardized net operating
As at	**Minimum**	**Maximum**	**income**	Minimum	Maximum	income
Calgary	**4.50%**	**6.00%**	**$ 63,743**	4.75%	6.00%	$ 60,110
Edmonton	**5.00%**	**5.50%**	**126,363**	5.00%	5.50%	121,623
Other Alberta	**5.75%**	**7.25%**	**20,643**	5.75%	7.25%	20,497
Vancouver	**–%**	**–%**	**–**	4.75%	5.25%	6,195
Kitchener	**5.50%**	**5.50%**	**1,754**	5.50%	5.50%	1,754
London	**5.75%**	**6.00%**	**10,875**	5.75%	6.00%	11,145
Windsor	**6.50%**	**7.00%**	**6,814**	6.50%	7.00%	7,068
Montreal	**5.50%**	**6.25%**	**5,510**	5.50%	6.25%	5,348
Quebec City	**5.75%**	**6.25%**	**9,926**	5.75%	6.25%	9,980
Regina	**5.75%**	**6.00%**	**23,118**	5.75%	6.00%	23,156
Saskatoon	**5.75%**	**6.00%**	**19,675**	5.75%	6.00%	19,569
	4.50%	**7.25%**	**288,421**	4.75%	7.25%	286,445
Land Lease	**5.25%**	**15.09%**	**$ 28,055**	5.25%	13.49%	$ 28,337

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at December 31, 2014 and 2013, was 5.48%.

The "Overall Capitalization Rate" method requires that a forecasted stabilized net operating income ("NOI") be divided by a Capitalization Rate ("Cap Rate") to determine a fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. As such, fluctuations in both NOI and Cap Rates could significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in capitalization rate will result in a decrease to the fair value of an investment property. When the capitalization rate is applied to NOI to calculate fair value, there is a significant impact 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 development):

As at December 31, 2014

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 306,982	$ 313,311	$ 316,476	$ 319,641	$ 325,970
Capitalization Rate						
-0.25%	5.23%	$ 94,522	$ 215,545	$ 276,057	$ 336,569	$ 457,592
Cap Rate As Reported	5.48%	(173,253)	(57,751)	5,775,111	57,751	173,253
+0.25%	5.73%	(417,662)	(307,200)	(251,968)	(196,737)	(86,274)

As at December 31, 2013

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 305,339	$ 311,635	$ 314,782	$ 317,930	$ 324,226
Capitalization Rate						
-0.25%	5.23%	$ 94,016	$ 214,392	$ 274,580	$ 334,767	$ 455,143
Cap Rate As Reported	5.48%	(172,326)	(57,442)	5,744,205	57,442	172,326
+0.25%	5.73%	(415,427)	(305,556)	(250,620)	(195,684)	(85,812)

Investment properties with a fair value of $480.0 million (December 31, 2013 – $488.4 million) are situated on land held under land leases.

Investment properties with a fair value of $670.0 million (December 31, 2013 – $654.8 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 for the Trust's mortgages payable. In addition, investment properties with a fair value of $5.3 billion (December 31, 2013 – $5.3 billion) are pledged as security against the Trust's mortgages payable. As at December 31, 2014, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

For the years ended December 31, 2014 and 2013, investment properties earned rental revenue (excluding ancillary rental income) of $466.3 million and $445.8 million, respectively. Direct operating expenses in relation to investment properties were $176.0 million and $164.1 million for the years ended December 31, 2014 and 2013, respectively.

NOTE 5: LOSS ON SALE OF ASSETS AND DISCONTINUED OPERATIONS

On May 5, 2014, the Trust disposed of a 102-unit project in Edmonton, Alberta (Alberta segment). The loss on sale was as follows:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Cash received	$ 13,500	$ –
Cost of disposition	(235)	–
Net proceeds	13,265	–
Net book value	(13,500)	–
Loss on sale of assets	$ (235)	–

On May 29, 2014, the Trust disposed of all its properties (633 units) located in the province of British Columbia. As the Trust disposed of all of its British Columbia operations, which represents a separate, identifiable geographical segment, the profit from discontinued operations, net of tax, is summarized below:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Rental revenue	$ 3,447	$ 8,289
Ancillary rental income	60	149
Total rental revenue	3,507	8,438
Rental expenses		
Operating expenses	799	1,288
Utilities	379	807
Property taxes	464	496
Net operating income	1,865	5,847
Financing costs	736	1,833
Administration	4	7
Depreciation and amortization	43	106
Profit before the undernoted	1,082	3,901
Loss on sale of assets	(4,218)	–
Fair value gains	14,317	8,694
Profit before income tax expense	11,181	12,595
Income tax expense	–	–
Profit from discontinued operations, net of tax	$ 11,181	$ 12,595

The loss on sale of assets was as follows:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Cash received	$ 140,000	$ –
Cost of disposition	(4,218)	–
Net proceeds	135,782	–
Net book value	(140,000)	–
Loss on sale of assets	$ (4,218)	$ –

The cash flows from discontinued operations were as follows:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Profit from discontinued operations, net of tax	$ 11,181	$ 12,595
Loss on sale of assets	4,218	–
Financing costs	736	1,833
Interest paid	(736)	(1,833)
Fair value gains	(14,317)	(8,694)
Depreciation and amortization	43	106
Net cash inflows from operating activities	$ 1,125	$ 4,007
Improvements to investment properties	$ (566)	$ (1,098)
Net cash proceeds from sale of investment properties	137,547	–
Net cash inflows (outflows) from investing activities	$ 136,981	$ (1,098)
Scheduled mortgage principal repayments	$ (499)	$ (1,162)
Mortgages on investment properties sold	(61,997)	–
Net cash outflows from financing activities	$ (62,496)	$ (1,162)
Total cash inflows from discontinued operations	$ 75,610	$ 1,747

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of PP&E were as follows:

As at	Dec 31, 2014			Dec 31, 2013		
	Cost	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Administration building	**$ 5,944**	**$ (2,551)**	**$ 3,393**	$ 5,659	$ (2,282)	$ 3,377
Site equipment and other assets	**40,288**	**(21,039)**	**19,249**	35,082	(18,233)	16,849
Corporate technology assets	**26,572**	**(23,090)**	**3,482**	25,034	(21,635)	3,399
Total	**$ 72,804**	**$ (46,680)**	**$ 26,124**	$ 65,775	$ (42,150)	$ 23,625

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2014:

	Dec 31, 2013 opening carrying amount	Additions	Disposals	Depreciation	**Dec 31, 2014 closing carrying amount**
Administration building	$ 3,377	$ 285	$ –	$ (269)	**$ 3,393**
Site equipment and other assets	16,849	5,360	(79)	(2,881)	**19,249**
Corporate technology assets (1)	3,399	1,547	(2)	(1,462)	**3,482**
Total	$ 23,625	$ 7,192	$ (81)	$ (4,612)	**$ 26,124**

(1) Included in computer software is $597 thousand 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, 2013:

	Dec 31, 2012 opening carrying amount	Additions	Depreciation	Dec 31, 2013 closing carrying amount
Administration building	$ 2,929	$ 689	$ (241)	$ 3,377
Site equipment and other assets	14,418	4,963	(2,532)	16,849
Corporate technology assets (1)	3,330	1,497	(1,428)	3,399
Total	$ 20,677	$ 7,149	$ (4,201)	$ 23,625

(1) Included in computer software is $610 thousand of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations.

PP&E is reviewed at each reporting date to ensure their useful economic lives remain appropriate. In addition, PP&E is reviewed at each reporting date for indicators of impairment. Where impairment exists, the PP&E asset is written down by the impaired amount. Should this impairment no longer exist, the impairment write-down is reversed up to the net book value which would have existed had the impairment not occurred. As at December 31, 2014 and 2013, there were no indicators of impairment in relation to the Trust's PP&E.

As at December 31, 2014 and 2013, none of the Trust's PP&E was pledged as security for debt.

NOTE 7: INVENTORIES

Inventory 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, 2014**	Dec 31, 2013
Parts and supplies	**$ 3,500**	$ 3,537
Baseboard, carpet and linoleum	**94**	48
	$ 3,594	$ 3,585

NOTE 8: PREPAID ASSETS

The major components of prepaid assets are as follows:

As at	**Dec 31, 2014**	Dec 31, 2013
Prepaid property taxes	**$ 793**	$ 1,049
Prepaid land leases	**2,783**	2,460
Prepaid expenses and other	**917**	700
	$ 4,493	$ 4,209

NOTE 9: 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 totalled $7.2 million at December 31, 2014 (December 31, 2013 – $4.8 million)

As at	**Dec 31, 2014**	Dec 31, 2013
Trade and other receivables	**$ 6,968**	$ 4,819
Mortgage holdbacks and refundable mortgage fees	**278**	–
	$ 7,246	$ 4,819

Refer to NOTE 29 (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 10: 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 $12.1 million at December 31, 2014 and $12.7 million at December 31, 2013.

NOTE 11: MORTGAGES PAYABLE

As at	Dec 31, 2014		Dec 31, 2013	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgage payable				
Fixed rate	**3.34%**	**$ 2,169,499**	3.46%	$ 2,261,412
Total		**2,169,499**		2,261,412
Current		**$ 467,320**		$ 470,787
Non-current		**1,702,179**		1,790,625
		$ 2,169,499		$ 2,261,412

Estimated future principal payments required to meet mortgage obligations as at December 31, 2014 are as follows:

	Secured By Investment Properties
2015	$ 467,320
2016	294,423
2017	324,468
2018	186,376
2019	385,137
Subsequent	585,906
	2,243,630
Unamortized deferred financing costs	(74,188)
Unamortized mark-to-market adjustment	57
	$ 2,169,499

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 thousand under a Letter of Credit issued in favor of CMHC.

During the years ended December 31, 2014 and 2013, the Trust had a committed revolving credit facility with a major financial institution. This credit facility was 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, 2014 (December 31, 2013 – $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, 2017. 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, 2014 (December 31, 2013 – $nil) under this facility, except for Letters of Credit ("LCs") issued and outstanding. The LCs totaled $4.2 million as at December 31, 2014 (December 31, 2013 – $4.2 million). As such, approximately $195.8 million was available from this facility on December 31, 2014 (December 31, 2013 – $195.8 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 29 (d).

NOTE 12: LP CLASS B UNITS

The LP Class B Units, representing an aggregate fair value of $275.4 million at December 31, 2014 (December 31, 2013 – $267.8 million), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Boardwalk REIT Units. Each LP Class B Unit 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 IAS 39. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income and are discussed in NOTE 23.

As at December 31, 2014 and 2013, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 13: OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represents the fair value of the Trust's interest rate swaps (as described below) and totaled $1.0 million as at December 31, 2014 (December 31, 2013 – $3.4 million).

During the first quarter of 2008, Boardwalk REIT entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. The Trust evaluates the effectiveness of these cash flow hedges at each reporting date and measures them at fair value. Any gains or losses, which arise as a result of the "effectiveness" of the hedge, will be recognized in OCI. The ineffective portion of the hedging gain or loss on the swap transaction will be recognized immediately in profit or loss. On recognition of the financial liability of the hedged item on the consolidated statement of financial position, the associated gains or losses that were recognized in OCI will be reclassified into net earnings in the same period or periods during which the interest payments of the hedged item affect net earnings. However, if all, or a portion, of the net loss recognized in OCI will not be recovered in one or more future periods, this amount will be immediately reclassified into profit or loss. At December 31, 2014 and December 31, 2013, the Trust has determined that these cash flow hedges were effective under IFRS and hedge accounting has been applied to these agreements in accordance with IAS 39. As such, the change in fair value has been recorded in OCI as outlined in NOTE 18(c).

As at December 31, 2014 and December 31, 2013, the fair value measurement of the interest rate swaps was based on Level 2 inputs (as defined in NOTE 4). At each reporting date, the Trust's lender determines the fair value by applying a discount rate to the future payments at the current market borrowing rates reflective of the Trust's credit risk.

Settlements on both the fixed and variable portion of the interest rate swaps will occur on a monthly basis. The fixed interest rate has been set at 4.15%, plus a stamping fee of 0.25%, while the total amount of mortgage debt subject to the interest rate swaps was approximately $83.2 million at December 31, 2014 (December 31, 2013 – $84.7 million). The mortgages of these specific properties have been included in the mortgage payable balance above (NOTE 11). These mortgages are set to mature on May 1, 2015.

NOTE 14: DEFERRED UNIT-BASED COMPENSATION

Deferred unit-based compensation is comprised of the following:

As at	**Dec 31, 2014**	Dec 31, 2013
Current	**$ 3,250**	$ 3,453
Non-current	**4,510**	4,872
	$ 7,760	$ 8,325

The total of $7.8 million represents the fair value of the underlying deferred units at December 31, 2014 (December 31, 2013 – $8.3 million). These units have been classified as "FVTPL" financial liabilities in accordance with IAS 39. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income.

Details of the deferred unit-compensation plan:

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

As at December 31, 2014, the unexpired deferred units, in whole or in part, were granted as follows:

Deferred units granted in	Number	Grant date	Expiry Date	Fair value at grant date
2010	57,720	February, June & December 2010	February, June & December 2015	$ 2,291
2011	51,620	February, June & December 2011	February, June & December 2016	$ 2,456
2012	50,946	February, June & December 2012	February, June & December 2017	$ 2,946
2013	53,206	February, June & December 2013	February, June & December 2018	$ 3,234
2014	55,098	February, June & December 2014	February, June & December 2019	$ 3,409
				$ 14,336

The initial cost of the deferred unit-based transactions is determined, in accordance with IFRS 2 – Share-based Payments ("IFRS 2"), 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.

For the year ended December 31, 2014, total costs of $2.9 million (December 31, 2013 – $3.1 million for the year) were recognized in profit related to executive bonuses and trustee fees under the deferred unit plan.

The status of the outstanding deferred units was as follows:

	# of Units Outstanding	# of Units vested
Balance, December 31, 2012	220,568	–
Deferred units granted	53,206	71,651
Additional deferred units earned on units	7,320	10,980
Deferred units converted to Trust Units or cash	(68,297)	(68,297)
Balance, December 31, 2013	212,797	14,334
Deferred units granted	55,098	49,729
Additional deferred units earned on units	6,693	9,026
Deferred units converted to Trust Units or cash	(73,089)	(73,089)
Balance, December 31, 2014	**201,499**	–

NOTE 15: TRADE AND OTHER PAYABLES

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

As at	**Dec 31, 2014**	Dec 31, 2013
Trade payables and accrued liabilities	**$ 51,717**	$ 49,792
Distributions payable	**81,634**	8,645
Provisions	**3,617**	3,553
	$ 136,968	$ 61,990

Included in trades payable and accrued liabilities and distributions payable as at December 31, 2014 was a special distribution declared for LP Class B and Boardwalk REIT Trust Unit holders on record as at December 31, 2014 totaling $6.3 million and $66.5 million, respectively, or $1.40 per unit, payable on January 15, 2015. As at December 31, 2014 and 2013, 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, 2014 and 2013, the Trust does not have any material contingent liabilities.

NOTE 16: INCOME TAXES

Current income tax

As at December 31, 2014 and 2013, none of the Trust's corporate entities has current taxes payable. Each corporate entity either has sufficient tax deductions to offset any taxable income or has operating losses from previous years to apply against any taxable income. As such, no current income taxes payable was recorded for the Trust's corporate entities.

Deferred income tax

For fiscal 2013 and 2014, Boardwalk REIT is a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") eligible for the 'REIT Exemption' in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided all of its taxable income is distributed to its Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax.

The source of deferred tax balances and movements were as follow:

As at	Dec 31, 2013	Recognized in profit	**Dec 31, 2014**
Deferred tax assets (liabilities) related to:			
Operating losses	$ 455	$ (77)	**$ 378**
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	(45)	37	**(8)**
Other	(5)	–	**(5)**
Net deferred tax assets (liabilities)	$ 405	$ (40)	**$ 365**
Deferred tax assets	$ 455	$ (77)	**$ 378**
Deferred tax liabilities	(50)	37	**(13)**
Net deferred tax assets (liabilities)	$ 405	$ (40)	**$ 365**

As at	Dec 31, 2012	Recognized in profit	Dec 31, 2013
Deferred tax assets (liabilities) related to:			
Operating losses	$ 832	$ (377)	$ 455
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	111	(156)	(45)
Other	(5)	–	(5)
Net deferred tax assets (liabilities)	$ 938	$ (533)	$ 405
Deferred tax assets	$ 945	$ (490)	$ 455
Deferred tax liabilities	(7)	(43)	(50)
Net deferred tax assets (liabilities)	$ 938	$ (533)	$ 405

No current income taxes or deferred income taxes were recognized in equity, other than through profit or OCI, for the years ended December 31, 2014 and 2013.

As at December 31, 2014, wholly owned Canadian corporate subsidiaries have deferred tax assets of $0.4 million (December 31, 2013 – $0.5 million) related to operating losses, which expire over the next thirteen to twenty years. The Trust believes that future income of these entities, which gave rise to the deferred tax assets, will be sufficient to utilize these deferred tax assets prior to their expiration.

The major components of income tax expense include the following:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Current tax expense	**$ 1**	$ 5
Deferred tax expense	**40**	533
Total income tax expense	**$ 41**	**$ 538**

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

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Profit before income tax expense	**$ 246,832**	$ 338,268
Remove profit from non-taxable entities	**(205,475)**	(295,367)
Accounting profit subject to tax	**41,357**	42,901
Deduct management fee charged to corporate entities	**(40,911)**	(42,198)
Taxable profit	**446**	703
Weighted average substantively enacted tax rate	**26.94%**	26.97%
Calculated income tax expense	**120**	190
Changes to other deferred tax liabilities	**(79)**	348
Total income tax expense	**$ 41**	**$ 538**

As at December 31, 2014 and 2013, the Trust does not have any unrecognized deductible temporary differences, unrecognized tax losses and unused tax credits.

NOTE 17: 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.

The grant proceeds were paid to Boardwalk REIT in four installments based on certain completion milestones.

a) 30% upon the Province of Alberta's receipt of appropriate paperwork indicative of commencement of the Project;

b) 30% upon 30% completion of the Project;

c) 30% upon 60% completion of the Project; and

d) The remaining 10% to be paid when the Project has been completed and final documents have been audited.

As at December 31, 2014, all of the $7.5 million was received by the Trust (December 31, 2013 – $6.8 million). Since the $7.5 million grant did not exceed 65% of the contracted construction costs of the Development attributable to the affordable units, including the land value attributed to the affordable units, no amount of the grant will require immediate repayment. 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, 2014, $378 thousand was recognized in profit under rental revenue for this grant (December 31, 2013 – $32 thousand).

NOTE 18: UNITHOLDERS' EQUITY

The Plan of Arrangement (the "Arrangement") converting the Corporation from a share corporation to a real estate investment trust was completed on May 3, 2004. On conversion of the Corporation to Boardwalk Real Estate Investment Trust, the Corporation incurred $10.3 million in restructuring costs. Under the Arrangement, the former shareholders of the Corporation received Boardwalk REIT Units or Class B Limited Partnership Units ("LP Class B Units") of a controlled limited partnership of the Trust, Boardwalk REIT Limited Partnership. The interests in Boardwalk REIT are represented by two classes of units: a class described and designated as "REIT Units" and a class described and designated as "Special Voting Units". The LP Class B Units are classified as a financial liability in accordance with IAS 32 and are discussed in NOTE 12.

(a) REIT Units

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

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

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

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

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

Units issued and outstanding are as follows:

As at	**Dec 31, 2014**	Dec 31, 2013
REIT Units outstanding, beginning of year	**47,919,964**	47,851,667
Units issued for vested deferred units	**73,089**	68,297
Units purchased and cancelled	**(472,100)**	–
REIT Units outstanding, end of year	**47,520,953**	47,919,964

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.

On June 28, 2013, Boardwalk REIT requested and received regulatory approval for a Bid (Boardwalk's seventh Bid since its first Bid in August of 2007), which commenced on July 3, 2013 and terminated on July 2, 2014. The Bid allowed Boardwalk REIT to purchase and cancel up to 3,894,712 Trust Units.

On June 30, 2014, Boardwalk REIT requested and received regulatory approval for a Bid (Boardwalk's eighth Bid since its first Bid in August of 2007), which commenced on July 3, 2014 and terminates on July 2, 2015. The Bid allows Boardwalk REIT to purchase and cancel up to 3,901,031 Trust Units.

For the year ended December 31, 2014, Boardwalk REIT purchased and cancelled the following Trust Units:

	Year ended Dec 31, 2014		
Bid Number	Number of Trust Units Purchased and Cancelled	Purchase Cost	Cost per Trust Unit
7/8	**472,100**	**$ 31,634**	**$ 67.01**

For the year ended December 31, 2013, 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 4,853,947 Trust Units at a total purchase cost of $195.4 million, or an average cost of $40.26 per Trust Unit.

(b) Special Voting Units

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

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

	Units outstanding Dec 31, 2014	Monthly Distribution (1)	Units outstanding Dec 31, 2013	Monthly Distribution
Boardwalk REIT Units	**47,520,953**	**$0.17/unit**	47,919,964	$0.165/unit
Special Voting Units	**4,475,000**	**N/A**	4,475,000	N/A

(1) In addition to the regular monthly distribution, as at December 31, 2014, the Trust recorded a distribution payable in the amount of $66.5 million in relation to a $1.40 special distribution to be paid on January 15, 2015 to all Boardwalk REIT Units with a record date of December 31, 2014.

Monthly distributions and special distributions are determined at the discretion of the Board of Trustees. The Board of Trustees declares distributions to be paid on, or about, the 15th of the month following the record date. Distributions to be paid on the Boardwalk REIT Units with a record date of January 30, 2015 (to be paid on February 16, 2015) totaled $8.1 million ($0.17 per unit) and have not been included as a liability in the consolidated statement of financial position as at December 31, 2014.

(c) Accumulated other comprehensive income ("AOCI")

For the years ended December 31, 2014 and 2013, AOCI consists of the following amounts:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
AOCI, beginning of year	**$ (3,459)**	$ (5,608)
Change in fair value of the effective portion of the interest rate swaps	**2,391**	2,088
Losses on settlement of effective bond forward	**54**	61
AOCI, end of year	**$ (1,014)**	$ (3,459)

In 2008, Boardwalk REIT entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. Details of the interest rate swap agreement are disclosed in NOTE 27.

In 2008, the Trust entered into a forward bond transaction (the "Transaction") with a major Canadian financial institution. Details of the forward bond transaction are disclosed in NOTE 27.

(d) Earnings per unit

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Numerator – continuing operations		
Profit from continuing operations – basic	**$ 235,610**	$ 325,135
Distribution declared on LP Class B units	**–**	8,838
(Gain) on fair value adjustment to LP Class B units	**–**	(20,943)
(Gain) on fair value adjustments to unexercised deferred units	**–**	(67)
Profit from continuing operations – diluted	**$ 235,610**	$ 312,963
Numerator – discontinued operations		
Profit from discontinued operations basic and diluted	**$ 11,181**	$ 12,595
Denominator		
Weighted average units outstanding – basic	**47,774,547**	47,884,020
Conversion of LP Class B units	**–**	4,475,000
Unexercised deferred units	**–**	39
Weighted average units outstanding – diluted	**47,774,547**	52,359,059
Earnings per unit – continuing operations		
– basic	**$ 4.93**	$ 6.79
– diluted	**$ 4.93**	$ 5.98
Earnings per unit – discontinued operations		
– basic	**$ 0.23**	$ 0.26
– diluted	**$ 0.23**	$ 0.24

All dilutive elements were included in the calculation of diluted per unit amounts. For the year ended December 31, 2014, the conversion of LP Class B units was anti-dilutive, as their conversion to REIT Units increases earnings per unit. As such, they were excluded from the calculation of diluted earnings per unit. As there were no unexercised deferred units at December 31, 2014, they had no impact on the per unit calculations. For the year ended December 31, 2013, both the conversion of LP Class B units and the unexercised deferred units were dilutive as their conversion to REIT Units decreases earnings per unit.

NOTE 19: RENTAL REVENUE

As lessor, the Trust leases residential rental properties under operating leases generally with a term of not more than 12 months and in many cases tenants lease rental space on a month-to-month basis. Rental incentives may be offered as part of a rental agreement and the costs associated with these incentives are amortized over the term of the lease and netted against residential rental revenue. As such, rental revenue represents all revenue earned from the Trust's operating leases and totaled $466.4 for the year ended December 31, 2014 (December 31, 2013 – $446.6 million).

As at December 31, 2014, 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	$ 150,233	$ 11,847	$ 1,271

NOTE 20: ANCILLARY RENTAL INCOME

Ancillary rental income was comprised of the following:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Revenue from coin laundry machines	**$ 5,406**	$ 5,391
Revenue from telephone and cable providers	**1,404**	1,567
Total	**$ 6,810**	$ 6,958

NOTE 21: FINANCING COSTS

Financing costs are comprised of interest on mortgages payable, distributions paid to the LP Class B Unitholders and other interest charges. Financing costs are net of interest income earned. Financing costs total $92.0 million for the year ended December 31, 2014 (December 31, 2013 – $88.8 million) and can be summarized as follows:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Interest on secured debt (mortgages payable)	**$ 77,176**	$ 80,364
LP Class B unit distribution	**15,372**	8,838
Other interest charges	**1,478**	1,536
Interest income	**(2,049)**	(1,920)
Total	**$ 91,977**	$ 88,818

NOTE 22: DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization were as follows:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Amortization of deferred financing costs	**$ 7,325**	$ 7,730
Depreciation of property, plant and equipment	**4,608**	4,190
Total	**$ 11,933**	$ 11,920

NOTE 23: FAIR VALUE GAINS

The components of fair value gains were as follows:

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Investment properties	**$ 89,781**	$ 153,761
Financial liabilities designated as FVTPL		
Deferred unit-based compensation	**(1,092)**	(280)
LP Class B Units	**(7,563)**	20,943
Total fair value gains	**$ 81,126**	$ 174,424

NOTE 24: OPERATING LEASES

As lessee, the Trust has entered into various lease agreements as part of the normal course of its operations. The following represents the major type of leases the Trust maintains as lessee, all of which qualify as operating leases in accordance with IAS 17 – Leases ("IAS 17"):

(i) Land leases

The Trust has entered into non-cancellable land leases for land related to five of its properties, which sit on land that is not owned by the Trust. Approximate remaining terms of the Trust's land leases range from 14 to 81 years as at December 31, 2014. Two of the land leases provide for annual rent and one of the land leases provides for annual rent and additional rent based on rental revenue collected.

(ii) Warehouse and office space leases

The Trust has entered into lease agreements for warehouse and some office and data centre space it utilizes but does not own. All of the leasing arrangements related to warehouse space have renewal options of between one and five years, with the exception of one of the leasing arrangements for which no renewal option exists. The lease agreement for the office space and the sublease agreement for the data centre space are for five years and both end on December 15, 2017.

As at December 31, 2014, future minimum lease payments related to these leases were as follows:

	Within 12 months	2 to 5 years	Over 5 years
Land leases	$ 4,327	$ 17,607	$ 161,126
Warehouse and office space	595	1,607	–
Total future minimum lease payments	$ 4,922	$ 19,214	$ 161,126

The Trust recognized lease expenses of $5.4 million for the year ended December 31, 2014 ($5.1 million for the year ended December 31, 2013).

NOTE 25: GUARANTEES, CONTINGENCIES, COMMITMENTS AND OTHER

As discussed in NOTE 24 above, the Trust has five properties that are situated on land leases. One of the land leases situated in Montreal is set to expire in 2028. The Trust is actively seeking to either renew the term of this lease or purchase the freehold interest in the land prior to the expiry of the lease term. However, if the Trust cannot or chooses not to renew the lease, or buy the land, as the case may be, the net operating income and cash flow associated with the property would no longer contribute to Boardwalk's results of operations and could adversely impact its ability to make distributions to Unitholders. Another land lease, situated in Calgary, which expires in 2065, is scheduled for a reset to the annual rent in 2016 to 7% of the agreed upon land value in 2016. Since the agreed upon land value in 2016 cannot be predicted or estimated with certainty, the Trust continues to reflect the existing rental amount throughout the term of this lease.

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

Natural Gas:

Area	Usage Coverage	Term	Cost
Alberta	25%	November 1, 2014 to October 31, 2016	$4.25/Gigajoule ("GJ")
Alberta	25%	November 1, 2014 to October 31, 2017	$4.22/GJ
Saskatchewan	100%	November 1, 2012 to October 31, 2014	$3.74/GJ
Saskatchewan	50%	November 1, 2014 to October 31, 2015	$4.51/GJ
Saskatchewan	50%	November 1, 2014 to October 31, 2017	$4.53/GJ
Ontario and Quebec	50%	November 1, 2014 to October 31, 2015	$3.62/GJ

Electrical:

Area	Usage Coverage	Term	Cost
Southern Alberta	100%	October 1, 2010 to September 30, 2017	$0.06/Kilowatt-hour ("kWh")
Northern Alberta	100%	October 1, 2010 to September 30, 2015	$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, 2014 and at December 31, 2013 will not have a material impact on the Trust.

In the normal course of business, various agreements may be entered that may contain features that meet the definition of a contingent liability in accordance with IFRS. With the BC Property Portfolio sale, mortgage balances totaling approximately $62.0 million were assumed by the purchaser. Two of the three mortgages assumed by the purchaser have an indirect guarantee provided to the lender until these mortgages are renewed or refinanced by the purchaser, whichever occurs sooner. The term maturity date is February 1, 2015 with a mortgage balance of approximately $16.4 million on one and October 1, 2022 with a mortgage balance of approximately $23.2 million on the other. 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, 2014 is approximately $39.2 million (December 31, 2013 – $nil). 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 in most likelihood exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at December 31, 2014, no amounts have been recorded in the consolidated financial statements with respect to the above noted indirect guarantees.

NOTE 26: 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 approved by its Unitholders as stipulated in the Trust's DOT and 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, 2014**	Dec 31, 2013
Consolidated EBITDA (1) (12 months ended)	**$ 260,531**	$ 257,827
Consolidated interest expense (12 months ended)	**77,341**	81,813
Interest coverage ratio	**3.37**	3.15
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, 2014, the Trust's weighted average cost of capital was 4.29%.

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

As at	**Dec 31, 2014**		Dec 31, 2013	
	Cost of Capital (1)	**Underlying Value (2)**	Cost of Capital (1)	Underlying Value (2)
Liabilities				
Mortgages payable	**3.34%**	**$ 2,251,098**	3.46%	$ 2,294,167
LP Class B Units	**4.96%**	**275,392**	4.83%	267,829
Deferred unit-based compensation	**4.96%**	**7,760**	4.83%	8,325
Unitholders' equity				
Boardwalk REIT Units	**4.96%**	**2,924,439**	4.82%	2,868,010
Total	**4.29%**	**$ 5,458,689**	4.25%	$ 5,438,331

(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, 2014 is insured under the National Housing Act ("NHA") and administered by CMHC. These financings are typically structured on a loan to appraised value basis between 75-80%. The Trust currently has a level of indebtedness of approximately 38% of the fair value of the Trust's investment properties. This level of indebtedness is considered by the Trust to be within its target.

LP Class B Units – These units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on the exchangeable units in an amount equivalent to the distributions which would have been made had the units of Boardwalk REIT been issued. Each LP Class B Unit was accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The LP Class B Units have been classified as "FVTPL" financial liabilities in accordance with IAS 32. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income.

As outlined in NOTE 29 (d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at December 31, 2014 included cash and cash equivalent on hand of $139.6 million (December 31, 2013 – $131.1 million) as well as an unused committed revolving credit facility of $195.8 million (December 31, 2013 – $195.8 million). The Trust monitors its ratios and as at December 31, 2014 and 2013, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 27: FINANCIAL INSTRUMENTS

Hedging transactions

In 2008, the Trust entered into a bond forward transaction (the "Transaction") with a major Canadian financial institution. In total, the Transaction, which comprised bond forward contracts on specific mortgages set to mature and be renewed in 2008, was for a total notional amount of $101.6 million with a weighted average term and interest rate of 7.2 years and 3.63%, respectively; except for one of the contracts, all remaining contracts were assessed to be ineffective hedges. The bond forward contract assessed to be an effective hedge was settled for a loss of $284 thousand, which will be amortized over the term of the hedged item. As at December 31, 2014, the unamortized balance was $41 thousand (December 31, 2013 – $95 thousand) and $54 thousand was recognized in profit under financing charges for the year ended December 31, 2014 ($61 thousand for the year ended December 31, 2013).

During the first quarter of 2008, the Trust entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. These interest rate swap agreements were designated as cash flow hedges on March 11, 2008. The effective date of the hedge was May 1, 2008 and the agreements will continue to be designated as such until May 1, 2015. Settlements on both the fixed and variable portion of the interest rate swap will occur on a monthly basis. The fixed interest rate is 4.15%, plus a stamping fee of 0.25%, while the total amount of the mortgage debt subject to the interest rate swap is $83.2 million (December 31, 2013 – $84.7 million).

The Trust has determined the interest rate swap agreement described above to be an effective cash flow hedge in accordance with IAS 39. The effectiveness of the hedging relationship has been assessed at the transition date to IFRS and will be reviewed on a quarterly basis and measured at fair value. The portion of the gain or loss on the swap transaction that is determined to be an effective hedge will be recognized in other comprehensive income ("OCI"). To date, these interest rates swaps have been effective, and therefore all gains or losses have been recorded to OCI. The ineffective portion of the hedging gain or loss on the swap transaction will be recognized immediately in net earnings. However, to date there have been no ineffective portions on these swaps. On recognition of the financial liability of the hedged item on the consolidated statement of financial position, the associated gains or losses that were recognized in OCI will be reclassified into profit or loss in the same period or periods during which the interest payments of the hedged item affected profit or loss. However, if all or a portion of the net loss recognized in OCI will not be recovered in one or more future periods, the amount not expected to be recovered will be immediately reclassified into profit or loss.

As at December 31, 2014, the interest rate swap agreement was reassessed to be an effective hedge and, consistent with the previous periods, any gains or losses on the interest rate swap agreement were recognized in profit or loss in the periods during which the interest payments on the hedged items were recognized. For the year ended December 31, 2014, a gain of $2.4 million was recognized in OCI for the fair value change of the interest rate swaps (December 31, 2013 – gain of $2.1 million).

NOTE 28: 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, refundable tenants' security deposits and trade and other payables approximate their fair values due to their short-term nature.

(ii) the fair values of the Trust's mortgages payable are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Trust for similar financial instruments subject to similar risks and maturities.

(iii) the fair values of the deferred unit compensation plan and the LP Class B Units are estimates at a specific point in time, based on the closing market price of the REIT Units listed on the Toronto Stock Exchange.

(iv) the fair values of the effective portion of the interest rate swaps, reported as other non-current liabilities, are estimates at a specific point in time, based on quoted prices in markets that are not active for substantially the same term as the remaining effective portion of the derivatives.

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, 2014 and December 31, 2013 are as follows:

As at	**Dec 31, 2014**		Dec 31, 2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial liabilities carried at amortized cost				
Mortgages payable	**$ 2,169,499**	**$ 2,251,098**	$ 2,261,412	$ 2,294,167
Financial liabilities carried at FVTPL				
LP Class B Units	**275,392**	**275,392**	267,829	267,829
Other non-current liabilities	**972**	**972**	3,364	3,364
Deferred unit-based compensation	**7,760**	**7,760**	8,325	8,325

The fair value of the Trust's mortgages payable exceeded the recorded value by approximately $81.6 million at December 31, 2014 (December 31, 2013 – $32.8 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, 2014 and December 31, 2013, 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, 2014 and 2013, 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 29.

(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, 2014**			Dec 31, 2013		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**$ –**	**$ –**	**$ 5,778,108**	$ –	$ –	$ 5,745,207
Liabilities						
LP Class B Units	**275,392**	**–**	**–**	267,829	–	–
Other non-current liabilities	**–**	**4,510**	**–**	–	3,364	–
Deferred unit-based compensation	**7,760**	**–**	**–**	8,325	–	–

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, 2014 and 2013, there were no transfers between Level 1, Level 2 and Level 3 assets and liabilities during the year.

NOTE 29: 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, 2014, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at December 31, 2014, 100% was fixed-rate debt and none was floating-rate debt. For the year ended December 31, 2014, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (December 31, 2013 – $nil).

(b) Credit risk

The Trust is exposed to credit risk as a result of its trade and other receivables. This balance is comprised of mortgage holdbacks and refundable mortgage fees, accounts receivable from significant customers and insurers and tenant receivables. As at December 31, 2014 and 2013, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers and insurers was past due.

In relation to mortgage holdbacks and refundable mortgage fees, the Trust's exposure to credit risk is low given the nature of these balances. These funds will be advanced when the Trust has met the conditions pursuant to the mortgage agreement (in the case of the mortgage holdback) or when financing is completed (in the case of refundable mortgage fees), both of which are expected to occur.

Similar to mortgage holdbacks and refundable mortgage fees, the Trust assesses the credit risk on accounts receivable to be low due to the assured collection of these balances. The majority of the balance relates to money owing from the Trust's revenue sharing initiatives. Given the Trust's collection history and the nature of these customers, credit risk is assessed as low. Additionally, an amount is owed by insurance companies in relation to current outstanding claims. In all circumstances, the insurance deductible has been paid and amounts incurred and owing for reimbursement are due to an insurable event. Recoverability may differ from the amount owing solely due to discrepancies between the Trust and the insurance provider regarding the value of replacement costs.

With tenant receivables, credit risk arises from the possibility tenants may experience financial difficulty and be unable to fulfill their lease term commitments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Rent payments from tenants are due on the first of the month and tenants generally pay a security deposit – both of these actions mitigate against bad debts.

As stated above, the carrying amount of tenant receivables reflects management's assessment of the credit risk associated with its tenants; however, the Trust mitigates this risk of credit loss by geographically diversifying its existing portfolio, by limiting its exposure to any one tenant and by conducting thorough credit checks with respect to all new rental-leasing arrangements. In addition, where legislation allows, the Trust obtains a security deposit from a tenant to assist in the recovery of monies owed to the Trust.

Past due receivables (receivables which are greater than 30 days) are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness and the current economic environment; however, tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for doubtful accounts. The amount of the loss is recognized in the consolidated statement of comprehensive income as part of operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses during the period of settlement. As tenant receivables are typically written off after 60 days, none of the balance is considered to be past due by the Trust. For the year ended December 31, 2014, bad debt expense totaled $3.3 million (year ended December 31, 2013 – $3.2 million).

The credit risk of both Boardwalk REIT and the counter party have been taken into account in determining the fair value of Boardwalk REIT's trade and other receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust maintains what it believes to be conservatively leveraged assets and can finance any future growth through one or a combination of internally generated cash flows, borrowing under an existing committed revolving credit facility, the issuance of debt, or the issuance of equity, according to its capital management objectives. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to liquidity risk in any one year. In addition, cash flow projections are completed and reviewed on a regular basis to ensure the Trust has sufficient cash flows to make its monthly distributions to its Unitholders. Finally, financial assets, such as cash and trade and other receivables, will be realized within the next 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)	Deferred unit-based compensation	Tenants' security deposits	Distribution Payable	Trades and other payables	Total
2015	3.66%	$ 427,357	$ 65,551	$ –	$ 15,900	$ 81,634	$ 55,334	$ 645,776
2016	3.89%	264,455	51,798	–	–	–	–	316,253
2017	2.92%	309,019	41,679	–	–	–	–	350,698
2018	3.27%	176,823	33,763	–	–	–	–	210,586
2019	3.00%	410,292	27,048	–	–	–	–	437,340
Subsequent	3.35%	655,684	52,005	–	–	–	–	707,689
	3.34%	2,243,630	271,844	–	15,900	81,634	55,334	2,668,342
Unamortized deferred financing costs		(74,188)	–	–	–	–	–	(74,188)
Unamortized mark-to-market adjustment		57	–	–	–	–	–	57
		$ 2,169,499	$ 271,844	$ –	$ 15,900	$ 81,634	$ 55,334	$ 2,594,211

(1) Based on current in-place interest rates for the remaining term to maturity.

(d) Debt covenants

As outlined in its mortgages payable agreements, the Trust is required to make equal monthly payments of principal and interest based on the respective amortization period. Additionally, the Trust must ensure that all property taxes have been paid in full when they become due and that no arrears exist.

CMHC provides mortgage loan insurance in connection with mortgages made to Boardwalk REIT. In an agreement dated September 13, 2002, and as amended and restated on January 19, 2005 and April 25, 2006, the Trust agreed to provide certain financial information to the CMHC and be subject to certain restrictive covenants, including limitation on additional debt, payment of distributions in respect to Unitholders' capital in the event of default, and maintenance of certain financial ratios. In the event of default, the Trust's total financial liability under this agreement is limited to a one-time penalty payment of $250 thousand 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, 2014 of approximately $670.0 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 $195.8 million as at December 31, 2014 (December 31, 2013 – $195.8 million). The revolving facility requires monthly interest payments, is for a three-year term maturing on July 27, 2017, 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, 2014, this ratio was 2.09 (December 31, 2013 – 2.03).

(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, 2014, this ratio was 1.98 (December 31, 2013 – 1.80).

(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, 2014, this ratio was 35.8% (December 31, 2013 – 37.8%).

As at December 31, 2014 and 2013, the Trust was in compliance with all covenants.

(e) Utility risk

The Trust is exposed to utility risk as a result of fluctuations in the prices of natural gas and electricity service charges. As outlined in NOTE 25, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 30: SUBSIDIARIES

The entities included in the Trust's consolidated financial statements are as follows:

Entity	Type	Relationship
Boardwalk Real Estate Investment Trust ("BREIT")	Trust	Parent
Boardwalk Real Estate Management Ltd.	Corporation	100% owned by BREIT
Top Hat Operating Trust ("TOT")	Trust	100% owned by BREIT
BPCL Holdings Inc. ("BPCL")	Corporation	Meets the principle of control
Boardwalk REIT Limited Partnership ("BLP")	Partnership	A Units are 100% owned by TOT B Units and C Units are 100% owned by BPCL
Boardwalk REIT Properties Holdings (Alberta) Ltd.	Corporation	100% owned by BLP
Boardwalk REIT Quebec Inc.	Corporation	100% owned by BLP
Boardwalk Quebec Trust	Trust	100% owned by BLP
Boardwalk St. Laurent Limited Partnership	Partnership	99.99% owned by Boardwalk Quebec Trust 0.01% owned by 9165-5795 Quebec Inc.
9108-4749 Quebec Inc.	Corporation	100% owned by BLP
9165-5795 Quebec Inc.	Corporation	100% owned by 9108-4749 Quebec Inc.
Nun's Island Trust 1	Trust	100% owned by BLP
Nun's Island Trust 2	Trust	100% owned by BLP
Metropolitan Structures (MSI) Inc.	Corporation	100% owned by BLP
Boardwalk GP Holding Trust	Trust	100% owned by BLP
6222285 Canada Inc.	Corporation	100% owned by BLP
Boardwalk GP Operating Trust	Trust	100% owned by 6222285 Canada Inc.
Boardwalk General Partnership ("BGP")	Partnership	99.99% owned by Boardwalk GP Holding Trust 0.01% owned by Boardwalk GP Operating Trust
Boardwalk REIT Properties Holdings Ltd.	Corporation	100% owned by BGP
2044760 Ontario Inc.	Corporation	100% owned by BGP

BPCL represents the only entity which is not 100% owned by the Trust or one of its subsidiaries. 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 31: 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 30), which are related parties of the Trust, have been eliminated on consolidation and are not disclosed in this note disclosure.

The following outlines the individuals considered key personnel of the Trust:

(a) Trustees

The Trustees of Boardwalk REIT during the year ended December 31, 2014 and up to the date of this report were:

James R. Dewald

Gary Goodman

Arthur L. Havener, Jr.

Sam Kolias

Samantha Kolias

Al W. Mawani

Andrea Stephen

(b) Key management personnel

Key management personnel of the Trust during the year ended December 31, 2014 and up to the date of this report were:

P. Dean Burns, General Counsel & Corporate Secretary

William Chidley, Senior VP, Corporate Development

Roberto Geremia, President

Sam Kolias, Chief Executive Officer

Van Kolias, Senior VP, Quality Control

William Wong, Chief Financial Officer

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

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Short-term benefits	**$ 1,044**	$ 1,012
Post-employment benefits	**49**	48
Other long-term benefits	**6**	6
Deferred unit-based compensation	**1,775**	2,027
	$ 2,874	$ 3,093

In addition, the LP Class B Units are held by Sam Kolias (Chairman of the Board, Chief Executive Officer and Trustee) and Van Kolias (Senior Vice President, Quality Control). Under IAS 32 Financial Instruments: Presentation the LP B Units issued by a wholly owned subsidiary of the Trust are considered financial liabilities, and are reclassified from equity to liabilities on the consolidated financial statements. Additionally, as the LP Class B Units are liabilities, all distributions paid (both regular and special) are recorded as a financing charge under IFRS. For the year ended December 31, 2014, distributions on the LP Class B Units totaled $15.4 million (December 31, 2013 – $8.8 million). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at December 31, 2014, there was $7.0 million owed to related parties (December 31, 2013 – $738 thousand) based on the LP Class B Units distribution outlined above. The balance of $7.0 million is comprised of $761 thousand in relation to the monthly regular LP Class B Units distribution and $6.3 million in relation to the $1.40 special distribution on the LP Class B Units.

NOTE 32: OTHER INFORMATION

(a) Supplemental cash flow information

	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Net change in operating working capital		
Net change in inventories	**$ (9)**	$ (352)
Net change in prepaid assets	**(284)**	(417)
Net change in trade and other receivables	**(2,427)**	(2,358)
Net change in segregated and refundable tenants' security deposits	**91**	43
Net change in deferred unit-based compensation	**2,917**	2,800
Net change in trade and other payables	**60**	3,645
	$ 348	$ 3,361
Net change in investing working capital		
Net change in trade and other payables	**$ 1,929**	$ 2,911
Net change in financing working capital		
Net change in trade and other payables	**$ 471**	$ 105
Distributions paid		
Distributions declared	**$ (163,709)**	$ (94,571)
Distributions declared in prior year paid in current year	**(7,907)**	(7,656)
Distributions declared in current year paid in next year	**74,608**	7,907
Distributions paid	**$ (97,008)**	$ (94,320)

(b) Included in administration costs is $2.4 million relating to Registered Retirement Savings Plan matching for the year ended December 31, 2014 ($2.2 million for the year ended December 31, 2013).

(c) Included in operating expenses is $1.0 million related to transition payments paid to eligible associates for the year ended December 31, 2014 ($nil for the year ended December 31, 2013).

NOTE 33: SEGMENTED INFORMATION

Boardwalk REIT specializes in multi-family residential housing and operates primarily within one business segment in five provinces located wholly in Canada. Each provincial segment operates with a high degree of autonomy. Management monitors the operating results on a regional basis. Segment performance is evaluated on a number of measures, including net profit. Financial information reported is on the same basis as used for internal evaluation and allocation of resources. Boardwalk REIT does not have any one major tenant or a significant group of tenants. Either expiring leases are renewed or new tenants are found.

Net debt, interest income and expenses, and income taxes are managed on a group basis. Transfer prices between locations are set on an arm's-length basis in a manner similar to transactions with third parties and are eliminated upon inter-company consolidation.

Corporate represents corporate functions, technology assets, activities incidental to operations, and certain comparative data for divested assets.

Details of segmented information are as follows:

As at	**Dec 31, 2014**						
	Alberta	**British Columbia**	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 4,065,612**	**$ –**	**$ 718,186**	**$ 322,418**	**$ 737,031**	**$ 128,398**	**$ 5,971,645**
Liabilities	**1,510,504**	**–**	**262,837**	**117,808**	**320,734**	**401,774**	**2,613,657**

As at	Dec 31, 2013						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Assets	$ 3,895,491	$ 125,430	$ 717,052	$ 330,907	$ 738,129	$ 118,674	$ 5,925,683
Liabilities	1,530,107	61,415	269,407	120,778	326,526	317,928	2,626,161

	Year ended Dec 31, 2014						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 293,242	$ –	$ 61,627	$ 40,940	$ 70,441	$ 185	$ 466,435
Ancillary rental income	4,382	–	575	869	952	32	6,810
Total rental revenue	297,624	–	62,202	41,809	71,393	217	473,245
Rental expenses							
Operating expenses	54,188	–	10,609	7,282	16,857	4,244	93,180
Utilities	26,708	–	5,728	7,654	7,015	467	47,572
Property taxes	22,920	–	4,308	5,322	7,413	128	40,091
Net operating income (loss)	193,808	–	41,557	21,551	40,108	(4,622)	292,402
Financing costs (a)	52,673	–	10,086	4,114	10,555	14,549	91,977
Administration	896	–	158	97	157	32,424	33,732
Depreciation and amortization (b)	3,418	–	660	281	3,562	4,012	11,933
Profit (loss) from continuing operations before fair value gains (losses) and income tax expense	136,821	–	30,653	17,059	25,834	(55,607)	154,760
Loss on sale of assets	(235)	–	–	–	–	–	(235)
Fair value gains (losses)	135,468	–	(10,329)	(17,380)	(17,978)	(8,655)	81,126
Profit (loss) before income tax expense	272,054	–	20,324	(321)	7,856	(64,262)	235,651
Income tax expense (c)	–	–	–	–	–	(41)	(41)
Profit (loss) from continuing operations	$ 272,054	$ –	$ 20,324	$ (321)	$ 7,856	$ (64,303)	$ 235,610
Profit from discontinued operations, net of tax	–	–	–	–	–	11,181	11,181
Profit (loss) for the period	$ 272,054	$ –	$ 20,324	$ (321)	$ 7,856	$ (53,122)	$ 246,791
Other comprehensive income	1,384	–	1,061	–	–	–	2,445
Total comprehensive income (loss)	$ 273,438	$ –	$ 21,385	$ (321)	$ 7,856	$ (53,122)	$ 249,236
Additions to non-current assets (d)	$ 48,149	$ –	$ 11,596	$ 8,815	$ 11,413	$ 9,442	$ 89,415

	Year ended Dec 31, 2013						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 275,976	–	$ 60,183	$ 40,569	$ 69,685	$ 213	$ 446,626
Ancillary rental income (loss)	4,513	–	654	833	959	(1)	6,958
Total rental revenue	280,489	–	60,837	41,402	70,644	212	453,584
Rental expenses							
Operating expenses	50,985	–	9,806	7,144	16,285	4,782	89,002
Utilities	23,303	–	5,292	6,978	6,126	422	42,121
Property taxes	21,659	–	4,204	5,250	7,034	125	38,272
Net operating income (loss)	184,542	–	41,535	22,030	41,199	(5,117)	284,189
Financing costs (a)	54,282	–	10,295	4,744	11,307	8,190	88,818
Administration	63	–	12	20	259	31,848	32,202
Depreciation and amortization (b)	3,672	–	640	296	3,681	3,631	11,920
Profit (loss) from continuing operations before gain on sale of assets, fair value gains (losses) and income tax expense	126,525	–	30,588	16,970	25,952	(48,786)	151,249
Loss on sale of assets	–	–	–	–	–	–	–
Fair value gains (losses)	148,038	–	14,160	9,116	(17,552)	20,662	174,424
Profit (loss) before income tax recovery	$ 274,563	–	$ 44,748	$ 26,086	$ 8,400	$ (28,124)	$ 325,673
Income tax expense (c)	–	–	–	–	–	(538)	(538)
Profit (loss) from continuing operations	$ 274,563	–	$ 44,748	$ 26,086	$ 8,400	$ (28,662)	$ 325,135
Profit from discontinued operations, net of tax	–	–	–	–	–	12,595	12,595
Profit (loss) for the period	$ 274,563	–	$ 44,748	$ 26,086	$ 8,400	$ (16,067)	$ 337,730
Other comprehensive income	1,209	–	940	–	–	–	2,149
Total comprehensive income (loss)	$ 275,772	–	$ 45,688	$ 26,086	$ 8,400	$ (16,067)	$ 339,879
Additions to non-current assets (d)	$ 39,905	–	$ 11,645	$ 8,174	$ 12,939	$ 23,790	$ 96,453

(a) Financing costs

Financing costs were as follows:

	Year ended Dec 31, 2014						
	Alberta	**British Columbia**	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 52,529**	**$ –**	**$ 10,067**	**$ 4,051**	**$ 10,529**	**$ –**	**$ 77,176**
LP Class B unit distribution	**–**	**–**	**–**	**–**	**–**	**15,372**	**15,372**
Other interest charges	**144**		**19**	**63**	**27**	**1,225**	**1,478**
Interest income	**–**	**–**	**–**	**–**	**(1)**	**(2,048)**	**(2,049)**
Total	**$ 52,673**	**$ –**	**$ 10,086**	**$ 4,114**	**$ 10,555**	**$ 14,549**	**$ 91,977**

	Year ended Dec 31, 2013						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 54,147	$ –	$ 10,274	$ 4,641	$ 11,301	$ 1	$ 80,364
LP Class B unit distribution	–	–	–	–	–	8,838	8,838
Other interest charges	135	–	21	103	31	1,246	1,536
Interest income	–	–	–	–	(25)	(1,895)	(1,920)
Total	$ 54,282	$ –	$ 10,295	$ 4,744	$ 11,307	$ 8,190	$ 88,818

(b) Depreciation and amortization

This represents depreciation and amortization on items carried at cost and primarily includes deferred financing charged, corporate assets, technology assets, site equipment and other assets. These figures exclude any impairment charges.

(c) Income tax recovery

This relates to any current and deferred taxes.

(d) 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 34: SUBSEQUENT EVENTS

On January 15, 2015, the Trust paid out the Special Distribution totaling $72.8 million, or $1.40 per unit, to Trust and LP Class B Unitholders on record as at December 31, 2014.

On January 19, 2015, the Trust closed on the purchase of its office space and warehouse in Verdun, Montreal on Nun's Island for a total purchase price of $3.1 million.

NOTE 35: APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Trustees and authorized for issue on February 18, 2015.

FIVE YEAR SUMMARY

($000's except per unit and per square foot)	2010 (IFRS)	2011 (IFRS)	2012 (IFRS)	2013 (IFRS)	**2014 (IFRS)**
Assets					
Investment properties	$ 4,318,242	$ 4,793,895	$ 5,493,448	$ 5,745,207	**$ 5,778,108**
Other assets	267,683	295,128	181,854	180,476	**193,537**
Total assets	$ 4,585,925	$ 5,089,023	$ 5,675,302	$ 5,925,683	**$ 5,971,645**
Mortgages payable	$ 2,153,206	$ 2,218,731	$ 2,248,176	$ 2,261,412	**$ 2,169,499**
Debenture	112,211	112,390	–	–	**–**
Other liabilities	267,613	313,102	377,018	364,699	**444,145**
	$ 2,533,030	$ 2,644,223	$ 2,625,194	$ 2,626,111	**$ 2,613,644**
Deferred income taxes	740,359	10	7	50	**13**
Unitholders' equity	1,312,536	2,444,790	3,050,101	3,299,522	**3,357,988**
Total liabilities and unitholders' equity	$ 4,585,925	$ 5,089,023	$ 5,675,302	$ 5,925,683	**$ 5,971,645**
Trust unit outstanding (000) (including LP B Units)	52,366	52,264	52,327	52,395	**51,996**
Trust unit price at year-end ($)	$ 41.25	$ 50.44	$ 64.53	$ 59.85	**$ 61.54**
Market capitalization ($MM)	2,160.1	2,636.2	3,376.7	3,135.8	**3,199.8**
Number of rental units	35,277	35,277	35,277	35,386	**34,626**
Fair value per rental unit ($000)	122	136	156	162	**167**
Long-term debt per rental unit ($000)	64	66	64	64	**63**
Net rentable square feet (000)	29,936	29,936	29,936	30,022	**29,466**
Fair value per square foot ($)	144	160	184	191	**196**
Long-term debt per square foot ($)	76	78	75	75	**74**
Average net rentable SF per unit	849	849	849	848	**851**
L/T debt weighted average interest rate	4.27%	4.14%	3.69%	3.46%	**3.34%**

FIVE YEAR SUMMARY

($000's except per unit)	2010 (IFRS)	2011 (IFRS)	2012 (IFRS)	2013 (IFRS)	**2014 (IFRS)**
Rental revenue	$ 414,033	$ 416,152	$ 433,205	$ 446,626	**$ 466,435**
Ancillary rental income	6,399	6,575	6,696	6,958	**6,810**
Total rental revenue	420,432	422,727	439,901	453,584	**473,245**
Rental expenses					
Operating expenses	76,624	84,400	87,143	89,002	**93,180**
Utilities	42,222	40,340	39,921	42,121	**47,572**
Property taxes	36,529	35,328	36,773	38,272	**40,091**
Net operating income	265,057	262,659	276,064	284,189	**292,402**
Operating margin	63%	62%	63%	63%	**62%**
Financing costs	112,638	105,569	98,062	88,818	**91,977**
Administration	25,995	26,264	28,909	32,202	**33,732**
Depreciation and amortization	10,294	10,520	10,922	11,920	**11,933**
Profit from continuing operations before the undernoted	116,130	120,306	138,171	151,249	**154,760**
Gain (loss) on sale of assets	(3,047)	–	135	–	**(235)**
Fair value gains	211,157	364,389	549,986	174,424	**81,126**
Profit from continuing operations before income tax (expense) recovery	324,240	484,695	688,292	325,673	**235,651**
Income tax (expense) recovery	(47,448)	740,391	222	(538)	**(41)**
Profit from continuing operations	276,792	1,225,086	688,514	325,135	**235,610**
Profit from discontinued operations, net of tax	–	–	–	12,595	**11,181**
Profit for the year	276,792	1,225,086	688,514	337,730	**246,791**
Other comprehensive income (loss)	(695)	(1,871)	2,850	2,149	**2,445**
Total comprehensive income	$ 276,097	$1,223,215	$ 691,364	$ 339,879	**$ 249,236**
Earnings per unit – continuing operations – diluted	$ 5.82	$ 24.40	$ 14.40	$ 5.98	**$ 4.93**
Earnings per unit – discontinued operations – diluted	$ –	$ –	$ –	$ 0.24	**$ 0.23**
Funds from operations	$ 129,728	$ 131,808	$ 150,343	$ 168,184	**$ 175,825**
Funds from operations per unit – fully diluted	$ 2.47	$ 2.52	$ 2.87	$ 3.21	**$ 3.37**
Interest Coverage Ratio, Continuing operations	2.34	2.42	2.76	3.15	**3.37**

Fiscal year ended December 31, 2013 has been restated to present discontinued operations consistent with fiscal year ended December 31, 2014.

2014 QUARTERLY RESULTS

(in $000's except per unit amounts)	Q1	Q2	Q3	Q4	31-Dec-14
Rental revenue	$ 114,892	$ 116,167	$ 117,229	$ 118,147	**$ 466,435**
Ancillary rental income	1,661	1,787	1,656	1,706	**6,810**
Total rental revenue	116,553	117,954	118,885	119,853	**473,245**
Rental expenses					
Operating expenses	22,853	23,240	23,587	23,500	**93,180**
Utilities	15,808	10,307	9,074	12,383	**47,572**
Property taxes	9,593	9,755	10,382	10,361	**40,091**
Net operating income	68,299	74,652	75,842	73,609	**292,402**
Financing costs	21,802	21,643	21,313	27,219	**91,977**
Administration	7,735	8,327	7,839	9,831	**33,732**
Depreciation and amortization	3,023	3,083	3,138	2,689	**11,933**
Profit from continuing operations before the undernoted	35,739	41,599	43,552	33,870	**154,760**
Loss on sale of assets	–	(235)	–	–	**(235)**
Fair value gains (losses)	73,594	44,041	11,942	(48,451)	**81,126**
Profit (loss) from continuing operations before income tax (expense) recovery	109,333	85,405	55,494	(14,581)	**235,651**
Income tax (expense) recovery	49	(71)	(73)	54	**(41)**
Profit (loss) from continuing operations	109,382	85,334	55,421	(14,527)	**235,610**
Profit (loss) from discontinued operations, net of tax	12,997	(1,478)	(319)	(19)	**11,181**
Profit (loss) for the period	122,379	83,856	55,102	(14,546)	**246,791**
Other comprehensive income	597	617	611	620	**2,445**
Total comprehensive income (loss)	$ 122,976	$ 84,473	$ 55,713	$ (13,926)	**$ 249,236**
Earnings (loss) per unit – continuing operations – diluted	$ 2.21	$ 1.78	$ 1.16	$ (0.22)	**$ 4.93**
Earnings (loss) per unit – discontinued operations – diluted	$ 0.25	$ (0.03)	$ 0.01	$ –	**$ 0.23**
Funds from operations	$ 40,015	$ 45,313	$ 46,792	$ 43,704	**$ 175,825**
Funds from operations per unit – fully diluted	$ 0.76	$ 0.86	$ 0.90	$ 0.84	**$ 3.37**

2013 QUARTERLY RESULTS

(in $000's except per unit amounts)	Q1	Q2	Q3	Q4	**31-Dec-13**
Rental revenue	$ 109,402	$ 111,273	$ 112,233	$ 113,718	**$ 446,626**
Ancillary rental income	1,642	1,769	1,754	1,793	**6,958**
Total rental revenue	111,044	113,042	113,987	115,511	**453,584**
Rental expenses					
Operating expenses	21,406	22,514	22,204	22,878	**89,002**
Utilities	12,358	9,560	8,481	11,722	**42,121**
Property taxes	9,020	9,257	10,066	9,929	**38,272**
Net operating income	68,260	71,711	73,236	70,982	**284,189**
Financing costs	22,654	22,368	21,904	21,892	**88,818**
Administration	7,576	8,001	7,728	8,897	**32,202**
Depreciation and amortization	2,861	2,985	2,954	3,120	**11,920**
Profit from continuing operations before the undernoted	35,169	38,357	40,650	37,073	**151,249**
Fair value gains (losses)	57,278	68,503	115,240	(66,597)	**174,424**
Profit (loss) from continuing operations before income tax (expense) recovery	92,447	106,860	155,890	(29,524)	**325,673**
Income tax (expense) recovery	(285)	(23)	(88)	(142)	**(538)**
Profit (loss) from continuing operations	92,162	106,837	155,802	(29,666)	**325,135**
Profit from discontinued operations,net of tax	1,202	5,796	3,442	2,155	**12,595**
Profit (loss) for the period	93,364	112,633	159,244	(27,511)	**337,730**
Other comprehensive income	367	930	368	484	**2,149**
Total comprehensive income (loss)	$ 93,731	$ 113,563	$ 159,612	$ (27,027)	**$ 339,879**
Earnings (loss) per unit – continuing operations – diluted	$ 1.63	$ 1.72	$ 2.96	$ (0.33)	**$ 5.98**
Earnings (loss) per unit – discontinued operations – diluted	$ 0.02	$ 0.11	$ 0.07	$ 0.04	**$ 0.24**
Funds from operations	$ 39,209	$ 42,564	$ 44,969	$ 41,442	**$ 168,184**
Funds from operations per unit – fully diluted	$ 0.75	$ 0.81	$ 0.86	$ 0.79	**$ 3.21**

MARKET AND UNITHOLDER INFORMATION

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REGISTRAR & 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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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.BoardwalkREIT.com.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Unitholders of Boardwalk REIT will be held at the Petroleum Club, 319-5 Ave SW, Calgary, Alberta, at 3:00 pm (Mountain Standard Time) on May 14, 2015.

Unitholders are encouraged to attend and those unable to do so are requested to complete the Form of Proxy and forward it at their earliest convenience.

EXCHANGE LISTINGS

The Toronto Stock Exchange
Symbol: **BEI.UN**

TRADING PROFILE

TSX: Jan 1, 2014 to Dec 31, 2014
High: $71.40
Low: $58.13
Year End Closing Price: $61.54

Monthly Distributions

Month	Per Unit	Annualized	Record Date	Distribution Date
Jan-14	$0.165	$1.98	31-Jan-14	17-Feb-14
Feb-14	$0.170	$2.04	28-Feb-14	17-Mar-14
Mar-14	$0.170	$2.04	31-Mar-14	15-Apr-14
Apr-14	$0.170	$2.04	30-Apr-14	15-May-14
May-14	$0.170	$2.04	30-May-14	16-Jun-14
Jun-14	$0.170	$2.04	30-Jun-14	15-Jul-14
Jul-14	$0.170	$2.04	31-Jul-14	15-Aug-14
Aug-14	$0.170	$2.04	29-Aug-14	15-Sep-14
Sep-14	$0.170	$2.04	30-Sep-14	15-Oct-14
Oct-14	$0.170	$2.04	31-Oct-14	17-Nov-14
Nov-14	$0.170	$2.04	28-Nov-14	15-Dec-14
Dec-14	$0.170	$2.04	31-Dec-14	15-Jan-15
Dec-14	$1.400	Special Distribution	31-Dec-14	15-Jan-15
Jan-15	$0.170	$2.04	30-Jan-15	16-Feb-15
Feb-15	$0.170	$2.04	27-Feb-15	16-Mar-15
Mar-15	$0.170	$2.04	31-Mar-15	15-Apr-15
Apr-15	$0.170	$2.04	30-Apr-15	15-May-15

CORPORATE INFORMATION

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Calgary, Alberta

James Dewald [3]
Calgary, Alberta

Gary Goodman [2]
Toronto, Ontario

Art Havener [1] [2] [3]
St. Louis, MO

Samantha Kolias
Calgary, Alberta

Al Mawani [3]
Thornhill, Ontario

Andrea Stephen [2]
Toronto, Ontario

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(2) Member of the Audit and Risk Management Committee

(3) Member of the Compensation, Governance and Nominations Committee

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Dean Burns
General Counsel and Secretary

William Chidley
Senior Vice President, Corporate Development

Ian Dingle
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Michael Guyette
CIO, VP Operations for Southern Alberta and BC

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Chief Financial Officer

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