THE RESILIENCE OF COMMUNITY

BOARDWALK REAL ESTATE INVESTMENT TRUST

2015

ANNUAL REPORT

BOARDWALK RENTAL COMMUNITIES

www.BoardwalkREIT.com

TSX: BEI.UN

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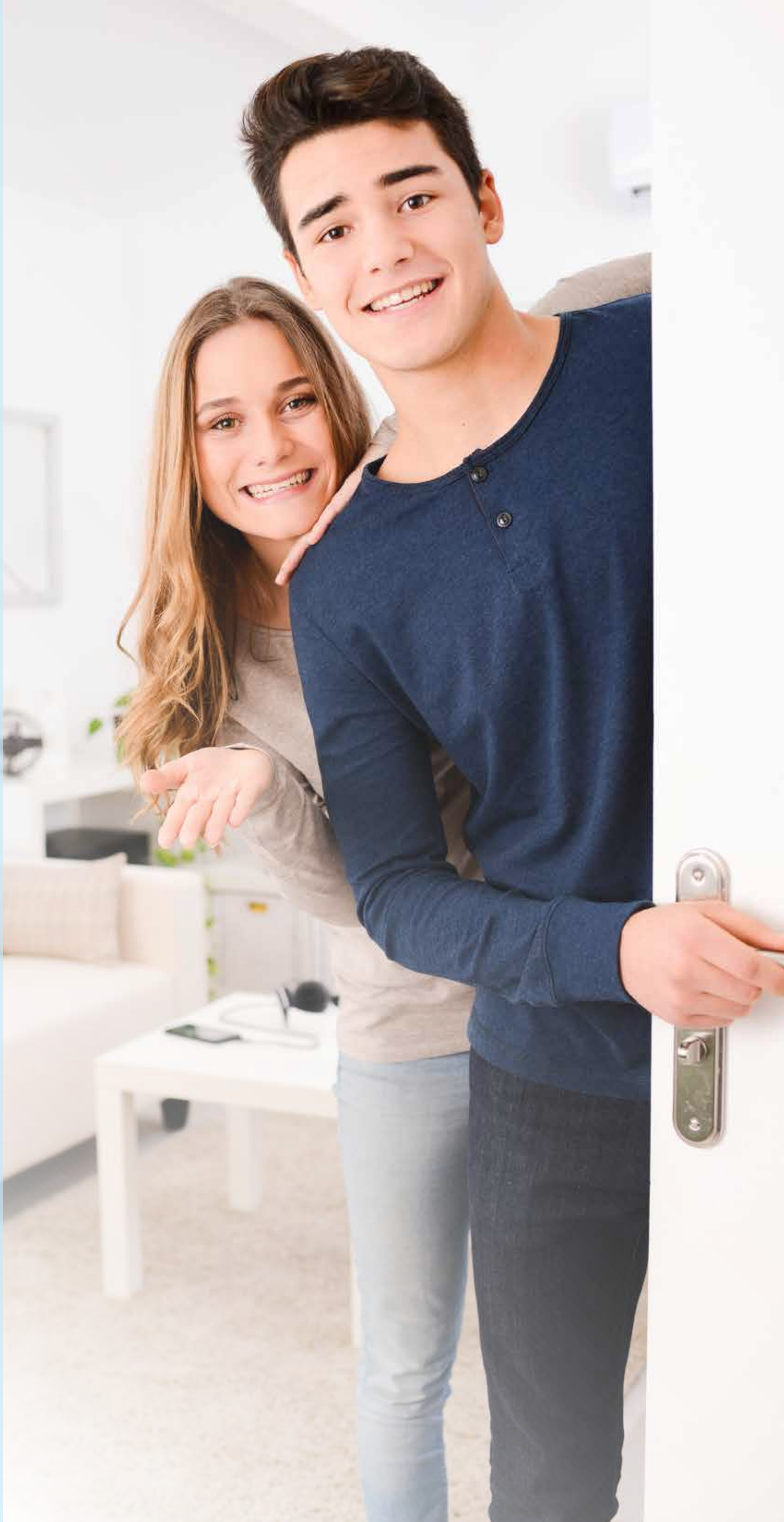


BOARDWALK REIT

2015 Highlights

OPERATING RESULTS

- Same property rental revenue increased by 1.8% to $464.2 million.
- Same property Net Operating Income ("NOI") increased by 1.8% to $294.6 million.
- Funds From Operations ("FFO") excluding gains and losses from dispositions increased by 5.1% to $184.9 million.

PERFORMANCE

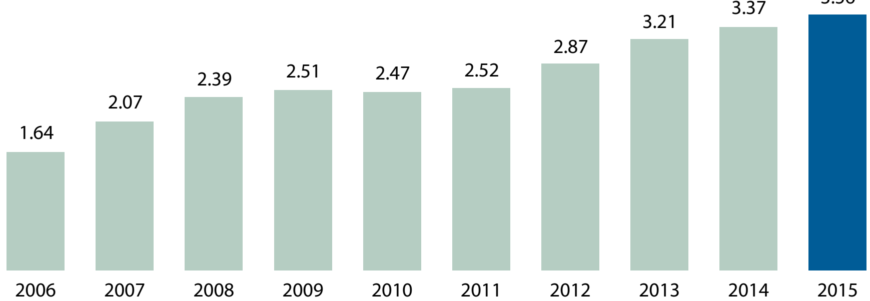
- A special distribution of $1.00 per Trust Unit was paid to Unitholders of record on December 31, 2015.
- The Trust distributed $2.04 per Trust Unit of regular distributions on an annualized basis in 2015.
- At the end of Q4 2015, the Trust increased its regular distribution by 10.3% to $2.25 per Trust Unit on an annualized basis, beginning with its February 2016 monthly distribution effective, with the February 29, 2016 record date.
- The Trust demonstrated one of the lowest regular distribution payout ratios among Canadian REITs during fiscal 2015 at approximately 57% of FFO.

FINANCIAL POSITION

- The Trust renewed $423.0 million in fiscal 2015 and reduced its average interest rate on these mortgages from 3.67% to 2.16%.
- The Portfolio Weighted Average interest rate has been reduced to 3.01%.
- 99% of the Trust's mortgages are NHA-Insured.
- At December 31, 2015, the Trust had $237 million (before payment of $51 million special distribution paid on January 15, 2016) in cash on its balance sheet in addition to a $198 million undrawn credit facility.

FUNDS FROM OPERATIONS

Per Unit (Cdn$)



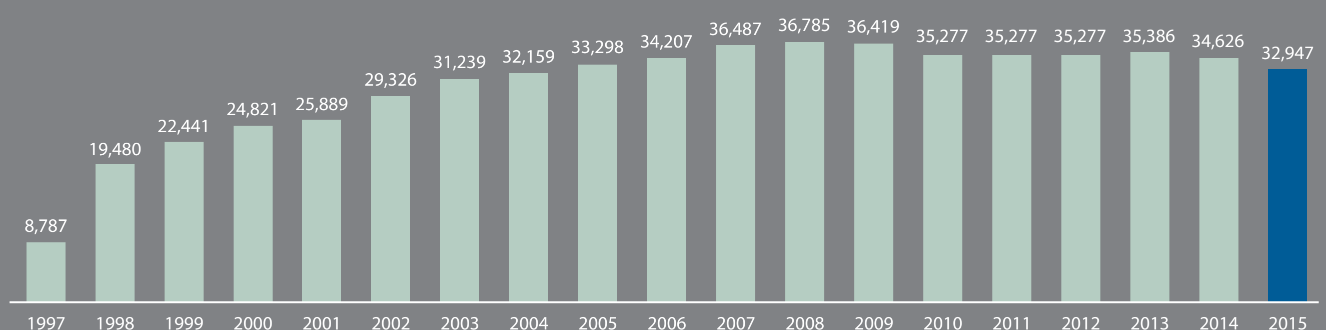
Corporate Profile

Boardwalk REIT strives to be Canada's friendliest landlord and currently owns and operates more than 200 communities with over 32,000 residential units totalling approximately 28 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 1,400 Associates bringing Residents home to properties located in Alberta, Saskatchewan, Ontario, and Quebec.

OUR MISSION:

"To serve and provide our Residents with quality rental communities."

Boardwalk REIT – Total Number of Units



LETTER TO UNITHOLDERS

The Resilience of Community

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

We are pleased to report on a positive year for Boardwalk REIT ("Boardwalk" or the "Trust"). In 2015, we continued to provide the best value in housing by providing our Resident Members with superior customer service and the best quality communities, while also providing our Unitholders with sustainable monthly distributions coupled with continued long-term growth.

Our Customer friendly approach to rental rate increases over the last several years and the commitment and dedication of our Associates towards serving our Resident Members continues to drive our success and has allowed the Trust to report Funds from Operations ("FFO") performance of $3.56 per Trust Unit on a diluted basis for 2015, an increase of approximately 5.6% compared to 2014.

The resilience of community is highlighted by the success Boardwalk continues to deliver as a result of the loyalty our Resident Members have rewarded us with. 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 lower turnover and higher occupancy as we continue to build long-term relationships with them.

TOTAL UNITS

32,947

MORE THAN

1,400

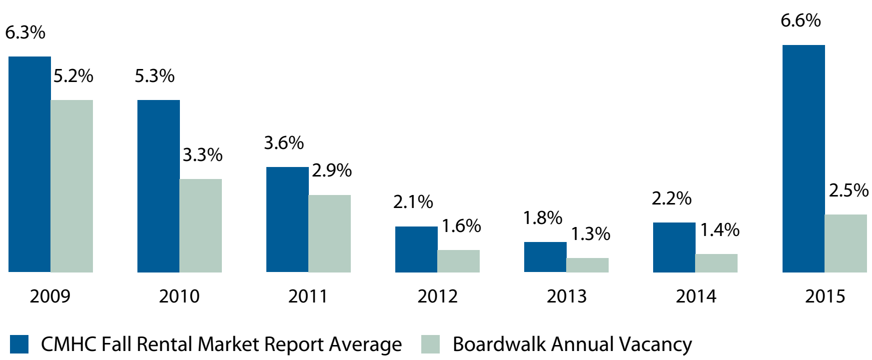
ASSOCIATES

2015 ECONOMIC ENVIRONMENT

The economic environment in 2015 in Canada was mainly headlined by the decrease in crude prices. As a result, the Canadian economy experienced a difficult year with lower government revenues, a volatile labour market, and as a result, less consumer spending.

Despite the affordability of rental housing, upward pressure was seen in Alberta Market Vacancy rates as evidenced by CMHC's fall rental market report which noted an average Alberta vacancy rate of 6.6%. Boardwalk's unique approach of focusing on providing superior customer service, high occupancy, sustainable rental rate increases, and providing the best quality rental communities helped to stabilize and ensure that the Trust occupancy levels continued to remain high despite the extra capacity seen in the market. The demand for Boardwalk's brand of quality and affordable rental housing remained high in 2015, in part as a result of the Trust's Resident Members choosing to stay with Boardwalk for its value as well as due to the labour market and home price volatility which resulted in our Resident Members opting to stay with Boardwalk longer.

Historic Alberta Vacancy Rates



Rental remains the most affordable housing option in Canada, and although Boardwalk outperformed from an operational standpoint in 2015, there was a significant dislocation between the Trust's Unit Price and the underlying value of its assets throughout 2015. It would appear that the public markets were valuing Boardwalk based on the prevailing price of a barrel of oil as opposed to that of affordable, residential real estate. Despite the economic environment, Boardwalk continued to deliver stable revenue, and increasing FFO as a result of continued high occupancy levels and stable Net Operating Income. As a result of the Resilience of Community, Boardwalk has delivered sustainable financial performance despite economic volatility and historically has capitalized on cyclical opportunities to create even greater value for the Trust's Stakeholders.

Interest rates continued to remain low in 2015 as the demand for Canadian Real Estate continued to be strong as multi-family asset transactions showed that Capitalization Rates remained low, which in turn, when coupled with stable market rents in many 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.

The Prairie Provinces continued to remain resilient with economic growth which equalled the Canadian average. Given the affordability of rental housing, good fundamentals remained for the Trust, which were driven by capturing market share through providing the best value and service. Alberta saw net migration slow from the elevated pace seen over the last few years and subsequently has seen new home and condominium construction taper to respond to these forecasts. Alberta and Saskatchewan continued its trend of carrying relatively low unemployment rates which equalled the national average, and continued to earn the highest wages in Canada, a positive indicator for housing. In Alberta, the home ownership and resale market appeared to fluctuate depending on price range. Affordable and mid-range homes remained fairly stable, however, higher end, luxury homes saw decreased demand and increased listings.

FINANCIAL STRENGTH AND FLEXIBILITY

At the end of 2015, the Trust had approximately $384 million in available liquidity (comprised of $237 million in cash, access to an undrawn $198 million credit facility and net of $51 million special distribution paid to Unitholders of record on December 31, 2015). The special distribution was related to the Trust's return of equity to Unitholders from the sale of its Windsor Portfolio in 2015. In addition, the Trust estimates that it could obtain an additional $451 million in liquidity within the next two years, with a total potential liquidity of $835 million. The Trust's financial strength, conservative balance sheet and historically low interest rates has positioned Boardwalk to actively explore options to deploy capital in support of unitholder value creation, including value added capital expenditures, acquisitions, development of new assets, income and return of capital to Unitholders and continued investment in the Trust's own portfolio through its Trust Unit buyback program to maximize unitholder value.

As interest rates continued to remain low throughout 2015, the Trust was able to renew approximately $423 million in mortgage maturities, as well as obtain $155 million of additional mortgage funds with an average term of 7 years at a weighted average

Portfolio Highlights

- **Occupancy for the year ended 2015 was 97.4%.**
- **Average Occupied Rent for the end of 2015 was $1,179 per unit per month, up from $1,170 in the same period last year.**
- **Interest coverage ratio for fiscal 2015 was 3.64 times compared to 3.37 for the same period last year.**

interest rate of 2.16%, a decrease from the 3.67% maturing rate on these mortgages, and a significant decrease in the Trust's interest expense. As of February 2016, estimated CMHC-insured 5 and 10 year mortgage rates continued to decrease and were estimated to be 1.50% and 2.20% 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 2016. 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 2015 was a conservative 38%. The Trust's Fair Value excluding sold properties as of December 31, 2015 was $5.5 billion, a decrease from $5.7 billion a year ago, as a result of Boardwalk's proactive decrease in market rents as 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 3.64 times versus 3.37 times for the same period last year.

BALANCED AND SUSTAINABLE GROWTH

In 2015, the Trust continued to deliver sustainable growth with a focus on organic growth, through high occupancy and superior customer service. The Trust achieved an increase of 1.8% in Stabilized Building Net Operating Income in 2015, which was within our original and revised guidance range. The Trust's rental strategy of maintaining high occupancy coupled with the increase in realized average rents, along with decreasing turnover costs, provided positive organic NOI growth in 2015.

Boardwalk Stabilized NOI Growth for 2015	
Original Guidance	1% to 4%
Revised Guidance	1% to 3%
Actual Results, 2015	1.8%

Coupled with the NOI growth achieved in 2015, the Trust's FFO performance of $3.56 per Trust Unit, an increase of 5.6% from 2014 and 10.9% from 2013, allowed the Trust to increase the regular monthly cash distributions by 10.3% beginning in February of 2016.

Funds from Operation – 2015	
Original Guidance	$3.40 to $3.60
Revised Guidance	$3.53 to $3.58
Actual Results, 2015	$3.56

In 2015, the Trust completed the disposition of its Windsor portfolio. The total sale price for the assets was $136 million, with a portion of the proceeds from the Trust's disposition returned to Unitholders through a Special Distribution of $1.00 per Trust Unit for Unitholders of record as at December 31, 2015. Much of the remainder of the proceeds were deployed towards the purchase and cancellation of 740,800 Trust Units at an average purchase cost of $50.10 per Trust Unit. Between 2007 and the 2014 the Trust exercised a similar strategy of high-grading its portfolio through the sale of Apartment Units, comprised of non-core assets and re-deployed this equity into the purchase and cancellation of Trust Units under similar Normal Course Issuer Bids. At the end of 2015, the Trust re-purchased and cancelled over 5.7 million Trust Units, representing a total investment of $239 million.

Financial and Operating Highlights

- **FFO per unit of $3.56 on a diluted basis, up 5.6% compared to $3.37 from the same period last year.**
- **AFFO per unit was $3.23 on a diluted basis, up 5.9% compared to $3.05 from the same period last year.**
- **Operating margin remains stable at approximately 62%.**

Boardwalk substantially completed construction of its second development project on excess land the Trust owned. The 79-unit, wood-frame building in Regina, Saskatchewan, named Pines Edge I, was completed on time and below budget with a total cost of $13.4 million and an estimated stabilized capitalization rate range of 6.50% to 7.00%.

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 lower 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.

2016 OUTLOOK – AN EXCITING OPPORTUNITY

Lower crude prices in 2015 and into the beginning of 2016 has resulted in pressure on the Alberta and Saskatchewan economies with the potential to impact each province's near and medium 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. From an operational standpoint, the Trust believes it will continue to deliver stable NOI through its Resident friendly approach.

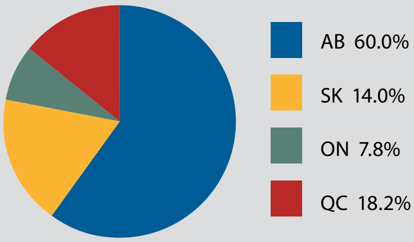
The Trust's liquidity position is strong and is targeting to acquire an additional 800 to 1,200 apartment units; additionally, the Trust plans to commence the construction of Phase 2 and 3 of our Pines Edge development project in 2016. By focusing on acquiring and developing new assets, and capitalizing on Boardwalk's Brand, the Trust believes it can create and enhance Unitholder value by decreasing the average age of our portfolio, while also creating long term revenue and net asset value growth. In addition, the significant discount the Trust's Unit Price currently trades at relative to Net Asset Value, presents a unique opportunity for the Trust to increase its allocation of capital towards its existing stock buyback program.

The Trust will continue to undertake a balanced approach, with a continued focus on organic growth and the above noted initiatives, as the Trust's conservative balance sheet and access to low cost debt financing has provided a source of capital to assist in funding new growth opportunities.

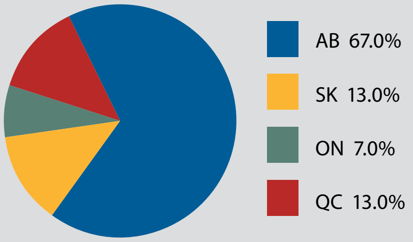
A continued low interest rate environment will further enhance FFO growth as approximately $251 million of mortgages will mature in 2016 with an average interest rate of 3.91%, representing an interest savings opportunity with current (as of February 2016) 5 and 10 year CMHC insured financing rates of 1.50% and 2.20% 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 are excited for 2016. The Trust believes it is well positioned to continue to provide stable NOI during difficult economic times, and utilize its conservative balance sheet to provide growth through value added capital allocation opportunities.

Unit Breakdown by Province
As at Dec 31, 2015



NOI Breakdown by Province
As at Dec 31, 2015



As is customary, at the end of the third quarter of 2015, 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, with the most recent update as follows:

Description	2016 Revised Financial Guidance	2016 Original Financial Guidance
Investment Properties	800 - 1,200 New Apartment Units	No new apartment acquisitions or dispositions
Development	Phase 1 of Pines Edge, Regina, Saskatchewan – 79 Units Commencement of Phase 2 & 3 of Pines Edge, Regina, Saskatchewan – 150 units	Phase 1 of Pines Edge, Regina, Saskatchewan – 79 Units
Stabilized Building NOI Growth	-2% to 2%	-2% to 2%
FFO Per Trust Unit	$3.40 to $3.60	$3.40 to $3.60
AFFO per Trust Unit – based on $525/yr/apt	$3.06 to $3.26	$3.06 to $3.26

IN SUMMARY

The Resilience of Community was most apparent in 2015 as our performance has proven our Resident friendly approach and community focus provided both stability and growth in difficult economic times.

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.

A balanced approach with continued focus on organic growth, and disciplined capital allocation along with sustainable and growing monthly cash distributions will continue to provide Unitholders with long term capital appreciation.

We would like to take this opportunity to thank our 1,400 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

TABLE OF QUALITATIVE AND QUANTITATIVE

Goals and Targets

Boardwalk is built upon 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

With the guiding mission, "To serve and provide our Resident Members with quality rental communities", Boardwalk continues to explore the resilience of community and the benefits it creates for our Associates, Resident Members, Communities, and Unitholders.

In 2015, Boardwalk saw the true effect of strong and resilient communities, which included:

- Property values that continue to appreciate and the ability to obtain cash flow that is both sustainable and long term, which creates and enhances value for our Unitholders;
- A safe, healthy, happy, and consistent work environment for our Associates across Canada;
- The opportunity to create positive change and influence in our local and global communities; and,
- The ongoing journey to become Canada's friendliest and preeminent residential landlord through strategic acquisitions, dispositions and development, as well as through creative and innovative strategies.

Each year Boardwalk sets goals and targets that allow us to measure the strategies we currently have in place. These goals and targets are broken into categories and outlined in the table below. As always, Boardwalk aims to exceed these goals and targets, however, we acknowledge that we operate in an industry where market conditions are often out of our control. As a result, Boardwalk accepts that exceeding each target is not always possible in each area; however, we continue to strive to overcome and mitigate these varying obstacles to ensure we continually improve where, and when, we can.

While each individual stakeholder may place a different level of importance on each of the goals and targets outlined below, Boardwalk recognizes that all of these goals and targets are intricately intertwined and vital to our business. Boardwalk firmly believes in transparency and continuing to hold ourselves accountable to our goals and targets, and sincerely hopes that our continued performance will encourage discussion between our stakeholders. Boardwalk believes the resilience of the communities we have worked so hard to build continues to drive positive performance and provide exceptional benefits for all of our stakeholders.

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.

2015 Targets		2015 Results	2016 Targets
Continually improve the Customer Service we provide.	✔✔	A major component to Boardwalk's competitive advantage is continuing to provide excellent Customer Service to Resident Members. In 2015, Boardwalk continued to operate the Boardwalk Call Centre for existing and prospective Residents which is open 24 hours a day, 7 days a week, and 365 days a year. Via this Customer Call Centre, Residents are able to reach Boardwalk by telephone, email, or live chat. In 2015, we received 142,332 phone calls, 79,477 emails, and 16,512 live chats. Boardwalk also continued to provide Resident's with 24-hour on-call maintenance, which is part of our 72-hour maintenance guarantee. This guarantee states that all standard maintenance requests from Residents will be completed within three days. In 2015, Boardwalk continued to monitor the reasons our Resident Members moved out, as we find this gives us insight into our Customer Service model and the needs of our Residents. In 2015, move outs increased slightly from 12,182 in 2014, to 12,736 for 2015. However, the most common reason for move out was transferring to another Boardwalk building, which was up 20.4% year-over-year. Boardwalk once again conducted automated telephone surveys in 2015. These surveys are for Resident Members who recently had maintenance work completed, or recently moved into a Boardwalk Community. In 2015, we sent out 10,977 surveys and received an 87% positive response from Residents who had maintenance work completed, and an 83% positive response from those who had just moved in. Throughout 2015, Boardwalk continued to operate and update its secure Resident Member website. Updates to the website in 2015 included an improved Lease and Balance page, ability to add multiple images to feedback and contact forms, and a reorganization of pages to make it more user-friendly. The number of Residents registered on the site increased by 12% year-over-year. The Resident Member website features a Community Corner which allows Residents living in the same community to communicate with one another. In 2015, we were pleased to see our Residents make use of this page to get to know one another and continue to build relationships. Boardwalk has new features planned for the website in 2016 that will continue to improve the usability of the website, as well as the service we provide our Residents.	Continually improve the Customer Service we provide.

Resident Members: *(continued)*

2015 Targets	2015 Results	2016 Targets
Develop innovative ways to further improve our long term relationships with our Resident Members.	✔ In 2015, Boardwalk once again offered its Internal Subsidy Program to help Residents who were experiencing financial hardship. Boardwalk also imposes an internal rent control, which limits the amount Boardwalk will raise rent in any given year. Boardwalk continued to invest in community and community partnerships in 2015 by sponsoring over 50 events across Canada. These events not only provide Boardwalk and its Associates the opportunity to get involved and give back, but also provide these opportunities to our Resident Members. In 2015 Boardwalk continued to distribute its Resident Magazine, "Across the Board" to Residents three times a year. This magazine was created in an effort to help connect Residents across the Boardwalk portfolio. The magazine includes articles about community building, Boardwalk events across Canada, Boardwalk city profiles, photos, and the opportunity for Residents to write articles themselves. In 2016, Boardwalk will continue to produce this magazine, and make updates to it to ensure it remains interesting and relevant to Residents. Boardwalk continues to find one of the most successful ways to build lasting relationships with our Residents is to give back to the communities in which they live. In 2015 Boardwalk continued to volunteer and sponsor numerous events across Canada to better the communities in which we live and work. We continued to invite our Resident Members to participate with us and work alongside us in building better communities.	Develop innovative ways to further improve our long term relationships with our Resident Members.
Respond to the changing priorities of our Resident Members.	✔ Boardwalk continues to evaluate its external facing website, www.bwalk.com, to find ways to improve the site and make it better and easier for current and potential Resident Members to use. In 2015, we added new features such as an improved map functionality on the search page, highlighting our Senior Residences on the site, and increased accessibility features. In 2016, we will continue to look for ways to improve this website, and ensure it is up to date and user friendly.	Respond to the changing priorities of our Resident Members.

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

2015 Targets	2015 Results	2016 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.	✔ In 2015, Boardwalk continued to update its internal website, the "Bistro", which provides our Associates with easy access to important information such as Health and Safety documents, the Associate Handbook, Human Resources Information, and upcoming community events. Boardwalk continued to distribute its quarterly internal magazine, the "Community Chest", to Associates in 2015. This magazine contains information regarding Human Resources and Health and Safety, as well as stories from Boardwalk community events across Canada. The magazine allows Associates to contribute their own content and creates a unique way for Associates to connect across Boardwalk's portfolio. Again, in 2015, Boardwalk held its annual luncheons across Canada for Associates. These luncheons, branded as "TEAM: The Executive Associate Meeting", allow Associates across our portfolio to spend time and connect with members of the Senior Management team. Boardwalk finds these events contribute greatly to Associate engagement in the workplace. We received positive feedback from the 2015 events, and will be continuing to host these events in 2016.	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)*

2015 Targets	2015 Results	2016 Targets
Encourage a positive workplace that effectively engages Associates. Encourage work-life balance. Constantly adjust internal policy to focus on the changing priorities of our Associates, innovatively maintaining a balance between our Associates, Resident Members, Unitholders and Communities.	✔ Boardwalk regularly conducts market research to ensure that we provide Associates with competitive compensation and benefits. This compensation package includes a Profit Share Program, and a High Potential Program that recognizes outstanding Associates. To further support our Associates, Boardwalk has a long-standing internal committee that raises funds to provide assistance for Associates during a time in need. There is a separate committee for each Boardwalk region, and Boardwalk matches 100% of the fundraising efforts for these committees. The program is named The Rainbow of Hope.	Encourage a positive workplace that effectively engages Associates. Encourage work-life balance. Constantly adjust internal policy to focus on 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.	✔ In 2015, Boardwalk continued to invest in Associates by contributing over $190,000 to training and development. These funds are used by Associates to cover the cost of items such as books, tuition, and membership fees to provide our Associates the opportunity to continue to learn and grow their skills. In an effort to help new Associates acclimatize to the Boardwalk environment, Boardwalk conducts orientation sessions for new Associates. During this orientation new Associates will spend time with Human Resources personnel, learn about Boardwalk's Health and Safety Program, Boardwalk's history, mission, vision, and values, and our corporate 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.	✔ In 2015, Boardwalk continued its Zero Injury Campaign, which works to eliminate all workplace injuries. In 2015, 177 sites remained injury free for the entire year. These sites are recognized through Boardwalk's intranet, internal newsletter, and annual luncheons with Executives. Boardwalk Associates continue to have a Health and Safety objective included in their performance review to reinforce the fact that Health and Safety is everyone's responsibility. In 2015, Boardwalk conducted an internal Health and Safety Audit, during which we achieved an overall score of 99%. This audit allowed us to obtain an accurate view of our Health and Safety Program and our Associates understanding of it. The audit provided us an opportunity to see where we were succeeding in our Health and Safety Program and where there is still room for improvement. Boardwalk continues to monitor and review the Health and Safety Program on an ongoing basis to ensure that it complies with the most recent legislation, and that we continue to offer Associates a safe place to work. In 2015 we added Comprehensive Power Tool Safety Training for all Maintenance Associates, as well as updated our policies to ensure we comply with the changing legislation in Ontario.	Continue to create a safe work environment by educating our Associates and enforcing our Health and Safety Procedures.

Associates: *(continued)*

2015 Targets	2015 Results	2016 Targets
Strive to constantly enhance our ability to attract, support, encourage and recognize high-performing and innovative team members.	✔ In 2015, Boardwalk awarded eight Associates with Foundation of Excellence Awards. These awards are given to Associates who are nominated by their peers due to their ongoing commitment to exhibit Boardwalk's Mission, Vision and Values each day. Boardwalk's Chairman's Scholarship Program continued in 2015. These scholarships are awarded to the children of Boardwalk Associates to assist in their education at post-secondary institutions. In 2015, Boardwalk gave out 28 scholarships totaling over $100,000. Boardwalk makes great efforts to recognize Associates who go above and beyond for our Resident Members every day. In 2015 Boardwalk's Bravo Program continued to recognize Associates who received compliments from Resident Members. In 2015, 318 Boardwalk Associates received Bravos. Boardwalk is expanding their recognition programs in 2016 through the addition of a new benefit. This new benefit recognizes Associates who have been with Boardwalk for 20 or more years by offering them varying rewards including increased vacation days and travel vouchers. Throughout 2015, the Boardwalk Associate Referral Bonus remained in place. This bonus provides Associates with a monetary reward when they refer their friends and family to work at Boardwalk. In addition to competitive salaries, Boardwalk offers Associates a comprehensive benefits package. As a part of this package, Boardwalk offers Associates an RRSP Match Program. In 2015, Boardwalk dedicated over $2.4 million to RRSP Match Program, and over $1.6 million in comprehensive group benefits.	Strive to constantly enhance our ability to attract, support, encourage and recognize high-performing and innovative team members.
Retain long term Associates, and further develop succession planning policy and procedures.	✔ In 2015, Boardwalk continued to provide Associates with a Mentorship Program. This program ensures that Associates feel supported in their positions, as each Site Associate is provided with a Mentor who helps them during their training and have a better understanding of the Boardwalk culture. In addition to the Mentorship Program, in 2015, Boardwalk introduced the CSR Best Practices Program. This is a module that was developed based on feedback from actual Site Associates and real situations. The Program includes a variety of teaching tools including informational handouts, videos, and role-playing activities to be completed monthly. In 2016, Boardwalk will be continuing to add new training tools to this program to aide in Associate development. Boardwalk continues to have a Succession Planning Program in place to provide Associates with the opportunity to develop and excel in their roles. As a part of this program, each Leader must identify a successor for their role, and include a timeline in which this individual would be ready to take over the role. Boardwalk has over 1,400 Associates across Canada. In 2015, our Associate turnover was 21.86%. Associates are also choosing to stay with Boardwalk for longer periods of time. In 2015, 27% of our Associates had been with Boardwalk for 5 to 10 years, and 21% had been with us for over 10 years.	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.		
2015 Targets	**2015 Results**	**2016 Targets**
Expand and continue to focus on our Community Development Department in order to further foster collaboration with Government and Social Services.	✔ Boardwalk continues to partner with over 15 organizations across Canada to help ensure that there are units of affordable housing to individuals in need. Through these partnerships, Boardwalk subsidizes approximately 1,000 units, as well as donating net rent for office space for the Calgary Pregnancy Care Centre and the Calgary Homeless Foundation.	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 supports Resident Members experiencing financial hardship through our Internal Subsidy Program. This program had approximately 40 subsidized units in 2015, representing a cost of $150,000. Additionally, Boardwalk has an internal rent control policy which limits the amount that Boardwalk can, or will, increase rents in any given month. This program has been in existence at Boardwalk since 1999, and continues to be evaluated to ensure it remains sustainable.	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.	✔ Boardwalk once again hosted its annual Week of Caring in December of 2015. During this week, Associates are encouraged to volunteer at an organization of their choice, for up to four paid work hours. In 2015, Boardwalk had approximately 200 Associates participate, volunteering for over 700 cumulative hours. In addition to Week of Caring, Boardwalk also sponsored numerous charity events over the course of the year including We Day Alberta, the Boardwalk Walk for Wellspring, The Coldest night of the Year, Hockey Helps the Homeless, Five Days for the Homeless, and many more. Boardwalk continued to offer Associates a Company Match Payroll Charitable Deduction Program. This program allows Associates to donate a portion of their salary to a specific charity, and Boardwalk will match that donation up to $1,000 per Associate, per year. In 2015, Boardwalk matched over $29,000. The Boardwalk Angels Program continued in 2015. This Program recognizes Boardwalk Communities who participate in Boardwalk charitable events that support both local and global communities. As of 2015, Boardwalk had over 185 buildings recognized in the Angels Program and gave out over 30 new plaques in 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.	✔ Boardwalk continued its trips to Tijuana, Mexico, in 2015. Boardwalk partners with Youth With a Mission and Homes of Hope for these trips. In 2015, Boardwalk hosted two trips and built four houses for families in need. Approximately 80 Associates had the opportunity to travel to Tijuana to take part in these homebuilding trips. In 2015, Boardwalk continued its support of Samaritan's Purse Operation Christmas Child. Through this program, Samaritan's purse sends shoeboxes filled with gifts to children around the world in need. In addition to volunteering at the warehouse to prepare these shoeboxes for travel, Boardwalk Associates and Residents packed over 2,000 shoe boxes.	To expand our boundaries by taking an active role in our global community.

The Environment: To positively impact the environment through sustainable practices.

2015 Targets		2015 Results	2016 Targets
Increase corporate sustainability by creating opportunities for positive environmental change.	✔	In 2015, Boardwalk continued to install variable frequency drives in our large motors, as well as high efficiency boilers. This has allowed us to significantly reduce our environmental footprint and carbon emissions, while also reducing operating costs, and in addition allow us to better measure our energy usage. Boardwalk continues to use LED lighting and timers and photocells in outdoor lights to reduce our energy usage. Additionally, we install low-flow showerheads and toilets, and use low VOC paint. All of Boardwalk's investor materials are available online at www.BoardwalkREIT.com. With Boardwalk's intranet and secure Resident Member website, all information for Resident Members and Associates can be distributed electronically, which allows us to reduce our paper usage.	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.

2015 Targets		2015 Results	2016 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 Investor Relations team are committed to making ourselves available to answer and address specific Unitholder questions. In 2015, Boardwalk was recognized as the winner of the CPA of Canada Award of Excellence in Corporate Reporting for the Real Estate Sector. Boardwalk's Board of Trustee's was awarded TopGun status by the Brendan Wood International Shareholder Confidence Panel for 2015/2016.	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 2015, 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.

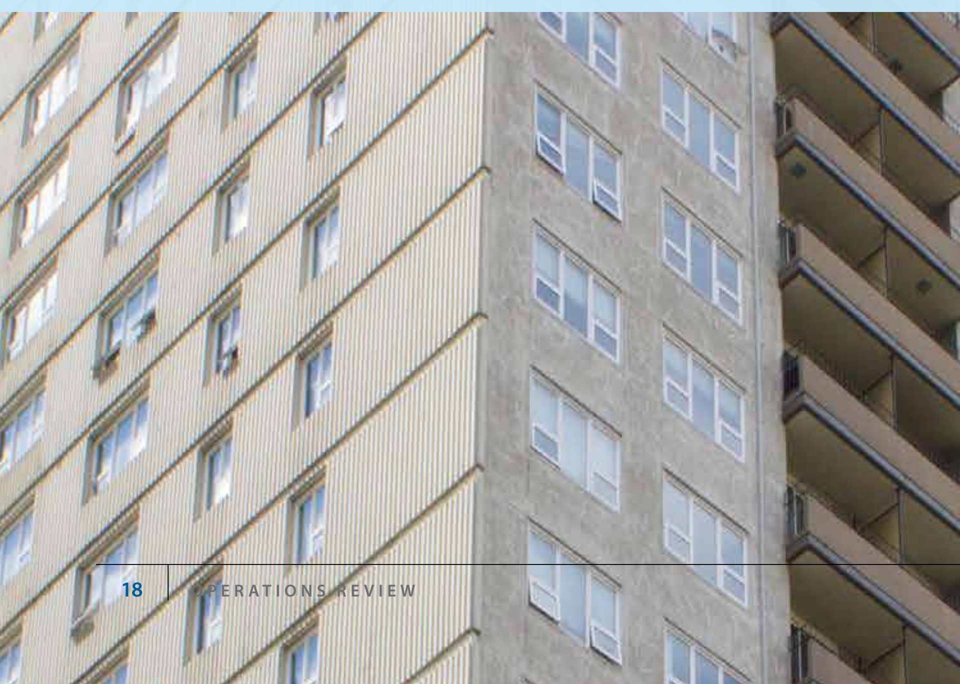
Unitholders: To provide a consistent, sustainable and attractive investment option focused on providing stable monthly cash flow and increasing overall returns for Unitholders.

2015 Targets		2015 Results	2016 Targets
Realize FFO target of $3.40 to $3.60 per Trust Unit.	✔	Boardwalk met its FFO target in 2015, and exceeded the mid-point of its original FFO expectation for the year, achieving FFO of $3.56 per Trust Unit for 2015. The Trust continues to update its financial guidance each quarter, and has provided its 2016 financial guidance	Realize FFO target of $3.40 to $3.60.
Stabilized Buildings NOI growth of -1% to 4%.	✔	Stabilized Buildings NOI increased 1.8%, and was within our original target. The Trust also revises its NOI target each quarter, and has provided its 2016 NOI guidance.	Stabilized Buildings NOI growth of -2% to 2%.
Realize a total return on the REIT units that outperforms the S&P / TSX Composite and the S&P / TSX Capped REIT Indices.	✘	In 2015, Boardwalk Unitholders realized a total return of -18.6% on their REIT units, compared to the posted return of 5.5% for the S&P / TSX Capped REIT Indices. The return for Boardwalk and other publicly traded entities for 2015 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 -8.3% and also outperformed Boardwalk Units in 2015.	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 2015, the Trust increased its FFO/Unit by 5.6% to $3.56/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 the disposition of its Windsor Portfolio for a total price of approximately $136 million. A portion of the proceeds were returned to Unitholders in the form of a Special Distribution of $1.00 per Trust Unit for Unitholders of Record on December 31, 2015.	Complete performance enhancing transactions to maximize Unitholder value.

CREATING VALUE FOR

Unitholders

Boardwalk continues to maintain a diverse portfolio of assets that spans across four provinces, consists of over 200 properties which vary between high-rises and townhomes, and appeal to a wide demographic of Resident Members. This diversity allows Boardwalk to continue to effectively navigate and mitigate the changing market conditions in different regions in Canada and individual markets.



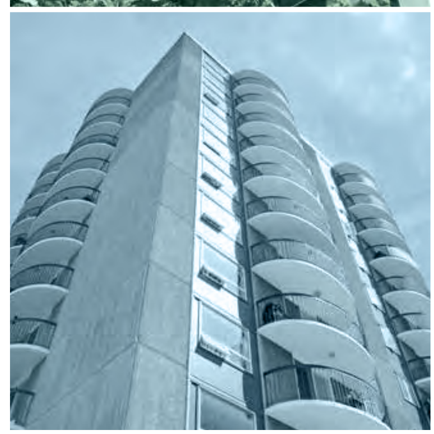
Boardwalk is not immune to global market instability and volatility; however, our conservative fiscal management has allowed the Trust to maintain a strong financial position, with ample liquidity, even in the face of a fluctuating economy across Canada. This strong financial position allows Boardwalk to pursue and capitalize on opportunities as they arise across the Boardwalk portfolio.

With over 200 resilient communities currently in Boardwalk's portfolio, we continue to take a disciplined approach to acquisitions, dispositions, and development. As a component of this, any acquisition the Trust is considering is put through stringent analysis to ensure that it is accretive under the appropriate conditions. As a result of this analysis, Boardwalk's portfolio has not seen substantial growth through acquisition in recent years, owing primarily to the fact that the risk adjusted cost of acquisition was not in the best interest of the Trust, relative to the allocation of capital into the Trust's own portfolio. That said, in 2015 the Trust purchased an office/warehouse building in Verdun, Quebec for $3.1 million, and one unit in Edmonton, Alberta in the property known as Morningside Estates for $130 thousand.

In July of 2015, Boardwalk entered into an agreement with a private REIT to sell its Windsor Portfolio. This totaled a sale of 1,685 units for a price of $136 million. The proceeds from this disposition were used in recycling capital within the Trust's organic growth strategy, the Normal Course Issuer Bid, and a large portion of the proceeds were returned to Unitholders through a special distribution made to Unitholders of record on December 31, 2015. In addition to the disposition of the Windsor Portfolio, Boardwalk also sold a standalone 22 unit building in its Boardwalk Estates portfolio in Regina, Saskatchewan for $825 thousand, this building had been designated as unavailable for rental in the third quarter of 2014 owing to foundation deterioration.

After a successful completion of Boardwalk's first development project, Spruce Ridge Gardens in Calgary, Alberta, in 2013, Boardwalk began its second development project in 2014. Pines Edge I, currently being built on existing land the Trust owns in Regina, Saskatchewan, was substantially completed in February of 2016. The Trust continues to explore the viability of other development projects on excess land the Trust owns.

Boardwalk continues to see the largest opportunity for the Trust to enhance value to Unitholders as organic growth within the Trust's portfolio. Despite volatile economic times, Boardwalk continues to maintain high occupancy and as part of Boardwalk's NOI optimization strategy, the Trust continues to use rental adjustments and suite specific incentives.



2015 FFO per unit was positive at $3.56 per Trust Unit, a 5.6% increase over the previous year.

2015 FFO per unit was positive at $3.56 per Trust Unit, a 5.6% increase over the previous year. Effective with the February, 2016 distribution, with the record date of February 29, 2016, the Trust's Board of Trustees approved a 10.3% increase to the Trust's monthly cash distribution to $2.25 per Trust Unit on an annualized basis. In Boardwalk's history, the Trust has distributed over $1.0 Billion in cash distributions to its Unitholders.

As interest rates remained low for much of 2015, Boardwalk is pleased to have renewed approximately $423 million of maturing CMHC mortgage principal. The weighted average new interest rate on these funds was 2.16% versus the maturing rate of 3.67%, a significant decrease to Boardwalk's interest expense. The average term of these renewals was over 7 years.

Moving into 2016, interest rates are expected to remain at historically low levels and present an opportunity for the Trust to continue to reduce interest expense on 2016 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 2016, should the market change.

Through the continued guidance and leadership of the Trust's experienced management, Boardwalk continues to be an industry leader in transparency and financial disclosure. Our quarterly financial reports are an excellent source of information for all of our stakeholders and can be found online on Boardwalk's investor website: www.BoardwalkREIT.com. As highlighted in these reports, Boardwalk continues to be one of the only REITs who provide stakeholders with financial guidance on a quarterly basis. Boardwalk finds this full transparency provides opportunities for prospective and current Unitholders to adequately evaluate the Trust's long-term value propositions.

Resident Members

BRINGING YOU HOME

Boardwalk strives to provide superior service to our Resident Members and be Canada's friendliest and preeminent landlord.

Boardwalk continually looks for new and innovative ways to further build our relationships with our Residents. The combination of superior service and building long lasting relationships continues to increase the amount of time our Resident Members call Boardwalk home. Our Resident Members continue to prove to us the value of great and resilient communities.

As a part of Boardwalk's continued effort to provide the best customer service, Boardwalk provides Residents with a Customer Call Centre that is available to them 24 hours a day, 7 days a week, and 365 days a year. Residents are able to connect with this Customer Call Centre by phone, email, or live chat. In 2015, we received 142,322 phone calls, 79,477 emails, and 16,512 live chats. In 2015, Boardwalk's main website: www.bwalk.com saw over 1 million visitors and over 4 million page views. Additionally, Boardwalk provides Residents with 24-hour on-call maintenance for their buildings, which includes a 72-hour Maintenance Guarantee that states all standard maintenance requests will be completed within 72 hours.

To ensure our service is consistent and our Residents are satisfied, Boardwalk conducts an automated telephone survey for Residents who have either just had a maintenance request completed, or recently moved into a Boardwalk Community. The 2015 results were 87% positive from those who had maintenance work completed, and 83% positive from those who just moved in. This survey helps us to quantify our service, and to see where we can improve. Additionally, Boardwalk also tracks the reasons Resident Members decide to leave Boardwalk. In 2015, the results showed move outs increased slightly year-over-year to 12,736, compared to 12,182 in 2014. That said, the most common reason for move out was transferring to another Boardwalk building, which increased by 20.4% year-over-year.

In 2015, Boardwalk continued its Internal Subsidy Program for Resident Members who are experiencing financial hardship. Over the course of the year, Boardwalk had approximately 42 suites receive this internal subsidy, though this number fluctuates as needed. Boardwalk dedicates a total budget of $150,000 to this program. The Internal Subsidy Program offers Resident Members various methods of rental forgiveness including withholding rental increases.

Boardwalk continues to actively look for new ways to connect with Resident Members. Over 2015, we found great success through our secure Resident Member website. In 2015, we added new features to this site including a rebuilt Lease and Balance page to display expected transactions for the coming month, the ability to add multiple images to all feedback and contact forms, and reorganized pages to make the website as user-friendly as possible. We also saw Resident Members make considerable use of the "Community Corner" on the website in 2015. This is a place where Resident Members living in the same community have an opportunity to connect online, whether through the Buy and Sell section, or as a way to make new friends. In 2016, we have plans to further develop the site to ensure that it remains an easy and convenient way for our Residents to connect with us and with each other. In 2015, registration on the site increased by 12% year-over-year.

In 2015, Boardwalk ran its first social media branding campaign with the slogan "You'll Love Living Here".

In an effort to engage Resident Members in Boardwalk's Golden Foundation, Boardwalk continues to encourage and invite Residents to participate in Boardwalk events. Boardwalk hosts numerous Resident Appreciation Events across Canada each year, including movie nights, zoo days, barbeques, and more. We continue to find these events not only help Boardwalk build relationships with Residents, but help Residents form relationships between themselves. Boardwalk believes a connected community is the basis for a resilient community.

In 2015, Boardwalk continued to publish its Resident Member magazine "Across the Board". This magazine is distributed online and in print to Resident Members across Canada. The magazine features a variety of information including household tips, community stories, city profiles, and much more. It also offers Resident Members an opportunity to get involved and write a story of their own. In 2016, Boardwalk will continue to distribute the magazine three times yearly, as it continues to provide an excellent way to connect our communities and Resident Members across Canada.

As we continue to look for new ways to connect with current and potential Resident Members, Boardwalk has increased its effort in social media in 2015. Boardwalk is on a variety of social media websites, and has seen substantial success with our Facebook page. Boardwalk uses social media to connect with, and engage, current and potential Resident members. With the help of social media in 2015, Boardwalk ran its first ever branding campaign with the slogan "You'll Love Living Here", which saw great success in helping to create positive brand awareness for Boardwalk amongst the general public and Resident Members.

In 2016, Boardwalk will continue to look for new and creative ways to interact with our Resident Members, engaging them in Boardwalk's mission, and creating long and lasting relationships with them. Based on our past successes, we find that one of the best ways to do this is to get Resident Members involved in their surrounding communities, and encourage participation in Boardwalk community events. There is no greater demonstration of the resilience of community than Associates and Resident Members working side by side to build better communities.

BOARDWALK'S DEDICATED

Associates

Boardwalk's continued mission is to build strong, happy, and safe communities and we recognize that this does not happen without our team of over 1,400 dedicated Associates. As our Associates continue to help create lasting and resilient communities, Boardwalk continues to provide an exceptional place for our Associates to work.

Part of creating a strong and established team of Associates is ensuring that our team has access to information in a timely matter; with a team that spans across in four provinces in Canada, this can present a challenge. Boardwalk has taken the necessary steps to mitigate this by developing a strategic internal communications program. This program includes the use of numerous communication vehicles to ensure that each Associate has quick and easy access to important Boardwalk information. Boardwalk has an intranet, the "Bistro", which is a secure website that Associates can access from work or home. The intranet hosts information regarding Health and Safety, Human Resources, important announcements, and previous and upcoming community events. Additionally, Boardwalk has a quarterly internal magazine, the "Community Chest" that is distributed to Associates across Canada. The magazine is bilingual and includes information about Health and Safety, benefits, messages from Senior Management, financial updates and much more. Boardwalk also hosts annual luncheons for Associates, branded as "TEAM: The Executive Associate Meeting". These events are very popular amongst Associates and provide the opportunity for Associates across Canada to connect with members of the Senior Management Team, and to receive an update on Boardwalk's operations. Over the past years, this event has continued to shift focus towards recognizing and celebrating Boardwalk's team of outstanding Associates, and provide Senior Management the opportunity to acknowledge our Associates and thank them for their continued hard work and commitment to our mission. Finally, Boardwalk Site Associates have monthly meetings during which they meet as a group with the Leaders to discuss any concerns, as well as going over Boardwalk updates.

Boardwalk strives to provide our Associates with a rewarding place to work, and, as a result, encourage Associates to maintain a healthy work-life balance. Boardwalk frequently conducts market research to ensure that we are offering Associates competitive compensation packages. In addition, Boardwalk has a Profit Share Program that rewards Associates for helping Boardwalk meet and surpass its corporate strategy and goals each year. Aside from compensation and financial incentives, Boardwalk wants to ensure that each Associate is given the opportunity to excel and reach their full potential. As a result, Boardwalk has a Succession Planning Program in place and continues to invest in Associate training and development. In 2015, Boardwalk invested over $190,000 in tuition fees, books, and professional memberships for Associates.

In 2015, Boardwalk developed the CSR (Customer Service Representative) Best Practices Program to help our Associates continue to develop and improve the service we provide to our Resident Members. The program consists of three types of training: informational brochures, videos, and role-playing exercises. The material was developed using both real life examples we received from our Site Associates, as well as from comments we received over the course of 2014 from our Resident Members. Boardwalk has found this program to be very successful, encouraging Associates to work together to solve problems, and learn from each other's experience and expertise. Boardwalk has plans to further expand this training program in 2016 to include new scenarios for videos and role-playing exercises to ensure content stays relevant.

Boardwalk also offers Associates a comprehensive benefits package, which includes an RRSP Match Program. Through this program, Associates can opt to have a portion of their salary go directly into an RRSP, where Boardwalk will match a percentage of their contributions depending on the Associates length of service. In 2015, Boardwalk matched over $2.4 million of Associate contributions. In addition to the RRSP Match Program, in 2015, Boardwalk contributed over $1.6 million to Associate benefits. To further recognize our long-term Associates, and encourage them to remain with Boardwalk, in 2016, Boardwalk will be introducing a new benefit that will recognize long term Associates of 20 years or more with rewards including increased vacation time on their anniversary year and travel vouchers.

BOARDWALK CHAIRMAN'S SCHOLARSHIP RECIPIENTS

Student	Associate	City
Kenneth Chavez	Christopher Chavez	Regina
Allyssa Peji	Brando Peji	Regina
Daniel Sochan	Marek Sochan	Edmonton
Ru Xin Liu	Hong Min Liu (Gavin)	Calgary
Zvezdan Despotovic	Danjiela Despotovic	Edmonton
John Paet-Pondanera	Cecilia Paet-Pondanera	Edmonton
Guillaume Ste-Marie	Jean Ste. Marie	St Remi
Noemie Venet-Bourgeois	Claude Bourgeois	Saint-Calixte
Austin Belan	Gerald Belan	Red Deer
Linette Laberinto	Oscar Laberinto	Calgary
Taylor Lott	Patrick Lott	Moose Jaw
Elena Bellusci	Lorenzo Bellusci	Calgary
Christine Torres	Alex Torres	Edmonton
Josue Guillen	Jose Guillen	Windsor

Student	Associate	City
Nizanne Torres	Ronaldo Torres	Regina
Veronica Aldana Carmona	Hector Aldana	Saskatoon
Marchelle Invidiado	Roy Invidiado	Regina
Melanie Casella	Emilio Casella	Longueuil
Connor Novak Wong	William Wong	Cochrane
Florence Macasaet	Florencia Macasaet	Saskatoon
Allyson Mitchell	Joseph Lockhart	Hauge
Michelle Guyette	Michael Guyette	Calgary
Yauheniya Hancharuk	Tatsiana Hancharuk	Edmonton
Lexen Callanta	Felix Callanta	Edmonton
Shaeel Ahmad Meenai	Sobia Shakil	Edmonton
Wynette Joy Talino	Nora Talino	Edmonton
Silva-Prado Eryck	Barry Mehr	Edmonton
Noorpreet Dhillon	Narinder Dhillon	Chestemere

Part of creating a great place to work, is recognizing when Associates go above and beyond. Boardwalk continued its Bravo recognition program in 2015. This program recognizes Associates when they receive a compliment from one of our Resident Members. When a Resident recognizes an Associate's exceptional service, we believe that Associate should be celebrated. In 2015, Boardwalk gave out over 300 Bravos to well deserving Associates. We also awarded eight Associates with Foundation of Excellence Awards. These awards are given to Associates who have been recognized by their peers for going above and beyond and living Boardwalk's Mission, Vision, and Values on a daily basis.

In addition to supporting Associates in the workplace, Boardwalk also works to support Associates outside of it. Each region that Boardwalk operates in has an internal committee dedicated to raising funds to help Associates during times of need. This Rainbow of Hope grants wishes anonymously to Associates who are experiencing some type of hardship and have either contacted the committee themselves, or been nominated by a colleague. Boardwalk matches 100% of the fundraising efforts for these internal committees.

Boardwalk also encourages Associates to give back to the communities that surround them, and wants to help make a difference for the organizations our Associates believe in. As a result, Boardwalk continued its Charitable Match Donation Program in 2015. This program allows Associates to donate a portion of their salary to a charity of their choice. Boardwalk will then match these donations up to $1,000 per Associate, per year. In 2015, Boardwalk matched over $29,000 of Associate donations.

Boardwalk often refers to Associates as being part of the Boardwalk Family. As such, Boardwalk also believes in supporting the families of our Associates. In 2015, Boardwalk awarded 28 children of Associates with scholarships to assist them in their post-secondary education. These scholarships totaled over $100,000. In addition, Boardwalk awarded the second installment of the scholarship to 16 of the 2014 recipients, representing an additional $65,000.

Boardwalk's efforts to create a happy and healthy work environment for Associates continue to see success. Associate turnover for 2015 was 21.86%, down substantially from 26.52% in 2014. Additionally, 27% of Associates have been with Boardwalk for between five and ten years, and 21% have been with Boardwalk for over 10 years.

Boardwalks continued efforts to create a great place to work has resulted in a team of over 1,400 Associates who are dedicated and passionate about Boardwalk's mission, vision, and values. Together we work to build better communities and continue to demonstrate the resilience of community.

Health AND Safety

Boardwalk continually strives to create a safe work environment.

Boardwalk has an ongoing Zero Injury Campaign, with the goal to eliminate all workplace injuries and illnesses. In 2015, Boardwalk had 177 sites remain injury free for the entire year. Sites that accomplish this are recognized for their commitment to safety in the "Community Chest", on the "Bistro", and at the annual "TEAM" luncheons with Senior Management. To ensure all Associates understand Health and Safety are priorities and everyone's responsibility, Associates have a Health and Safety objective included on their annual performance reviews.

In 2015, Boardwalk conducted an internal Health and Safety audit which consisted of three verification methods: documentation reviews, interviews, and site observations. The audit was conducted to measure and evaluate Boardwalk's Health and Safety Program in relation to the standards established by Alberta Employment and Immigration – Workplace Partnership. Our final score was 99%. Boardwalk exceled in areas such as Management Leadership and Organizational Commitment, Hazard Control, Ongoing Inspections, and Accident and Incident Investigation. Along with identifying areas where Boardwalk is exceling in Health and Safety, the audit also gave us a chance to identify areas where we can still improve. Boardwalk has already begun identifying and implementing improvements based on our results.

A large component of Boardwalk's Health and Safety Program is communicating it to over 1,400 Associates located across Canada. Boardwalk's Health and Safety Program is communicated using numerous different vehicles and tools to ensure each Associate is aware of our policies and keeping Boardwalk a safe place to work. Health and Safety communications include articles in the "Community Chest", posts on the "Bistro", in the presentation at the annual "TEAM" luncheons, monthly Health and Safety newsletters and Site Safety Meetings, as well as Joint (Leaders and Associates) Health and Safety Committees.

In 2015, Ontario made significant changes to the Accessibility for Ontarians with Disabilities Act (AODA). Boardwalk has completed a comprehensive examination of our Health and Safety Program in relation to these changes, and made the necessary adjustments to the program to ensure we remain in compliance with the AODA.

HEALTH AND SAFETY PROGRAMS

Boardwalk is pleased to offer the following programs to ensure that our Associates receive appropriate training and education for their positions, and to ensure that they remain safe in the workplace:

- 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 believes in the power of community, and the positive effect that a focus on community can have on our Residents and our stakeholders. Over 2015, Boardwalk continued to encourage Associates and Resident Members alike to get involved and give back to local and global communities, and work together to build better communities.

Boardwalk operates in four provinces across Canada and despite the occasional volatility of economic conditions in the markets in which we operate, Boardwalk finds the resilience of community is proven again and again through our model as we continue to provide a great place to work and call home, and provide sustainable, long term returns for our Unitholders.

Over the course of 2015, Boardwalk was involved in over 50 community sponsorships and initiatives across Canada. These events included blood drives, KidSport Corporate Challenge, numerous food drives, Walk for Wellspring, Youth Mentor Programs, the Memorial Cup, art workshops, community clean-up events, and multiple Feed the Hungry events. During charitable events, Boardwalk offers the opportunities for both Associates and Resident Members to get involved. This is one of the reasons that Boardwalk developed the Boardwalk Angels Program for Resident Members. This program recognizes Boardwalk buildings where Resident Members have gotten involved in these events and have given back to the communities around them. In 2015, Boardwalk was pleased to recognize 32 additional buildings, bringing the total number of buildings in the Boardwalk Angels Program to over 185.

In 2015, Boardwalk was once again a sponsor of We Day Alberta. We Day is hosted by Free The Children and aims to encourage youth to get involved in their surrounding communities; the ultimate goal is to empower youth to become the leaders of tomorrow. Boardwalk was a Platinum Sponsor in 2015, and, as a result, was able to send a total of 25 students and staff from schools in Calgary, AB, who otherwise would not have had the opportunity to attend.

Boardwalk partnered with the Community Service Learning Program at the University of Alberta to provide and encourage students to give back to their communities. Students were asked to create a community initiative in the hopes of receiving The Boardwalk Learning and Change Award, a grant worth $10,000, to put their plan into action. From the submissions, three to five projects were selected to present in front of a panel of judges. The 2015 winner was The Something From Nothing Project, which saw Seniors in Edmonton, AB, create individual patches which were sewn together to create quilts. These quilts were subsequently given as gifts of comfort to children in the Little Warriors Organization.

Boardwalk actively works to ensure that everyone has a place to call home, and was involved in community events across Canada to help end homelessness, including Hockey Helps the Homeless in numerous cities, and Five Days for the Homeless held at post-secondary institutions across Canada. Additionally, Boardwalk partners with numerous organizations to provide affordable housing across Canada. These organizations include Calgary Homeless Foundation, Homeward Trust, London Housing Company, Red Deer Housing, the Mustard Seed, and many others. In total, Boardwalk provides approximately 1,000 of affordable housing units to these programs.

Towards the end of 2015, Boardwalk announced that it would be working with the Canadian Government to help with its Refugee and Humanitarian Resettlement Program. As a part of this pledge to help, Boardwalk has committed 350 suites across its portfolio to welcome Syrian refugees to Canada in 2016.

In addition to the community programs and initiatives listed above, Boardwalk works hard to provide Associates with the opportunities to give back to their local and global communities. In 2015, Boardwalk once again participated in the Homes of Hope benefit, a partnership with Youth With a Mission. Through this benefit, Boardwalk sends Associates to Tijuana, Mexico, to build homes for families in need. In 2015, Boardwalk sponsored two trips, which allowed a total of 80 Associates to travel to Tijuana to build four homes. Boardwalk also hosted its annual Week of Caring in December 2015, which provides Associates with the opportunity to volunteer for up to four paid hours at local charitable organizations. At the same time, Boardwalk participated in Samaritan's Purse Operation Christmas Child. In addition to volunteering at warehouses preparing shoeboxes full of gifts for travel to children around the world, Boardwalk Resident Members and Associates also packed over 2,000 shoeboxes.

In 2015, Boardwalk also offered Associates the Charitable Match Donation Program again. This program allows Associates to donate a portion of their salary to a specific charitable organization. Boardwalk will then match these donations up to $1,000 per Associate, per year. In 2015, Boardwalk matched over $29,000 of Associate donations.

Boardwalk continues to work towards building better communities, both locally and globally, and encouraging our Resident Members and Associates to get involved in the communities in which they live and work. We find that strong and lasting communities are best built when we support one another and work together. As 2015 continued to show the resilience of community and the positive effect it has on all of our stakeholders, Boardwalk will continue its work towards building better communities in 2016.

Homes of Hope, Tijuana, Mexico

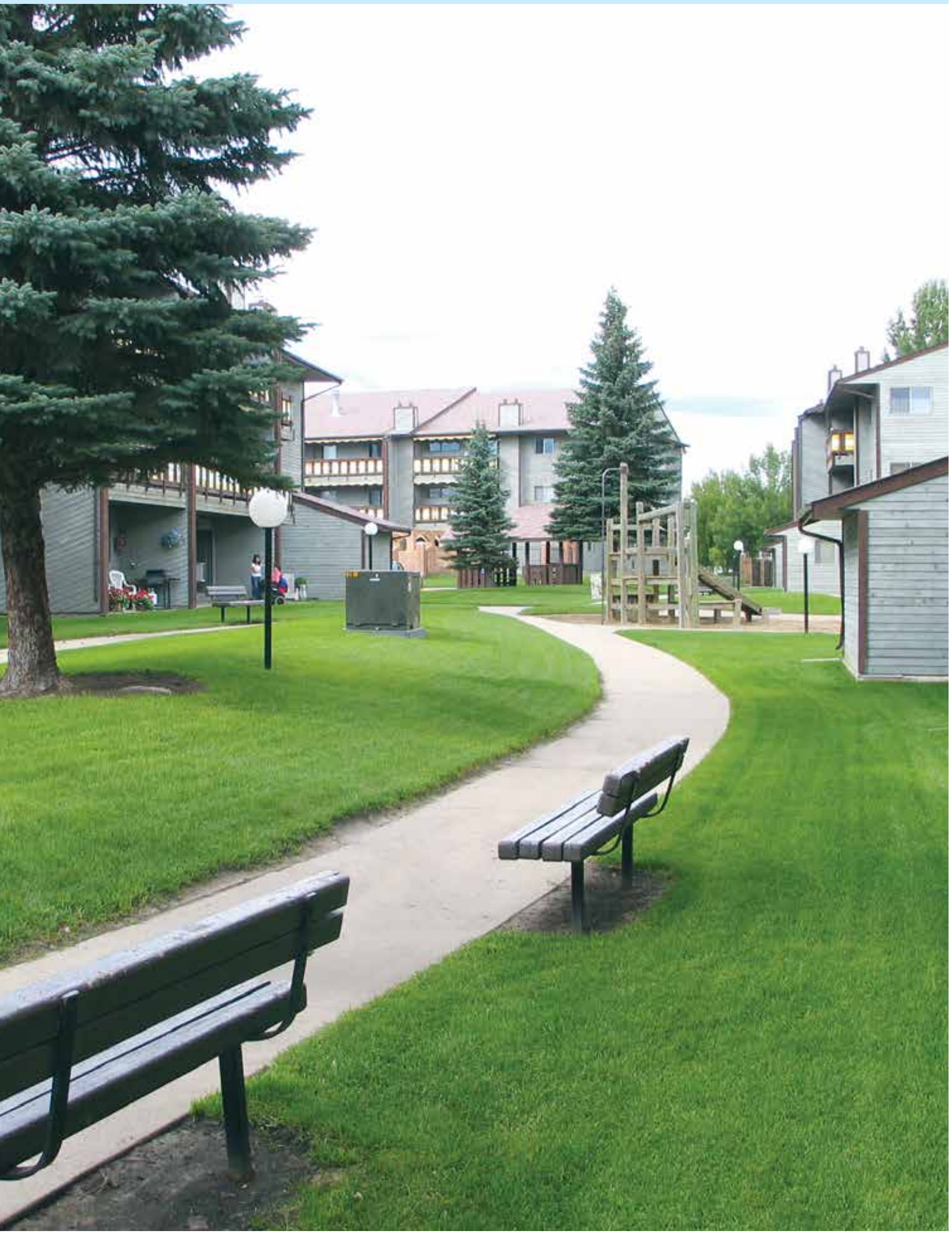
We Day 2015

Boardwalk Angels

Walk for Wellspring: Cher Merrick and her Mom participate in this event every year.

Environment AND Sustainability

Boardwalk takes great pride in our commitment to be an environmentally conscious organization, but we also believe that being a sustainable company means much more than solely being environmentally conscious.



At Boardwalk, we take a more robust view on sustainability and believe that in order to truly excel in sustainability, we must provide sustainable places for Associates to work and Resident Members to live, as well as a sustainable balance sheet and returns for our Unitholders.

Boardwalk continues to minimize its impact on the environment by installing low flow showerheads and toilets, using energy efficient fixtures, purchasing star appliances, and using low VOC paint. Boardwalk also uses timers and photo-cells for outdoor lighting to ensure lights do not stay on longer than is needed, and have increased the use of LED lighting. In addition to these efforts, Boardwalk has ongoing capital projects that work towards creating more efficient communities though attic insulation, ventilation updates, roof replacements, building envelope upgrades, siding upgrades, and window replacements. The upgrades and replacements have allowed Boardwalk to lower the amount of energy Boardwalk buildings consume on an ongoing basis.

Boardwalk has begun installing variable frequency drives on our large motors across our portfolio. These motors allow us to better monitor and regulate the amount of energy and carbon emissions our buildings use and produce. In our Edmonton portfolio alone, the use of these variable frequency drives has reduced our carbon emissions to one third of what we were previously producing and reduced our operating costs by approximately $46,000. Additionally, Boardwalk is testing

a DHW boiler system that allows us to meter water and gas in an effort to further reduce operating costs and CO_2 emissions.

Associates in Boardwalk offices are 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 cardboard, paper, plastic, and computer and printer parts. Making use of our intranet, the "Bistro", and our secure Resident Member website, Boardwalk is able to provide all communication and information for Associates and Resident Members electronically, allowing us to decrease our use of printed paper.

Aside from environmental sustainability, Boardwalk strives to be both socially and financially sustainable. Boardwalk works towards social sustainability through its various involvements in community initiatives and projects across its portfolio. This is accomplished through partnerships with community organizations, sponsorships, and encouraging volunteerism amongst Associates and Resident Members. Further to this, Boardwalk also aims to bring awareness and find solutions to social issues, in particular, homelessness. As a result, Boardwalk partners with various organizations across Canada to provide affordable housing to those in need. Boardwalk is proud of its efforts to be socially sustainable and be a positive influence in local and global communities. We continue to be encouraged by our team of Associates who drive community involvement, and Boardwalk continues to empower Associates and Resident Members to make a difference.

Boardwalk's financial sustainability is driven through the guidance of its Board of Trustees, Management team, and stakeholders. Through the continued valued input and guidance from these groups, Boardwalk continues to maintain a strong balance sheet and conservative fiscal management. Boardwalk's continued financial sustainability provides value to our Unitholders, an opportunity to continue to build better local and global communities, and provide our Resident Members and Associates with happy, safe, and resilient communities in which to live and work.

Boardwalk's continued financial sustainability provides value to our Unitholders, an opportunity to continue to build better local and global communities, and provide our Resident Members and Associates with happy, safe, and resilient communities in which to live and work.

BOARDWALK REIT

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

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
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
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	223	167,064	749

(continued on following page)

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
EDMONTON, AB *(continued)*				
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
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
		11,957	10,500,083	878

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
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
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
REGINA, SK				
Ashok Portfolio	Walk-Up	140	81,098	579
Boardwalk Estates	Walk-Up	665	452,719	681
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	303,360	960
		2,622	2,130,296	812



Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
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
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

Property Name	Building Type	# Suites	Net Rentable Sq. Ft.	Average Unit Size
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	3,106,110	1,002
Complexe Deguire	Highrise	322	276,324	858
Le Quatre Cent	Highrise	259	153,500	593
		4,681	4,303,414	919
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
OTHER				
Boardwalk Park Estates I	TH & WU	369	306,850	832
Boardwalk Park Estates II	Townhouse	32	30,210	944
Prairie Sunrise	HR & WU	244	201,992	828
* Elk Valley Estates	Walk-Up	76	53,340	702
Tower Lane Terrace	Walk-Up	163	130,920	803
Springwood Place	Lowrise	160	122,640	767
Sturgeon Point Villas	Walk-up	280	284,953	1,018
Kings Tower	Highrise	226	171,100	757
Westheights Place	Midrise	103	91,920	892
		1,653	1,393,925	843
Total – As at Dec 31, 2015		**32,947**	**28,198,553**	**856**

(except occupancy as at Jan 1, 2016)

* Property Situated on Land Lease

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 32 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.

In 2015, Boardwalk was recognized with an Award of Excellence in Corporate Reporting by the Canadian Professional Accountants Association of Canada and was the winner of the Real Estate Sector.

In addition, the Brendan Wood International Shareholder Confidence Panel awarded the Trust with TopGun status in Canada for 2015/2016.

Financial Review Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS

SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

For the Year Ended December 31, 2015

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, 2015 and 2014. 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 18, 2016 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2015 and 2014, 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 2015 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 rules regarding mortgage insurance, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles 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, 2015 (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 2015, Boardwalk REIT owned and operated in excess of 200 properties, comprised of over 32,900 residential units and totaling approximately 28 million net rentable square feet. As of December 31, 2015, 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, 2015 and 2014, the fair value of Boardwalk's Investment Property assets was approximately $5.5 billion and $5.8 billion, respectively, which generated a profit of $166.3 million and $154.8 million for the years ended December 31, 2015 and 2014 (before fair value gains, income tax expense recovery and profit from discontinued operations). During the years ended December 31, 2015 and 2014, respectively, the Trust earned $184.9 million and $175.8 million, respectively, of Funds From Operations ("FFO"), or $3.56 and $3.37 per Unit on a diluted basis. Adjusted Funds From Operations ("AFFO") for the years ended December 31, 2015 and 2014 were $167.8 million and $159.3 million, respectively, or $3.23 and $3.05 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, 2015 and 2014, and the Annual Information Form ("AIF") dated February 18, 2016, 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

For 2015, the Trust remained focused on maintaining a stable demand for its rental apartments across all major markets, and will continue to do so in 2016. Even though some of the Trust's smaller rental markets are experiencing higher vacancy levels, on an overall basis, the Trust has been able to maintain a high occupancy level by moderating rental rate growth and offering additional suite-specific incentives while maintaining a high level of Resident Member service. With current lower resource prices, which some speculate could last for an extended period of time, Alberta and Saskatchewan's forecasted economic growth have been revised downward. This has already contributed to weaker employment numbers, a tempering of housing demands and housing starts, and a decline in net migration, and may have a longer-term impact on Boardwalk's rental and occupancy levels. Still unknown is the impact to employment of Alberta's increase to minimum wage by $1 starting in October 2016, and to $15 an hour by 2018, the much-anticipated oil and gas royalty review and a proposed new climate change plan. Boardwalk continued to experience some softening in the western rental markets, but has mitigated the decline with a continued focus on customer service and proactive lease renewals. In Q4 2015, occupancy levels in Calgary and Edmonton were marginally lower at 98.54% and 97.28%, respectively, compared to 99.17% and 98.39% for the same period last year. Regina and Saskatoon's occupancy levels were higher at 97.50% and 97.50%, respectively, compared to 96.42% and 96.92% for Q4 2014. In contrast, non oil-producing provinces, like Ontario and Quebec, are expected to see gross domestic product ("GDP") and employment growth as lower crude oil prices, a lower Canadian dollar, and lower borrowing costs, provide some stimulus to increased consumer spending and manufacturing and exporting activities, in the midst of higher U.S. demand.

While the apartment rental market still remains one of the most affordable housing options in Canada, Boardwalk continues to monitor the level of demand for more valued accommodations, such as rental housing, which has been impacted by the low reported oil prices and, consistent with its existing operational strategy, has adjusted suite-selective incentives to address this and maintain occupancy levels well above current market conditions. Where required, the Trust has also adjusted selective rental market rates, once again, as part of its overall strategy of maintaining higher occupancy levels in these more challenging times. Long-term Government of Canada benchmark yields remain low and stable, despite coming off historical lows seen in February of 2015. However, uncertainty still remains regarding how interest rates will play out for the foreseeable future. On July 15, 2015, the Bank of Canada cut its interest rate by 25 basis points, further emphasizing the downside risk to 2015 economic growth brought on by the decline in oil prices. In contrast, the U.S. Federal Reserve raised its federal fund rate by 25 basis points on December 16, 2015, on the heels of a strengthening U.S. economy.

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 continuously evaluates the current market and economic conditions of each of its rental markets when deciding if it will sell certain non-core real estate assets and, on September 10, 2015, closed the sale of its Windsor property portfolio to a private buyer for a selling price of $136.2 million. During the second quarter of last year, the Trust sold one project in Edmonton, Alberta, and all of its British Columbia assets to take advantage of the low capitalization rates. Proceeds from the 2014 and 2015 asset sales were used to buy back Boardwalk Trust Units for cancellation and fund special distributions declared for Unitholders. Although Boardwalk did not acquire any new apartment buildings in fiscal 2015 and 2014, we remain active in the bidding process; however, Boardwalk has not been able to conclude that acquiring additional 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 has allocated a portion of this to new development opportunities. 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 57.3% of FFO for the year ended December 31, 2015. This is below the 60.5% for the year ended December 31, 2014, and primarily attributable to higher FFO achieved through a combination of rental operation performance increases and 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 48%.

In these more challenging times of low oil prices, Boardwalk continues to focus on its Net Operating Income ("NOI") Strategy and is continuously monitoring specific market conditions and adjusting accordingly. In Boardwalk's core Alberta markets, Calgary and Edmonton continue to see same-property NOI growth, despite a marginal decline in Q4 2015 occupancy levels of 63 and 111 basis points, respectively, to 98.54% and 97.28%, compared to the same period in 2014. Regina and Saskatoon saw negative same-property NOI in year-over-year, mainly as a result of cable and internet services added; Regina and Saskatoon Q4 2015 occupancy levels increased 108 and 58 basis points, respectively, to 97.50%, compared to Q4 2014. Ontario saw positive same-property NOI growth for the fourth quarter and full year of 2015 of 2.6% and 1.0%, respectively. Boardwalk saw some softness in certain regions of Quebec, partially as a result of an oversupply of condominiums being completed.

Although we are living through challenging times, particularly in Western Canada, the Trust believes this will turn out to be an opportunity for the Trust to expand its footprint in these markets in a highly accretive manner. Taking advantage of the low interest rate environment to conservatively leverage its strong balance sheet in combination with its excess liquidity, the Trust will be aggressively seeking new property acquisitions as well as extending development on both existing land that it owns as well as searching for new land for further development opportunities.

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 42 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.

(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.

Compliance with DOT

At December 31, 2015, 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, 2015, 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 3.64 (December 31, 2014 – 3.37).

VALUES, VISION AND OBJECTIVES

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

A Commitment to Value

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

Our Vision

Boardwalk REIT's Vision is to 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 and utilize the latest tools and technology to increase the operating efficiency of the Trust as a whole.

We value:

- *Integrity*

  We will be honest, accountable, transparent, respectful, and trusting in our dealings with others, appreciating their views and differences.

- *Teamwork*

  We will effectively work as a team, appreciating and benefiting from each other's unique talents and skills in an open environment while recognizing that the team's successes are our successes.

- *Resident Member Service*

  We will promptly respond to Resident Member concerns and needs with thoughtfulness, compassion and innovation. We will strive to develop proactive solutions through a support network and a positive service attitude.

- *Social Responsibility*

  We will contribute to our communities and encourage our Associates to contribute in ways that reflect our Golden Foundation. We will all practice the Golden Rule of 'treating others in a way we would wish to be treated', and balance our needs with those of others; we will all also model our Golden Goal which is to 'be good', our Golden Mission which shows us how to 'have fun', and our Golden Vision which asks each of us to 'love community'.

- *Our Associates*

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

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

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

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

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

- Ensure ample capital is available at all times for acquisitions and value-added enhancements;
- Appropriately allocate available capital to existing project enhancement and on-going new acquisitions;
- Utilize appropriate levels of debt leverage;

- Determine and utilize sources with the lowest cost of capital;
- Actively manage our exposure to interest rate and debt renewal 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 increasing 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. More recently, given the countercyclical nature of our investment philosophy, Boardwalk is becoming more aggressive in its search for accretive investment opportunities, not only in the acquisition of existing investment properties, but also expanding thorough the development of new apartments on existing land as well as investigating the acquisition of new land for future development projects.

Cumulatively, since 2007, Boardwalk REIT purchased and cancelled approximately 5.8 million Trust Units for a total purchase price of $239.3 million, or an average cost of $41.57 per Trust Unit.

The Trust has an ongoing program of selling Non-Core properties in its portfolio and re-deploying the released capital to acquiring or developing additional properties, 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 leverage target, the marginal cost of debt, and the marginal 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 marginal cost of equity required for the investment. The determination of this cost has a number of different models and definitions. However, for simplicity purposes, Boardwalk determines its current cost of equity as the amount of AFFO reported compared to its current market capitalization. For 2015, the Trust reported AFFO per Unit of $3.23 on a fully diluted basis. When compared to the Trust Unit's market price of $47.45 as at December 31, 2015, this equates to approximately 6.81% 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 targeted leverage of the Trust for the incremental investment opportunity, 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, 2015.

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. These forward hedging arrangements matured on May 1, 2015, and were not renewed. 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 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. As at December 31, 2015, this effective hedge was fully amortized.

Interest Rate Swap

In 2008, Boardwalk REIT entered into interest rate swap agreements 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 continued to be designated as such until the May 1, 2015 date of maturity. Hedge accounting was applied to these agreements in accordance with International Accounting Standard ("IAS") – 39: Financial Instruments: Recognition and Measurement ("IAS 39").

On May 1, 2015, the interest rate swap agreements fully matured and were terminated and a gain of $1.0 million was recognized in Other Comprehensive Income ("OCI"). In 2014, the interest rate swap was assessed to be an effective hedge in accordance with IFRS, and 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.

PERFORMANCE REVIEW OF 2015

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

Boardwalk REIT's most consistent and largest source of income comes from its rental operations. Income from this source is derived from leasing individual apartment units to Customers (referred to as "Resident Members") who have varying lease terms ranging from month-to-month to 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 third quarter of 2015, the entire portfolio of assets in Windsor, Ontario, was sold, resulting in a total loss on asset sales of $6.9 million for the year. 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 for 2014. As Investment Properties are carried at fair value, a loss on sale arises primarily from the transaction costs related to the sale.

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 2015, 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 $1.00 per Unit to all Unitholders of record as at December 31, 2015. 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 special distribution was approximately $51.3 million and was paid on January 15, 2016, in conjunction with the regular monthly distribution to Unitholders of record as at December 31, 2015. Additional information related to this special distribution is discussed below.

For the year ended December 31, 2015, the Trust declared regular distributions of $105.8 million (inclusive of distributions paid to the LP Class B Unitholders), representing approximately 57.3% 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.

On February 17, 2016, the Board of Trustees approved an increase to the monthly Trust Unit distribution to $0.1875 per Trust Unit (or $2.25 on an annualized basis) commencing with the February 29, 2016 record date.

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 and 2015, 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 cancelation 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 and 2015 fiscal years. 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" was declared for Unitholders on record at the end of the 2014 and 2015 fiscal years. In 2014, the amount of $1.40 per outstanding Trust and LP Class B Unit for Unitholders of record as of December 31, 2014 was declared and was paid on January 15, 2015. In 2015, the amount of $1.00 per outstanding Trust and LP Class B Unit for Unitholders of record as of December 31, 2015 was declared. The payable date on the Special Distribution was January 15, 2016 to Unitholders of record as of December 31, 2015. The capital required for these distributions came directly from the net proceeds on the sale of non-core properties in 2014 and 2015.

Unlike many REITs 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 2015 fiscal year, certain selective performance targets were set out for fiscal 2015. 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 2015.

	2015 Actual	2015 Objectives Revised in Q3 2015	2015 Objectives Revised in Q2 2015	2015 Objectives Revised in Q1 2015	2015 Original Objectives
FFO per Trust Unit	$3.56	$3.53 to $3.58	$3.48 to $3.62	$3.48 to $3.65	$3.40 to $3.60
AFFO per Trust Unit	$3.23	$3.20 to $3.25	$3.15 to $3.29	$3.15 to $3.32	$3.07 to $3.27
Investment Properties	Sold all its properties in Windsor, Ontario No new acquisitions or developments.	No additional apartment acquisitions, dispositions 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	1.8%	1% to 3%	1% 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 2015 were within the revised guidance reported as part of the Trust's disclosure for the third quarter of 2015.

FFO Reconciliation from 2014 to 2015

The following table shows a reconciliation of changes in FFO from December 31, 2014 to December 31, 2015. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO as net income before fair value adjustments, distributions on the LP Class B Units, gains (losses) on the sale of Investment Properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO will be provided later in this report.

FFO Reconciliation	12 Months
FFO Opening – Dec 31, 2014	$ 3.37
NOI from Stabilized Properties	0.10
FFO Loss from Sold Properties	(0.06)
Financing Costs [(1)]	0.14
Administration and other	(0.01)
Unit Buyback	0.02
FFO Closing – Dec 31, 2015	$ 3.56

(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 $237.0 million at December 31, 2015, compared to $139.6 million reported on December 31, 2014. 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 $51.3 million, or $1.00 per outstanding unit, on record as at December 31, 2015 (December 31, 2014 – $72.8 million, or $1.40 per outstanding unit). This Special Distribution was paid on January 15, 2016 (December 31, 2014 – 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, 2015 and 2014. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation *In $000's, except per unit amounts*	**12 months 2015**	12 months 2014	% Change
Profit for the period	**$ 28,848**	$ 235,610	
Adjustments			
Profit from discontinued operations, net of tax (1)	**–**	11,181	
Loss on sale of assets	**6,855**	4,453	
Fair value losses (gains)(2)	**130,361**	(95,443)	
Add back distributions to LP Class B Units recorded as financing charges (3)	**13,604**	15,372	
Deferred income tax expense	**191**	40	
Depreciation expense on Property Plant & Equipment	**4,993**	4,612	
Funds from operations	**$ 184,852**	$ 175,825	5.1%
Funds from operations – per unit	**$ 3.56**	$ 3.37	5.6%

(1) The Trust disposed of all its British Columbia real estate assets in Q2 2014. 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 $184.9 million for fiscal 2015 compared to $175.8 million for the same period in 2014. FFO on a per unit fully diluted basis for the current year ended December 31, 2015, increased approximately 5.6%, compared to the prior year, from $3.37 to $3.56. The increase was primarily driven by higher rental revenue realized while maintaining high occupancy levels and lower financing costs.

New Property Acquisitions and Dispositions

For the 2014 and 2015 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. This holdback was reduced to $1.0 million in 2015. The purchaser of the British Columbia real estate assets assumed the secured mortgages on these assets, with the Trust remaining as guarantor on one of the three mortgages until term maturity, or when this mortgage is refinanced, whichever occurs sooner.

The Trust purchased one unit in Edmonton, Alberta, in the property known as 'Morningside Estates' for a purchase price of $175 thousand on May 15, 2014. On April 15, 2015, the Trust purchased one more unit in this property for $130 thousand. The Trust now owns 223 of the 224 units in the property.

During the first quarter of 2015, the Trust purchased an office and warehouse building in Verdun, Quebec, which has now been included under the Nun's Island investment property for a purchase price of $3.1 million. The purchase closed on January 19, 2015.

The Trust sold a stand-alone building that was a part of the Boardwalk Estates portfolio in Regina, Saskatchewan. The building contained 22 units and was designated as unavailable for rental in the third quarter of 2014 due to foundation deterioration. The building was sold for a sale price of $825 thousand on June 1, 2015.

On September 10, 2015, the Trust closed its previously announced sale of its Windsor portfolio to a private buyer for $136.2 million before selling costs, as discussed above.

Development

In October 2014, the Trust commenced the first phase of construction for a 79-unit, wood frame building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The project was substantially completed on January 29, 2016 with a total cost of $13.4 million, below the original budget of $14.1 million. The four-story building consists of 13 one-bedroom and 66 two-bedroom units with a single level of underground parking. The stabilized capitalization rate is estimated to range from 6.50% to 7.00% excluding land. Lease up of the project began in February of 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 $000's, except per unit amounts	**2015**	2014	% Change
Total Assets	**$ 5,833,842**	$ 5,971,645	(2.3)%
Total Rental Revenue	**$ 476,148**	$ 473,245	0.6%
Profit	**$ 28,848**	$ 246,791	(88.3)%
Total Funds From Operations	**$ 184,852**	$ 175,825	5.1%
Profit Per Unit	**$ 0.61**	$ 5.17	(88.2)%
Funds From Operations Per Unit	**$ 3.56**	$ 3.37	5.6%

Total Assets decreased from the amounts reported in the prior year, mainly due to the sale of the Trust's Windsor property portfolio in September of 2015. Total Rental Revenue increased by 0.6%, the result of higher rental rates realized. Profit decreased by 88.3% compared to the prior year, due primarily to a fair value loss of $130.4 million recognized on its investment properties in 2015 compared to a $95.4 million gain in 2014.

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 $000's, except number of suites	**12 Months 2015**	12 Months 2014	% Change
Total rental revenue	**$ 476,148**	$ 473,245	0.6%
Expenses			
Operating expenses	**94,172**	93,969	0.2%
Utilities	**46,200**	47,572	(2.9)%
Property taxes	**41,074**	40,091	2.5%
	$ 181,446	$ 183,632	(0.1)%
Net operating income	**$ 294,702**	$ 291,613	1.1%
Operating margins	**61.9%**	61.6%	
Number of suites at December 31	**32,947**	34,626	

Rental Operations Excluding Windsor

In $000's	**12 Months 2015**	12 Months 2014	% Change
Total rental revenue	**$ 464,591**	$ 456,856	1.7%
Expenses			
Operating expenses	**91,728**	90,668	1.2%
Utilities	**43,651**	43,824	(0.4)%
Property taxes	**39,703**	38,089	4.2%
	$ 175,082	$ 172,581	1.4%
Net operating income	**$ 289,509**	$ 284,275	1.8%
Operating margins	**62.3%**	62.2%	

Overall, Boardwalk REIT's rental operations for the year ended December 31, 2015, reported higher results compared to the same period in the prior year, with total rental revenue increasing 0.6% for the year ended December 31, 2015 compared to the prior year. The increase in rental revenue is the combined effect of increases to market rents balanced with in suite-specific rental incentives while maintaining high occupancy levels compared to the same period in 2014. Total rental revenue for 2015 was partially reduced by the sale of the Trust's Windsor Portfolio during the third quarter of 2015. Total rental expenses decreased 0.1% for the year ended December 31, 2015, compared to 2014, mainly due to the sale of our Windsor Portfolio during the third quarter of 2015 and partially offset by the reported increase in property taxes.

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 decreased by 2.9% for the current year compared to the prior year. In the 2015 year, many regions of Canada experienced milder weather than the exceptionally cold winter in the previous year, resulting in a decrease in gas and electricity consumption compared to the prior year. To mitigate the effects of possible higher natural gas prices, as experienced in 2014, the Trust has put in place fixed price physical commodity contracts to partially or fully-hedge its exposure to fluctuating natural gas prices. Further details regarding the hedges on natural gas, as well as electricity prices in Alberta, can be found in NOTE 25 to the consolidated financial statements. Utility costs were also lower as a result of the sale of our Windsor Portfolio, as the Trust did not have to incur these costs during the last quarter of 2015.

The reported increase in property taxes is mainly attributed to higher overall property tax assessments, partially offset by the operational savings realized on the sale of the Windsor Portfolio. 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 increased from 2014 from 61.6% to 61.9% in 2015.

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 $000's, except number of suites	**12 Months 2015**	12 Months 2014	% Change
Total rental revenue	**$ 305,270**	$ 297,624	2.6%
Expenses			
Operating expenses	**54,537**	54,188	0.6%
Utilities	**25,082**	26,708	(6.1)%
Property taxes	**24,109**	22,920	5.2%
	$ 103,728	$ 103,816	(0.1)%
Net operating income	**$ 201,542**	$ 193,808	4.0%
Operating margin	**66.0%**	65.1%	
Number of suites at December 31	**19,752**	19,751	

Alberta is Boardwalk's largest operating segment, representing approximately 68.4% of total reported net operating income and 60.0% of total apartment units. Boardwalk REIT's Alberta operations for the year ended December 31, 2015, reported a 2.6% increase in total rental revenue, when compared to the same period reported in 2014. The reported rental revenue change is the combined effect of increases to in-place occupied rents while maintaining high overall occupancy levels, compared to the prior year. Total rental expenses have decreased 0.1% for the year ended December 31, 2015, compared to the prior year due primarily to decreases in utilities.

Operating expenses increased marginally by 0.6% from the prior year due to an increases in advertising and bad debts, partially offset by lower wages and salaries and repairs and maintenance.

Reported utilities for the year ended December 31, 2015 were down 6.1%. The reported decrease is mainly the result of a lower natural gas expense due to an decrease in both consumption and natural gas prices as a result of the extreme cold weather in the first quarter of 2014, as opposed to the milder weather experienced in 2015. Water and sewer costs, another form of property tax charged by the municipalities, were higher in the current year compared to 2014. Currently, the Trust has two outstanding electricity contracts, one for Southern Alberta and one for Northern Alberta, with two utility companies to supply the Trust with its electrical power needs. The Trust also has five outstanding natural gas contracts to hedge the price of its natural gas usage. More details can be found in Note 25 to the consolidated financial statements for the year ended December 31, 2015.

Property taxes increased 5.2% for the year ended December 31, 2015, 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 $7.7 million, or 4.0%, in the current year compared to the prior year. Alberta's operating margins for the year ended December 31, 2015 increased to 66.0%, compared to 65.1% in 2014.

Saskatchewan Rental Operations

In $000's, except number of suites	**12 Months 2015**	12 Months 2014	% Change
Total rental revenue	**$ 61,682**	$ 62,202	(0.8)%
Expenses			
Operating expenses	**10,779**	10,609	1.6%
Utilities	**7,650**	5,728	33.6%
Property taxes	**4,397**	4,308	2.1%
	$ 22,826	$ 20,645	10.6%
Net operating income	**$ 38,856**	$ 41,557	(6.5)%
Operating margins	**63.0%**	66.8%	
Number of suites at December 31	**4,610**	4,610	

For the year ended December 31, 2015, Boardwalk's Saskatchewan total rental revenue decreased by 0.8%. The revenue decrease is mainly due to higher incentives offered in both Regina and Saskatoon. Rental expenses increased by 10.6% for the year ended December 31, 2015, compared to the prior year, primarily due to higher utilities.

Operating expenses increased mainly due to slightly higher wages and salaries, bad debts, and advertising, and partially offset by decreases in repairs and maintenance.

Utility costs for the current year increased from the previous year due primarily to higher cable and internet costs. Cable and internet expense was higher as Boardwalk implemented a new bulk cable and internet bundled program in the second half of 2014. The program provides Resident Members a more cost-effective alternative to cable service compared to subscribing individually with cable service providers. Since the implementation in 2014, Boardwalk has seen continued increases in Resident Members signing up for this new program. The Trust also has two outstanding contracts to hedge its natural gas price for its Saskatchewan natural gas usage. Details of the hedging contracts can be found in Note 25 to the consolidated financial statements for the current year.

Taxes increased by 2.1% for the year ended December 31, 2015, due to higher property tax assessments.

Reported operating margins for the year ended December 31, 2015 decreased to 63.0%, compared to 66.8% reported for the prior year.

Ontario Rental Operations

In $000's, except number of suites	**12 Months 2015**	12 Months 2014	% Change
Total rental revenue	**$ 37,412**	$ 41,809	(10.5)%
Expenses			
Operating expenses	**6,759**	7,282	(7.2)%
Utilities	**6,395**	7,654	(16.4)%
Property taxes	**4,732**	5,322	(11.1)%
	$ 17,886	$ 20,258	(11.7)%
Net operating income	**$ 19,526**	$ 21,551	(9.4)%
Operating margins	**52.2%**	51.5%	
Number of suites at December 31	**2,585**	4,265	

Boardwalk REIT's Ontario operations reported decreases in total rental revenue of 10.5% for the year ended December 31, 2015, compared to the prior year due to the sale of the Windsor properties on September 10, 2015. For London and Kitchener only, rental revenues did increase due to higher occupied rents and slightly higher occupancy levels compared to the prior year. Total rental expenses decreased by 11.7% compared to the prior year, also as a result of the sale of the Windsor properties. Total rental expenses for London and Windsor increased primarily as a result of higher repairs and maintenance and an increase to wages and salaries.

The Trust has one outstanding fixed price natural gas contract hedging 50% of its Ontario and Quebec natural gas usage. Details of the contact can be found in Note 25 to the consolidated financial statements for the year ended December 31, 2015

Property taxes increased in London and Kitchener due to higher assessments in 2015 compared to 2014; however, these increases were offset by the disposal of the properties held in Windsor.

As a result of the disposal of Windsor, net operating income decreased by 9.4% for the year ended December 31, 2015, as compared to the same period in the prior year. Reported operating margins for the year ended December 31, 2015 increased slightly to 52.2% from 51.5% when compared to the prior year, as a result of the higher rental revenues from London and Kitchener, as noted above.

Quebec Rental Operations

In $000's, except number of suites	**12 Months 2015**	12 Months 2014	% Change
Total rental revenue	**$ 71,552**	$ 71,393	0.2%
Expenses			
Operating expenses	**17,094**	16,857	1.4%
Utilities	**6,878**	7,015	(2.0)%
Property taxes	**7,700**	7,413	3.9%
	$ 31,672	$ 31,285	1.2%
Net operating income	**$ 39,880**	$ 40,108	(0.6)%
Operating margins	**55.7%**	56.2%	
Number of suites at December 31	**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a marginal total rental revenue increase of 0.2% for the year ended December 31, 2015, compared to the previous year.

Total rental expenses for the year increased by 1.2% compared to the prior year, mainly due to higher property taxes, and partially offset by lower utility costs.

The reported 2.0% decrease in utilities was due to lower consumption from the milder weather. In addition, 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 details of the natural gas contracts are reported in Note 25 of the Trust's consolidated financial statements for the year ended December 31, 2015.

Property taxes for the year increased 3.9% compared to the prior year due to higher property tax assessments received in 2015.

As a result of higher property taxes reported, net operating income decreased marginally by 0.6% in 2015 compared to the prior year. Reported operating margins for the year ended December 31, 2015 decreased to 55.7%, compared to 56.2% reported for the prior year.

British Columbia Rental Operations

In $000's, except number of suites	**12 months 2015**	12 months 2014	% Change
Total rental revenue	**$ –**	$ 3,507	(100.0)%
Expenses			
Operating expenses	**–**	799	(100.0)%
Utilities	**–**	379	(100.0)%
Property taxes	**–**	464	(100.0)%
	$ –	$ 1,642	(100.0)%
Net operating income	**$ –**	$ 1,865	(100.0)%
Operating margins	**–%**	53.2%	
Number of suites at December 31	**–**	–	

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 takes a more preventive approach of increasing its offering of suite-specific rental incentives as well as, where warranted, adjusting reported market rents. It has been our experience that this preemptive approach may result in optimizing net operating income by maintaining higher-than-market occupancy levels and, as such, not increasing reported vacancy losses as well as other costs associated with an unrented suite. In addition, in these competitive markets, the Trust approaches future upcoming maturing leases prior to lease maturity with the intent of renewing their lease at this time rather than waiting for term maturity. In select markets, the Trust may also forward-lock future rentals while not collecting revenues for certain months in the immediate future. This means the Trust may decide to rent a suite in December with the 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

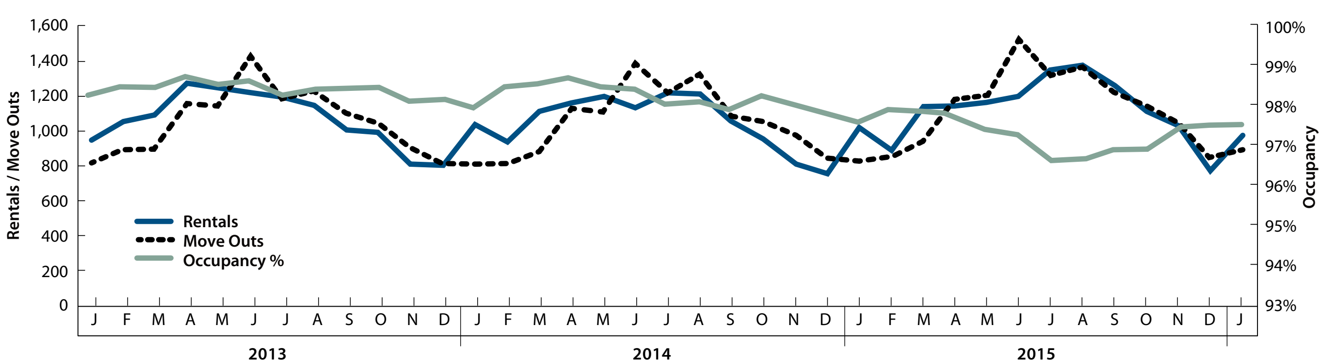
City	2015	2014	Q4 2015	Q4 2014
Calgary	**98.63%**	98.92%	98.54%	99.17%
Edmonton	**97.45%**	98.48%	97.28%	98.39%
Fort McMurray	**85.51%**	94.22%	85.78%	91.40%
Grande Prairie	**95.16%**	98.36%	93.49%	98.50%
Kitchener	**98.35%**	98.35%	99.19%	98.68%
London	**98.04%**	97.63%	97.79%	97.39%
Montreal	**96.47%**	97.24%	97.11%	96.60%
Quebec City	**95.87%**	96.19%	95.43%	95.69%
Red Deer	**98.54%**	99.18%	98.64%	99.53%
Regina	**96.01%**	96.99%	97.50%	96.42%
Saskatoon	**96.18%**	97.73%	97.50%	96.92%
Vancouver (1)	–	98.57%	–	–
Victoria (1)	–	96.89%	–	–
Verdun	**97.67%**	98.85%	97.45%	98.27%
Windsor (2)	**98.24%**	98.46%	–	99.03%
Total	**97.31%**	98.20%	97.35%	98.02%

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

(2) Windsor Property Portfolio was sold on September 10, 2015

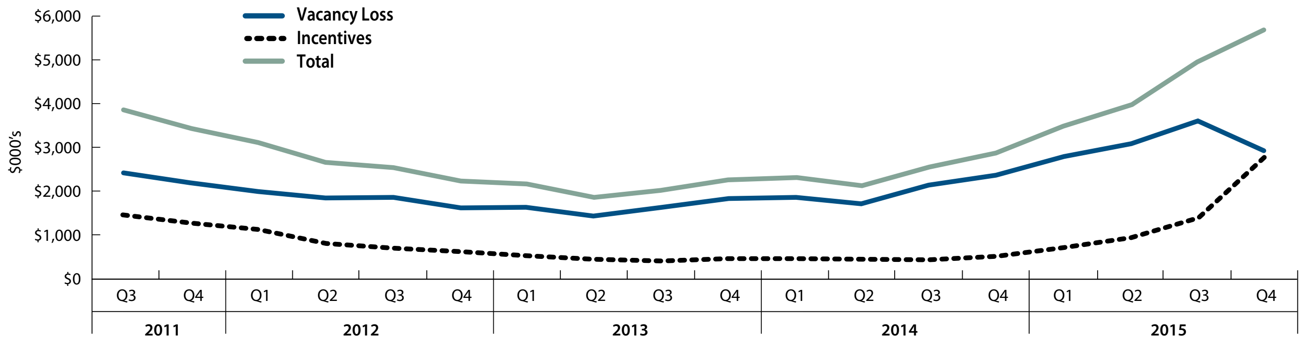
In fiscal 2015, the Trust reported a year-over-year decrease of 89 basis points in its overall occupancy rate, a decline from 98.20% to 97.31%. A softening of all rental markets, except London and Kitchener in Ontario, contributed to the overall occupancy rate decrease. Boardwalk's overall rental revenue strategy focuses on the Trust balancing the key inputs, including occupancy levels, incentives and existing rental market rates. As a strategy, the Trust is constantly adjusting market rents based on property-specific demand and supply. Success with this strategy can be seen in the marginal decline in occupancy of 29 and 103 basis points in Calgary and Edmonton, to 98.63% and 97.45%, respectively, despite the collapse of oil prices during the year. Even Regina and Saskatoon saw occupancy levels rise to 97.50% in the fourth quarter of 2015 compared to the 96.01% and 96.18%, respectively, experienced for the entire 2015 year.

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. As the chart shows, Boardwalk's increasing vacancy loss for the first nine months of the 2015 year, and attributable to the softening rental markets in all provinces, except Ontario, saw a reversal in the fourth quarter. Additional select incentives were introduced into the Calgary, Edmonton, Regina and Saskatoon markets to increase and maintain higher occupancy levels. Overall, Alberta demonstrated a stable rental market in all regions, other than Fort McMurray and Grande Prairie, and Saskatchewan saw an upward trend in occupancy in the fourth quarter in contrast to the first nine months of the year. Boardwalk REIT will continue to manage its overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. The first two key variables show continued stability in the apartment rental market, particularly in the cities of Calgary and Edmonton, Boardwalk's two largest rental markets. The Trust continues 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 $4.7 million, or $0.09 per Trust Unit on a diluted basis.

STABILIZED PROPERTY RESULTS

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 100% of its total rental unit portfolio as at December 31, 2015, or a total of 32,947 units. The table below provides a regional breakdown on these properties for fiscal 2015, as compared to fiscal 2014.

Dec 31 2015 – 12 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,419	3.5%	(1.1)%	5.6%	21.4%
Edmonton	12,397	3.3%	0.1%	5.2%	41.4%
Fort McMurray	352	(18.2)%	6.4%	(28.3)%	1.4%
Grande Prairie	645	1.4%	6.0%	(1.3)%	1.7%
Red Deer	939	3.4%	1.0%	4.9%	2.6%
Ontario	2,585	1.7%	2.6%	1.0%	4.8%
Quebec	6,000	(0.1)%	0.6%	(0.6)%	13.5%
Saskatchewan	4,610	(0.8)%	10.6%	(6.5)%	13.2%
	32,947	1.8%	1.7%	1.8%	100.0%

Stabilized revenue increased by 1.8% for the year ended December 31, 2015, compared to the prior year. Operating expenses reported for the year increased by 1.7% from 2014, resulting in a NOI increase of 1.8% 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 68.5% of the Trust's reported stabilized Net Operating Income. Operating expenses increased primarily as a result of higher property taxes, partially offset by savings in utilities (except for Saskatchewan, which included new bulk cable and internet services for Boardwalk's Resident Members.

Stabilized Revenue Growth	# of Units	Q4 2015 vs. Q3 2015	Q4 2015 vs. Q2 2015	Q4 2015 vs. Q1 2015	Q4 2015 vs. Q4 2014
Calgary	5,419	(1.7)%	(1.5)%	(0.5)%	0.3%
Edmonton	12,397	(1.0)%	(0.8)%	(0.2)%	0.5%
Fort McMurray	352	(2.2)%	(11.4)%	(20.2)%	(22.7)%
Grande Prairie	645	(1.4)%	(4.2)%	(4.8)%	(3.5)%
Red Deer	939	(0.3)%	(0.5)%	0.3%	1.8%
Ontario	2,585	0.6%	1.1%	1.3%	1.9%
Quebec	6,000	1.2%	1.7%	2.0%	0.9%
Saskatchewan	4,610	(0.6)%	(1.4)%	0.1%	(1.7)%
	32,947	(0.7)%	(0.7)%	(0.2)%	(0.1)%

On a sequential basis, stabilized revenues reported in the fourth quarter of 2015 decreased slightly by 0.7% over Q3 2015, decreased by 0.7% compared to Q2 2015, decreased by 0.2% compared to Q1 2015 and decreased by 0.1% 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.

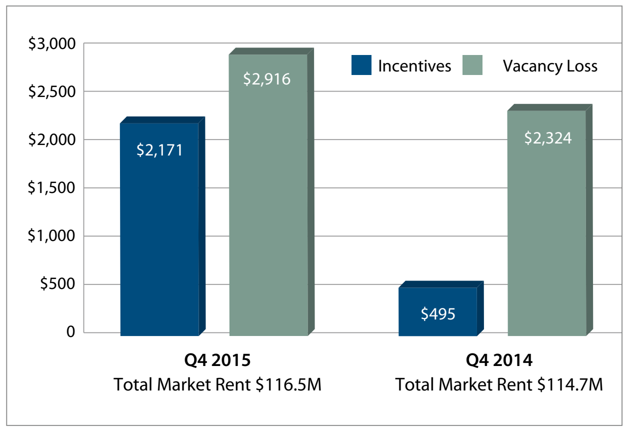
Estimated Loss-to-Lease Calculation

Boardwalk REIT's estimated negative loss-to-lease, representing the difference between estimated market rents and actual occupied rents in December 2015, and adjusted for current occupancy levels, totaled approximately $4.4 million on an annualized basis, representing $0.08 per Unit (Trust & LP B Units). In September 2015, the Trust's negative loss-to-lease was $11.5 million on an annualized basis, or $0.22 per Unit. Alberta and Saskatchewan were the main drivers in the change in negative loss-to-lease from September to December 2015. 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. By managing market rents and providing suite-specific incentives to our Resident Members, the Trust and all its Stakeholders continue to benefit from lower turnover, reduced expenses, and high occupancy. The reader should note estimated loss-to-lease, measured at a point in time, is a non-GAAP measure, and that reported market rents can be very seasonal, and, as such, will vary from quarter to quarter. The significance of this change could materially affect Boardwalk REIT's "estimated loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. The reader should also note that it would take significant time for these market rents to be recognized by the Trust due to internal and external limitations on its ability to charge these new market-based rents in the short term.

Same Store	December 2015 Occupied Rent[1]	December 2015 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	$ 1,366	$ 1,363	$ (3)	$ (170)	5,419	16%
Edmonton	$ 1,270	$ 1,241	$ (29)	$ (4,309)	12,397	38%
Fort McMurray	$ 1,505	$ 1,411	$ (94)	$ (391)	352	1%
Grande Prairie	$ 1,022	$ 957	$ (65)	$ (501)	645	2%
Red Deer	$ 1,052	$ 1,054	$ 2	$ 22	939	3%
Alberta Portfolio	$ 1,282	$ 1,259	$ (23)	$ (5,349)	19,752	60%
Saskatchewan[2]	$ 1,119	$ 1,130	$ 11	$ 619	4,610	14%
Ontario	$ 859	$ 871	$ 12	$ 367	2,585	8%
Quebec	$ 1,024	$ 1,023	$ (1)	$ 11	6,000	18%
Total Portfolio	$ 1,179	$ 1,168	$ (11)	$ (4,352)	32,947	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 decrease in the loss-to-lease for our portfolio, from $12.9 million at December 2014 to $(4.4) million at December 2015, was due primarily to lower market rents in Alberta and Saskatchewan, consistent with Boardwalk's strategy of maintaining high occupancy levels.

In fiscal 2015, as with prior periods, Boardwalk REIT continued to focus on the optimization of all rental revenue, with attention to appropriate levels of market rents and certain occupancy level targets, as well as suite-selective incentives, when warranted.

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

Investing In Our Properties

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

FINANCING COSTS

Financing costs for the year ended December 31, 2015 decreased from the same period in the prior year, from $92.0 million to $85.4 million. These financing costs included the declared special distributions related to the LP Class B units. Should these special distributions declared on December 31, 2015 of $4.5 million, or $1.00 per unit and $6.3 million, or $1.40 per unit declared on December 31, 2014, be removed, financing costs decreased from $85.7 million to $80.9 million, primarily due to the Trust being able to renew maturing mortgages at interest rates substantially below maturing rates. At December 31, 2015, the reported weighted average interest rate of 3.01% was down from the weighted average interest rate of 3.34% at December 31, 2014. 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 4.7 years. Given the continued low interest rates forecasted for 2016, this average term is expected to increase 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, 2015, 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, 2015, which have been recorded as financing charges, was $13.6 million ($15.4 million – December 31, 2014). 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 $1.6 million, compared to $2.0 million in the prior year. The reduced interest income was the result of lower interest rates earned on the Trust's cash on hand.

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 2016, the Trust anticipates having approximately $251.3 million of secured mortgages maturing with a weighted average rate of 3.91%. 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 18, 2016), resulting in an estimated $6.0 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, 2015, which relates to corporate administration from continuing operations, was $33.4 million, compared to $32.9 million for the same period in the prior year, an increase of approximately 1.5%. The increase was primarily due to the retirement of one of the Trust's senior executives.

For the year ended December 31, 2015, 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 $56.8 million for the year ended December 31, 2015, compared to $56.2 million for the same period in the prior year. The increase in total administration costs of approximately $0.6 million, or approximately 1.1%, was primarily the result of higher wages and salaries and the retirement of a senior executive as mentioned previously. 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.

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.

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, 2015, was $9.6 million, a decrease from the $11.9 million recorded for the same period in the prior year. The decrease was attributable to lower deferred financing costs when the mortgages for our Nun's Island property were renewed in November 2014 and the payout of mortgages related to the sale of the Windsor Property Portfolio in September 2015.

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 2014 and 2015, 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, 2015, the Trust used a price of $47.45 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, 2015, was $212.3 million, and a corresponding fair value gain of $63.1 million (year ended December 31, 2014 – fair value loss of $7.6 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2015.

The deferred unit-based compensation plan had a fair value of $5.9 million, and a corresponding fair value gain of $1.5 million (year ended December 31, 2014 – fair value loss of $1.1 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2015.

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 $000's, except per unit amounts*	**12 months** **2015**	12 months 2014	% Change
Cash flow from operating activities	**$ 168,738**	$ 173,568	
Adjustments			
Operating working capital	**4,679**	(348)	
Deferred financing amortization	**(4,656)**	(7,364)	
Government grant earned	**378**	378	
Add back distributions to LP Class B Units recorded as financing charges (1)	**13,604**	15,372	
Interest paid	**87,498**	86,196	
Financing costs	**(85,370)**	(91,977)	
Current Income tax expense on sale of assets	**(19)**	–	
Funds from operations	**$ 184,852**	$ 175,825	5.1%
Funds from operations – per unit	**$ 3.56**	$ 3.37	5.6%

(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, 2015, Boardwalk REIT reported total FFO of $184.9 million, or $3.56 per fully diluted Trust Unit. This represented an increase of approximately 5.1% and 5.6%, respectively, compared to $175.8 million, or $3.37 per fully diluted Trust Unit, reported for fiscal 2014. The increase is primarily due to higher rental revenue, and utility cost 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 2015, the Trust declared regular distributions of $105.8 million to its Trust and LP Class B Unitholders, in addition to a special distribution of $51.3 million to Unitholders on record as at December 31, 2015, compared to $106.3 million and $72.8 million, respectively, for fiscal 2014. Regular distributions declared in 2015 represented a FFO payout ratio of 57.3% compared to 60.5% for the prior year. Regular distributions declared in 2015 also represented approximately 62.7% of cash flow from operating activities compared to 61.2% for 2014. 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 $51.3 million declared for 2015 and $72.8 million declared for 2014 came directly from the net proceeds on the sale of non-core properties within each year and will not affect the sustainability of the Trust's regular distributions.

Financing of Revenue Producing Properties

During the year ended December 31, 2015, the financing and refinancing of existing properties totaled approximately $200.6 million versus $9.8 million for the year ended December 31, 2014. During the financing and refinancing process, Boardwalk REIT was able to decrease the weighted average interest rate on its mortgage portfolio from 3.34% at December 31, 2014, to 3.01% at December 31, 2015.

Acquisitions

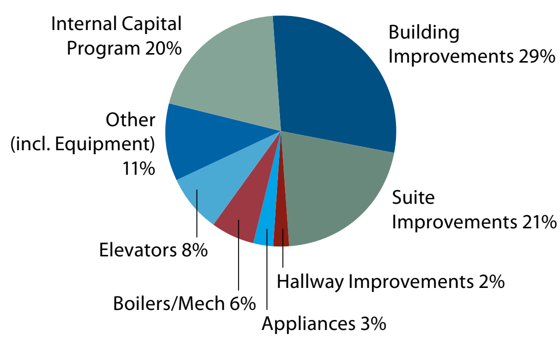
In the first quarter of 2015, the Trust purchased an office building in Verdun, Quebec, which has now been included under the Nun's Island property for a purchase price of $3.1 million. The purchase closed on January 19, 2015. There were no new property acquisitions in 2014. On April 15, 2015, the Trust purchased one unit in the property known as Morningside Estates for $130 thousand. The Trust now owns 223 of the 224 units in the property.

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 2015 and 2014 and, therefore, no adjustment for fiscal 2015 or 2014 was made.

Capital Improvements

Boardwalk has a continuous capital improvement 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.

2015 12M
Operational Capital Investments



In 2015, Boardwalk REIT invested approximately $88.7 million, continuing and discontinued operations combined (comprised of $80.2 million on its stabilized investment properties and $8.5 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 $87.4 million ($80.2 million on its stabilized investment properties and $7.2 million property, plant and equipment) invested in 2014. 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 $17.9 million of on-site wages and salaries that have been incurred towards these projects for 2015, compared to $16.7 million for 2014.

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, which 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 $000's, except for per suite amounts	**12 Months Dec 31, 2015**	**Per Suite**	12 Months Dec 31, 2014	Per Suite
Maintenance Capital Expenditures	**$ 17,056**	**$ 500**	$ 16,571	$ 475
Stabilizing & Value Enhancing Capital (excluding Property, Plant & Equipment)	**$ 63,140**	**$ 1,851**	$ 63,657	$ 1,825
	$ 80,196	**$ 2,351**	$ 80,228	$ 2,300

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 2015 and 2014, the amount allocated to maintenance capital was approximately $17.1 million, or $500 per apartment unit, and $16.6 million, or $475 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $63.1 million and $63.7 million, respectively, or $1,851 and $1,825 per apartment unit.

The amount allocated to maintenance capital in 2015 of approximately $17.1 million, or $500 per apartment unit, was slightly higher than the $475 per apartment unit in 2014.

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 57.3% of reported FFO and 63.1% of AFFO for the year ended December 31, 2015, compared to 60.5% and 66.7%, 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 that 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, 2015**	12 months Dec 31, 2014
Funds From Operations (FFO)	**$ 184,852**	$ 175,825
Maintenance Capital Expenditures	**$ 17,056**	$ 16,571
Adjusted Funds From Operations (AFFO)	**$ 167,796**	$ 159,254
AFFO per unit (Trust and LP B Units)	**$ 3.23**	$ 3.05
Unitholder Distributions – Regular (Trust Units and LP B Units)	**$ 105,838**	$ 106,286
Distribution as a % of FFO	**57.3%**	60.5%
Distribution as a % of AFFO	**63.1%**	66.7%

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, 2015	5	$ 534,159	9.7%
September 30, 2015	4	$ 125,278	2.3%
June 30, 2015	4	$ 120,113	2.1%
March 31, 2015	5	$ 168,992	2.9%

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%

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, 2015**			December 31, 2014		
	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%**	**$ 59,835**	4.50%	6.00%	$ 63,743
Edmonton	**5.00%**	**5.50%**	**120,400**	5.00%	5.50%	126,363
Other Alberta	**5.75%**	**7.25%**	**18,196**	5.75%	7.25%	20,643
Kitchener	**5.25%**	**5.25%**	**1,797**	5.50%	5.50%	1,754
London	**5.50%**	**5.75%**	**11,680**	5.75%	6.00%	10,875
Windsor	**– %**	**– %**	**–**	6.50%	7.00%	6,814
Montreal	**5.00%**	**5.75%**	**5,469**	5.50%	6.25%	5,510
Quebec City	**5.25%**	**5.75%**	**9,982**	5.75%	6.25%	9,926
Regina	**5.75%**	**6.00%**	**23,061**	5.75%	6.00%	23,118
Saskatoon	**5.75%**	**6.00%**	**19,604**	5.75%	6.00%	19,675
	4.50%	**7.25%**	**$ 270,024**	4.50%	7.25%	$ 288,421
Land Lease	**4.75%**	**16.75%**	**$ 27,310**	5.25%	15.09%	$ 28,055

Overall portfolio weighted average capitalization rates as at December 31, 2015 and 2014, were 5.38% and 5.48%, respectively.

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, 2015 and 2014:

As at December 31, 2015 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 288,414	$ 294,360	$ 297,334	$ 300,307	$ 306,254
Capitalization Rate						
-0.25%	5.13%	$ 95,451	$ 211,370	$ 269,330	$ 327,290	$ 443,209
Cap Rate As Reported	5.38%	(165,800)	(55,267)	5,526,651	55,267	165,800
+0.25%	5.63%	(403,848)	(298,223)	(245,411)	(192,598)	(86,974)

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)

Investment properties with a fair value of $516.7 million as at December 31, 2015 ($480.0 million – December 31, 2014), are situated on land held under ground (or land) leases.

Investment properties with a fair value of $679.6 million as at December 31, 2015 (December 31, 2014 – $670.0 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, 2015 (December 31, 2014 – $5.3 billion), are pledged as security against the Trust's mortgages payable.

For the year ended December 31, 2015, the Trust capitalized $81.2 million in building improvements (and $10.7 million in development expenditures) and recorded a fair value loss of $194.9 million on its financial statements as a result of changes in the fair value of investment properties. Capitalized building improvements represent expenditures that provide future benefits to the Trust for a period greater than 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 $39,000 per apartment unit, for the excess land allocated to this project. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents. For the year ended December 31, 2015, $378 thousand (December 31, 2014 – $378 thousand) was recognized in profit under rental revenue for this grant.

In October 2014, the Trust commenced the first phase of construction for a 79-unit, wood frame building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The project was substantially completed on January 29, 2016 with a total cost of $13.4 million, below the original budget of $14.1 million. The four-story building consists of 13 one-bedroom and 66 two-bedroom units with a single level of underground parking. The stabilized capitalization rate is estimated to range from 6.50% to 7.00% excluding land. Lease up of the project began in February of 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, 2015, the Trust expended $10.7 million on total development costs compared to $2.0 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. Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance. In volatile times, the ability to access this product was very beneficial to the Trust as a whole.

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

($000)	
Cash position December 31, 2015	$ 237,016
Special Distribution – Paid January 15, 2016	$ 51,322
Net Cash Position	$ 185,694
Committed Revolving Credit Facility Available	197,961
Total Available Liquidity	$ 383,655

Note that the total available liquidity of the Trust was reduced by approximately $51.3 million as a result of the special distribution declared for Trust and LP Class B Unitholders on record as at December 31, 2015, and paid January 15, 2016.

In addition to this, the Trust currently has 1,585 rental apartment units of unencumbered assets, of which 257 units are pledged against the Trust's committed revolving credit facility. It is estimated under current CMHC underwriting criteria, that the Trust could obtain an additional $155.8 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 $251.3 million of secured mortgages coming due in 2016 (as shown in the table below), all have NHA insurance, and represent in aggregate approximately 46% 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 $251.3 million maturing mortgages of 3.91%. The reader, however, is cautioned these rates do fluctuate and, by the time these maturing mortgages are set for renewal, with or without additional financing, interest rates may have changed materially. Even with the NHA insurance program attached to its secured mortgages, the Trust is still susceptible to changes in market interest rates. To address a portion of this risk, the Trust has forward locked or renewed $35.5 million, or 14%, of its $251.3 million of 2016 mortgage maturities. The weighted average contracted interest rate on these renewals is 2.26%, for an average term of 8 years. These forward locked and renewed mortgages represent an annualized interest savings of approximately $0.4 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, 2015, were $2.27 billion, compared to $2.17 billion reported on December 31, 2014.

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, 2015, was 3.01% compared to 3.34% on December 31, 2014. 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, 2015	Weighted Average Interest Rate By Maturity	% of Total
2016	$ 251,315	3.91%	10.7%
2017	298,441	2.91%	12.7%
2018	205,096	3.00%	8.7%
2019	390,828	2.91%	16.6%
2020	240,423	2.67%	10.2%
2021	98,490	3.04%	4.2%
2022	313,158	3.06%	13.3%
2023	181,424	3.01%	7.7%
2024	91,901	3.37%	3.9%
2025	279,402	2.63%	12.0%
Total Principal Outstanding	$ 2,350,478	3.01%	100.0%
Unamortized Deferred Financing Costs	$ (78,031)		
Per Financial Statements	$ 2,272,447		

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, 2015 and 2014, based on the most recently four completed fiscal quarters.

As at	**December 31, 2015**	December 31, 2014
Consolidated EBITDA	**$ 261,295**	$ 260,531
Consolidated Interest Expense	**71,766**	77,341
Interest Coverage Ratio	**3.64**	3.37
Minimum Threshold	**1.50**	1.50

For the year ended December 31, 2015, 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 3.64, compared to 3.37 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, 2013	47,919,964
Units issued for vested deferred units	73,089
Units purchased and cancelled	(472,100)
December 31, 2014	47,520,953
Units issued for vested deferred units	67,311
Units purchased and cancelled	(740,800)
December 31, 2015	**46,847,464**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at December 31, 2015, there were 46,847,464 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 51,322,464. 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.

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 terminated July 2, 2015. The Trust's daily purchase pursuant to this Bid was 15,449 Trust Units.

On June 30, 2015, the Trust received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase and cancel up to 3,855,766 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced July 3, 2015, and will terminate on July 2, 2016, or when the Bid is completed. The Trust's daily purchases under this Bid will be limited to 38,006 Trust Units.

During 2014, the Trust purchased and cancelled 472,100 Units at an average purchase cost of $67.01 per Trust Unit. During 2015, the Trust purchased and cancelled 740,800 Units at an average purchase cost of $50.10 per Trust Unit.

Equity

Boardwalk has an equity market capitalization of approximately $2.4 billion based on the Trust Unit closing price of $47.45 on the Toronto Stock Exchange on December 31, 2015.

Enterprise Value

With a total enterprise value of approximately $4.7 billion (consisting of total debt of $2.3 billion and market capitalization of $2.4 billion) as at December 31, 2015, Boardwalk's total debt is approximately 48% 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 18, 2016, 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 drastic drop in oil prices and speculation that lower oil prices will continue over an extended period of time, the risk of a downturn in the economy has dramatically increased. A disruption in the economy could have a significant impact on how much space tenants will lease and the rental rates paid by tenants. This would affect the income produced by our properties as a result of downward pressure on rents

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, was also subject to a rent revision clause, which commenced on December 1, 2008 (based on a valuation date of March 16, 2008). The rent increases will be phased in on a property-by-property basis through to 2019, and was based on 75% of the land value in its current use. After that revision, the land rent will remain constant thereafter through to 2064. An event of default by us, under the terms of a ground lease, could also result in a loss of the property, subject to such ground lease, should the default not be rectified in a reasonable period of time. The Trust is not aware of any default under the terms of the ground leases.

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

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

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

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 32,947 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).*

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

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

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

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

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

Structural Subordination

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

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

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

Under Ontario's rent control legislation, commonly known as "rent de-control", a landlord is entitled to increase the rent for existing tenants once every twelve months by no more than the "guideline amount" established by regulation. For the calendar years 2014 and 2015, the guideline amounts have been established at 0.8% and 1.6%, respectively, and for 2016 the guideline amount has been set at 2.0%. Further details on Ontario's Annual Rental Increase Guidelines can be found at http://www.landlordselfhelp.com/RentIncreaseGuideline.htm. This adjustment is meant to take into account the income of the building, the municipal and school taxes, the insurance bills, the energy costs, maintenance, and service costs. Landlords may apply to the Ontario Rental Housing Tribunal for an increase above the guideline amounts if annual costs for heat, hydro, water, or municipal taxes have increased significantly, or if building security costs have increased. 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 2016 this return is 2.5% compared to 2.9% for 2015, 2.6% for 2014 and 2.6% for 2013), 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, 2016 and before April 2nd, 2017, before any consideration for increases to municipal and school taxes as well as capital expenditures, are: 0.7% for electricity heated dwellings, 0.2% for gas heated dwellings, (4.2)% for oil heated dwellings and 0.4% 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.

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

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

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

Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. In recent years, water and sewer costs have increased significantly as another form of "taxes" imposed by various municipalities. In addition, the recently announced Alberta Carbon Tax will increase the costs associated with natural gas usage. Effective January 1st, 2017, an additional $1.12 per gigajoule ("GJ") consumed will be charged. The rate is noted to increase to $1.65/GJ for 2018. 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 2014 and 2015, 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 18, 2016. 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 18, 2016. 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, 2015.

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 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 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 or a group of buildings in a non-core municipal region does not constitute a major line of business, these sales are not treated as discontinued operations.

(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 2014 and 2015, 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
Other current liabilities	Other financial liabilities	Amortized cost
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, 2015 and 2014, 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 with maturities of 90 days or less.

(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 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.

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 projects with the majority of these amendments applying for annual periods beginning on or after July 1, 2014. Only those standards, which may have a significant impact on the Trust's consolidated financial statements are included in the following table.

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.

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

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

(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, 2018, 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 will assess the potential impact of these amendments on its consolidated financial statements should an interest in a joint operation be acquired.

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)
- 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)
- Accounting for Acquisitions of Interest in Joint Operations (Amendments to IFRS 11)

Annual Improvements to IFRSs 2012-2014 Cycle

The IASB has released the final amendments for the 2012-2014 annual improvement project with the majority of these amendments applying for annual periods beginning on or after January 1, 2016. Only those standards, which may have a significant impact on the Trust are included below.

Standard	Details of amendment	Expected impact
2012-2014 Cycle		
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	An amendment was made to add specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held for distribution accounting is discontinued.	The Trust will determine the impact of this amendment should an asset held for sale or discontinued operations arise.
IFRS 7 – Financial Instruments: Disclosures	The amendment clarifies whether a servicing contract is a continuing involvement in a transferred asset for the purposes of determining the disclosures required. The amendment also clarifies the applicability of the amendments on offsetting disclosures to condensed interim financial statements.	The Trust will determine the impact of this amendment on its financial instrument disclosures.
IAS 34 – Interim Financial Reporting	This amendment clarifies the meaning of "elsewhere in the interim report" and requires cross-reference.	The Trust has determined that this would not have a significant impact on its interim consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The preparation of this information is supported by a set of disclosure controls and procedures ("DC&P") implemented by management. In fiscal 2015, 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, 2015. 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, 2015. 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, 2015, 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, 2015, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2016 FINANCIAL OUTLOOK AND MARKET GUIDANCE

At the end of the third quarter of 2015, the Trust announced its financial outlook for the upcoming 2016 year. As is customary, the Trust reviews its base level assumptions and strategy to determine if any material change is warranted In the reported guidance. Based on this review, the Trust has made the following changes to the reported 2016 financial guidance. The following table highlights the key financial objectives for the 2016 fiscal year as well as our performance for the 2015 year.

Description	2016 Revised Objectives	2016 Objectives	2015 Actual
Dispositions of Investment Properties	No dispositions	No dispositions	Sold all of its Windsor assets
Acquisition of Investment Properties	800-1,200 Apartment Units	No new apartment acquisitions	No new apartment acquisitions
Development	Phase 1 of Pines Edge, Regina, Saskatchewan – 79 Units Commencement of Phase 2 & 3 of Pines Edge, Regina, Saskatchewan – 150 units	Phase 1 of Pines Edge, Regina, Saskatchewan – 79 Units	No new development
Stabilized Building NOI Growth	-2% to 2%	-2% to 2%	1.8%
FFO Per Unit	\$3.40 to \$3.60	\$3.40 to \$3.60	\$3.56
AFFO Per Unit	\$3.06 to \$3.26	\$3.06 to \$3.26	\$3.23

Note: Reported FFO and AFFO per Unit financial guidance does not include any impact due to acquisitions or development work-in-progress due to the timing uncertainty of these transactions.

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 2016, the Trust has assumed the following capital will be reinvested in its existing portfolio for the 2016 fiscal year.

Capital Budget	**2016 Budget**	**Per Suite**	2015 Actual	Per Suite
Total Operational Capital Approved (including Property, Plant & Equipment)	**\$ 90,329**	**\$ 2,742**	\$ 80,196	\$ 2,351
Maintenance Capital	**\$ 17,193**	**\$ 525**	\$ 17,056	\$ 500
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	**\$ 73,136**	**\$ 2,217**	\$ 71,604	\$ 2,099
	\$ 90,329	**\$ 2,742**	\$ 88,660	\$ 2,599
Development Capital Approved (1)	**\$ 12,444**		\$ 13,940	

(1) Included in development capital expended in 2015 was \$3.3 million of acquisitions, primarily the Nun's Island Office and Warehouse in Verdun, Quebec

In total, we expect to invest \$90.3 million (or \$2,742 per apartment unit) on operational capital in 2016 as compared to \$80.2 million (or \$2,351 per apartment unit) actually spent in 2015. Approximately \$17.2 million, or \$525 per apartment unit, will be in the form of maintenance capital and the balance of \$73.1 million will be in stabilizing and value-added capital.

For 2016, the Trust has included a revised budget of \$12.4 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 Phase 1 development at the Trust's Pines of Normanview project in Regina, Saskatchewan and the commencement of Phase 2 and 3.

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, 2015 and 2014, 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, 2015**	 Dec 31, 2014
Total rental revenue	**476,148**	473,245
Profit	**28,848**	246,791
Funds from operations	**184,852**	175,825
Profit per unit		
– Basic	**0.61**	5.17
– Diluted	**(0.40)**	5.17
Funds from operations per unit		
– Basic	**3.90**	3.68
– Diluted	**3.56**	3.37
Mortgages and debentures	**2,272,447**	2,169,499
Total assets	**5,833,842**	5,971,645
Number of apartment units	**32,947**	34,626
Rentable square feet (000's)	**28,199**	29,466

Quarterly Comparative *Cdn$ Thousands, except per unit amounts*	Three Months Ended **Dec 31, 2015**	 Sep 30, 2015	 Jun 30, 2015	 Mar 31, 2015	 Dec 31, 2014	 Sep 30, 2014	 Jun 30, 2014	 Mar 31, 2014
Total rental revenue	**115,687**	119,679	120,747	120,035	119,853	118,885	117,954	116,553
Profit (loss)	**114,448**	(191,617)	34,593	71,424	(14,546)	55,102	83,856	122,379
Funds from operations	**44,225**	47,588	48,857	44,181	43,704	46,792	45,313	40,015
Profit per unit								
– Basic	**2.43**	(4.00)	0.73	1.50	(0.31)	1.15	1.75	2.55
– Diluted	**1.71**	(4.00)	0.51	1.19	(0.76)	1.15	1.75	2.45
Funds from operations per unit								
– Basic	**0.94**	1.00	1.03	0.93	0.92	0.98	0.95	0.83
– Diluted	**0.86**	0.92	0.94	0.85	0.84	0.90	0.86	0.76

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 18, 2016

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, 2016

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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants

February 17, 2016
Calgary, Alberta

Consolidated Statements of Financial Position

(CDN $ THOUSANDS)

As at	Note	Dec 31, 2015	Dec 31, 2014
Assets			
Non-current assets			
Investment properties	4	**$ 5,540,299**	$ 5,778,108
Property, plant and equipment	6	**29,320**	26,124
Deferred tax assets	16	**191**	378
		5,569,810	5,804,610
Current assets			
Inventories	7	**4,026**	3,594
Prepaid assets	8	**5,965**	4,493
Trade and other receivables	9	**5,230**	7,246
Segregated tenants' security deposits	10	**11,795**	12,138
Cash and cash equivalents	11	**237,016**	139,564
		264,032	167,035
Total Assets		**$ 5,833,842**	$ 5,971,645
Liabilities			
Non-current liabilities			
Mortgages payable	12	**$ 1,973,307**	$ 1,702,179
LP Class B Units	13	**212,339**	275,392
Deferred unit-based compensation	14	**3,715**	4,510
Deferred tax liabilities	16	**17**	13
Deferred government grant	17	**6,397**	6,775
		2,195,775	1,988,869
Current liabilities			
Mortgages payable	12	**299,140**	467,320
Deferred unit-based compensation	14	**2,218**	3,250
Deferred government grant	17	**378**	378
Refundable tenants' security deposits		**14,241**	15,900
Trade and other payables	15	**111,352**	137,940
		427,329	624,788
Total Liabilities		**2,623,104**	2,613,657
Equity			
Unitholders' equity	18	**3,210,738**	3,357,988
Total Equity		**3,210,738**	3,357,988
Total Liabilities and Equity		**$ 5,833,842**	$ 5,971,645

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, 2015	Year ended Dec 31, 2014
Rental revenue	19	**$ 469,209**	$ 466,435
Ancillary rental income	20	**6,939**	6,810
Total rental revenue		**476,148**	473,245
Rental expenses			
Operating expenses		**94,172**	93,969
Utilities		**46,200**	47,572
Property taxes		**41,074**	40,091
Net operating income		**294,702**	291,613
Financing costs	21	**85,370**	91,977
Administration		**33,407**	32,943
Depreciation and amortization	22	**9,649**	11,933
Profit from continuing operations before the undernoted		**166,276**	154,760
Loss on sale of assets	5	**(6,855)**	(235)
Fair value (losses) gains	23	**(130,361)**	81,126
Profit from continuing operations before income tax expense		**29,060**	235,651
Income tax expense	16	**(212)**	(41)
Profit from continuing operations		**28,848**	235,610
Profit from discontinued operations, net of tax	5	**–**	11,181
Profit for the year		**28,848**	246,791
Other comprehensive income		**1,014**	2,445
Total comprehensive income		**$ 29,862**	$ 249,236

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, 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
Units issued	3,560	–	–	–	–	3,560
Units purchased and cancelled	(6,175)	(30,940)	–	(30,940)	–	(37,115)
Profit for the year	–	28,848	–	28,848	–	28,848
Other comprehensive income	–	–	–	–	1,014	1,014
Total comprehensive income for the year	–	28,848	–	28,848	1,014	29,862
Distributions declared to Unitholders	–	–	(143,557)	(143,557)	–	(143,557)
Balance, December 31, 2015	**$ 193,336**	**$ 4,151,947**	**$ (1,134,545)**	**$ 3,017,402**	**$ –**	**$ 3,210,738**

See accompanying notes to these consolidated financial statements

Consolidated Statements of Cash Flows

(CDN $ THOUSANDS)	Note	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Operating activities			
Profit for the year		**$ 28,848**	$ 246,791
Profit from discontinued operations, net of tax		**–**	(11,181)
Loss on sale of assets		**6,855**	235
Financing costs	21	**85,370**	91,977
Interest paid		**(87,498)**	(86,196)
Fair value losses (gains)		**130,361**	(81,126)
Income tax expense	16	**212**	41
Income tax paid	16	**(2)**	(1)
Government grant amortization	17	**(378)**	(378)
Depreciation and amortization	22	**9,649**	11,933
		173,417	172,095
Net cash operating inflows from discontinued operations	5	**–**	1,125
Net change in operating working capital	32	**(1,197)**	348
		172,220	173,568
Investing activities			
Purchase of investment properties	4	**(3,290)**	–
Improvements to investment properties	4	**(80,196)**	(79,662)
Development of investment properties	4	**(10,650)**	(1,995)
Additions to property, plant and equipment	6	**(8,464)**	(7,192)
Net cash proceeds from sale of investment properties	5	**130,170**	13,265
Net cash investing inflows (outflows) from discontinued operations	5	**–**	136,981
Net change in investing working capital	32	**(37)**	1,929
		27,533	63,326
Financing activities			
Distributions paid	32	**(163,353)**	(97,008)
Unit repurchase program		**(37,115)**	(31,634)
Proceeds from mortgage financings		**200,564**	9,779
Mortgages payments upon refinancing		**(23,666)**	–
Scheduled mortgage principal repayments		**(49,519)**	(46,977)
Mortgages discharged due to sale of investment properties		**(20,532)**	–
Deferred financing costs incurred		**(9,025)**	(1,313)
Bond forward settlement, net of amortization		**41**	54
Government grant proceeds	17	**–**	715
Net cash financing outflows from discontinued operations	5	**–**	(62,496)
Net change in financing working capital	32	**304**	471
		(102,301)	(228,409)
Net increase in cash		**97,452**	8,485
Cash and cash equivalents, beginning of year		**139,564**	131,079
Cash and cash equivalents, end of year	11	**$ 237,016**	$ 139,564

See accompanying notes to these consolidated financial statements

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

(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, 2015, 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. Specifically, elements have been reclassified between operating expenses and administration of approximately $0.8 million for the year ended December 31, 2014. This reclassification relates to wages that were previously reported as corporate administration, but are now considered operational administration. In addition, non-current liabilities of $1.0 million have been reclassified as trade and other payables for the year ended December 31, 2014 as these related to the fair value on interest rate swaps that matured in the current year.

(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 and properties being constructed or developed for future use to earn rental income, and include interests held under long-term operating land leases. Investment properties are measured initially at cost (which is equivalent to fair value). Cost includes all amounts relating to the acquisition (excluding transaction costs related to a business combination as outlined in NOTE 2(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 to a specific investment property, which are capitalized to the extent that they upgrade or extend the economic life of the asset.

Subsequent to initial recognition, investment properties are recorded at fair value, in accordance with 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 or a group of buildings in a non-core municipal region does not constitute a major line of business, these sales are not treated as discontinued operations.

(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 2014 and 2015, 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 and cash equivalents	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 15 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, 2015 and 2014, 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 with maturities of 90 days or less.

(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 properties

The choice of valuation method for fair valuing and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in NOTE 4. Significant estimates used in determining the fair value of the Trust's investment properties includes capitalization rates and net operating income (which is influenced by 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 a 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.

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 projects with the majority of these amendments applying for annual periods beginning on or after July 1, 2014. Only those standards, which may have a significant impact on the Trust's consolidated financial statements 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.

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

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

(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, 2018, 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 will assess the potential impact of these amendments on its consolidated financial statements should an interest in a joint operation be acquired.
IFRS 16 – Leases ("IFRS 16")	IFRS 16 supersedes IFRS 17 – Leases and has been established to increase the transparency of lease obligations reported on an entity's financial report. Under this new standard, entities may be required to report more of their previously disclosed off balance sheet leases on the face of the balance sheet. The standard also provides guidance on the calculation and presentation of the lease obligations. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted, only if the entity also applies IFRS 15.	The Trust is assessing the potential impact on its consolidated financial statements.
Recognition of Deferred Tax Assets for Unrealized Losses (Amendment to IAS 12 – Income Taxes)	The amendments made to IAS 12 clarify the following items: • Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the carrying amount is expected to be recovered. • The carrying amount of an asset does not limit the estimation of probable future taxable benefits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity assesses a deferred tax asset in combination with other deferred tax assets. The amendment is effective for annual periods beginning on or after January 1, 2017.	The Trust is assessing the potential impact on its consolidated financial statements but does not expect it to have a significant impact.

Amendment to IAS 1 – Presentation of Financial Statements	The amendment clarifies areas within the presentation of financial statements where preparers exercised more judgement but including materiality considerations when providing disclosures and providing additional clarification on the disaggregation and aggregation on the subtotals of the statements. There was also clarification related to OCI of equity accounted associates and joint ventures and how they are to be presented based on whether or not it will subsequently be reclassified to profit or loss. Additional guidance was also provided to demonstrate the organization of the notes to the financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016.	The Trust does not expect the adoption of these amendments to significantly impact the Trust's consolidated financial statements.
Disclosure Initiative (Amendment to IAS 7 – Statement of Cash Flows)	The amendment clarifies that entities shall provide disclosures that ensure users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective for annual periods beginning on or after January 1, 2017.	The Trust does not expect there to be a significant 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)
- 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)
- Accounting for Acquisitions of Interest in Joint Operations (Amendments to IFRS 11)

Annual Improvements to IFRSs 2012-2014 Cycle

The IASB has released the final amendments for the 2012-2014 annual improvement project with the majority of these amendments applying for annual periods beginning on or after January 1, 2016. Only those standards, which may have a significant impact on the Trust's consolidated financial statements are included below.

Standard	Details of amendment	Expected impact
2012-2014 Cycle		
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	An amendment was made to add specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held for distribution accounting is discontinued.	The Trust will determine the impact of this amendment should an asset held for sale or discontinued operations arise.
IFRS 7 – Financial Instruments: Disclosures	The amendment clarifies whether a servicing contract is a continuing involvement in a transferred asset for the purposes of determining the disclosures required. The amendment also clarifies the applicability of the amendments on offsetting disclosures to condensed interim financial statements.	The Trust will determine the impact of this amendment on its financial instrument disclosures.
IAS 34 – Interim Financial Reporting	This amendment clarifies the meaning of "elsewhere in the interim report" and requires cross-reference.	The Trust has determined that this would not have a significant impact on its interim consolidated financial statements.

NOTE 4: INVESTMENT PROPERTIES

As at	Dec 31, 2015	Dec 31, 2014
Balance, beginning of year	$ 5,778,108	$ 5,745,207
Additions		
Building purchases	3,290	–
Building improvements (incl. internal capital program)	80,196	79,662
Building improvements discontinued operations	–	566
Development of investment properties	10,650	1,995
Dispositions	(137,025)	(153,420)
Fair value (losses) gains, unrealized, from continuing operations	(194,920)	89,781
Fair value gains, realized, from discontinued operations	–	14,317
Balance, end of year	$ 5,540,299	$ 5,778,108
Revenue producing properties	$ 5,526,651	$ 5,775,111
Development [(1)]	13,648	2,997
Total	$ 5,540,299	$ 5,778,108

(1) For the year ended December 31, 2015, there was an ongoing 79-unit development project in Regina, Saskatchewan, totaling $12.6 million in costs to date (December 31, 2014 – $2.1 million).

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, 2015, 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 is based primarily on the geographical location of the asset, with the exception of properties situated on land leases. Below is a continuity schedule based on investment property classes:

	Year ended December 31, 2015						
	Balance, beginning of year	Building improvements (incl. internal capital program)	Building Acquisitions	Development of investment properties	Dispositions	Fair value gains (losses), from continuing operations	Balance, end of year
Recurring measurements Investment properties							
Calgary	$ 1,278,174	$ 12,099	$ –	$ 66	$ –	$ (92,710)	$ 1,197,629
Edmonton	2,396,720	26,815	130	3	–	(144,067)	2,279,601
Other Alberta	319,765	6,010	–	–	–	(40,711)	285,064
Kitchener	31,897	778	–	–	–	1,557	34,232
London	188,836	3,608	–	–	–	19,555	211,999
Windsor	100,935	2,181	–	–	(136,200)	33,084	–
Montreal	95,878	1,276	–	–	–	7,230	104,384
Quebec City	166,943	6,838	–	–	–	9,473	183,254
Regina	388,380	5,601	–	10,581	(825)	(5,704)	398,033
Saskatoon	330,607	6,190	–	–	–	(7,358)	329,439
Land leases	479,973	8,800	3,160	–	–	24,731	516,664
Total	$ 5,778,108	$ 80,196	$ 3,290	$ 10,650	$ (137,025)	$(194,920)	$ 5,540,299

	Year ended December 31, 2014						
	Balance, beginning of year	Building improvements (incl. internal capital program and discontined operations)	Development of investment properties	Dispositions	Fair value gains (losses), unrealized, from continuing operations	Fair value gains (losses), 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

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, 2015, 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, 2015 and 2014.

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, 2015	5	$ 534,159	9.7%
September 30, 2015	4	$ 125,278	2.3%
June 30, 2015	4	$ 120,113	2.1%
March 31, 2015	5	$ 168,992	2.9%

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%

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), this property utilized the Discounted Cash Flow ("DCF") approach to derive the fair value. The DCF Method calculates the present value of the future cash flows over a specified time period to determine the fair value for each property at each reporting date. The most significant assumption using the DCF method is the discount rate applied over the term of the lease. The discount 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, 2015			Dec 31, 2014		
	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%	$ 59,835	4.50%	6.00%	$ 63,743
Edmonton	5.00%	5.50%	120,400	5.00%	5.50%	126,363
Other Alberta	5.75%	7.25%	18,196	5.75%	7.25%	20,643
Kitchener	5.25%	5.25%	1,797	5.50%	5.50%	1,754
London	5.50%	5.75%	11,680	5.75%	6.00%	10,875
Windsor	–%	–%	–	6.50%	7.00%	6,814
Montreal	5.00%	5.75%	5,469	5.50%	6.25%	5,510
Quebec City	5.25%	5.75%	9,982	5.75%	6.25%	9,926
Regina	5.75%	6.00%	23,061	5.75%	6.00%	23,118
Saskatoon	5.75%	6.00%	19,604	5.75%	6.00%	19,675
	4.50%	7.25%	$ 270,024	4.50%	7.25%	$ 288,421
Land Lease	4.75%	16.75%	$ 27,310	5.25%	15.09%	$ 28,055

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at December 31, 2015 and 2014 was 5.38% and 5.48%, respectively.

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, 2015

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 288,414	$ 294,360	$ 297,334	$ 300,307	$ 306,254
Capitalization Rate						
-0.25%	5.13%	$ 95,451	$ 211,370	$ 269,330	$ 327,290	$ 443,209
Cap Rate As Reported	5.38%	(165,800)	(55,267)	$\boxed{5,526,651}$	55,267	165,800
+0.25%	5.63%	(403,848)	(298,223)	(245,411)	(192,598)	(86,974)

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)	$\boxed{5,775,111}$	57,751	173,253
+0.25%	5.73%	(417,662)	(307,200)	(251,968)	(196,737)	(86,274)

Investment properties with a fair value of $516.7 million (December 31, 2014 – $480.0 million) are situated on land held under land leases.

Investment properties with a fair value of $679.6 million (December 31, 2014 – $670.0 million) are pledged as security against the Trust's committed revolving credit facility. Assets pledged as security for the committed revolving credit facility may also be pledged as security for the Trust's mortgages payable. In addition, investment properties with a fair value of $5.3 billion (December 31, 2014 – $5.3 billion) are pledged as security against the Trust's mortgages payable. As at December 31, 2015, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements aside from the fixed-price contract in place for the construction of the new development project in Regina, Saskatchewan.

For the years ended December 31, 2015 and 2014, investment properties earned rental revenue (excluding ancillary rental income) of $469.2 million and $466.4 million, respectively. Direct operating expenses in relation to investment properties were $181.4 million and $181.6 million for the years ended December 31, 2015 and 2014, respectively.

NOTE 5: LOSS ON SALE OF ASSETS AND DISCONTINUED OPERATIONS

On September 10, 2015, the Trust closed on its previously announced sale of all its properties in the City of Windsor, which forms part of the Ontario geographical segment, for the sale price of $136.2 million.

On June 1, 2015, the Trust disposed of a 22-unit stand-alone building that was part of the Trust's Boardwalk Estates property in Regina, Saskatchewan (Saskatchewan segment) for gross proceeds of approximately $0.8 million.

On May 5, 2014, the Trust disposed of a 102-unit project in Edmonton, Alberta (Alberta segment), for the sale price of $13.5 million.

The loss on these sales was as follows:

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Cash received	**$ 137,025**	$ 13,500
Cost of disposition	**(6,855)**	(235)
Net proceeds	**130,170**	13,265
Net book value	**137,025**	13,500
Loss on sale of assets	**$ (6,855)**	$ (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
Rental revenue	$ 3,447
Ancillary rental income	60
Total rental revenue	3,507
Rental expenses	
Operating expenses	799
Utilities	379
Property taxes	464
Net operating income	1,865
Financing costs	736
Administration	4
Depreciation and amortization	43
Profit before the undernoted	1,082
Loss on sale of assets	(4,218)
Fair value gains	14,317
Profit before income tax expense	11,181
Income tax expense	–
Profit from discontinued operations, net of tax	$ 11,181

The loss on sale of assets was as follows:

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

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of PP&E were as follows:

As at	Dec 31, 2015			Dec 31, 2014		
	Cost	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Administration building	**$ 6,153**	**$ (2,820)**	**$ 3,333**	$ 5,944	$ (2,551)	$ 3,393
Site equipment and other assets	**46,705**	**(24,026)**	**22,679**	40,288	(21,039)	19,249
Corporate technology assets	**27,829**	**(24,521)**	**3,308**	26,572	(23,090)	3,482
Total	**$ 80,687**	**$ (51,367)**	**$ 29,320**	$ 72,804	$ (46,680)	$ 26,124

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2015:

	Dec 31, 2014 opening carrying amount	Additions	Disposals	Depreciation	**Dec 31, 2015 closing carrying amount**
Administration building	$ 3,393	$ 210	$ –	$ (270)	**$ 3,333**
Site equipment and other assets	19,249	6,984	(273)	(3,281)	**22,679**
Corporate technology assets [(1)]	3,482	1,270	(2)	(1,442)	**3,308**
Total	$ 26,124	$ 8,464	$ (275)	$ (4,993)	**$ 29,320**

(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.

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.

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, 2015 and 2014, there were no indicators of impairment in relation to the Trust's PP&E.

As at December 31, 2015 and 2014, none of the Trust's PP&E was pledged as security for debt.

NOTE 7: INVENTORIES

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

As at	Dec 31, 2015	Dec 31, 2014
Parts and supplies	**$ 3,969**	$ 3,500
Baseboard, carpet and linoleum	**57**	94
	$ 4,026	$ 3,594

NOTE 8: PREPAID ASSETS

The major components of prepaid assets are as follows:

As at	Dec 31, 2015	Dec 31, 2014
Prepaid property taxes	**$ 829**	$ 793
Prepaid land leases	**2,858**	2,783
Prepaid expenses and other	**2,278**	917
	$ 5,965	$ 4,493

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 totaled $5.2 million at December 31, 2015 (December 31, 2014 – $7.2 million).

As at	Dec 31, 2015	Dec 31, 2014
Trade and other receivables	**$ 4,948**	$ 6,968
Mortgage holdbacks and refundable mortgage fees	**282**	278
	$ 5,230	$ 7,246

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 $11.8 million at December 31, 2015 and $12.1 million at December 31, 2014.

NOTE 11: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash totaling $15.8 million and term deposits, cashable in whole or in part any time, with maturities of 90 days or less totaling $221.2 million (December 31, 2014 - $139.6 million and $nil, respectively).

NOTE 12: MORTGAGES PAYABLE

As at	Dec 31, 2015		Dec 31, 2014	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgages payable				
Fixed rate	**3.01%**	**$ 2,272,447**	3.34%	$ 2,169,499
Total		**$ 2,272,447**		$ 2,169,499
Current		**$ 299,140**		$ 467,320
Non-current		**1,973,307**		1,702,179
		$ 2,272,447		$ 2,169,499

Estimated future principal payments required to meet mortgage obligations as at December 31, 2015 are as follows:

	Secured By Investment Properties
2016	$ 299,140
2017	334,030
2018	229,906
2019	388,839
2020	238,179
Subsequent	860,384
	2,350,478
Unamortized deferred financing costs	(78,055)
Unamortized mark-to-market adjustment	24
	$ 2,272,447

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, 2015 and 2014, the Trust has a committed revolving credit facility with a major financial institution. This credit facility is secured by a first or second mortgage charge on specific real estate assets. The maximum amount available varies with the value of pledged assets to a maximum not to exceed $200 million and an available limit of $200 million as at December 31, 2015 (December 31, 2014 - $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, 2020. 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, 2015 (December 31, 2014 - $nil) under this facility, except for Letters of Credit ("LCs") issued and outstanding. The LCs totaled $2.0 million as at December 31, 2015 (December 31, 2014 – $4.2 million). As such, approximately $198.0 million was unused and available from this facility on December 31, 2015 (December 31, 2014 - $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 13: LP CLASS B UNITS

The LP Class B Units, as defined in NOTE 18, representing an aggregate fair value of $212.3 million at December 31, 2015 (December 31, 2014 – $275.4 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 included in NOTE 23.

As at December 31, 2015 and 2014, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 14: DEFERRED UNIT-BASED COMPENSATION

Deferred unit-based compensation is comprised of the following:

As at	**Dec 31, 2015**	Dec 31, 2014
Current	**$ 2,218**	$ 3,250
Non-current	**3,715**	4,510
	$ 5,933	$ 7,760

The total of $5.9 million represents the fair value of the underlying deferred units at December 31, 2015 (December 31, 2014 - $7.8 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 and are included in NOTE 23.

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, 2015, 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
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
2015	55,236	February, June & December 2015	February, June & December 2020	$ 3,094
				$ 15,139

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, 2015, total costs of $3.2 million (December 31, 2014 – $2.9 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, 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	–
Deferred units granted	55,236	58,434
Additional deferred units earned on units	12,036	8,886
Deferred units converted to Trust Units or cash	(67,320)	(67,320)
Balance, December 31, 2015	**201,451**	–

NOTE 15: TRADE AND OTHER PAYABLES

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

As at	**Dec 31, 2015**	Dec 31, 2014
Trade payables and accrued liabilities	**$ 47,480**	$ 52,689
Distributions payable	**60,047**	81,634
Provisions	**3,825**	3,617
	$ 111,352	$ 137,940

Included in trade payables and accrued liabilities and distributions payable as at December 31, 2015 was a special distribution declared for LP Class B and Boardwalk REIT Trust Unitholders on record as at December 31, 2015 totaling $4.5 million and $46.8 million, respectively, or $1.00 per unit, payable on January 15, 2016. In the prior year, there 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. Also included in trade payables and accrued liabilities as at December 31, 2014 was the fair value of the Trust's interest rate swaps (as described in NOTE 27) totaling $1.0 million. These interest rate swaps terminated on May 1, 2015 when the related mortgages matured. The fair value of the interest rate swaps was previously reported as non-current liabilities as at December 31, 2014, and are being reclassified to trades payable and accrued liabilities.

As at December 31, 2015 and 2014, 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, 2015 and 2014, the Trust does not have any material contingent liabilities.

NOTE 16: INCOME TAXES

Current income tax

As at December 31, 2015 and 2014, none of the Trust's corporate entities had current taxes payable, except for one Ontario numbered company that legally owned the property known as Sun Ray Manor, which was sold as part of the Windsor portfolio in September 2015. As such, $21 thousand of current income taxes payable was recorded for the Trust's corporate entities. All other corporate entities either have sufficient tax deductions to offset any taxable income or have operating losses from previous years to apply against any taxable income.

Deferred income tax

For fiscal 2014 and 2015, 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 sources of deferred tax balances and movements were as follow:

As at	Dec 31, 2014	Recognized in profit	**Dec 31, 2015**
Deferred tax assets (liabilities) related to:			
Operating losses	$ 378	$ (187)	**$ 191**
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	(8)	8	**–**
Other	(5)	(12)	**(17)**
Net deferred tax assets (liabilities)	$ 365	$ (191)	**$ 174**
Deferred tax assets	$ 378	$ (187)	**$ 191**
Deferred tax liabilities	(13)	(4)	**(17)**
Net deferred tax assets (liabilities)	$ 365	$ (191)	**$ 174**

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

No current income taxes or deferred income taxes were recognized in equity, other than through profit or OCI, for the years ended December 31, 2015 and 2014.

As at December 31, 2015, wholly owned Canadian corporate subsidiaries have deferred tax assets of $0.2 million (December 31, 2014 – $0.4 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, 2015	Year ended Dec 31, 2014
Current tax expense	$ 21	$ 1
Deferred tax expense	191	40
Total income tax expense	$ 212	$ 41

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

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Profit before income tax expense	$ 29,060	$ 246,832
Add (remove) profit from non-taxable entities	12,848	(205,475)
Accounting profit subject to tax	41,908	41,357
Deduct management fee charged to corporate entities	(41,012)	(40,911)
Taxable profit	896	446
Weighted average substantively enacted tax rate	34.77%	26.94%
Calculated income tax expense	312	120
Changes to other deferred tax liabilities	(100)	(79)
Total income tax expense	$ 212	$ 41

As at December 31, 2015 and 2014, 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.

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 required immediate repayment to the government. However, a portion of the grant is repayable to the Province of Alberta, in proportion to the years remaining in the 20-year term, if the agreement to provide affordable units terminates earlier.

In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units. For the year ended December 31, 2015, $378 thousand was recognized in profit under rental revenue for this grant (December 31, 2014 – $378 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. 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 13.

(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, 2015**	Dec 31, 2014
REIT Units outstanding, beginning of year	**47,520,953**	47,919,964
Units issued for vested deferred units	**67,311**	73,089
Units purchased and cancelled	**(740,800)**	(472,100)
REIT Units outstanding, end of year	**46,847,464**	47,520,953

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 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 terminated on July 2, 2015. The Bid allowed Boardwalk REIT to purchase and cancel up to 3,901,031 Trust Units.

On June 30, 2015, Boardwalk REIT requested and received regulatory approval for a Bid (Boardwalk's ninth Bid since its first Bid in August of 2007), which commenced on July 3, 2015 and terminates on July 2, 2016. The Bid allows Boardwalk REIT to purchase and cancel up to 3,855,766 Trust Units.

For the year ended December 31, 2015, Boardwalk REIT purchased and cancelled the following Trust Units:

	Year ended Dec 31, 2015		
Bid Number	**Number of Trust Units Purchased and Cancelled**	**Purchase Cost**	**Cost per Trust Unit**
9	**740,800**	**$ 37,115**	**$ 50.10**

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

Since the Trust began utilizing normal course issuer bids in 2007, Boardwalk REIT has purchased and cancelled 5,755,647 Trust Units at a total purchase cost of $239.3 million, or an average cost of $41.57 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, 2015	**Monthly Distribution (1)**	Units outstanding Dec 31, 2014	Monthly Distribution (2)
Boardwalk REIT Units	**46,847,464**	**$0.17/unit**	47,520,953	$0.17/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, 2015, the Trust recorded a distribution payable in the amount of $46.8 million in relation to a $1.00 per unit special distribution to be paid on January 15, 2016 to all Boardwalk REIT Units with a record date of December 31, 2015.

(2) 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 per unit special distribution 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 29, 2016 (to be paid on February 16, 2016) totaled $7.9 million ($0.17 per unit) and have not been included as a liability in the consolidated statement of financial position as at December 31, 2015.

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

For the years ended December 31, 2015 and 2014, AOCI consists of the following amounts:

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
AOCI, beginning of year	**$ (1,014)**	$ (3,459)
Change in fair value of the effective portion of the interest rate swaps	**973**	2,391
Losses on settlement of effective bond forward	**41**	54
AOCI, end of year	**$ –**	$ (1,014)

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, 2015	Year ended Dec 31, 2014
Numerator – continuing operations		
Profit from continuing operations – basic	**$ 28,848**	$ 235,610
Distribution declared on LP Class B units	**13,604**	–
Gain on fair value adjustment to LP Class B units	**(63,053)**	–
(Loss) profit from continuing operations – diluted	**$ (20,601)**	$ 235,610
Numerator – discontinued operations		
Profit from discontinued operations basic and diluted	**$ –**	$ 11,181
Denominator		
Weighted average units outstanding – basic	**47,438,491**	47,774,547
Conversion of LP Class B units	**4,475,000**	–
Weighted average units outstanding – diluted	**51,913,491**	47,774,547
Earnings (loss) per unit – continuing operations		
– basic	**$ 0.61**	$ 4.93
– diluted	**$ (0.40)**	$ 4.93
Earnings per unit – discontinued operations		
– basic	**$ –**	$ 0.23
– diluted	**$ –**	$ 0.23

All dilutive elements were included in the calculation of diluted per unit amounts. For the year ended December 31, 2015, all items were dilutive. For the year ended December 31, 2014, the conversion of LP Class B units was anti-dilutive, as their conversion to REIT Units would have increased 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, 2015 and 2014, they had no impact on the per unit calculations.

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 $469.2 million for the year ended December 31, 2015 (December 31, 2014 – $466.4 million).

As at December 31, 2015, 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	$ 189,598	$ 15,178	$ 999

NOTE 20: ANCILLARY RENTAL INCOME

Ancillary rental income was comprised of the following:

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Revenue from coin laundry machines	**$ 5,114**	$ 5,406
Revenue from telephone and cable providers	**1,825**	1,404
Total	**$ 6,939**	$ 6,810

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 $85.3 million for the year ended December 31, 2015 (December 31, 2014 – $92.0 million) and can be summarized as follows:

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Interest on secured debt (mortgages payable)	**$ 71,922**	$ 77,176
LP Class B unit distribution	**13,604**	15,372
Other interest charges	**1,478**	1,478
Interest income	**(1,634)**	(2,049)
Total	**$ 85,370**	$ 91,977

NOTE 22: DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization were as follows:

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Amortization of deferred financing costs	**$ 4,656**	$ 7,325
Depreciation of property, plant and equipment	**4,993**	4,608
Total	**$ 9,649**	$ 11,933

NOTE 23: FAIR VALUE LOSSES AND GAINS

The components of fair value losses and gains were as follows:

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Investment properties (Note 4)	**$ (194,920)**	$ 89,781
Financial liabilities designated as FVTPL		
Deferred unit-based compensation	**1,506**	(1,092)
LP Class B Units	**63,053**	(7,563)
Total fair value (losses) gains	**$ (130,361)**	$ 81,126

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 13 to 80 years as at December 31, 2015. 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, 2015, future minimum lease payments related to these leases were as follows:

	Within 12 months	2 to 5 years	Over 5 years
Land leases	$ 5,187	$ 20,913	$193,434
Warehouse and office space	708	1,224	–
Total future minimum lease payments	$ 5,895	$ 22,137	$193,434

The Trust recognized lease expenses of $5.5 million for the year ended December 31, 2015 ($5.4 million for the year ended December 31, 2014).

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 can now be reasonably estimated with certainty, the Trust is reflecting the new 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
Expired			
Alberta	25%	January 1, 2015 to April 30, 2015	$3.65/Gigajoule (“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
Ontario and Quebec	50%	November 1, 2014 to October 31, 2015	$3.62/GJ
Current			
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
Alberta	25%	November 1, 2015 to April 30, 2016	$3.84/GJ
Alberta	25%	November 1, 2016 to October 31, 2018	$3.08/GJ
Alberta	25%	November 1, 2016 to October 31, 2019	$3.17/GJ
Saskatchewan	50%	November 1, 2014 to October 31, 2017	$4.53/GJ
Saskatchewan	50%	November 1, 2015 to October 31, 2016	$3.66/GJ
Ontario and Quebec	50%	November 1, 2015 to October 31, 2017	$2.93/GJ

Electrical:

Area	Usage Coverage	Term	Cost
Expired			
Northern Alberta	100%	October 1, 2010 to September 30, 2015	$0.06/kWh
Current			
Southern Alberta	100%	October 1, 2010 to September 30, 2017	$0.06/Kilowatt-hour ("kWh")
Northern Alberta	100%	October 1, 2015 to September 30, 2020	$0.05/kWh

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust, most of which are minor in nature. Management and the Trust's legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims. Management believes the outcome of claims of this nature at December 31, 2015 and at December 31, 2014 will not have a material impact on the Trust.

In the normal course of business, various agreements may be entered into that may contain features that meet the definition of a contingent liability in accordance with IFRS. With the BC Property Portfolio sale, mortgage balances totaling approximately $62.0 million were assumed by the purchaser. One of the three mortgages, with a term maturity of October 1, 2022 with a mortgage balance of approximately $22.5 million as at December 31, 2015, assumed by the purchaser has an indirect guarantee provided to the lender by the Trust until this mortgage is renewed or refinanced by the purchaser, whichever occurs sooner. 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, 2015 is approximately $22.5 million (December 31, 2014 - $23.2 million). In the event of default by the purchaser, Boardwalk REIT's recourse for recovery includes the sale of the respective building assets. Boardwalk REIT expects that the proceeds from the sale of the building assets will cover, and in most likelihood exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at December 31, 2015 and 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, 2015**	Dec 31, 2014
Consolidated EBITDA(1) (12 months ended)	**$ 261,295**	$ 260,531
Consolidated interest expense (12 months ended)	**71,766**	77,341
Interest coverage ratio	**3.64**	3.37
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, 2015, the Trust's weighted average cost of capital was calculated to be 4.94%.

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

As at	**Dec 31, 2015**		Dec 31, 2014	
	Cost of Capital (1)	**Underlying Value (2)**	Cost of Capital (1)	Underlying Value (2)
Liabilities				
Mortgages payable	**3.01%**	**$ 2,358,833**	3.34%	$ 2,251,098
LP Class B Units	**6.81%**	**212,339**	4.96%	275,392
Deferred unit-based compensation	**6.81%**	**5,933**	4.96%	7,760
Unitholders' equity				
Boardwalk REIT Units	**6.81%**	**2,222,912**	4.96%	2,924,439
Total	**4.94%**	**$ 4,800,017**	4.29%	$ 5,458,689

(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, 2015 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 41% 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, 2015 included cash and cash equivalents on hand of $237.0 million (December 31, 2014 – $139.6 million) as well as an unused committed revolving credit facility of $198.0 million (December 31, 2014 – $195.8 million). The Trust monitors its ratios and as at December 31, 2015 and 2014 and 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 and was amortized over the term of the hedged item. As at December 31, 2015, the balance has been fully amortized (December 31, 2014

– $41 thousand unamortized) and $41 thousand was recognized in profit under financing charges for the year ended December 31, 2015 ($54 thousand for the year ended December 31, 2014).

During the first quarter of 2008, the Trust entered into interest rate swap agreements 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 were designated as such until May 1, 2015, at which point the hedge terms expired. Settlements on both the fixed and variable portion of the interest rate swap occurred on a monthly basis up until the date of termination with a fixed interest rate of 4.15%, plus a stamping fee of 0.25%. As at December 31, 2015, there were no mortgage debts subject to interest rate swaps (December 31, 2014 – $83.2 million).

For the years ended December 31, 2015 and 2014, gains of $1.0 million and $2.4 million, respectively, were recognized in OCI for the fair value change of the interest rate swaps.

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 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, 2015 and December 31, 2014 are as follows:

As at	**Dec 31, 2015**		Dec 31, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial liabilities carried at amortized cost				
Mortgages payable	**$ 2,272,447**	**$ 2,358,833**	$ 2,169,499	$ 2,251,098
Financial liabilities carried at FVTPL				
LP Class B Units	**212,339**	**212,339**	275,392	275,392
Deferred unit-based compensation	**5,933**	**5,933**	7,760	7,760

The fair value of the Trust's mortgages payable exceeded the recorded value by approximately $86.4 million at December 31, 2015 (December 31, 2014 - $81.6 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, 2015 and December 31, 2014, 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, 2015 and 2014, 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, 2015**			Dec 31, 2014		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**$ –**	**$ –**	**$5,540,299**	$ –	$ –	$ 5,778,108
Liabilities						
LP Class B Units	**212,339**	**–**	**–**	275,392	–	–
Other non-current liabilities	**–**	**–**	**–**	–	972	–
Deferred unit-based compensation	**5,933**	**–**	**–**	7,760	–	–

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, 2015 and 2014, 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, 2015, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at December 31, 2015, 100% was fixed-rate debt and none was floating-rate debt. For the year ended December 31, 2015, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (December 31, 2014 – $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, 2015 and 2014, 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, 2015, bad debt expense totaled $4.2 million (year ended December 31, 2014 – $3.3 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)	Tenants' security deposits	Distribution Payable	Trades and other payables	Total
2016	3.91%	$ 251,315	$ 64,726	$ 14,241	$ 60,047	$ 51,305	$ 441,634
2017	2.91%	298,441	54,433	–	–	–	352,874
2018	3.00%	205,096	46,201	–	–	–	251,297
2019	2.91%	390,828	38,932	–	–	–	429,760
2020	2.67%	240,423	28,950	–	–	–	269,373
Subsequent	2.95%	964,375	64,496	–	–	–	1,028,871
	3.01%	2,350,478	297,738	14,241	60,047	51,305	2,773,809
Unamortized deferred financing costs		(78,055)	–	–	–	–	(78,055)
Unamortized mark-to-market adjustment		24	–	–	–	–	24
		$ 2,272,447	$ 297,738	$ 14,241	$ 60,047	$ 51,305	$ 2,695,778

(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, 2015 of approximately $679.6 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 $198.0 million as at December 31, 2014 (December 31, 2014 – $195.8 million). The revolving facility requires monthly interest payments, is for a five-year term maturing on July 27, 2020, 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, 2015, this ratio was 2.15 (December 31, 2014 – 2.09).

(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, 2015, this ratio was 1.63 (December 31, 2014 – 1.98).

(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, 2015, this ratio was 38.8% (December 31, 2014 – 35.8%).

As at December 31, 2015 and 2014, the Trust was in compliance with all financial covenants.

(e) Utility risk

The Trust is exposed to utility risk as a result of fluctuations in the prices of natural gas and electricity 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, 2015 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, 2015 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, 2015	Year ended Dec 31, 2014
Short-term benefits	**$ 1,076**	$ 1,044
Post-employment benefits	**53**	49
Other long-term benefits	**6**	6
Deferred unit-based compensation	**1,581**	1,775
	$ 2,716	$ 2,874

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, 2015, distributions on the LP Class B Units totaled $13.6 million (December 31, 2014 – $15.4 million). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at December 31, 2015, there was $5.3 million owed to related parties (December 31, 2014 – $7.0 million) based on the LP Class B Units distribution outlined above. The balance of $5.3 million is comprised of $761 thousand in relation to the monthly regular LP Class B Units distribution and $4.5 million in relation to the $1.00 special distribution on the LP Class B Units.

NOTE 32: OTHER INFORMATION

(a) Supplemental cash flow information

	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Net change in operating working capital		
Net change in inventories	**$ (432)**	$ (9)
Net change in prepaid assets	**(1,472)**	(284)
Net change in trade and other receivables	**2,016**	(2,427)
Net change in segregated and refundable tenants' security deposits	**(1,316)**	91
Net change in deferred unit-based compensation	**3,240**	2,917
Net change in trade and other payables	**(3,233)**	60
	$ (1,197)	$ 348
Net change in investing working capital		
Net change in trade and other payables	**$ (37)**	$ 1,929
Net change in financing working capital		
Net change in trade and other payables	**$ 304**	$ 471
Distributions paid		
Distributions declared	**$ (143,557)**	$ (163,709)
Distributions declared in prior year paid in current year	**(74,608)**	(7,907)
Distributions declared in current year paid in next year	**54,812**	74,608
Distributions paid	**$ (163,353)**	$ (97,008)

(b) Included in administration costs is $2.6 million relating to Registered Retirement Savings Plan matching for the year ended December 31, 2015 ($2.4 million for the year ended December 31, 2014).

(c) Included in operating expenses is $1.4 million related to transition payments paid to eligible associates for the year ended December 31, 2015 ($1.0 million for the year ended December 31, 2014).

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, 2015**					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$3,826,007**	**$ 716,341**	**$ 246,612**	**$ 807,290**	**$ 237,592**	**$5,833,842**
Liabilities	**1,640,502**	**264,309**	**93,257**	**312,457**	**312,579**	**2,623,104**

As at	Dec 31, 2014					
	Alberta	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

	Year ended Dec 31, 2015					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue	**$ 300,515**	**$ 61,248**	**$ 36,669**	**$ 70,546**	**$ 231**	**$ 469,209**
Ancillary rental income	**4,755**	**434**	**743**	**1,006**	**1**	**6,939**
Total rental revenue	**305,270**	**61,682**	**37,412**	**71,552**	**232**	**476,148**
Rental expenses						
Operating expenses	**54,537**	**10,779**	**6,759**	**17,094**	**5,003**	**94,172**
Utilities	**25,082**	**7,650**	**6,395**	**6,878**	**195**	**46,200**
Property taxes	**24,109**	**4,397**	**4,732**	**7,700**	**136**	**41,074**
Net operating income (loss)	**201,542**	**38,856**	**19,526**	**39,880**	**(5,102)**	**294,702**
Financing costs (a)	**51,154**	**9,121**	**3,572**	**8,302**	**13,221**	**85,370**
Administration	**401**	**(80)**	**58**	**189**	**32,839**	**33,407**
Depreciation and amortization (b)	**3,703**	**747**	**267**	**805**	**4,127**	**9,649**
Profit (loss) from continuing operations before (losses) on sale of assets, fair value gains (losses) and income tax expense	**146,284**	**29,068**	**15,629**	**30,584**	**(55,289)**	**166,276**
Loss on sale of assets	**–**	**(4)**	**(6,524)**	**–**	**(327)**	**(6,855)**
Fair value (losses) gains	**(286,627)**	**(13,062)**	**54,196**	**50,572**	**64,560**	**(130,361)**
Profit (loss) before income tax expense	**(140,343)**	**16,002**	**63,301**	**81,156**	**8,944**	**29,060**
Income tax expense (c)	**–**	**–**	**–**	**–**	**(212)**	**(212)**
Profit (loss) for the year	**$ (140,343)**	**$ 16,002**	**$ 63,301**	**$ 81,156**	**$ 8,732**	**$ 28,848**
Other comprehensive income	**563**	**451**	**–**	**–**	**–**	**1,014**
Total comprehensive income (loss)	**$ (139,780)**	**$ 16,453**	**$ 63,301**	**$ 81,156**	**$ 8,732**	**$ 29,862**
Additions to non-current assets (d)	**$ 47,226**	**$ 11,946**	**$ 6,654**	**$ 18,280**	**$ 18,494**	**$ 102,600**

	Year ended Dec 31, 2014					
	Alberta	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	5,033	93,969
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	(5,411)	291,613
Financing costs (a)	52,673	10,086	4,114	10,555	14,549	91,977
Administration	896	158	97	157	31,635	32,943
Depreciation and amortization(b)	3,418	660	281	3,562	4,012	11,933
Profit (loss) from continuing operations before (losses) on sale of assets, 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 recovery	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 year	$ 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

(a) Financing costs

Financing costs were as follows:

	Year ended Dec 31, 2015					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 51,014**	**$ 9,107**	**$ 3,522**	**$ 8,279**	**$ –**	**$ 71,922**
LP Class B unit distribution	**–**	**–**	**–**	**–**	**13,604**	**13,604**
Other interest charges	**141**	**14**	**61**	**23**	**1,239**	**1,478**
Interest income	**(1)**	**–**	**(11)**	**–**	**(1,622)**	**(1,634)**
Total	**$ 51,154**	**$ 9,121**	**$ 3,572**	**$ 8,302**	**$ 13,221**	**$ 85,370**

	Year ended Dec 31, 2014					
	Alberta	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

(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, 2016, the Trust paid out the Special Distribution totaling $51.3 million, or $1.00 per unit, to Trust and LP Class B Unitholders on record as at December 31, 2015.

On February 17, 2016, the Board of Trustees approved an increase to the monthly Trust Unit distribution to $0.1875 per Trust Unit (or $2.25 on an annualized basis) commencing with the February 29, 2016 record date.

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, 2016.

Five Year Summary

($000's except per unit and per square foot)	2011 (IFRS)	2012 (IFRS)	2013 (IFRS)	2014 (IFRS)	**2015 (IFRS)**
Assets					
Investment properties	$ 4,793,895	$ 5,493,448	$ 5,745,207	$ 5,778,108	**$ 5,540,299**
Other assets	295,128	181,854	180,476	193,537	**293,543**
Total assets	$ 5,089,023	$ 5,675,302	$ 5,925,683	$ 5,971,645	**$ 5,833,842**
Mortgages payable	$ 2,218,731	$ 2,248,176	$ 2,261,412	$ 2,169,499	**$ 2,272,447**
Debenture	112,390	–	–	–	**–**
Other liabilities	313,102	377,018	364,699	444,145	**350,640**
	$ 2,644,223	$ 2,625,194	$ 2,626,111	$ 2,613,644	**$ 2,623,087**
Deferred income taxes	10	7	50	13	**17**
Unitholders' equity	2,444,790	3,050,101	3,299,522	3,357,988	**3,210,738**
Total liabilities and unitholders' equity	$ 5,089,023	$ 5,675,302	$ 5,925,683	$ 5,971,645	**$ 5,833,842**
Trust unit outstanding (000) (including LP B Units)	52,264	52,327	52,395	51,996	**51,322**
Trust unit price at year-end ($)	$ 50.44	$ 64.53	$ 59.85	$ 61.54	**$ 47.45**
Market capitalization ($MM)	2,636.2	3,376.7	3,135.8	3,199.8	**2,435.2**
Number of rental units	35,277	35,277	35,386	34,626	**32,947**
Fair value per rental unit ($000)	136	156	162	167	**168**
Long-term debt per rental unit ($000)	66	64	64	63	**69**
Net rentable square feet (000)	29,936	29,936	30,022	29,466	**28,199**
Fair value per square foot ($)	160	184	191	196	**196**
Long-term debt per square foot ($)	78	75	75	74	**81**
Average net rentable SF per unit	849	849	848	851	**856**
L/T debt weighted average interest rate	4.14%	3.69%	3.46%	3.34%	**3.01%**

Five Year Summary

($000's except per unit)	2011 (IFRS)	2012 (IFRS)	2013 (IFRS)	2014 (IFRS)	**2015 (IFRS)**
Rental revenue	$ 416,152	$ 433,205	$ 446,626	$ 466,435	**$ 469,209**
Ancillary rental income	6,575	6,696	6,958	6,810	**6,939**
Total rental revenue	422,727	439,901	453,584	473,245	**476,148**
Rental expenses					
Operating expenses	84,400	87,143	89,002	93,969	**94,172**
Utilities	40,340	39,921	42,121	47,572	**46,200**
Property taxes	35,328	36,773	38,272	40,091	**41,074**
Net operating income	262,659	276,064	284,189	291,613	**294,702**
Operating margin	62%	63%	63%	62%	**62%**
Financing costs	105,569	98,062	88,818	91,977	**85,370**
Administration	26,264	28,909	32,202	32,943	**33,407**
Depreciation and amortization	10,520	10,922	11,920	11,933	**9,649**
Profit from continuing operations before the undernoted	120,306	138,171	151,249	154,760	**166,276**
Gain (loss) on sale of assets	–	135	–	(235)	**(6,855)**
Fair value gains	364,389	549,986	174,424	81,126	**(130,361)**
Profit from continuing operations before income tax (expense) recovery	484,695	688,292	325,673	235,651	**29,060**
Income tax (expense) recovery	740,391	222	(538)	(41)	**(212)**
Profit from continuing operations	1,225,086	688,514	325,135	235,610	**28,848**
Profit from discontinued operations, net of tax	–	–	12,595	11,181	**–**
Profit for the year	1,225,086	688,514	337,730	246,791	**28,848**
Other comprehensive income (loss)	(1,871)	2,850	2,149	2,445	**1,014**
Total comprehensive income	$ 1,223,215	$ 691,364	$ 339,879	$ 249,236	**$ 29,862**
Earnings per unit – continuing operations – diluted	$ 24.40	$ 14.40	$ 5.98	$ 4.93	**$ (0.40)**
Earnings per unit – discontinued operations – diluted	$ –	$ –	$ 0.24	$ 0.23	**$ –**
Funds from operations	$ 131,808	$ 150,343	$ 168,184	$ 175,825	**$ 184,852**
Funds from operations per unit – fully diluted	$ 2.52	$ 2.87	$ 3.21	$ 3.37	**$ 3.56**
Interest Coverage Ratio, Continuing operations	2.42	2.76	3.15	3.37	**3.64**

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

2015 Quarterly Results

(in $000's except per unit amounts)	Q1	Q2	Q3	Q4	**31-Dec-15**
Rental revenue	$ 118,303	$ 119,105	$ 117,897	$ 113,904	**$ 469,209**
Ancillary rental income	1,732	1,642	1,782	1,783	**6,939**
Total rental revenue	120,035	120,747	119,679	115,687	**476,148**
Rental expenses					
Operating expenses	23,047	23,573	24,145	23,407	**94,172**
Utilities	14,811	10,229	9,959	11,201	**46,200**
Property taxes	10,093	10,115	10,670	10,196	**41,074**
Net operating income	72,084	76,830	74,905	70,883	**294,702**
Financing costs	20,782	20,315	20,131	24,142	**85,370**
Administration	8,293	8,651	8,320	8,143	**33,407**
Depreciation and amortization	2,218	2,486	2,375	2,570	**9,649**
Profit from continuing operations before the undernoted	40,791	45,378	44,079	36,028	**166,276**
Loss on sale of assets	–	(4)	(6,841)	(10)	**(6,855)**
Fair value gains (losses)	30,856	(10,906)	(228,801)	78,490	**(130,361)**
Profit (loss) from continuing operations before income tax (expense) recovery	71,647	34,468	(191,563)	114,508	**29,060**
Income tax (expense) recovery	(223)	125	(54)	(60)	**(212)**
Profit (loss) from continuing operations	71,424	34,593	(191,617)	114,448	**28,848**
Other comprehensive income	555	459	–	–	**1,014**
Total comprehensive income (loss)	$ 71,979	$ 35,052	$ (191,617)	$ 114,448	**$ 29,862**
Earnings (loss) per unit – continuing operations – diluted	$ 1.19	$ 0.51	$ (4.03)	$ 1.93	**$ (0.40)**
Funds from operations	$ 44,181	$ 48,857	$ 47,588	$ 44,225	**$ 184,852**
Funds from operations per unit – fully diluted	$ 0.85	$ 0.94	$ 0.92	$ 0.86	**$ 3.56**

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	23,082	23,395	23,775	23,717	93,969
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	68,070	74,497	75,654	73,392	291,613
Financing costs	21,802	21,643	21,313	27,219	91,977
Administration	7,506	8,172	7,651	9,614	32,943
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

Market and Unitholder Information

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1600, 421 - 7 Avenue SW
Calgary AB T2P 4K9

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100, 1501 - 1 Street SW
Calgary, Alberta T2R 0W1

BANKERS

Toronto Dominion Bank
Suite 1100, 421 - 7th Avenue SW
Calgary, Alberta T2P 4K9

AUDITORS

Deloitte LLP
700, 850 – 2 Street SW
Calgary, Alberta T2P 0R8

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.

600, 530 – 8 Avenue SW
Calgary, Alberta T2P 3S8
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INVESTOR RELATIONS

Unitholders seeking financial and operating information may contact:

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Email: investor@bwalk.com

ONLINE INFORMATION

For an online version of the current and past annual reports, quarterly reports, press releases and other Trust information, please visit our investor website at www.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 (MT) on May 12, 2016.

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, 2015 to Dec 31, 2015
High: $64.39
Low: $45.11
Year End Closing Price: $47.45

Monthly Distributions

Month	Per Unit	Annualized	Record Date	Distribution Date
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
May-15	$0.170	$2.04	29-May-15	15-Jun-15
Jun-15	$0.170	$2.04	30-Jun-15	15-Jul-15
Jul-15	$0.170	$2.04	31-Jul-15	17-Aug-15
Aug-15	$0.170	$2.04	31-Aug-15	15-Sep-15
Sep-15	$0.170	$2.04	30-Sep-15	15-Oct-15
Oct-15	$0.170	$2.04	30-Oct-15	16-Nov-15
Nov-15	$0.170	$2.04	30-Nov-15	15-Dec-15
Dec-15	$0.170	$2.04	31-Dec-15	15-Jan-16
Dec-15	$1.000	Special Distribution	31-Dec-15	15-Jan-16
Jan-16	$0.170	$2.04	29-Jan-16	15-Feb-16
Feb-16	$0.1875	$2.25	29-Feb-16	15-Mar-16
Mar-16	$0.1875	$2.25	31-Mar-16	15-Apr-16
Apr-16	$0.1875	$2.25	29-Apr-16	16-May-16

Corporate Information

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BOARD OF TRUSTEES

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Chairman of the Board
Calgary, Alberta

James Dewald [(3)]
Calgary, Alberta

Gary Goodman [(2)]
Toronto, Ontario

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

Samantha Kolias-Gunn
Calgary, Alberta

Al Mawani [(3)]
Thornhill, Ontario

Andrea Stephen [(2)]
Toronto, Ontario

(1) Lead Trustee

(2) Member of the Audit and Risk Management Committee

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

SENIOR MANAGEMENT

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Dean Burns
General Counsel and Secretary

William Chidley
Senior Vice President, Corporate Development

Ian Dingle
Vice President, Purchasing and Contracts

Roberto Geremia
President

Sam Kolias
Chief Executive Officer

Van Kolias
Senior Vice President, Quality Control

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Bill Zigomanis
Vice President, Investments

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BOARDWALK
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