Q2 2016

www.BoardwalkREIT.com

TSX: BEI.UN

THE RESILIENCE OF COMMUNITY

BOARDWALK REAL ESTATE INVESTMENT TRUST

CORPORATE PROFILE

Boardwalk REIT strives to be Canada's friendliest landlord and currently owns and operates more than 200 communities with over 33,000 residential units totaling over 28 million net rentable square feet. Boardwalk's principal objectives are to provide its Residents with the best quality communities and superior customer service, while providing Unitholders with sustainable monthly cash distributions, and increase the value of its trust units through selective acquisitions, dispositions, development, and effective management of its residential multi-family communities. Boardwalk REIT is vertically integrated and is Canada's leading owner/operator of multi-family communities with over 1,400 Associates bringing Residents home to properties located in Alberta, Saskatchewan, Ontario, and Quebec.

BOARDWALK RENTAL COMMUNITIES

Letter to Unitholders – Q2 2016

We are pleased to report on our second quarter of 2016 for Boardwalk Real Estate Investment Trust ("Boardwalk", "Boardwalk REIT", or the "Trust"). Funds From Operations ("FFO") for the second quarter decreased to $38.6 million, or $0.76 per Trust Unit on a diluted basis, from FFO of $48.9 million or $0.94 per Trust Unit for the same period last year, a decrease of 21.1% and 19.1% respectively. Adjusted Funds from Operations ("AFFO") per Trust Unit decreased 22.1% to $0.67 for the current quarter, from $0.86 per Trust Unit during the same period in 2015.

Included in the computation of FFO for the second quarter and first six months of 2016 were $0.06 and $0.08 per Trust Unit, respectively, of one time, non-recurring items which included the previously announced cost of retirement of a senior executive ($0.02/Trust Unit), the financial impact from the suites donated to evacuees of the Fort McMurray wildfire in the months of May and June 2016 ($0.03/Trust Unit), and the Trust's strategic review ($0.02/Trust Unit (Q1), $0.01/Trust Unit (Q2)).

Stabilized same property revenue decreased 5.6%, while operating costs increased 4.1%, resulting in an NOI decrease for the second quarter of 10.7%; the result of a strong first half of 2015 and a continuation of incentives utilized to maintain high occupancy levels.

We continue to see the impact of a softer economic environment in Western Canada as a result of continued lower resource prices and in comparison to record results in 2015. Boardwalk's self-regulated strategy in better economic times combined with the proactive use of incentives to maintain higher occupancy over the past 12-18 months has provided the Trust with outperformance in our core markets.

For the six month period ended June 30, 2016, FFO decreased to $77.7 million, or $1.53 per Trust Unit on a diluted basis, from FFO of $93.0 million or $1.79 per Trust Unit for the same period a year ago. AFFO per unit for the first six months of 2016 decreased 16.0% to $1.36 per Trust Unit from $1.62 in 2015.

Over the long term, history has shown that rents in Alberta increase by 3 to 4% per annum, and historically reverts back to the mean as housing supply and demand re-balances. Building permits and starts continue to trend downwards, which assists in the re-balancing of supply and demand of the rental market, however, the Trust is utilizing this exceptional opportunity to accomplish its long term strategic goal of high-grading its portfolio by developing new assets, acquiring newly built assets at price levels near build cost, and renovating existing suites to increase product quality, drive further occupancy, and reduce incentives.

ACQUISITION OPPORTUNITIES

The demand for Multi-Family Investment Properties in Canada continues to be strong. As a result, capitalization rates continue to remain low and high prices for Multi-Family assets continue to be the trend. Recent transactions on existing assets have shown that the appetite for Multi-Family Investment Properties continues to be high, and transaction capitalization rates have decreased. Private buyers are taking a longer term approach to evaluations, using higher stabilized rents and lower cap rates, reflecting record low Government of Canada 10 year treasury yields and the continued difficulty in finding apartment rental assets. There continues to be a significant disconnect between the implied value of Boardwalk's apartment assets as represented by the implied value of Boardwalk REIT Trust Units and the evaluation of comparable apartments that have recently sold and located in Western Canada.

As of August, 2016, the Trust has closed on 327 units in Edmonton as well as 238 units in Calgary. In addition, the Trust is unconditional on one other newly built low rise apartment buildings in Edmonton, AB totalling 182 units, bringing the total acquisitions to date to 747 apartment units. The Trust is set to close on the remaining building upon the receipt of occupancy permits and other terms of the agreement with estimated closing to occur by the end of August, 2016. Details of the acquisitions are as follows:

2016 Acquisition Summary

Project Name	Address	City	# Units	Purchase Price	Price /Door	Price Sq Ft	Year 2 Cap Rate	Closing Date
Vita Estates	18120 – 78 Street NW	Edmonton	162	$ 29,605,500	$ 182,750	$ 219	5.75%	07-Jun-16
Auburn Landing	20 & 30 Auburn Bay Street SE	Calgary	238	$ 51,170,000	$ 215,000	$ 244	5.43%	22-Jun-16
Axxess	908 – 156 Street NW	Edmonton	165	$ 30,153,750	$ 182,750	$ 225	5.62%	09-Aug-16
The Edge	3011 & 3005 James Mowatt Trail SW	Edmonton	182	$ 33,260,500	$ 182,750	$ 228	5.56%	15-Aug-16 (1)
TOTAL			**747**	**$ 144,189,750**				

(1) Closing is subject to receipt of Occupancy Permit and other terms of the agreement for each building and is subject to change.

The acquisition of these newly built assets at a cost similar to the Trust's cost of developing its own projects provides a unique opportunity for the Trust to continue to decrease the average age and increase the quality of its portfolio, while taking advantage of Boardwalk's operational and leasing expertise to maximize the returns on these assets both in the short and long term. The Trust continues to be in active negotiations with other Vendors on opportunities to acquire additional newly built assets in its core markets.

With its strong liquidity, the Trust is well positioned to create value when opportunities arise. Boardwalk continues to monitor the market for accretive acquisitions opportunities, including a focus on newly constructed Multi-Family Communities. The Trust continues to target 800 to 1,000 new apartment unit acquisitions in 2016.

DEVELOPMENT OPPORTUNITIES

Phase 1 of the Trust's Pines Edge development on existing excess land the Trust owns in Regina was substantially completed at the end of January, 2016. The site consists of a 79 unit, four storey wood frame elevatored building with one level of underground parking. The total cost was $13.4 million, below the original budget of $14.1 million with an estimated stabilized cap rate range of 6.50% to 7.00% excluding land. Lease up of the project began on February 1, 2016 and to date, over 90% of the units have been leased without the use of incentives as demand has exceeded expectations.

The Trust is now working on the 2nd and 3rd phase of its Pines Edge development in Regina. Both phases are four storey wood frame buildings with a single level of underground parking totalling 150 apartment units. Construction of phase 2, a 79 unit replica of phase 1 with the addition of 9' ceilings, has commenced and is scheduled to be completed in July of 2017. The total cost is estimated to be $13.2 million, with an estimated stabilized cap rate range of 6.25% and 6.75%. The finalization of construction drawings and tendering of phase 3 is underway, and subject to economic and market conditions, construction of phase 3 could begin as early as Fall of 2016.

The Trust continues to explore other viable development opportunities for multi-family apartment buildings on excess land the Trust currently owns and other potential land opportunities in the Trust's Alberta and Saskatchewan markets. Continued low interest rates, and the potential for labour market volatility in Alberta and Saskatchewan may present an opportunity for the Trust to accelerate its development pipeline to maximize Unitholder Value in the near term. The sustained high demand for multi-family investment properties, which has resulted in continued low capitalization rates, presents a unique opportunity for the Trust to continue the development of multi-family rental property in order to improve the Trust's portfolio and enhance value for Unitholders.

For further detail, please refer to page 20 of the MD&A.

INVESTING IN OUR PROPERTIES – HIGH GRADING OUR PORTFOLIO WITH SUITE RENOVATION PACKAGES

Continued internalization of more maintenance and value-added capital expenditures has further enhanced curb appeal and the quality of our property portfolio. The Trust believes the quality of Boardwalk's communities continues to drive long-term revenue growth and stability. The Trust invested $38.4 million during the first six months of 2016 to maintain and further enhance the curb appeal and quality of the Trust's assets. In addition, the Trust invested approximately $1.1 million in the development of its Pines Edge project and to explore other development opportunities on excess land the Trust currently owns.

Boardwalk's vertically integrated structure allows many repair and maintenance functions, including landscaping, painting, and among others, suite renovations, to be internalized. A continued focus on completing more of these functions in-house has resulted in improved quality, productivity, effectiveness of resources, and overall execution of the Trust's capital improvement program, leading to sustainable value for our Resident Members and long-term growth for Unitholders.

Boardwalk has introduced a Suite Renovation Package which offers various levels of suite renovations to new and existing Resident Members. These renovations may include new flooring, baseboards, kitchen cabinets, countertops, appliances, tiling, lighting, and fixtures. To assist with this suite renovation program, the Trust will supplement its internal capabilities with externally contracted labour to take advantage of declining labour costs in Alberta, and to increase the service associated with Boardwalk's suite renovation package.

With the Fort McMurray disaster now into a re-building stage, the Trust has been focused on renovating many of the suites previously offered to evacuees and now available in our Edmonton and Calgary markets to prepare them for the summer turnover season. Our focus has been to reduce incentives in this current economic environment by providing our Resident Members with high quality housing which includes value added renovation packages on new lease terms.

Since 2000, Boardwalk has invested over $1 Billion in its own portfolio in the form of capital improvements, and by focusing on suite renovations to provide Resident Members with additional value and a superior product, the Trust aims to improve the quality of its portfolio while also reducing incentives in this current environment.

For further detail, please refer to page 29 of the MD&A.

FORT MCMURRAY UPDATE

On May 3, 2016 an out of control wildfire forced the mandatory evacuation of the City of Fort McMurray including all of Boardwalk's Resident Members and Associates. The total cost of the Fort McMurray wildfire is estimated to be $3.6 billion, making it the costliest natural disaster in Canadian history. Fortunately, all nine of Boardwalk's Communities in Fort McMurray were spared by the fire, and only required moderate cleaning and remediation. It is anticipated that the costs incurred relating to assessment, restoration, and income loss directly relating to the Fort McMurray fire will be covered by Boardwalk's insurance coverage.

As part of Boardwalk's commitment of providing best in class rental communities and superior customer service, Boardwalk offered the following response to the disaster:

- Ensured the safety and evacuation of all Boardwalk Resident Members and Associates
- Refunded each Resident Member $1,500 during the evacuation to provide immediate financial aid
- Continuous compensation for all Boardwalk Fort McMurray Associates
- Provided a home to any evacuee of Fort McMurray in Edmonton, Red Deer, and Calgary for no rental charge for the months of May and June, and in addition a 25% discount to rent to those who decided to stay longer

In total, over 600 Fort McMurray evacuees found temporary homes in Boardwalk's Communities in Edmonton and Calgary, for the months of May and June. To date, over 70% of those evacuees have now moved back to Fort McMurray, or have found other accommodations.

The Trust estimates that when including: the free rent offered for May and June, the additional discount for the 200 evacuees who are continuing to live in a Boardwalk Community, and the insurance deductible for the Fort McMurray portfolio, the estimated cost was approximately $1.7 million.

TRUST UNIT BUYBACK

The continued significant dislocation between the Trust's Unit Price and its Net Asset Value has presented a unique opportunity for the Trust to increase its Trust Unit buyback program. On June 29, 2016, Boardwalk REIT announced that it had received approval from the Toronto Stock Exchange ("TSX") to make a Normal Course Issuer Bid ("NCIB") to purchase up to a maximum of 3,700,292 trust units representing approximately 10% of the publicly listed float. The NCIB commenced on July 3, 2016 and will terminate on July 2, 2017, or such earlier date as the Trust may complete repurchases under the bid.

In the first six months of 2016, a total of 666,000 Trust Units were repurchased for cancellation under the Trust's normal course issuer bid. As noted above, Boardwalk believes that the current and recent market prices of its Trust Units do not reflect their underlying value or the REIT's prospects for value creation over the longer term. Boardwalk's management has opportunistically utilized this program as it feels that, at current market prices; an investment in Boardwalk's own high quality portfolio will deliver solid returns for unitholders and represents an effective use of its capital.

NCIB Period	Trust Units Purchased for Cancellation	Weighted Average Cost Per Trust Unit	Total Investment (000's)
6M 2016	**666,000**	**$49.02**	**$32,600**
2015	740,800	$50.10	$37,100
2014	472,100	$67.01	$31,600
2007 - 2012	4,542,747	$37.53	$170,600
Grand Total	**6,421,647**	**$42.34**	**$271,900**

CONTINUED FINANCIAL STRENGTH AND LIQUIDITY TO CAPITALIZE ON OPPORTUNITIES

Including the Trust's current cash position, additional committed financings, its undrawn line of credit, and net of the announced unconditional acquisitions, the Trust currently has approximately $309 million of available liquidity with debt (net of cash) to reported investment properties value of approximately 41%. The Trust's interest coverage ratio, excluding gain or loss on sale of assets, for the most recent completed four quarters ended June 30, 2016, was 3.48 times, from 3.55 times for the same period a year ago.

2016 Q2 *In $000's*	
Cash Position – Jun 2016	$ 164,000
Subsequent Committed Financing	$ 9,000
Unconditional Acquisitions	$ (63,000)
Line of Credit (1)	$ 199,000
Total Available Liquidity	$ 309,000
Liquidity as a % of Current Total Debt	12%
Current Debt (net of cash) as a % of reported asset value	41%

(1) The Trust's Undrawn Credit Facility has a Credit Limit of $200mm. The balance reflects the available balance net of outstanding Letters of Credit

The Trust estimates that based on current Canada Mortgage and Housing Corporation ("CMHC") underwriting criteria it may obtain an additional $436 million of additional liquidity within the next two years by upfinancing its upcoming mortgage maturities and utilizing its current unlevered portfolio. 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, return of capital to Unitholders and continued investment in the Trust's own portfolio through its Trust Unit buyback program to maximize unitholder value.

For further detail, please refer to pages 38 of the MD&A.

SUSTAINABLE REVENUE AND NET OPERATING INCOME

Boardwalk's strategy of managing revenue while lowering turnover and other operating costs remains key to supporting the REIT's net operating income ("NOI"). While the REIT is not immune to short-term impacts as a result of broader economic conditions, Boardwalk's unique approach has delivered sustainable and long-term value to unitholders.

One component of Boardwalk's NOI Optimization Strategy is its rental revenue strategy, which involves the continuous active management of three key variables: occupancy levels, market rents, and suite-specific incentives. Despite a softening of the Alberta and Saskatchewan economies relating to the decrease in oil prices, this strategy has allowed the Trust to report high occupancy levels, while only slightly lower average and occupied rents when compared to its peers and versus the same period a year ago. In the second quarter of 2016, average occupancy for Boardwalk's portfolio was 96.7%, a slight decrease compared to the fourth quarter of 2015, and the same period last year, though substantially higher than the estimated and reported CMHC market average. Average monthly rents decreased to $1,086 in June of 2016 from $1,150 in June of 2015, and average occupied rents for the period also decreased to $1,123 versus $1,183 for the same period last year. Average market rents for June of 2016 have decreased to $1,133 from $1,193 in June of 2015, and sequentially lower than the beginning of the year as the Trust has proactively decreased rental rates in Alberta markets where market vacancy levels had increased; however, the Trust has seen its loss to lease turn positive as a result of marginal increases to market rents in certain rental markets.

On a same-property basis, the Trust's NOI decreased 10.7% for the second quarter versus the same period in 2015, driven by a 5.6% decrease to revenues, and a 4.1% increase in operating expenses in the second quarter.

The Trust's proactive decreases in market rents in the second half of 2015 has provided relatively solid results in a soft economic environment. As a result, the Trust has maintained high occupancy levels in both Calgary and Edmonton markets. In addition the now positive mark-to-market opportunity has well positioned the Trust to continue its focus on product quality and customer service, key components to the NOI optimization strategy, and will continue to drive sustainable financial performance.

For further detail, please refer to page 25 of the MD&A.

PORTFOLIO HIGHLIGHTS FOR THE SECOND QUARTER OF 2016

	Jun-16	Dec-15	Jun-15
Average Occupancy (Period Average)	**96.65%**	97.35%	97.40%
Average Monthly Rent (Period Ended)	**$ 1,086**	$ 1,150	$ 1,150
Average Market Rent (Period Ended)	**$ 1,133**	$ 1,168	$ 1,193
Average Occupied Rent (Period Ended)	**$ 1,123**	$ 1,179	$ 1,183
Loss-to-Lease (Period Ended) ($ millions)	**$ 3.9**	$ (4.4)	$ 4.1
Loss-to-Lease Per Trust Unit (Period Ended)	**$ 0.08**	$ (0.08)	$ 0.08

Same Property Results	% Change Year-Over-Year 3 Months Jun 2016	% Change Year-Over-Year 6 Months Jun 2016
Rental Revenue	-5.6%	-3.9%
Operating Costs	4.1%	2.1%
Net Operating Income (NOI)	-10.7%	-7.4%

Same Property Results Exclude 79-unit Pines Edge (Pines of Normanview II Development) completed January 2016, 162-unit Vita Estates acquired June 2016 and 238-unit Auburn Landing acquired June 2016.

On a sequential basis, stabilized revenues for the second quarter of 2016 decreased 2.9% when compared to the previous quarter, mainly the result of increased incentives utilized to maximize occupancy during the second half of 2015 and in the first half of 2016. Continued high occupancy, and solid relative operational performance reflects positively on the Trust's vertically integrated operating and NOI optimization strategies.

Stabilized Revenue Growth	# of Units	Q2 2016 vs Q1 2016	Q1 2016 vs Q4 2015	Q4 2015 vs Q3 2015	Q3 2015 vs Q2 2015
Edmonton	12,397	-4.1%	-2.2%	-1.0%	0.1%
Calgary	5,419	-4.0%	-2.5%	-1.7%	0.3%
Red Deer	939	-3.9%	-2.8%	-0.3%	-0.2%
Grande Prairie	645	-6.4%	-3.2%	-1.4%	-2.9%
Fort McMurray	352	-14.6%	-9.7%	-2.2%	-9.4%
Quebec	6,000	0.8%	-0.8%	1.2%	0.5%
Saskatchewan	4,610	-1.8%	-2.3%	-0.6%	-0.9%
Ontario	2,585	0.5%	0.6%	0.6%	0.5%
	32,947	-2.9%	-2.0%	-0.7%	-0.1%

For further detail, please refer to page 27 of the MD&A.

SECOND QUARTER 2016 FINANCIAL HIGHLIGHTS

HIGHLIGHTS OF THE TRUST'S SECOND QUARTER 2016 FINANCIAL RESULTS

$ millions, except per unit amounts	**Three Months Jun 2016**	Three Months Jun 2015	% Change	**Six Months Jun 2016**	Six Months Jun 2015	% Change
Same Store Total Rental Revenue	**$ 109.9**	$ 116.4	-5.6%	**$ 223.2**	$ 232.2	-3.9%
Total Rental Revenue	**$ 110.4**	$ 120.7	-8.6%	**$ 223.8**	$ 240.8	-7.1%
Same Store Net Operating Income (NOI)	**$ 67.9**	$ 76.0	-10.7%	**$ 136.5**	$ 147.4	-7.4%
Net Operating Income (NOI)	**$ 66.5**	$ 76.8	-13.5%	**$ 133.5**	$ 148.9	-10.3%
Profit for the period	**$ 6.6**	$ 34.6	-81.0%	**$ 62.8**	$ 106.0	-40.8%
Funds From Operations (FFO)	**$ 38.6**	$ 48.9	-21.1%	**$ 77.7**	$ 93.0	-16.5%
Adjusted Funds From Operations (AFFO)	**$ 34.2**	$ 44.5	-23.2%	**$ 69.0**	$ 84.4	-18.2%
FFO Per Unit	**$ 0.76**	$ 0.94	-19.1%	**$ 1.53**	$ 1.79	-14.5%
AFFO Per Unit	**$ 0.67**	$ 0.86	-22.1%	**$ 1.36**	$ 1.62	-16.0%
Regular Distributions Declared (Trust Units & LP B Units)	**$ 28.5**	$ 26.5	7.5%	**$ 56.3**	$ 53.1	6.2%
Regular Distributions Declared Per Unit (Trust Units & LP B Units) (2015 - $2.04 per Unit on an annualized basis)	**$ 0.562**	$ 0.510	10.2%	**$ 1.106**	$ 1.020	8.4%
Excess of AFFO over Distributions Per Unit	**$ 0.108**	$ 0.350	-69.1%	**$ 0.254**	$ 0.600	-57.7%
Regular Payout as a % FFO	**74.0%**	54.3%		**72.5%**	57.0%	
Regular Payout as a % AFFO	**83.4%**	59.6%		**81.6%**	62.9%	
Excess of AFFO as a % of AFFO	**16.6%**	40.4%		**18.4%**	37.1%	
Interest Coverage Ratio (Rolling 4 quarters)	**3.48**	3.55		**3.48**	3.55	
Operating Margin	**60.2%**	63.6%		**59.7%**	61.8%	

FFO and AFFO are widely accepted supplemental measures of the performance of a Canadian Real Estate entity; however, they are not measures defined by International Financial Reporting Standards ("IFRS"). The reconciliation of FFO and other financial performance measures can be found in the Management Discussion and Analysis ("MD&A") for the second quarter ended June 30, 2016, under the section titled, "Performance Measures".

The Fair Value under IFRS for the Trust's portfolio increased relative to the end of 2015, mainly a result of increases in market rents in a select number of the Trust's Communities which were running near full occupancy, the addition of newly acquired assets, as well as a decrease in capitalization rates in the Trust's London, Ontario market. Below is a summary of the Trust's per unit Net Asset Value with further discussion located in the 2016 Second Quarter MD&A.

HIGHLIGHTS OF THE TRUST'S FAIR VALUE OF INVESTMENT PROPERTIES

	June 30, 2016	December 31, 2015
IFRS Asset Value Per Diluted Unit (Trust & LP B)	**$ 112.42**	$ 107.95
Debt Outstanding per Diluted Unit	**$ (48.79)**	$ (45.80)
Net Asset Value (NAV) Per Diluted Unit (Trust & LP B)	**$ 63.63**	$ 62.15
Cash Per Diluted Unit (Trust & LP B) (1)	**$ 3.23**	$ 3.62
Total Per Diluted Unit (Trust & LP B)	**$ 66.86**	$ 65.77

(1) Cash as of December 31, 2015 is net of the Special Distribution paid on January 15, 2016 to Unitholders on Record on December 31, 2015 of $51.3 million, or $1.00 per Trust Unit. Cash balance as of December 31, 2015 was $237.0 million.

Same-Property Weighted Average Capitalization Rate: 5.37% at Jun 30, 2016 and 5.38% at Dec 31, 2015. Computation of cap rate excludes Sold Properties.

For further detail, please refer to page 36 of the MD&A.

MORTGAGE FINANCING

Interest rates remain low and have benefitted the Trust's mortgage program as the Trust has continued to renew existing CMHC insured mortgages at interest rates well below the maturing rates. As of June 30, 2016, the Trust's total mortgage principal outstanding totaled $2.47 billion at a weighted average interest rate of 2.92%, compared to $2.27 billion at a weighted average interest rate of 3.16% reported for June 30, 2015.

Over 99% of the Trust's mortgages are CMHC insured, providing the benefit of lower interest rates and limiting the renewal risk of these mortgage loans for the entire amortization period, which can be up to 40 years. The Trust's total debt had an average term to maturity of approximately 5 years, with a remaining amortization of 30 years. The Trust's debt (net of cash) to reported asset value ratio was approximately 41% as of June 30, 2016.

At the beginning of 2016, the Trust had $251.3 million maturing in 2016 at an average interest rate of 3.91%. To date, the Trust has renewed, or forward locked the interest rate on $175.0 million or 70% of its 2016 maturities. The new rate on the 2016 mortgages renewed to date is 2.18%, while also extending the maturity of these mortgages for over 8 years.

The Trust continues to undertake a balanced strategy to its mortgage program. Current 5 and 10-year CMHC Mortgage Rates are estimated to be 1.70% and 2.30%, respectively. The Trust reviews each mortgage individually; however, given the current interest rate environment, the Trust presently has a bias towards renewing its maturing mortgages for longer terms (7 to 10 years).

For further detail, please refer to page 30 of the MD&A.

Q2 REGULAR MONTHLY DISTRIBUTIONS

Boardwalk's Board of Trustees reviews the Trust's monthly regular distributions on a quarterly basis, and has confirmed the next three months regular distribution as follows:

Month	Per Unit	Annualized	Record Date	Distribution Date
Aug-16	$0.1875	$2.25	31-Aug-16	15-Sep-16
Sep-16	$0.1875	$2.25	30-Sep-16	17-Oct-16
Oct-16	$0.1875	$2.25	31-Oct-16	15-Nov-16

Boardwalk has distributed over $1 billion in cash distributions since 2004.

The Board of Trustees will continue to review the distributions made on the Trust Units on a quarterly basis.

REVISED 2016 FINANCIAL GUIDANCE

As is customary on a quarterly basis, the Trust reviews the key assumptions used in deriving its public financial guidance. Based on the Trust's review of its key forecasting assumptions, it has determined that a reduction in both Stabilized Building NOI growth as well as its reported FFO and AFFO per Unit range is warranted. The reduction is the combined result of certain changes in assumptions and select non-recurring charges including the financial costs associated with the Fort McMurray wild fire and the Trusts response to the disaster. The impact of these is a reduction to the Trust 2016 stabilized NOI guidance range to -10% to -5%, a revised FFO guidance range to $3.05 to $3.20 and an AFFO guidance range to $2.71 to $2.86. It is estimated that the non-recurring charges total $0.08 per Trust Unit for 2016. In addition we have lowered the top end of our Investment Properties from 1,200 to 1,000 to reflect the other investment opportunities that we are considering.

Description	Q2 2016 Revised Financial Guidance	Q1 2016 Revised Financial Guidance	2016 Revised Financial Guidance	2016 Original Financial Guidance
Investment Properties	800 - 1000 Apartment Units	800 - 1200 Apartment Units	800 - 1200 Apartment Units	No new apartment acquisitions or dispositions
Development	Pines Edge; Regina, Saskatchewan - 79 Units	Pines Edge; Regina, Saskatchewan - 79 Units	Pines Edge; Regina, Saskatchewan - 79 Units	Pines Edge; Regina, Saskatchewan - 79 Units
	Commencement of Phase 2 & 3 of Pines Edge - Regina, Saskatchewan - 150 Units	Commencement of Phase 2 & 3 of Pines Edge - Regina, Saskatchewan - 150 Units	Commencement of Phase 2 & 3 of Pines Edge - Regina, Saskatchewan - 150 Units	
Stabilized Building NOI Growth	-10% to -5%	-6% to -3%	-2% to 2%	-2% to 2%
FFO Per Trust Unit	$3.05 to $3.20	$3.40 to $3.55	$3.40 to $3.60	$3.40 to $3.60
AFFO per Trust Unit – based on $525/yr/apt	$2.71 to $2.86	$3.06 to $3.21	$3.06 to $3.26	$3.06 to $3.26

In addition to the above financial guidance for 2016, the Trust provides its original and revised guidance relating to its capital expenditure program, and is confirmed as follows:

Capital Budget *(in thousands $ except per Unit amounts)*	Revised Budget	2016 Budget	Per Unit	2016 6 Month Actual	Per Unit
Maintenance Capital (1)	$ 17,193	$ 17,193	$ 525	$ 8,683	$ 263
Stabilizing & Value Added Capital (2)	$ 81,136	$ 73,136	$ 2,463	$ 29,734	$ 899
Total Operational Capital	**$ 98,329**	**$ 90,329**	**$ 2,988**	**$ 38,417**	**$ 1,162**
Total Operational Capital	$ 98,329	$ 90,329		$ 38,417	
Development	$ 11,511	$ 12,444		$ 1,141	
Total Capital Investment	**$ 109,840**	**$ 102,773**		**$ 39,558**	

(1) Assumes Annual Maintenance Capital Expenditure of $525 per unit

(2) Including Property, Plant, and Equipment

The Trust has increased its allocation to value added capital by $8 million to assist in expediting its new building and suite renovation program.

As a result of finalizing the timing of its development pipeline for 2016, the Trust is now budgeting $11.5 million towards development, which in addition to determining the viability of development on various excess land the Trust currently owns, will be directed towards the construction of the Trust's Pines Edge 2 development at the Trust's Pines of Normanview project in Regina, Saskatchewan.

Management will continue to update the Financial Guidance on a quarterly basis. The reader is cautioned this information is forward-looking and actual results may vary materially from those reported.

For further detail, please refer to page 42 of the MD&A.

IN CONCLUSION

Boardwalk's continued focus on providing the best value in housing through the best quality communities and superior customer service has led to relatively solid financial results despite the current economic environment. Our team continues to contribute to delivering service and value for our Resident Members, and is a key component of the Trust's Net Operating Income Optimization strategy and will continue to smooth short term volatility and drive long-term growth and sustainability.

Our conservative balance sheet has positioned Boardwalk to take advantage of unique counter-cyclical opportunities to further improve the quality of Boardwalk's portfolio and enhance the quality of our existing communities. Our focus continues to be on fostering long lasting relationships with our Resident Members and Stakeholders alike.

Thank you to our Team of over 1,400 Associates for their dedicated commitment and service to our Resident Members and communities.

Thank you to our Board of Trustees for their indispensable guidance and continued focus on governance.

Thank you to our Unitholders, our operational partners, the financial community, and CMHC for their continued support of the Trust.

And, as always, I would like to thank our Resident Members for calling Boardwalk home.

Sincerely,

(signed)

Sam Kolias,
Chairman and CEO

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2016 and 2015 (Unaudited)

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 three and six months ended June 30, 2016 and 2015. 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 August 11, 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 Annual Information Form ("AIF") dated February 18, 2016 under the heading "Challenges and Risks", which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to liquidity in the global marketplace associated with current economic conditions, tenant rental rate concessions, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation rules regarding mortgage insurance, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles under IFRS adopted by the Trust effective January 1, 2011. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

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

Except as required by applicable law, Boardwalk undertakes no obligation to publicly update or revise any forward-looking statement, whether 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 12, 2016 (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. As at June 30, 2016, Boardwalk REIT owned and operated in excess of 200 properties, comprised of over 33,000 residential units and totaling over 28 million net rentable square feet. At the end of Q2 2016, Boardwalk REIT's property portfolio was concentrated in the provinces of Alberta, Saskatchewan, Ontario and Quebec.

At June 30, 2016, the fair value of Boardwalk's Investment Property assets was approximately $5.7 billion, which generated a profit of $34.8 million and $70.3 million for the second quarter and first six months of 2016 (before fair value (losses) gains and income taxes). During the second quarter and six months ended June 30, 2016, the Trust earned $38.6 million and $77.7 million, respectively, of Funds From Operations ("FFO"), or $0.76 and $1.53 per Unit on a diluted basis. Adjusted Funds From Operations ("AFFO") for the second quarter and six months ended June 30, 2016 were $34.2 million and $69.0 million, respectively, or $0.67 and $1.36 per Unit on a diluted basis.

MD&A OVERVIEW

This MD&A focuses on key areas from the condensed 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 2015 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

The first half of 2016 continued to be challenging. With lower oil prices and the natural disaster in Fort McMurray, Alberta, our reported results were lower than anticipated. The impact of the wild fire in the Province of Alberta continues to be much wider than the physical damage caused by the fire. This will be discussed in more detail later in this document. During the period of this natural disaster, which occurred from early May of 2016 until mid-June when those evacuated were allowed to return home, there was a material drop in rental demand in the Alberta region as the focus shifted on assisting displaced Fort McMurray residents. As with many businesses, Boardwalk's response to assist had a significant financial impact on the current quarter.

The Trust's Fort McMurray portfolio consists of nine rental properties and represents less than 1% of the Trust's reported Net Operating Income ("NOI"). During the wild fire, none of Boardwalk's properties received any structural damage. All the properties, however, did receive smoke damage, which required extensive cleaning. The Trust carries extensive insurance coverage on these properties and, with the exception of the required deductible of $100,000, any lost rent or costs incurred to clean up these properties are expected to be fully covered by its insurers.

The Trust continues to focus on maintaining stable occupancy levels in its rental apartments across all major markets. Even though the Trust's Western Canada rental markets are experiencing materially lower occupancy levels, to assist the Trust in obtaining these better than market occupancy levels, the Trust offered suite selective incentives. The level of incentive that is being offered will vary depending on a number of variables, including the individual property's overall availability rate. More recently, this level will also depend on whether suite renovations are offered in lieu of incentives for certain properties. Boardwalk's program continues to focus on the needs of the customer.

With continuing low resource prices, (which are lasting longer), and the negative economic impact from the Fort McMurray wildfire, Alberta and Saskatchewan's forecasted economic growth have been revised downward. This has already contributed to weaker employment and higher unemployment numbers, a tempering of housing demands and starts, and a decline in net migration, and has negatively impacted Boardwalk's rental revenue for the first half of 2016. Still unknown is the impact to employment of Alberta's increase to the minimum wage by $1 starting in October 2016, and to $15 an hour by 2018, Alberta's deficit budget for 2016 – 2017 of $10.4 billion, which included a new carbon tax levy and a proposed new Climate Leadership Plan and the longer-term impact of the Brexit vote, the United Kingdom's decision to leave the European Union, on Canada's economy going forward.

In Q2 of 2016, occupancy levels in Calgary and Edmonton (excluding newly-acquired units) were lower at 96.96% and 96.43%, respectively, compared to 98.96% and 97.64% for the same period last year. Regina (excluding the new development) and Saskatoon's occupancy levels were marginally higher at 96.98% and 95.95%, respectively, compared to 95.23% and 95.38% for Q2 2015. Non oil-producing dependent 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, will provide some stimulus to increased consumer spending and manufacturing and exporting activities, in the midst of higher U.S. demand. As a result, occupancy levels should remain high in Ontario and Quebec with the added opportunity of higher market rents.

On a positive note, the Trust is seeing opportunities to make investments in further upgrading its existing portfolio and through selective acquisition of newly developed properties, both increasing the quality of its products. At the same time, the Trust is seeing a decrease in the estimated cost to undertake the improvements to our properties. Availability of skilled labour in the Alberta market is leading to the Trust being able to accomplish more with its capital budget than anticipated. There also appears to be an appetite from existing and new Resident Members for a newly renovated residence in lieu of incentives. Consistent with our policy of allowing these Resident Members a choice, Boardwalk is developing a package program the Resident Member may choose from to meet both their financial and personal needs and wants. Each feature in this program was prepared to create more value for the Resident Members while providing a reasonable return for the Trust.

Boardwalk has also been able to uncover new acquisition opportunities. The Trust's focus over the last number of years of strengthening its balance sheet has allowed for a number of new acquisitions. All of these investments made to date are in the form of recently constructed rental-specific investment opportunities in Alberta. For the first time, the Trust has contracted to acquire these Class A properties at prices significantly lower than what these properties traded in the past. These investments, located in well-designed and well-located communities, also assisted the Trust in high-grading its portfolio. The anticipated returns on these investments have been assisted by the low interest rate environment in Canada and the availability of the National Housing Act ("NHA") insurance program administered by Canada Mortgaging and Housing Corporation ("CMHC"). Although these investments were made with excess liquidity on Boardwalk's balance sheet, these properties will be leveraged up to assist in future investment opportunities once they are stabilized.

During the second quarter of 2016, Boardwalk closed on two newly-built multi-family properties. One property (which formed part of the 509-unit portfolio the Trust previously announced it had waived conditions), Vita Estates, is located in Edmonton, Alberta, is comprised of 162 units and had a purchase price of $29.6 million. The second, Auburn Landing, is located in Calgary, Alberta, is comprised of 238 units and had a purchase price of $51.2 million. Boardwalk did not acquire any new apartment buildings in fiscal 2015.

As announced previously, Boardwalk is now targeting to acquire 800 to 1,000 new apartment units (of which, 400 units were acquired in Q2 2016 and 347 units are expected to close in Q3 2016) and accelerate the construction of Phase 2 and 3 of its Pines Edge development project. Boardwalk continues to maintain a healthy liquidity position and strong balance sheet, and is well-positioned to take advantage of new value-added opportunities as they arise.

In 2015, the Trust sold its Windsor property portfolio to a private buyer for a selling price of $136.2 million. In 2014, the Trust sold one project in Edmonton, Alberta, and all of its British Columbia assets. 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. There are no immediate plans to sell any assets in 2016.

The Canadian multi-family real estate sector continues to have access to attractive financing terms through the use of Government of Canada-backed debt with the NHA program, which is administered by 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 72.5% of FFO for the six months ended June 30, 2016. This is higher than the 57.0% for the six months ended June 30, 2015, and is attributable to the increase in the distributions per Unit from $0.17 per Unit prior to February 2016 to $0.1875 per Unit commencing in February of 2016 and lower FFO being realized in the first half of the current year. 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 and healthy balance sheet with a Debt-to-Enterprise Value at approximately 45%.

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 experienced same-property NOI decreases, as a result of higher incentives and a decline in Q2 2016 occupancy levels of 200 and 121 basis points, respectively, to 96.96% and 96.43% (excluding newly-acquired apartment units), compared to the same period in 2015. Regina and Saskatoon also saw negative same-property NOI year-over-year, despite Regina and Saskatoon Q2 2016 occupancy levels increasing 175 and 57 basis points, respectively, to 96.98% and 95.95%, compared to Q2 2015. Note, that Regina's occupancy level does not include the Trust's newest completed 79-unit development known as Pines Edge, but had it been included occupancy for Q2 2016 would have been 95.61% which is still an improvement from the same period in the prior year. Ontario saw positive same-property year-over-year NOI growth for the second quarter of 2016 of 1.0% mainly due to increased revenue and savings in property taxes. Boardwalk saw some softness in certain regions of Quebec, partially as a result of condominium projects and rent-specific developments being completed, however Quebec still realized NOI growth of 1.8%.

Although we are currently living through an economic downturn, particularly in Western Canada, the Trust believes this event 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 is reaffirming that it 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.

Fort McMurray Natural Disaster

The Northern Alberta City of Fort McMurray is the home to over 90,000 residents. Fort McMurray is the northern hub for the majority of the oil sands projects in Alberta. On May 3, 2016, with only short notice, the entire town was told to evacuate as an out-of-control wild fire was heading toward the City. The fire tore through the city and it has been estimated that about 10% of the city's physical structures were destroyed. The insurance industry estimates the cost of this disaster to be approximately $3.6 billion, making it the most expensive natural disaster in Canadian history. The impact of this fire could be felt economically across the entire country, as recent reports state that GDP for Canada dropped 0.6% for the month of May 2016, a drop not been seen since the financial crisis of 2009. The authors of these reports noted that the driving force behind this drop was not only due to the economic impact of physically destroyed property but also as a result of reduced oil exports.

On June 13, 2016, all nine (9) of Boardwalk's Communities in Fort McMurray were reopened to welcome home its Fort McMurray Resident Members. No major structural damage was sustained to any of Boardwalk's Fort McMurray Communities and all units were professionally cleaned to remove any residual smoke and soot. To ensure no unhealthy contaminants remained, Boardwalk had the air quality tested as well.

Boardwalk, as it does with all its properties, carries comprehensive insurance, including business interruption coverage. According to its insurance providers, a reserve was set aside in the amount of $4 million. To date, of the approximately $1.7 million of costs incurred, all but the $100,000 deductible limit has been covered by the insurers. Included in this coverage are costs associate with loss of income and selective customer incentives such as gift cards.

As with most other Alberta businesses, Boardwalk stepped up to do its part. First and foremost, the Trust concentrated its efforts on ensuring that all its Resident Members and Associates were safe. Once safety was confirmed, the Trust moved quickly to offer a cash advance to each of Boardwalk's Fort McMurray Resident Members – the amount forwarded to each Boardwalk's Resident Member was $1,500 to be applied as a refund against their paid rent for the month of May.

In addition, for those evacuees who could provide proof of Fort McMurray residency, Boardwalk opened the doors in the remainder of its Alberta Portfolio by offering a very special rental offer. Without requiring these evacuees to sign longer-term leases, the Trust offered free rent for the remainder of May and all of June 2016, with a no lease break penalty for those who choose to leave at any time. The objective here was to offer flexibility to those who had a lot of uncertainty during the fire. For those that wished to stay longer, Boardwalk offered an additional 25% discount until the end of the year. These incentives were well in excess of what the Trust was offering at the time in these markets. The Trust welcomed over 600 evacuees into this program. Unfortunately, only about 30% have elected to stay on a longer-term basis while 70% have chosen to move out. As a result, the Trust has seen increased turnover costs on the units as these units were turned over twice in less than two months.

To ensure the safety of its Associates, Boardwalk arranged for all of its Fort McMurray team to come to Edmonton where it assisted in finding them temporary housing as well as advancing each of them $500 while continuing to pay their salaries for the next two weeks.

The Trust estimated that the uninsured costs associated with these disaster relief efforts, the majority being associated with the assistance of providing housing to Fort McMurray evacuees in Edmonton and Southern Alberta, to be approximately $2 million. It is the Trust's view that, given the urgency and uncertainty of the situation, the program followed was the right approach and feel this has and will continue to provide current and future customer good will.

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, respectively, such percentage of Funds From Operations for the calendar month then ended as the Trustees determine in their discretion. Distributions will not be less than Boardwalk REIT's taxable income, unless the Trustees, in their absolute discretion, determine another amount.

Compliance with DOT

At June 30, 2016, 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 rolling twelve months ended June 30, 2016, 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 (losses) gains, was 3.48 (March 31, 2016 - 3.61, December 31, 2015 - 3.64).

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 Condensed Consolidated Statements of Cash Flows is also provided below in the section titled, "Cash Flows from Operations", along with added commentary on the sustainability of Boardwalk REIT's Trust Unit distributions.

PERFORMANCE REVIEW

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.

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. 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. The Trust also previously 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 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 three and six months ended June 30, 2016, the Trust declared regular distributions of $28.5 million and $56.3 million (inclusive of distributions paid to the LP Class B Unitholders), representing approximately 74.0% and 72.5% of FFO. The reader should note the overall operating performance of the first and fourth quarters tend to generate the highest payout ratio, mainly due to the high seasonality in operating expenses. In particular, these quarters tend to be the highest demand periods for natural gas, a major operational cost for the Trust. The reader should not simply annualize these quarterly reported results. On a quarterly basis, the Trust's Board of Trustees reviews the current level of distributions and determines if any adjustment to the distributed amount is warranted.

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

Over the past few years, AFFO has begun to surface as an additional performance measurement. AFFO is determined by taking the amounts reported as FFO and deducting what is commonly referred to as "Maintenance Capital Expenditures". Maintenance Capital Expenditures are referred to as expenditures that, by standard accounting definitions, are accounted for as capital in that the expenditure itself has a useful life in excess of the current financial year and also adds or maintains the value of the related asset. A more detailed discussion of this topic will be provided in the "Maintenance of Productive Capacity" section later in this document.

Special Distribution

As noted, during 2015, the Trust sold its Windsor property portfolio. The net proceeds of the sale of this property portfolio have assisted in the purchase of REIT Units for cancellation on the open market. Although the Trust continues to be committed to this Unit buyback strategy, consistent with our balanced approach, the sale of these non-core assets resulted in a significant profit to the Trust for the 2015 fiscal year. The size of this profit, when combined with the existing income generated from continued operations, resulted in a significant increase in the Trust's reported taxable income and, as a result, a "Special Distribution" was declared for Unitholders on record at the end of the 2015 fiscal year. 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 the Windsor property portfolio in 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.

FFO Reconciliation from 2015 to 2016

The following table shows a reconciliation of changes in FFO from June 30, 2015 to June 30, 2016. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's condensed consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO as net income before fair value adjustments, distributions on the LP Class B Units, gains (losses) on the sale of Investment Properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO will be provided later in this report.

FFO Reconciliation	3 Months	6 Months
FFO Opening – Jun 30, 2015	$ 0.94	$ 1.79
NOI from Stabilized Properties	(0.13)	(0.18)
FFO Loss from Sold Properties	(0.04)	(0.05)
Financing Costs (1)	0.01	0.03
Administration and other	0.03	–
Unit Buyback	0.01	0.02
	$ (0.12)	$ (0.18)
	$ 0.82	**$ 1.61**
Non-recurring		
Fort McMurray Wildfire	(0.03)	(0.03)
Strategic Review	(0.01)	(0.03)
Senior Executive Retirement	(0.02)	(0.02)
	(0.06)	(0.08)
FFO Closing – Jun 30, 2016	**$ 0.76**	**$ 1.53**

(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 if and when interest rates start to reverse their declining trends seen over the past several years.

The Trust's cash position was $163.6 million at June 30, 2016, compared to $237.0 million reported on December 31, 2015. However, it should be noted that the cash position for December 31, 2015 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. This Special Distribution was paid on January 15, 2016.

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 three and six months ended June 30, 2016 and 2015. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation *In $000's, except per Unit amounts*	**3 months 2016**	3 months 2015	% Change	**6 months 2016**	6 months 2015	% Change
Profit for the period	**$ 6,568**	$ 34,593		**$ 62,765**	$ 106,017	
Adjustments						
Loss on sale of assets	**–**	4		**–**	4	
Fair value losses (gains) (1)	**28,122**	10,906		**7,586**	(19,950)	
Add back distributions to LP Class B Units recorded as financing charges (2)	**2,517**	2,282		**4,956**	4,565	
Deferred income tax expense (recovery)	**85**	(125)		**(89)**	96	
Depreciation expense on Property, Plant & Equipment	**1,262**	1,197		**2,460**	2,307	
Funds from operations	**$ 38,554**	$ 48,857	(21.1)%	**$ 77,678**	$ 93,039	(16.5)%
Funds from operations - per Unit	**$ 0.76**	$ 0.94	(19.1)%	**$ 1.53**	$ 1.79	(14.5)%

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

(2) Under IFRS, the LP Class B Units are considered financial instruments in accordance with 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 $38.6 million and $77.7 million for the three and six months ended June 30, 2016, respectively, compared to $48.9 million and $93.0 million for the same periods in 2015. FFO on a per Unit fully diluted basis for the current quarter ended June 30, 2016, decreased approximately 19.1%, compared to the same period in 2015, from $0.94 to $0.76. The decrease was primarily driven by lower rental revenue realized while maintaining high occupancy levels, coupled with the loss of FFO from the sale of the Windsor sale and costs incurred in relation to the Fort McMurray wildfire.

New Property Acquisitions and Dispositions

During the second quarter of 2016, the Trust closed on the purchase of two properties, one located in Edmonton, Alberta and one located in Calgary, Alberta. The two newly-built properties totaled 400 units and had a purchase price of $80.8 million (including transaction costs).

Subsequent to the quarter-end, on August 9, 2016, the Trust closed on the second of three properties in a portfolio of 509 units in Edmon-ton, Alberta that the Trust waived conditions on April 26, 2016. This property consist of 165 newly-built units with a purchase price of $30.2 million. The last property consisting of 182 units has a purchase price of $33.3 million and is expected to close on or about August 15, 2016.

For 2015, there were no new investment property acquisitions.

In 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 sold for a sale price of $825 thousand. The Trust also sold its Windsor portfolio to a private buyer for $136.2 million before selling costs.

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. As of the end of July 2016, the project was over 87% leased.

The Trust has commenced construction on Phase 2 of Pines of Norman view consisting of 79 rental units it is estimated that his project will be completed in the summer of 2017 and once stabilized is estimated to operate at a cap rate range of 6.25% to 6.75%. The Trust commenced stage two of this project due to the fact that the lease up of phase one is ahead of schedule demonstrating demand for this type of product.

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.

REVIEW OF 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 $000's, except number of suites	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 110,406**	$ 120,747	(8.6)%	**$ 223,774**	$ 240,782	(7.1)%
Expenses						
Operating expenses	**23,973**	23,573	1.7%	**47,200**	46,620	1.2%
Utilities	**9,998**	10,229	(2.3)%	**23,135**	25,040	(7.6)%
Property taxes	**9,956**	10,115	(1.6)%	**19,896**	20,208	(1.5)%
	$ 43,927	$ 43,917	0.0%	**$ 90,231**	$ 91,868	(1.8)%
Net operating income	**$ 66,479**	$ 76,830	(13.5)%	**$ 133,543**	$ 148,914	(10.3)%
Operating margins	**60.2%**	63.6%		**59.7%**	61.8%	
Number of suites at June 30	**33,426**	34,627		**33,426**	34,627	

Rental Operations Excluding Windsor

In $000's	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 110,406**	$ 116,559	(5.3)%	**$ 223,774**	$ 232,438	(3.7)%
Expenses						
Operating expenses	**23,973**	22,740	5.4%	**47,200**	45,001	4.9%
Utilities	**9,998**	9,658	3.5%	**23,135**	23,089	0.2%
Property taxes	**9,956**	9,617	3.5%	**19,896**	19,220	3.5%
	$ 43,927	$ 42,015	4.6%	**$ 90,231**	$ 87,310	3.3%
Net operating income	**$ 66,479**	$ 74,544	(10.8)%	**$ 133,543**	$ 145,128	(8.0)%
Operating margins	**60.2%**	64.0%		**59.7%**	62.4%	
Number of suites as at June 30	**33,426**	32,946		**33,426**	32,946	

Overall, Boardwalk REIT's rental operations for the three and six months ended June 30, 2016, reported lower results compared to the same periods in the prior year, with total rental revenue decreasing 8.6% and 7.1%, respectively. The decrease in rental revenue was partially the result of the sale of the Trust's Windsor Portfolio during the third quarter of 2015. Excluding Windsor from 2015, current quarter rental revenue declined by 5.3%, driven by higher incentives and vacancy losses mainly in its Western Canada portfolio. As mentioned, the wildfire in Fort McMurray resulted in additional incentives as Fort McMurray evacuees were housed in available suites outside of Fort McMurray at no cost to the Resident Member for part of the months of May and June 2016. Total rental expenses were flat for the three months ended June 30, 2016 compared to the three months ended June 30, 2015, and decreased 1.8% for the six months ended June 30, 2016, compared to 2015. Excluding Windsor, overall operating expenses increased by 4.6% in the second quarter of 2016 and 3.3% for the six months ended June 30, 2016, as compared to the same periods in the prior year, due primarily to higher bad debt, insurance-related deductible and expenses and property taxes. Additionally, utilities increased in the current quarter, excluding Windsor, when compared to the same quarter in 2015, due primarily to higher cable expense and water and sewer costs.

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.

Operating expenses increased by 5.4% and 4.9%, excluding Windsor for 2015, due to increased costs related to insurance deductible payments, advertising, bad debt expenses, as well as higher insurance premiums.

Utility costs, excluding Windsor, increased by 3.5% and 0.2% for the three and six months ended June 30, 2016, respectively. The increase is attributable to higher water and sewer costs, and increased cable costs in Saskatchewan as this provinces includes new bulk cable and internet services for Boardwalk's Resident Members. Fixed price physical commodity contracts have also helped to partially or fully-hedge its exposure to fluctuating natural gas prices. Further details regarding the hedges on natural gas, as well as electricity prices in Alberta, can be found in NOTE 13 to the condensed consolidated financial statements for the three and six months ended June 30, 2016.

The reported increase in property taxes, when excluding Windsor from the prior year period, is mainly attributed to higher overall property tax assessments. The Trust is constantly reviewing property tax assessments and related charges and, where it feels appropriate, will appeal all, or a 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, excluding Windsor, the operating margin for the period decreased from the same period in 2015 from 64.0% to 60.2% for the three months ended June 30, 2016, and decreased from 62.4% to 59.7% for the six months ended June 30, 2016

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

SEGMENTED OPERATIONAL REVIEW

Alberta Rental Operations

In $000's, except number of suites	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 70,755**	$ 76,685	(7.7)%	**$ 144,545**	$ 153,017	(5.5)%
Expenses						
Operating expenses	**14,080**	13,259	6.2%	**27,661**	26,989	2.5%
Utilities	**5,827**	5,690	2.4%	**13,047**	12,930	0.9%
Property taxes	**6,025**	5,758	4.6%	**12,056**	11,509	4.8%
	$ 25,932	$ 24,707	5.0%	**$ 52,764**	$ 51,428	2.6%
Net operating income	**$ 44,823**	$ 51,978	(13.8)%	**$ 91,781**	$ 101,589	(9.7)%
Operating margin	**63.3%**	67.8%		**63.5%**	66.4%	
Number of suites at June 30	**20,152**	19,752		**20,152**	19,752	

Alberta is Boardwalk's largest operating segment, representing approximately 67.4% and 68.7% of total reported net operating income for the three and six months ended June 30, 2016, respectively. In addition, Alberta represents 60.6% of total apartment units. Boardwalk REIT's Alberta operations for the three and six months ended June 30, 2016, reported a 7.7% and 5.5% decrease, respectively, in total rental revenue, when compared to the same periods reported in 2015. The reported rental revenue change is the combined effect of higher incentives and lower in-place rents while maintaining high overall occupancy levels, compared to the prior year. Incentives were also higher due to Fort McMurray evacuees. Total rental expenses have increased by 5.0% for the three months ended June 30, 2016, compared to the prior year due primarily to the increase in operating expenses and property taxes. For the six months ended June 30, 2016, total rental expenses increased by 2.6% compared to the prior year due to increases in property taxes.

Operating expenses increased by 6.2% and 2.5% for the three and six months ended June 30, 2016, respectively, from the prior year due to increased repairs and maintenance costs, advertising and bad debts, partially mitigated by lower wages and salaries.

Reported utilities for the three and six months ended June 30, 2016 were up 2.4% and 0.9%, respectively, compared to the same periods in the prior year. The reported increase is mainly the result of higher water and sewer costs, another form of property tax charged by the municipalities. 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 13 to the condensed consolidated financial statements.

Property taxes increased 4.6% and 4.8% for the three and six months ended June 30, 2016, respectively, 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 decreased $7.2 million, or 13.8% in the current quarter compared to the same period in the prior year and decreased $9.8 million, or 9.7% for the six months ended June 30, 2016. Alberta's operating margins for the three and six months ended June 30, 2016 decreased to 63.3% and 63.5%, respectively, compared to 67.8% and 66.4% for the same periods in 2015.

Saskatchewan Rental Operations

In $000's, except number of suites	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 14,898**	$ 15,571	(4.3)%	**$ 29,907**	$ 30,906	(3.2)%
Expenses						
Operating expenses	**2,768**	2,751	0.6%	**5,249**	5,383	(2.5)%
Utilities	**1,972**	1,691	16.6%	**4,224**	3,857	9.5%
Property taxes	**1,113**	1,072	3.8%	**2,203**	2,150	2.5%
	$ 5,853	$ 5,514	6.1%	**$ 11,676**	$ 11,390	2.5%
Net operating income	**$ 9,045**	$ 10,057	(10.1)%	**$ 18,231**	$ 19,516	(6.6)%
Operating margins	**60.7%**	64.6%		**61.0%**	63.1%	
Number of suites at June 30 (1)	**4,689**	4,610		**4,689**	4,610	

(1) Includes 79 units from the new Pines Edge development project that was substantially completed in Q1 2016.

For the three and six months ended June 30, 2016, Boardwalk's Saskatchewan total rental revenue decreased by 4.3% and 3.2%, respectively, compared to the same periods in the prior year. The revenue decrease is mainly due to higher incentives offered in both Regina and Saskatoon. Rental expenses increased by 6.1% and 2.5% for the three and six months ended June 30, 2016, respectively, compared to the same periods in the prior year, primarily due to higher utilities.

Operating expenses for the six months ended decreased mainly due to lower repairs and maintenance expense.

Utility costs for the three and six months ended June 30, 2016 increased from the same periods in the previous year due primarily to higher cable and internet costs. The program provides Resident Members a more cost-effective alternative to cable and internet service compared to subscribing individually with cable service providers. 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 13 to the condensed consolidated financial statements for the current period.

Property taxes increased by 3.8% and 2.5% for the three and six months ended June 30, 2016, respectively, due to higher property tax assessments.

Reported operating margins for the three and six months ended June 30, 2016 decreased to 60.7% and 61.0%, respectively, compared to 64.6% and 63.1% reported for the same periods in the prior year. A portion of the decrease is a result of the inclusion of Pine Edge I, a newly developed Community currently in lease up phase.

Ontario Rental Operations

In $000's, except number of suites	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 6,585**	$ 10,628	(38.0)%	**$ 13,134**	$ 21,211	(38.1)%
Expenses						
Operating expenses	**1,140**	1,885	(39.5)%	**2,201**	3,798	(42.0)%
Utilities	**920**	1,435	(35.9)%	**1,913**	3,950	(51.6)%
Property taxes	**797**	1,333	(40.2)%	**1,603**	2,666	(39.9)%
	$ 2,857	$ 4,653	(38.6)%	**$ 5,717**	$ 10,414	(45.1)%
Net operating income	**$ 3,728**	$ 5,975	(37.6)%	**$ 7,417**	$ 10,797	(31.3)%
Operating margins	**56.6%**	56.2%		**56.5%**	50.9%	
Number of suites at June 30	**2,585**	4,265		**2,585**	4,265	

Rental Operations Excluding Windsor

In $000's, except number of suites	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 6,585**	$ 6,440	2.3%	**$ 13,134**	$ 12,867	2.1%
Expenses						
Operating expenses	**1,140**	1,052	8.4%	**2,201**	2,179	1.0%
Utilities	**920**	864	6.5%	**1,913**	1,999	(4.3)%
Property taxes	**797**	835	(4.6)%	**1,603**	1,678	(4.5)%
	$ 2,857	$ 2,751	3.9%	**$ 5,717**	$ 5,856	(2.4)%
Net operating income	**$ 3,728**	$ 3,689	1.1%	**$ 7,417**	$ 7,011	5.8%
Operating margins	**56.6%**	57.3%		**56.5%**	54.5%	
Number of suites at June 30	**2,585**	2,585		**2,585**	2,585	

Excluding Windsor, Boardwalk REIT's Ontario operations reported an increase in total rental revenue of 2.3% and 2.1% for the three and six months ended June 30, 2016, respectively, compared to the same periods in the prior year, due to higher occupied rents and slightly higher occupancy levels. Total rental expenses increased by 3.9% for the three months ended June 30, 2016 mainly due to higher operating expenses and utilities and decreased 2.4% for the six months ended June 30, 2016, compared to the prior year, primarily due to lower utilities and property taxes.

Operating expenses increased by 8.4% for the three months ended June 30, 2016 as compared to the same period in the prior year due mainly to higher repairs and maintenance costs.

Utility costs were higher for the current quarter compared to the same period in the prior year due primarily to higher electricity costs, but lower for the first half of the year lower due to lower natural gas expense. The Trust has one outstanding fixed price natural gas contract hedging 50% of its Ontario and Quebec natural gas usage. Details of the contract can be found in NOTE 13 to the condensed consolidated financial statements.

Property taxes were lower for the three and six months ended June 30, 2016 as compared to the prior year, due to lower property tax assessments received for Kitchener.

Net operating income increased by 1.1% and 5.8% for the three and six months ended June 30, 2016, respectively, as compared to the same periods in the prior year. Reported operating margins for the three and six months ended June 30, 2016 were 56.6% and 56.5%, respectively, compared to 57.3% and 54.5% (excluding Windsor) for the same periods in the prior year.

Quebec Rental Operations

In $000's, except number of suites	**3 Months 2016**	3 Months 2015	% Change	**6 Months 2016**	6 Months 2015	% Change
Total rental revenue	**$ 18,110**	$ 17,800	1.7%	**$ 36,076**	$ 35,546	1.5%
Expenses						
Operating expenses	**4,397**	4,188	5.0%	**9,008**	8,257	9.1%
Utilities	**1,245**	1,369	(9.1)%	**3,871**	4,200	(7.8)%
Property taxes	**1,979**	1,924	2.9%	**3,952**	3,834	3.1%
	$ 7,621	$ 7,481	1.9%	**$ 16,831**	$ 16,291	3.3%
Net operating income	**$ 10,489**	$ 10,319	1.6%	**$ 19,245**	$ 19,255	(0.1)%
Operating margins	**57.9%**	58.0%		**53.3%**	54.2%	
Number of suites at March 31	**6,000**	6,000		**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a total rental revenue increase of 1.7% and 1.5% for the three and six months ended June 30, 2016, respectively, compared to the same periods in the prior year.

Total rental expenses for the period increased by 1.9% and 3.3% for the three and six months ended June 30, 2016, respectively, when compared to 2015, mainly due to higher operating expenses, and partially offset by lower utility costs.

Operating expenses increased by 5.0% and 9.1% for the three and six months ended June 30, 2016, respectively, when compared to 2015 due to increased wages and salaries and repairs and maintenance costs.

The reported 9.1% and 7.8% decrease in utilities for the quarter and six months ended June 30, 2016, respectively, was due to lower consumption of natural gas and electricity. In addition, during the third quarter of 2015, 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 13 of the Trust's condensed consolidated financial statements for the current period.

Property taxes increased 2.9% and 3.1% for the three and six months ended June 30, 2016, respectively, compared to the prior year due to higher property tax assessments.

Net operating income increased by 1.6% in the second quarter of 2016 compared to the same period in the prior year. Reported operating margins for the three months ended June 30, 2016 decreased to 57.9%, compared to 58.0% reported for the prior year. Net operating income decreased marginally by 0.1% for the six months ended June 30, 2016 compared to the same period in the prior year. Reported operating margins for the six months ended June 30, 2016 decreased to 53.3%, compared to 54.2% reported for the prior year.

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 and 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.

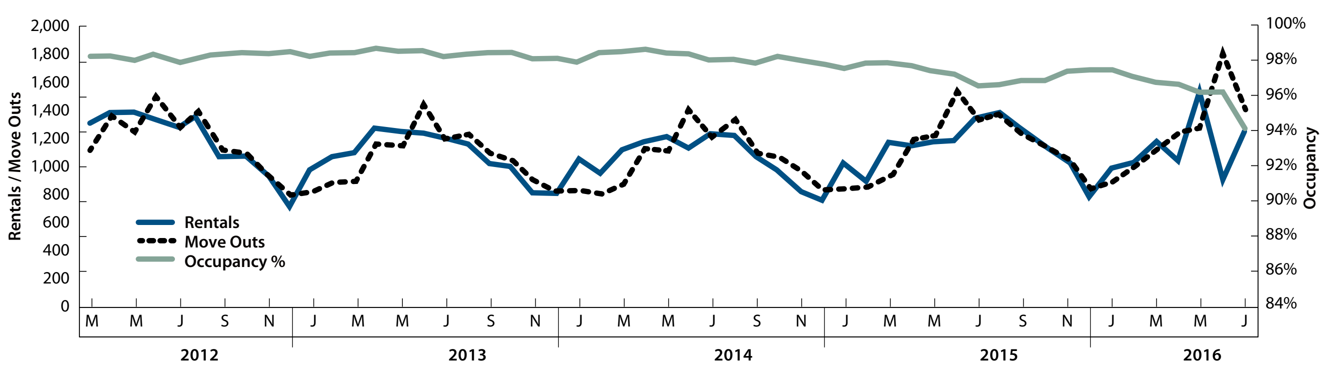
In a more competitive market, the Trust takes a more preventive approach of increasing its offering of suite-specific rental incentives as well as, where warranted, adjusting reported market rents. It has been our experience that this preemptive approach has resulted in optimizing net operating income by maintaining higher-than-market occupancy levels and, as such, minimizing 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. As a result of the acquisitions in the quarter of newly built assets, portfolio occupancy is on a same store basis.

Boardwalk REIT's Portfolio Occupancy (Same Store):

City	**Q2 2016**	Q2 2015
Calgary	**96.96%**	98.96%
Edmonton	**96.43%**	97.64%
Fort McMurray	**80.88%**	85.40%
Grande Prairie	**92.98%**	96.49%
Kitchener	**98.05%**	98.07%
London	**98.01%**	97.99%
Montreal	**97.59%**	96.58%
Quebec City	**95.81%**	96.70%
Red Deer	**95.47%**	98.64%
Regina	**96.98%**	95.23%
Saskatoon	**95.95%**	95.38%
Verdun	**98.74%**	98.21%
Total	**96.65%**	97.40%

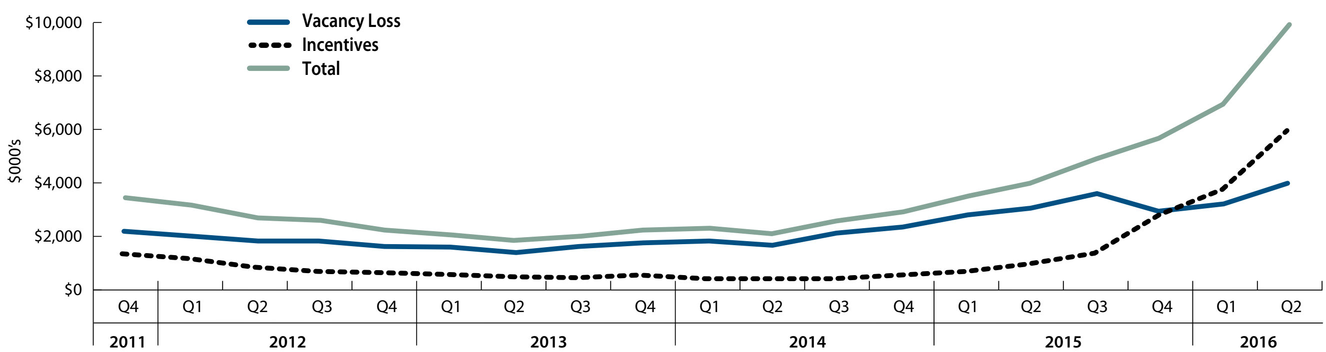
In the second quarter of 2016, the Trust reported a year-over-year decrease of 75 basis points in its overall same store occupancy rate, a decline from 97.40% to 96.65%. A softening in the Alberta markets contributed to the overall occupancy rate decrease. Boardwalk's overall rental revenue strategy focuses on the Trust balancing the key inputs, including occupancy levels, incentives and existing rental market rates. As a strategy, the Trust is constantly adjusting market rents and incentives based on property-specific demand and supply. Success with this strategy can be seen in the marginal decline in occupancy of 200 and 121 basis points in Calgary and Edmonton, to 96.96% and 96.43%, respectively, despite the low oil prices environment. Even Regina and Saskatoon saw occupancy levels rise to 96.98% and 95.95%, respectively, in the second quarter of 2016 compared to the 95.23% and 95.38%, respectively, for the same period in the prior year. Note that Regina, for the current quarter, does not include the 79-unit new development, which commenced lease-up in February of 2016. Including the new development would result in an occupancy rate of 95.61% for Regina.

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, starting in the second half of 2014 and attributable to the softening rental markets in all provinces, except Ontario, saw a reversal in the fourth quarter of 2015 and a stabilization in the first half of 2016. The slight upward movement in Q1 2016 and Q2 is due to the launch of the 79-unit development in Regina, Saskatchewan, in February of 2016 and the acquisition of two properties in Alberta in June. Select incentives are continuing in the Calgary, Edmonton, Regina and Saskatoon markets to increase and maintain high occupancy levels. The higher incentives in Q2 2016 also included the incentives offered during the Fort McMurray wildfire to evacuees. Boardwalk REIT will continue to manage its overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. The Trust continues to focus on maximizing overall revenues through the management of these key revenue variables.

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 $4.4 million, or $0.09 per Trust Unit on a diluted basis.

STABILIZED PROPERTY RESULTS

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 98.6% of its total rental unit portfolio as at June 30, 2016, or a total of 32,947 units. The tables below provide a regional breakdown on these properties for the three and six months ended June 30, 2016, as compared to the same periods in 2015.

Jun 30 2016 - 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,397	(7.0)%	5.7%	(13.5)%	40.1%
Calgary	5,419	(7.7)%	2.8%	(11.9)%	21.0%
Red Deer	939	(7.1)%	(1.2)%	(10.1)%	2.6%
Grande Prairie	645	(13.3)%	9.7%	(28.3)%	1.3%
Fort McMurray	352	(31.7)%	(0.3)%	(47.6)%	0.9%
Quebec	6,000	1.7%	1.6%	1.8%	15.5%
Saskatchewan	4,610	(5.5)%	5.3%	(11.4)%	13.1%
Ontario	2,585	2.2%	3.9%	1.0%	5.5%
	32,947	(5.6)%	4.1%	(10.7)%	100.0%

Jun 30 2016 - 6 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,397	(4.7)%	3.7%	(9.3)%	40.8%
Calgary	5,419	(5.4)%	(0.1)%	(7.6)%	21.4%
Red Deer	939	(4.8)%	(3.1)%	(5.8)%	2.6%
Grande Prairie	645	(10.5)%	7.4%	(21.7)%	1.4%
Fort McMurray	352	(29.7)%	0.2%	(44.6)%	0.9%
Quebec	6,000	1.4%	3.1%	0.1%	14.1%
Saskatchewan	4,610	(3.9)%	1.8%	(7.2)%	13.3%
Ontario	2,585	2.1%	(2.4)%	5.8%	5.5%
	32,947	(3.9)%	2.1%	(7.4)%	100.0%

Stabilized revenue decreased by 5.6% and 3.9% for the three and six months ended June 30, 2016, respectively, compared to the same periods in the prior year. Operating expenses reported for the three and six months ended June 30, 2016 increased by 4.1% and 2.1%, respectively, compared to the same periods in 2015, resulting in a NOI decrease of 10.7% and 7.4%, respectively. The decrease in reported stabilized revenue was driven by lower in-place occupied rents and higher incentives in Alberta and Saskatchewan, which accounts for approximately 80% of the Trust's reported stabilized Net Operating Income. Operating expenses increased primarily as a result of higher advertising, bad debt, insurance premiums, utilities and property taxes.

Stabilized Revenue Growth	# of Units	Q2 2016 vs Q1 2016	Q2 2016 vs Q4 2015	Q2 2016 vs Q3 2015	Q2 2016 vs Q2 2015
Edmonton	12,397	(4.1)%	(6.2)%	(7.2)%	(7.0)%
Calgary	5,419	(4.0)%	(6.4)%	(8.0)%	(7.7)%
Red Deer	939	(3.9)%	(6.6)%	(6.9)%	(7.1)%
Grande Prairie	645	(6.4)%	(9.4)%	(10.7)%	(13.3)%
Fort McMurray	352	(14.6)%	(22.9)%	(24.6)%	(31.7)%
Quebec	6,000	0.8%	0.0%	1.2%	1.7%
Saskatchewan	4,610	(1.8)%	(4.1)%	(4.6)%	(5.5)%
Ontario	2,585	0.5%	1.1%	1.7%	2.2%
	32,947	(2.9)%	(4.9)%	(5.5)%	(5.6)%

On a sequential basis, stabilized revenues reported in the second quarter of 2016 decreased by 2.9% over Q1 2016, decreased by 4.9% compared to Q4 2015, decreased by 5.5% compared to Q3 2015 and decreased 5.6% compared to Q2 2015. The Trust strives toward balancing the optimum level of market rents, rental incentives and occupancy rates in order to achieve its net operating income optimization strategy.

Estimated Loss-to-Lease Calculation

Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents in June 2016, and adjusted for current occupancy levels, totaled approximately $3.9 million on an annualized basis, representing $0.08 per Unit (Trust & LP B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than twelve months. On physical turnover, the rental units are then re-leased directly at current market rent. 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	June 2016 Occupied Rent [1]	June 2016 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
Edmonton	$ 1,178	$ 1,172	$ (6)	$ (927)	12,397	38%
Calgary	1,285	1,335	50	3,237	5,419	16%
Red Deer	991	1,019	28	297	939	3%
Grande Prairie	913	929	16	113	645	2%
Fort McMurray	1,336	1,306	(30)	(146)	352	1%
Alberta Portfolio	$ 1,193	$ 1,204	$ 11	$ 2,574	19,752	60%
Quebec	$ 1,027	$ 1,030	$ 3	$ 240	6,000	18%
Saskatchewan [2]	1,085	1,095	10	474	4,610	14%
Ontario	878	899	21	623	2,585	8%
Total Portfolio	$ 1,123	$ 1,133	$ 10	$ 3,910	32,947	100%

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

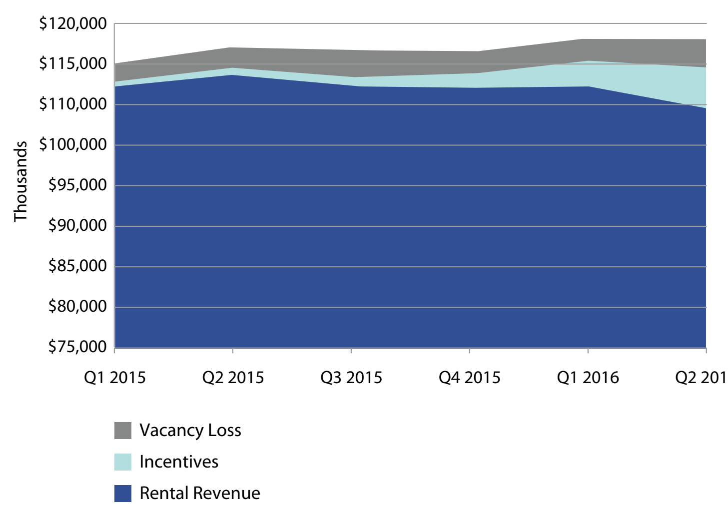
(2) Saskatchewan market rent now includes an increase for cable and internet service

The increase in the loss-to-lease for our portfolio, from $1.0 million at March 2016 to $3.9 million at June 2016, was due primarily to a slightly widening gap between occupied and market rents in certain rental markets of Alberta.

In the second quarter of 2016, 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.

Revenue, Incentives, Vacany Loss ($000's)



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 second quarter and the first six months ended June 30, 2016 decreased from the same period in the prior year, from $20.3 million and $41.1 million, respectively, to $20.1 million and $39.9 million, primarily due to the Trust being able to renew maturing mortgages at interest rates below maturing rates. At June 30, 2016, the reported weighted average interest rate of 2.92% was down from the weighted average interest rate of 2.99% at March 31, 2016, 3.01% at December 31, 2015 and 3.16% at June 30, 2015. 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 4.8 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 June 30, 2016, 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 Condensed 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 three and six months ended June 30, 2016, which have been recorded as financing charges, was $2.5 million and $5.0 million, respectively ($2.3 million and $4.6 million for the three and six months ended June 30, 2015). Based on this rationale, these amounts have been added back in the calculation of FFO.

The reader should also note that, under IFRS, financing charges are recorded net of interest income the Trust has earned for the period. The total amount of interest income earned for the current quarter and the first six months of 2016 was $0.5 million and $1.0 million, respectively, compared to $0.2 million and $0.5 million for the same periods in the prior year. The increased interest income was mainly the result of higher cash on hand in the current year. Further details on the Trust's investment of cash on hand in term deposits of 90 days or less can be found in NOTE 5 of the condensed consolidated financial statements.

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. For the remainder of fiscal 2016, the Trust anticipates having approximately $136.8 million of secured mortgages maturing with a weighted average rate of 4.07%. These maturing rates are well above existing NHA Insured rates and the Trust is set to recognize savings upon renewal of these mortgages.

ADMINISTRATION

Included in administration expenses are costs associated with Boardwalk REIT's centralized administrative functions. The amount reported for the three and six months ended June 30, 2016, which relates to corporate administration from continuing operations, was $9.2 million and $18.6 million, respectively, compared to $8.7 million and $16.9 million for the same periods in the prior year, an increase of approximately 5.9% and 9.7%.

For the current and prior comparative periods, Boardwalk REIT allocated certain administration costs between corporate and rental operating expenses. The administration costs allocated to rental operating expenses consist primarily of specific amounts associated with operation-specific staff and related support initiatives. Total administration costs, combining rental operating and corporate, were $14.7 million and $30.0 million for the three and six months ended June 30, 2016, compared to $14.0 million and $27.2 million for the same periods in the prior year. The increase in total administration costs for the six months ended June 30, 2016 of approximately $2.8 million, or approximately 10.3%, was primarily due to a refund of group insurance premiums received in 2015, the retirement costs of a senior executive at the end of June 2016 and higher professional fees associated with a strategic review conducted earlier in 2016.

Depreciation and Amortization

Depreciation and amortization recorded on the Condensed 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 three and six months ended June 30, 2016, was $2.4 million and $4.8 million, respectively, compared to $2.5 million and $4.7 million recorded for the same periods in the prior year.

OTHER INCOME AND EXPENSES

Income Tax Expense

Boardwalk REIT qualifies as a 'mutual fund trust' as defined in the Income Tax Act (Canada) (the "Tax Act"). The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation") and the criteria for qualifying for the real estate investment trust exemption (the "REIT Exemption"), which would exempt Boardwalk REIT from income tax under the SIFT Legislation. For 2015 and 2016 to date, the Trust qualified for the REIT Exemption.

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

LP Class B Units and the Deferred Unit Compensation Plan

The LP Class B Units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at June 30, 2016, the Trust used a price of $57.56 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 Condensed Consolidated Statements of Financial Position at June 30, 2016, was $257.6 million, and a corresponding fair value loss of $45.2 million (six months ended June 30, 2015 - fair value gain of $22.0 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the six months ended June 30, 2016.

The deferred unit-based compensation plan had a fair value of $8.7 million, and a corresponding fair value loss of $1.5 million (six months ended June 30, 2015 - fair value gain of $0.4 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the six months ended June 30, 2016.

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 Condensed Consolidated Statements of Cash Flow prepared in accordance with IFRS is highlighted below.

FFO Reconciliation *In $000's, except per Unit amounts*	**3 months 2016**	3 months 2015	% Change	**6 months 2016**	6 months 2015	% Change
Cash flow from operating activities	**$ 36,789**	$ 46,510		**$ 65,108**	$ 79,621	
Adjustments						
Operating working capital	**464**	1,123		**5,398**	4,517	
Deferred financing amortization	**(1,160)**	(1,289)		**(2,304)**	(2,397)	
Government grant earned	**95**	95		**189**	189	
Add back distributions to LP Class B Units recorded as financing charges (1)	**2,517**	2,282		**4,956**	4,565	
Interest paid	**19,971**	20,451		**44,215**	47,641	
Financing costs	**(20,122)**	(20,315)		**(39,884)**	(41,097)	
Funds from operations	**$ 38,554**	$ 48,857	(21.1)%	**$ 77,678**	$ 93,039	(16.5)%
Funds from operations - per Unit	**$ 0.76**	$ 0.94	(19.1)%	**$ 1.53**	$ 1.79	(14.5)%

(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 three months ended June 30, 2016, the Trust reported total FFO of $38.6 million, or $0.76 per fully diluted Trust Unit, compared to $48.9 million, or $0.94 per fully diluted Trust Unit in 2015. For the six months ended June 30, 2016, Boardwalk REIT reported total FFO of $77.7 million, or $1.53 per fully diluted Trust Unit. This represented a decrease of approximately 16.5% and 14.5%, respectively, compared to $93.0 million, or $1.79 per fully diluted Trust Unit, reported for the same six months in 2015. The decrease for the current quarter and first six months of 2016 is primarily due to lower rental revenue (due to increased incentives) and higher administration expense, partially offset by interest cost 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 the second quarter of 2016 and the six months ended June 30, 2016, the Trust paid regular distributions of $28.5 million and $56.3 million, respectively, 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 $26.5 million and $53.1 million, respectively, for the same periods in 2015. Regular distributions declared in for the second quarter and the six months ended June 30, 2016 represented a FFO payout ratio of 74.0% and 72.5%, respectively, compared to 54.3% and 57.0% for the same periods in the prior year. Regular distributions (Trust and LP Class B Units) declared in Q2 of 2016 and six months ended June 30, 2016 also represented approximately 77.5% and 86.5%, respectively, of cash flow from operating activities compared to 57.0% for Q2 2015 and 66.6% for the six months ended June 30, 2015. Note that the Special Distribution paid in the first quarters of 2016 and 2015 to the LP B Units reduced cash flow from operating activities by $4.5 million and $6.3 million, respectively. As regular distributions are funded by the Trust's liquidity and cash flow from operations, these regular distributions appear sustainable in the foreseeable future.

Financing of Revenue Producing Properties

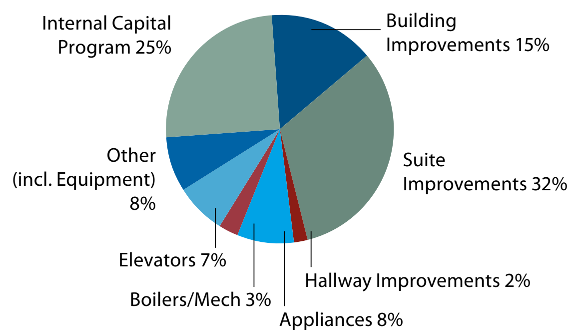
During the six months ended June 30, 2016, the financing and refinancing of existing properties totaled approximately $328.2 million. During the financing and refinancing process, Boardwalk REIT was able to decrease the weighted average interest rate on its mortgage portfolio from 3.16% at June 30, 2015 and 3.01% at December 31, 2015, to 2.92% at June 30, 2016.

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.

In the first six months of 2016, Boardwalk REIT invested approximately $38.4 million (comprised of $35.6 million on its stabilized investment properties and $2.8 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 $36.1 million ($32.6 million on its stabilized investment properties and $3.5 million property, plant and equipment) invested in 2015. The amount of this investment will vary from year-to-year.

2016 6M
Operational Capital Investments



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 $9.6 million of on-site wages and salaries that have been incurred towards these projects for the first six months of 2016, compared to $8.8 million for the same period in 2015.

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 $000's, except for per suite amounts	**3 Months Jun 30, 2016**	**Per Suite**	3 Months Jun 30, 2015	Per Suite	**6 Months Jun 30, 2016**	**Per Suite**	6 Months Jun 30, 2015	Per Suite
Maintenance Capital Expenditures	**$ 4,352**	**$ 131**	$ 4,327	$ 125	**$ 8,683**	**$ 263**	$ 8,656	$ 250
Stabilizing & Value Enhancing Capital (excluding Property, Plant & Equipment)	**$ 16,321**	**$ 492**	$ 13,844	$ 400	**$ 26,945**	**$ 815**	$ 23,936	$ 691
	$ 20,673	**$ 623**	$ 18,171	$ 525	**$ 35,628**	**$ 1,078**	$ 32,592	$ 941

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 the second quarter of fiscals 2016 and 2015, the amount allocated to maintenance capital was approximately $4.4 million, or $131 per apartment unit, and $4.3 million, or $125 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $16.3 million and $13.8 million, respectively, or $492 and $400 per apartment unit.

For the six months ended June 30, 2016, and 2015, the amount allocated to capital was approximately $8.7 million, or $263 per apartment unit, and $8.7 million, or $250 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $26.9 million and $23.9 million, respectively, or $815 and $691 per apartment unit.

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 74.0% of reported FFO and 83.4% of AFFO for the three months ended June 30, 2016, compared to 54.3% and 59.6%, respectively, for the second quarter of the previous year. For the six months ended June 30, 2016, the Trust is currently paying out an estimated 72.5% of reported FFO and 81.6% of AFFO compared to 57.0% and 62.9%, respectively, for the same period in 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)	**3 months Jun 30, 2016**	3 months Jun 30, 2015	**6 months Jun 30, 2016**	6 months Jun 30, 2015
Funds From Operations (FFO)	**$ 38,554**	$ 48,857	**$ 77,678**	$ 93,039
Maintenance Capital Expenditures	**$ 4,352**	$ 4,327	**$ 8,683**	$ 8,656
Adjusted Funds From Operations (AFFO)	**$ 34,202**	$ 44,530	**$ 68,995**	$ 84,383
AFFO per Unit (Trust and LP B Units)	**$ 0.67**	$ 0.86	**$ 1.36**	$ 1.62
Unitholder Distributions – Regular (Trust Units and LP B Units)	**$ 28,516**	$ 26,529	**$ 56,329**	$ 53,050
Distribution as a % of FFO	**74.0%**	54.3%	**72.5%**	57.0%
Distribution as a % of AFFO	**83.4%**	59.6%	**81.6%**	62.9%

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.

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
June 30, 2016	4	$ 82,027	1.5%
March 31, 2016	4	$ 97,993	1.8%
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%

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	**June 30, 2016**			December 31, 2015		
	Capitalization rate		**Forecasted total standardized net operating income**	Capitalization rate		Forecasted total standardized net operating income
	Minimum	**Maximum**	**($000's)**	Minimum	Maximum	($000's)
Calgary	**4.50%**	**6.00%**	**$ 61,152**	4.50%	6.00%	$ 59,835
Edmonton	**5.00%**	**5.50%**	**121,219**	5.00%	5.50%	120,400
Other Alberta	**5.75%**	**7.25%**	**18,285**	5.75%	7.25%	18,196
Kitchener	**5.25%**	**5.25%**	**1,815**	5.25%	5.25%	1,797
London	**5.25%**	**5.50%**	**12,044**	5.50%	5.75%	11,680
Montreal	**5.00%**	**5.75%**	**5,608**	5.00%	5.75%	5,469
Quebec City	**5.25%**	**5.75%**	**10,011**	5.25%	5.75%	9,982
Regina	**5.75%**	**6.00%**	**24,053**	5.75%	6.00%	23,061
Saskatoon	**5.75%**	**6.00%**	**19,623**	5.75%	6.00%	19,604
	4.50%	**7.25%**	**$ 273,810**	4.50%	7.25%	$ 270,024
Land Lease	**4.75%**	**16.75%**	**$ 27,620**	4.75%	16.75%	$ 27,310

Overall portfolio weighted average capitalization rate was 5.37% as at June 30, 2016 and 5.38% as at December 31, 2015.

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 June 30, 2016 and December 31, 2015:

As at June 30, 2016 (1)

Net Operating Income *($000's)*		-3%	-1%	As Forecasted	+1%	+3%
		$ 292,387	**$ 298,416**	**$ 301,430**	**$ 304,444**	**$ 310,473**
Capitalization Rate						
-0.25%	**5.12%**	**$ 97,573**	**$ 215,355**	**$ 274,246**	**$ 333,136**	**$ 450,918**
Cap Rate As Reported	**5.37%**	**(168,445)**	**(56,148)**	**5,614,844**	**56,148**	**168,445**
+0.25%	**5.62%**	**(410,790)**	**(303,490)**	**(249,840)**	**(196,190)**	**(88,890)**

(1) Excludes newly acquired properties totaling $80.8 million which are valued based on the purchase and sale agreements.

As at December 31, 2015

Net Operating Income *($000's)*		-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)

Investment properties with a fair value of $522.8 million as at June 30, 2016 ($516.7 million – December 31, 2015), are situated on land held under ground (or land) leases.

Investment properties with a fair value of $610.6 million as at June 30, 2016 (December 31, 2015 – $679.6 million), are pledged as security against the Trust's committed revolving credit facility. In addition, investment properties with a fair value of $5.5 billion as at June 30, 2016 (December 31, 2015 – $5.3 billion), are pledged as security against the Trust's mortgages payable.

For the six months ended June 30, 2016, the Trust capitalized $35.6 million in building improvements (and $1.1 million in development expenditures) and recorded a fair value gain of $39.1 million on its financial statements as a result of changes in the fair value of investment properties. Capitalized building improvements represent expenditures that provide future benefits to the Trust for a period greater than twelve months, some of which may not be immediately reflected in the fair value of the investment properties, under IFRS, for the current reporting period.

INVESTMENT PROPERTY DEVELOPMENT

In the past, the development of multi-family apartment units by the Trust was not a significant part of its overall strategy. The main reason was due to management's opinion that the anticipated return on development was far below other available risk adjusted capital allocation alternatives, such as the acquisition of existing apartment units in the Trust's target markets and/or the buyback of Trust Units for cancellation. Over the last number of years, there has been a shift 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 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, and commenced construction of a 109-unit four storey, elevatored, wood frame building in the Southwest part of the city. The development was substantially completed on November 7, 2013, and an Occupancy Permit allowing Boardwalk to commence the lease-up of the units was issued by the City of Calgary for the project. The project was completed on time and within budget totaling approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. In return for this grant, the Trust has agreed to classify 54 of the 109 units as 'affordable', with market rents set at 10% below average market rates for Calgary for a term of 20 years. We estimated the stabilized capitalization rate on this project to be between 6.5% and 7.0%, including an estimated allocation of $4.25 million, or $39,000 per apartment unit, for the excess land allocated to this project. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents. For the three and six months ended June 30, 2016, $95 thousand and $189 thousand, respectively, was recognized in profit under rental revenue for this grant (three and six months ended June 30, 2015 – $95 thousand and $189 thousand, respectively).

In October 2014, the Trust commenced the first phase of construction for a 79-unit, wood frame building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The project, called 'Pines Edge', 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, and at the end of July 2016, over 87% of the units were leased up. The Trust has commenced construction of phase 2 of Pines Edge, an identical 79 unit, four storey wood frame building with completion expected in the summer of 2017.

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 three and six months ended June 30, 2016, the Trust expended $0.3 million and $1.1 million, respectively, on total development costs compared to $3.3 million and $4.9 million for the same periods in the prior year. No interest costs were capitalized for the three and six months ended June 30, 2016 and 2015.

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 liquidity position as at June 30, 2016 remains stable as the following table highlights:

($000)	
Cash position June 30, 2016	$ 163,618
Subsequent Committed Financing	8,580
Unconditional Acquisitions	(63,414)
Committed Revolving Credit Facility Available	198,919
Total Available Liquidity	$ 307,703

In addition to this, the Trust currently has 1,466 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 $135.6 million of new proceeds from the financing of its current unencumbered assets. Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance.

The reader should also be aware that of the $136.8 million of secured mortgages coming due in the remainder of 2016 (as shown in the table below), all have NHA insurance, and represent in aggregate approximately 51% of current estimated "underwriting" values on those individual secured assets. Currently, interest rates on NHA insured mortgages are well below the weighted average interest rate of the $136.8 million maturing mortgages of 4.07%. 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 $175.0 million, or 70%, of its total 2016 mortgage maturities. The weighted average contracted interest rate on these renewals is 2.18%, for an average term of 8 years. These forward locked and renewed mortgages represent an annualized interest savings of approximately $3.2 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 June 30, 2016, were $2.39 billion, compared to $2.27 billion reported on December 31, 2015.

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 June 30, 2016, was 2.92% compared to 3.01% on December 31, 2015 and 3.16% on June 30, 2015. 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 Jun 30, 2016	Weighted Average Interest Rate By Maturity By Maturity	% of Total
2016	$ 136,827	4.07%	5.5%
2017	295,104	2.91%	11.9%
2018	202,094	3.00%	8.2%
2019	386,062	2.91%	15.6%
2020	237,515	2.67%	9.6%
2021	162,750	2.65%	6.6%
2022	309,723	3.06%	12.5%
2023	179,587	3.01%	7.2%
2024	175,173	2.98%	7.1%
2025	297,428	2.63%	12.0%
2026	90,339	2.46%	3.8%
Total Principal Outstanding	2,472,602	2.92%	100.0%
Unamortized Deferred Financing Costs	(82,877)		
Per Financial Statements	$ 2,389,725		

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 for the twelve months ended June 30, 2016 and December 31, 2015, based on the most recently four completed fiscal quarters.

As at	**Jun 30, 2016**	Dec 31, 2015
Consolidated EBITDA	**$ 244,278**	$ 261,295
Consolidated Interest Expense	**70,161**	71,766
Interest Coverage Ratio	**3.48**	3.64
Minimum Threshold	**1.50**	1.50

For the rolling twelve months ended June 30, 2016, 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 3.48, compared to 3.64 for the year ended December 31, 2015. 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, 2014	47,520,953
Units issued for vested deferred units	67,311
Units purchased and cancelled	(740,800)
December 31, 2015	46,847,464
Units issued for vested deferred units	20,597
Units purchased and cancelled	(666,000)
June 30, 2016	**46,202,061**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at June 30, 2016, there were 46,202,061 REIT Units issued and outstanding. In addition, there were 4,475,000 special voting units issued to holders of "Class B Units" of Boardwalk REIT Limited Partnership ("LP B Units"), each of which also has a special voting unit in the REIT. Each LP B Unit is exchangeable for a REIT Unit on a one-for-one basis at the option of the holder. Each LP B Unit, through the special voting unit, entitles the holder to one vote at any meeting of Unitholders. Accordingly, if all of the LP B Units were exchanged for REIT Units, the total issued and outstanding REIT Units would be 50,677,061. These LP Class B Units are classified as "FVTPL" financial liabilities under IFRS and are recorded at their fair value as liabilities on the Condensed Consolidated Statements of Financial Position.

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 terminated on July 2, 2016. The Trust's daily purchases under this Bid were limited to 38,006 Trust Units.

On June 29, 2016, the Trust received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase and cancel up to 3,700,292 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced on July 3, 2016, and will terminate on July 2, 2017, or when the Bid is completed. The Trust's daily purchases under this Bid will be limited to 57,614 Trust Units.

During 2015, the Trust purchased and cancelled 740,800 Units at an average purchase cost of $50.10 per Trust Unit. During the first six months of 2016, the Trust purchased and cancelled 666,000 Units at an average purchase cost of $49.02 per Trust Unit.

Equity

Boardwalk has an equity market capitalization of approximately $2.9 billion based on the Trust Unit closing price of $57.56 on the Toronto Stock Exchange on June 30, 2016.

Enterprise Value

With a total enterprise value of approximately $5.3 billion (consisting of total debt of $2.4 billion and market capitalization of $2.9 billion) as at June 30, 2016, Boardwalk's total debt is approximately 45% of total enterprise value.

CRITICAL ACCOUNTING POLICIES

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.

Certain new standards, interpretations, amendments, and improvements to existing standards, were issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning January 1, 2016 or later periods. The standards and the impact on the Trust's consolidated financial statements were disclosed in NOTE 3 in the notes to the Trust's December 31, 2015 annual audited consolidated financial statements.

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 quarter ended June 30, 2016. 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 quarter ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2016 FINANCIAL OUTLOOK AND MARKET GUIDANCE

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 made the following changes to the reported 2016 financial guidance. The following table highlights the key financial objectives for the 2016 fiscal year.

Description	Q2 2016 Revised Objectives	Q1 2016 Revised Objectives	2016 Revised Objectives	2016 Objectives
Dispositions of Investment Properties	No dispositions	No dispositions	No dispositions	No dispositions
Acquisition of Investment Properties	800 - 1,000 Apartment Units	800 - 1,200 Apartment Units	800 - 1,200 Apartment Units	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 Commencement of Phase 2 & 3 of Pines Edge Regina, Saskatchewan - 150 Units	Phase 1 of Pines Edge, Regina, Saskatchewan - 79 Units Commencement of Phase 2 & 3 of Pines Edge Regina, Saskatchewan - 150 Units	Pines Edge; Regina, Saskatchewan - 79 Units
Stabilized Building NOI Growth	-10% to -5%	-6% to -3%	-2% **to** 2%	-2% **to** 2%
FFO Per Unit	$3.05 to $3.20	$3.40 to $3.55	$3.40 to $3.60	$3.40 to $3.60
AFFO Per Unit	$2.71 to $2.86	$3.06 to $3.21	3.06 to $3.26	$3.06 to $3.26

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

As is customary on a quarterly basis, the Trust reviews the key assumptions used in deriving its public financial guidance. Based on the Trust's review of its key forecasting assumptions, it has determined that a reduction in both Stabilized Building NOI growth as well as its reported FFO and AFFO per Unit range is warranted. The reduction is the combined result of certain changes in assumptions and select non-recurring charges including the financial costs associated with the Fort McMurray wild fire and the Trusts response to the disaster. The impact of these is a reduction to the Trust 2016 stabilized NOI guidance range to -10% to -5%, a revised FFO guidance range to $3.05 to $3.20 and an AFFO guidance range to $2.71 to $2.86. It is estimated that the non-recurring charges total $0.08 per Trust Unit for 2016. In addition we have lowered the top end of our Investment Properties from 1,200 to 1,000 to reflect the other investment opportunities that we are considering.

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 *(in thousands $ except per Unit amounts)*	Q2 2016 Revised Budget	2016 Budget	Per Suite	Six Months Ended June 30, 2016 Actual	Per Suite
Total Operational Capital Approved (including Property, Plant & Equipment)	$ 98,329	$ 90,329	$ 2,742	$ 38,417	$ 1,162
Maintenance Capital	$ 17,193	$ 17,193	$ 525	$ 8,683	$ 263
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	$ 81,136	$ 73,136	$ 2,463	$ 29,734	$ 899
	$ 98,329	$ 90,329	$ 2,988	$ 38,417	$ 1,162
Development Capital Approved	$ 11,511	$ 12,444		$ 1,141	

For the six months ended June 30, 2016, Boardwalk REIT incurred approximately $38.4 million, or $1,162 per suite, of capital improvements on its investment properties and $1.1 million on development and $80.8 million on acquisitions in Alberta.

The Trust has increased its allocation to value added capital by $8 Million to assist in expediting its new building and suite renovation program.

As a result of finalizing the timing of its development pipeline for 2016, the Trust is now budgeting $11.5 million towards development, which in addition to determining the viability of development on various excess land the Trust currently owns, will be directed towards the construction of the Trust's Pines Edge 2 development at the Trust's Pines of Normanview project in Regina, Saskatchewan.

Additional Information

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

Respectfully,

(signed)

Roberto A. Geremia
President

(signed)

William Wong
Chief Financial Officer

August 11, 2016

Condensed Consolidated Statements of Financial Position

Unaudited (CDN $ THOUSANDS)

As at	Note	Jun 30, 2016	Dec 31, 2015
Assets			
Non-current assets			
Investment properties	3	**$ 5,697,048**	$ 5,540,299
Property, plant and equipment	4	**29,649**	29,320
Deferred tax assets		**201**	191
		5,726,898	5,569,810
Current assets			
Inventories		**4,932**	4,026
Prepaid assets		**11,617**	5,965
Trade and other receivables		**5,265**	5,230
Segregated tenants' security deposits		**11,233**	11,795
Cash and cash equivalents	5	**163,618**	237,016
		196,665	264,032
Total Assets		**$ 5,923,563**	$ 5,833,842
Liabilities			
Non-current liabilities			
Mortgages payable	6	**$ 2,056,393**	$ 1,973,307
LP Class B Units	7	**257,581**	212,339
Deferred unit-based compensation	8	**4,684**	3,715
Deferred tax liabilities		**19**	17
Deferred government grant	9	**6,208**	6,397
		2,324,885	2,195,775
Current liabilities			
Mortgages payable	6	**333,332**	299,140
Deferred unit-based compensation	8	**3,984**	2,218
Deferred government grant	9	**378**	378
Refundable tenants' security deposits		**13,739**	14,241
Trade and other payables		**56,705**	111,352
		408,138	427,329
Total Liabilities		**2,733,023**	2,623,104
Equity			
Unitholders' equity		**3,190,540**	3,210,738
Total Equity		**3,190,540**	3,210,738
Total Liabilities and Equity		**$ 5,923,563**	$ 5,833,842

See accompanying notes to these condensed consolidated financial statements

Condensed Consolidated Statements of Comprehensive Income

(Unaudited) (CDN $ THOUSANDS)	Note	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	6 months ended Jun 30, 2016	6 months ended Jun 30, 2015
Rental revenue		**$ 108,805**	$ 119,105	**$ 220,395**	$ 237,408
Ancillary rental income		**1,601**	1,642	**3,379**	3,374
Total rental revenue		**110,406**	120,747	**223,774**	240,782
Rental expenses					
Operating expenses		**23,973**	23,573	**47,200**	46,620
Utilities		**9,998**	10,229	**23,135**	25,040
Property taxes		**9,956**	10,115	**19,896**	20,208
Net operating income		**66,479**	76,830	**133,543**	148,914
Financing costs	11	**20,122**	20,315	**39,884**	41,097
Administration		**9,160**	8,651	**18,590**	16,944
Depreciation and amortization		**2,422**	2,486	**4,764**	4,704
Profit from continuing operations before the undernoted		**34,775**	45,378	**70,305**	86,169
Loss on sale of assets		**–**	(4)	**–**	(4)
Fair value (losses) gains	12	**(28,122)**	(10,906)	**(7,586)**	19,950
Profit before income tax		**6,653**	34,468	**62,719**	106,115
Income tax (expense)recovery		**(85)**	125	**46**	(98)
Profit for the period		**6,568**	34,593	**62,765**	106,017
Other comprehensive income		**–**	458	**–**	1,014
Total comprehensive income		**$ 6,568**	$ 35,051	**$ 62,765**	$ 107,031

See accompanying notes to these condensed consolidated financial statements

Condensed Consolidated Statements of Changes in Unitholders' Equity

(Unaudited) (CDN $ THOUSANDS)	Trust Units	Cumulative profit	Cumulative distributions to Unitholders	Retained earnings	Accumulated other comprehensive income (loss)	Total Unitholders' equity
Balance, December 31, 2014	$ 195,951	$ 4,154,039	$ (990,988)	$ 3,163,051	$ (1,014)	$ 3,357,988
Units issued	1,220	–	–	–	–	1,220
Profit for the period	–	106,017	–	106,017	–	106,017
Other comprehensive income	–	–	–	–	1,014	1,014
Total comprehensive income for the period	–	106,017	–	106,017	1,014	107,031
Distributions declared to Unitholders	–	–	(48,485)	(48,485)	–	(48,485)
Balance, June 30, 2015	$ 197,171	$ 4,260,056	$ (1,039,473)	$ 3,220,583	$ –	$ 3,417,754
Balance, December 31, 2015	$ 193,336	$ 4,151,947	$ (1,134,545)	$ 3,017,402	$ –	$ 3,210,738
Units issued	1,056	–	–	–	–	1,056
Units purchased and cancelled	(5,659)	(26,987)	–	(26,987)	–	(32,646)
Profit for the period	–	62,765	–	62,765	–	62,765
Total comprehensive income for the period	–	62,765	–	62,765	–	62,765
Distributions declared to Unitholders	–	–	(51,373)	(51,373)	–	(51,373)
Balance, June 30, 2016	**$ 188,733**	**$ 4,187,725**	**$ (1,185,918)**	**$ 3,001,807**	**$ –**	**$ 3,190,540**

See accompanying notes to these condensed consolidated financial statements

Condensed Consolidated Statements of Cash Flows

(Unaudited) (CDN $ THOUSANDS)	Note	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	6 months ended Jun 30, 2016	6 months ended Jun 30, 2015
Operating activities					
Profit for the period		$ 6,568	$ 34,593	$ 62,765	$ 106,017
Loss on sale of assets		–	4	–	4
Financing costs	11	20,122	20,315	39,884	41,097
Interest paid		(19,971)	(20,451)	(44,215)	(47,641)
Fair value losses (gains)	12	28,122	10,906	7,586	(19,950)
Income tax expense (recovery)		85	(125)	(46)	98
Income tax paid		–	–	(43)	(2)
Government grant amortization	9	(95)	(95)	(189)	(189)
Depreciation and amortization		2,422	2,486	4,764	4,704
		37,253	47,633	70,506	84,138
Net decrease in operating working capital	18	(464)	(1,123)	(5,398)	(4,517)
		36,789	46,510	65,108	79,621
Investing activities					
Purchase of investment properties	3	(80,836)	(165)	(80,836)	(3,290)
Improvements to investment properties	3	(20,673)	(18,171)	(35,628)	(32,592)
Development of investment properties	3	(296)	(3,311)	(1,141)	(4,904)
Additions to property, plant and equipment	4	(1,324)	(2,007)	(2,789)	(3,543)
Net cash proceeds from sale of investment properties		–	821	–	821
Net change in investing working capital	18	2,430	1,623	(2,853)	91
		(100,699)	(21,210)	(123,247)	(43,417)
Financing activities					
Distributions paid	18	(26,026)	(24,246)	(97,521)	(115,011)
Unit repurchase program	10	(7,949)	–	(32,646)	–
Proceeds from mortgage financings		169,126	63,560	169,126	63,560
Mortgage payments upon refinancing		(20,465)	(10,955)	(20,465)	(10,955)
Scheduled mortgage principal repayments		(13,387)	(12,248)	(26,537)	(24,413)
Deferred financing costs incurred		(6,647)	(2,406)	(7,134)	(2,725)
Bond forward settlement, net of amortization	10	–	27	–	41
Net change in financing working capital	18	(159)	128	(82)	262
		94,493	13,860	(15,259)	(89,241)
Net increase (decrease) in cash		30,583	39,160	(73,398)	(53,037)
Cash and cash equivalents, beginning of period		133,035	47,367	237,016	139,564
Cash and cash equivalents, end of period	5	$ 163,618	$ 86,527	$ 163,618	$ 86,527

See accompanying notes to these condensed consolidated financial statements

Notes to the condensed consolidated financial statements

For *the Three and Six Months Ended June 30, 2016 and 2015*

(Unaudited) (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 12, 2016, 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 condensed consolidated financial statements have been prepared in accordance with International Financial Standards ("IAS") 34 – Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements should be read in conjunction with the Trust's December 31, 2015 annual consolidated financial statements.

(b) Basis of presentation

These condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2015, except for the impact of the adoption of accounting standards described below (NOTE 2(d)).

The Trust's condensed 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 condensed 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.

The operating results for the three months and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2016 due to seasonal variations in property expenses and other factors. Historically, Boardwalk REIT has experienced higher utility expense in the first and fourth quarters as a result of the winter months, resulting in variations in quarterly results.

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Trust's June 30, 2016 condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, profit (loss) and related disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are deemed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are consistent with those disclosed in the Trust's December 31, 2015 annual consolidated financial statements.

(d) Properties under development

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

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

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

(e) Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning January 1, 2016 or later periods. All new standards, and the impact on the Trust's consolidated financial statements, were previously disclosed in the Trust's December 31, 2015 annual consolidated financial statements.

NOTE 3: INVESTMENT PROPERTIES

As at	6 months ended Jun 30, 2016	Year ended Dec 31, 2015
Balance, beginning of period	$ 5,540,299	$ 5,778,108
Additions		
Building acquisitions	80,836	3,290
Building improvements (incl. internal capital program)	35,628	80,196
Development of investment properties	1,141	10,650
Dispositions	–	(137,025)
Fair value (losses) gains, unrealized, from continuing operations	39,144	(194,920)
Balance, end of period	$ 5,697,048	$ 5,540,299
Revenue producing properties	$ 5,695,680	$ 5,526,651
Properties under development (1)	1,368	13,648
Total	$ 5,697,048	$ 5,540,299

(1) For the six months ended June 30, 2016, a 79-unit development project in Regina, Saskatchewan, totaling $13.4 million in costs was transferred from development to revenue producing properties. Total cost of the project at December 31, 2015 was $12.6 million.

On June 7, 2016, the Trust closed on the purchase of a 162-unit property in Edmonton, Alberta for a purchase price of $29.6 million. The property is one of three properties, in a portfolio of 509 units, of which the Trust waived conditions on April 26, 2016. On June 22, 2016, the Trust closed on the purchase of a 238-unit property in Calgary, Alberta for a purchase price of $51.2 million. Both acquisitions were paid for with cash on hand.

On January 19, 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. On April 15, 2015, the Trust closed on the purchase of one-unit in Edmonton, Alberta for a purchase price of $130 thousand.

Acquisitions	6 months ended Jun 30, 2016	Year ended Dec 31, 2015
Purchase price	$ 80,776	$ 3,290
Transaction costs	60	–
Total cash paid	$ 80,836	$ 3,290
Allocation of fair value to investment properties	$ 80,836	$ 3,290
Multi-family units acquired	400	1

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:

	6 months ended June 30, 2016					
	Balance, beginning of period	**Building improvements (incl. internal capital program)**	**Building Acquisitions**	**Development of investment properties**	**Fair value gains (losses), from continuing operations**	**Balance, end of period**
Recurring measurements						
Investment properties						
Calgary	**$ 1,197,629**	**$ 5,548**	**$ 51,202**	**$ 38**	**$ 20,858**	**$ 1,275,275**
Edmonton	**2,279,601**	**13,354**	**29,634**	**27**	**2,539**	**2,325,155**
Other Alberta	**285,064**	**2,610**	**–**	**–**	**(793)**	**286,881**
Kitchener	**34,232**	**730**	**–**	**–**	**(403)**	**34,559**
London	**211,999**	**2,584**	**–**	**–**	**14,426**	**229,009**
Montreal	**104,384**	**549**	**–**	**–**	**1,905**	**106,838**
Quebec City	**183,254**	**1,576**	**–**	**–**	**(1,014)**	**183,816**
Regina	**398,033**	**2,219**	**–**	**1,076**	**1,610**	**402,938**
Saskatoon	**329,439**	**1,504**	**–**	**–**	**(1,183)**	**329,760**
Land leases	**516,664**	**4,954**	**–**	**–**	**1,199**	**522,817**
Total	**$ 5,540,299**	**$ 35,628**	**$ 80,836**	**$ 1,141**	**$ 39,144**	**$ 5,697,048**

	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

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 June 30, 2016, all of the Trust's investment properties were Level 3 inputs, except those properties acquired during the six months ended June 30, 2016. Those properties are considered Level 2 inputs as they are valued based on a purchase and sale agreement. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at June 30, 2016 and December 31, 2015.

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
June 30, 2016	4	$ 82,027	1.5%
March 31, 2016	4	$ 97,993	1.8%
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%

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:

As at	**Jun 30, 2016**			Dec 31, 2015		
	Capitalization rate		**Forecasted total standardized net**	Capitalization rate		Forecasted total standardized net
	Minimum	**Maximum**	**operating income**	Minimum	Maximum	operating income
Calgary	**4.50%**	**6.00%**	**$ 61,152**	4.50%	6.00%	$ 59,835
Edmonton	**5.00%**	**5.50%**	**121,219**	5.00%	5.50%	120,400
Other Alberta	**5.75%**	**7.25%**	**18,285**	5.75%	7.25%	18,196
Kitchener	**5.25%**	**5.25%**	**1,815**	5.25%	5.25%	1,797
London	**5.25%**	**5.50%**	**12,044**	5.50%	5.75%	11,680
Montreal	**5.00%**	**5.75%**	**5,608**	5.00%	5.75%	5,469
Quebec City	**5.25%**	**5.75%**	**10,011**	5.25%	5.75%	9,982
Regina	**5.75%**	**6.00%**	**24,053**	5.75%	6.00%	23,061
Saskatoon	**5.75%**	**6.00%**	**19,623**	5.75%	6.00%	19,604
	4.50%	**7.25%**	**$ 273,810**	4.50%	7.25%	$ 270,024
Land Lease	**4.75%**	**16.75%**	**$ 27,620**	4.75%	16.75%	$ 27,310

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at June 30, 2016 and 2015 was 5.37% and 5.44%, respectively. The overall weighted average Capitalization Rate for fair valuing the Trust's investment properties at December 31, 2015 was 5.38%.

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 June 30, 2016 (1)

Net Operating Income *($000's)*		**-3%**	**-1%**	**As Forecasted**	**+1%**	**+3%**
		$ 292,387	**$ 298,416**	**$ 301,430**	**$ 304,444**	**$ 310,473**
Capitalization Rate						
-0.25%	5.12%	**$ 97,573**	**$ 215,355**	**$ 274,246**	**$ 333,136**	**$ 450,918**
Cap Rate As Reported	5.37%	**(168,445)**	**(56,148)**	**5,614,844**	**56,148**	**168,445**
+0.25%	5.62%	**(410,790)**	**(303,490)**	**(249,840)**	**(196,190)**	**(88,890)**

(1) Excludes newly acquired properties totaling $80.8 million which are valued based on the purchase and sale agreements.

As at December 31, 2015

Net Operating Income *($000's)*		-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)

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of PP&E were as follows:

As a	Jun 30, 2016			Dec 31, 2015		
	Cost	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Administration building	**$ 6,184**	**$ (2,950)**	**$ 3,234**	$ 6,153	$ (2,820)	$ 3,333
Site equipment and other assets	**48,877**	**(25,725)**	**23,152**	46,705	(24,026)	22,679
Corporate technology assets (1)	**28,415**	**(25,152)**	**3,263**	27,829	(24,521)	3,308
Total	**$ 83,476**	**$ (53,827)**	**$ 29,649**	$ 80,687	$ (51,367)	$ 29,320

(1) Included in computer software for the six months ended June 30, 2016 is $319 thousand of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations ($610 thousand for the year ended December 31, 2015)

NOTE 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash of $13.5 million and term deposits with maturities of 90 days or less of $150.1 million (December 31, 2015 – $15.8 million and $221.2 million).

NOTE 6: MORTGAGES PAYABLE

As at	Jun 30, 2016		Dec 31, 2015	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgages payable				
Fixed rate	**2.92%**	**$ 2,389,725**	3.01%	$ 2,272,447
Total		**$ 2,389,725**		$ 2,272,447
Current		**$ 333,332**		$ 299,140
Non-current		**2,056,393**		1,973,307
		$ 2,389,725		$ 2,272,447

Estimated future principal payments required to meet mortgage obligations as at June 30, 2016 are as follows:

	Secured By Investment Properties
12 months ending June 30, 2017	$ 333,332
12 months ending June 30, 2018	284,754
12 months ending June 30, 2019	210,474
12 months ending June 30, 2020	403,127
12 months ending June 30, 2021	209,400
Subsequent	1,031,515
	2,472,602
Unamortized deferred financing costs	(82,885)
Unamortized mark-to-market adjustment	8
	$ 2,389,725

NOTE 7: LP CLASS B UNITS

The LP Class B Units, representing an aggregate fair value of $257.6 million at June 30, 2016 (December 31, 2015 – $212.3 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. Additional details on the LP Class B Units are described in NOTE 10.

As at June 30, 2016 and December 31, 2015, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 8: DEFERRED UNIT-BASED COMPENSATION

Deferred unit-based compensation is comprised of the following:

As at	**Jun 30, 2016**	Dec 31, 2015
Current	**$ 3,984**	$ 2,218
Non-current	**4,684**	3,715
	$ 8,668	$ 5,933

The total of $8.7 million represents the fair value of the underlying deferred units at June 30, 2016 (December 31, 2015 – $5.9 million).

For the three and six months ended June 30, 2016, total costs of $1.6 million and $2.3 million, respectively, (three and six months ended June 30, 2015 – $1.1 million and $1.7 million) 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, 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	–
Deferred units granted	50,041	60,591
Additional deferred units earned on units	9,623	9,278
Deferred units converted to Trust Units or cash	(20,597)	(20,597)
Balance, June 30, 2016	**240,518**	**49,272**

NOTE 9: 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.

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 three and six months ended June 30, 2016, $95 thousand and $189 thousand, respectively, was recognized in profit under rental revenue for this grant (three and six months ended June 30, 2015 – $95 thousand and $189 thousand, respectively).

NOTE 10: UNITHOLDERS' EQUITY

Under the reorganization of the Corporation to a real estate investment trust, 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 Special Voting Units, which are not entitled to monthly distributions, are used to provide voting rights to holders of LP Class B Units or other securities that are, directly or indirectly, exchangeable for REIT Units. The LP Class B Units are classified as a financial liability in accordance with IAS 32 – Financial Instruments: Presentation ("IAS 32"), and were discussed in NOTE 7.

The Trust has the following capital securities outstanding:

	Units outstanding Jun 30, 2016	Monthly Distribution	Units outstanding Dec 31, 2015	Monthly Distribution (1)
Boardwalk REIT Units	46,202,061	$0.1875/unit	46,847,464	$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 paid on January 15, 2016 to all Boardwalk REIT Units with a record date of December 31, 2015.

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

On June 29, 2016, Boardwalk REIT requested and received regulatory approval for a Bib (Boardwalk's tenth Bid since its first Bid in August of 2007), which commenced on July 3, 2016 and terminates on July 2, 2017. The Bid allows Boardwalk REIT to purchase and cancel up to 3,700,292 Trust Units.

For the six months ended June 30, 2016, Boardwalk REIT purchased and cancelled the following Trust Units:

	6 months ended June 30, 2016		
Bid Number	Number of Trust Units Purchased and Cancelled	Purchase Cost	Cost per Trust Unit
9	666,000	$ 32,646	$ 49.02

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

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

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 July 29, 2016 (to be paid on August 15, 2016) totalled $8.7 million ($0.1875 per unit) and have not been included as a liability in the consolidated statement of financial position as at June 30, 2016.

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

For the three and six months ended June 30, 2016 and 2015, AOCI consists of the following amounts:

	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	**6 months ended Jun 30, 2016**	6 months ended Jun 30, 2015
AOCI, beginning of period	**$ –**	$ (458)	**$ –**	$ (1,014)
Change in fair value of the effective portion of the interest rate swaps	**–**	432	**–**	973
Losses on settlement of effective bond forward	**–**	26	**–**	41
AOCI, end of period	**$ –**	$ –	**$ –**	$ –

(b) Earnings per unit

	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	**6 months ended Jun 30, 2016**	6 months ended Jun 30, 2015
Numerator – basic				
Profit from continuing operations – basic	**$ 6,568**	$ 34,593	**$ 62,765**	$ 106,017
Distribution declared on LP Class B units	**–**	2,282	**–**	4,565
Gain on fair value adjustments on LP Class B Units	**–**	(10,382)	**–**	(21,972)
Gain on fair value adjustment to unexercised deferred units	**–**	(51)	**–**	(109)
Numerator – diluted	**$ 6,568**	$ 26,442	**$ 62,765**	$ 88,501
Denominator				
Weighted average units outstanding – basic	**46,234,769**	47,541,753	**46,435,622**	47,535,088
Conversion of LP Class B units	**–**	4,475,000	**–**	4,475,000
Unexercised deferred units	**–**	1,042	**–**	524
Weighted average units outstanding – diluted	**46,234,769**	52,017,795	**46,435,622**	52,010,612
Earnings per unit – continuing operations				
– basic	**$ 0.14**	$ 0.73	**$ 1.35**	$ 2.23
– diluted	**$ 0.14**	$ 0.51	**$ 1.35**	$ 1.70

For the three and six months ended June 30, 2016, all items were anti-dilutive as the conversion of LP Class B Units and unexercised deferred units to REIT Units would have increased earnings per unit. As such, they were excluded from the calculation of diluted earnings per unit. For the three and six months ended June 30, 2015, the conversion of LP Class B Units and unexercised deferred units was dilutive and they were included in the calculation of diluted earnings per unit. There were 1,042 and 524 unexercised weighted average deferred units outstanding for the three and six months ended June 30, 2015, respectively.

NOTE 11: 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 $20.1 million and $39.9 million for the three and six months ended June 30, 2016 (three and six months ended June 30, 2015 – $20.3 million and $41.1 million) and can be summarized as follows:

	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	**6 months ended Jun 30, 2016**	6 months ended Jun 30, 2015
Interest on secured debt (mortgages payable)	**$ 17,783**	$ 17,896	**$ 35,223**	$ 36,281
LP Class B unit distribution	**2,517**	2,282	**4,956**	4,565
Other interest charges	**346**	365	**693**	732
Interest income	**(524)**	(228)	**(988)**	(481)
Total	**$ 20,122**	$ 20,315	**$ 39,884**	$ 41,097

No interest amount was capitalized for the three and six months ended June 30, 2016 and 2015.

NOTE 12: FAIR VALUE (LOSSES) GAINS

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

	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	**6 months ended Jun 30, 2016**	6 months ended Jun 30, 2015
Investment properties (Note 3)	**$ (1,506)**	$ (21,584)	**$ 39,144**	$ (2,462)
Financial liabilities designated as FVTPL				
Deferred unit-based compensation	**(795)**	296	**(1,488)**	440
LP Class B Units	**(25,821)**	10,382	**(45,242)**	21,972
Total fair value(losses) gains	**$ (28,122)**	$ (10,906)	**$ (7,586)**	$ 19,950

NOTE 13: GUARANTEES, CONTINGENCIES, COMMITMENTS AND OTHER

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

Natural Gas:

Area	Usage Coverage	Term	Cost
Alberta	25%	November 1, 2014 to October 31, 2016	$4.25/ Gigajoule ("GJ")
Alberta	25%	November 1, 2014 to October 31, 2017	$4.22/GJ
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
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 June 30, 2016 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 and a mortgage balance of approximately $22.3 million as at June 30, 2016, 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 June 30, 2016 is approximately $22.3 million (June 30, 2015 – $22.8 million). In the event of default by the purchaser, Boardwalk REIT's recourse for recovery includes the sale of the respective building assets. Boardwalk REIT expects that the proceeds from the sale of the building assets will cover, and in most likelihood exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at June 30, 2016, no amounts have been recorded in the condensed consolidated financial statements with respect to the above noted indirect guarantees.

NOTE 14: CAPITAL MANAGEMENT AND LIQUIDITY

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	**Jun 30, 2016**	Dec 31, 2015
Consolidated EBITDA (1) (12 months ended)	**$ 244,278**	$ 261,295
Consolidated interest expense (12 months ended)	**70,161**	71,766
Interest coverage ratio	**3.48**	3.64
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 June 30, 2016, the Trust's weighted average cost of capital was calculated to be 4.12%.

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

As at	**Jun 30, 2016**		Dec 31, 2015	
	Cost of Capital (1)	**Underlying Value (2)**	Cost of Capital (1)	Underlying Value (2)
Liabilities				
Mortgages payable	**2.92%**	**$ 2,485,687**	3.01%	$ 2,358,833
LP Class B Units	**5.14%**	**257,581**	6.81%	212,339
Deferred unit-based compensation	**5.14%**	**8,668**	6.81%	5,933
Unitholders' equity				
Boardwalk REIT Units	**5.14%**	**2,659,391**	6.81%	2,222,912
Total	**4.10%**	**$ 5,411,327**	4.94%	$ 4,800,017

(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 June 30, 2016 is insured under the National Housing Act ("NHA") and administered by the Canada Mortgage and Housing Corporation ("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 40% 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 16(d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at June 30, 2016 included cash and cash equivalents on hand of $163.6 million (December 31, 2015 – $237.0 million) as well as an unused committed revolving credit facility of $198.9 million (December 31, 2015 – $198.0 million). The Trust monitors its ratios and as at June 30, 2016 and December 31, 2015, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 15: FAIR VALUE MEASUREMENT

(a) Fair value of financial instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for similar term and current credit spreads for debt with similar terms and risk. The fair values of the Trust's financial instruments were determined as follows:

(i) the carrying amounts of trade and other receivables, segregated tenants' security deposits, cash and cash equivalents, refundable tenants' security deposits and trade and other payables approximate their fair values due to their short-term nature.

(ii) the fair 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 June 30, 2016 and December 31, 2015 are as follows:

As at	**Jun 30, 2016**		Dec 31, 2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial liabilities carried at amortized cost				
Mortgages payable	**$ 2,389,725**	**$ 2,485,687**	$ 2,272,447	$ 2,358,833
Financial liabilities carried at FVTPL				
LP Class B Units	**257,581**	**257,581**	212,339	212,339
Deferred unit-based compensation	**8,668**	**8,668**	5,933	5,933

The fair value of the Trust's mortgages payable exceeded the recorded value by approximately $96.0 million at June 30, 2016 (December 31, 2015 – $86.4 million), due to changes in interest rates since the dates on which the individual mortgages were last contracted. The fair values of the mortgages payable have been estimated based on the current market rates for mortgages with similar terms and conditions. The fair value of the Trust's mortgages payable is an amount computed based on the interest rate environment prevailing at June 30, 2016 and December 31, 2015, 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 June 30, 2016 and December 31, 2015, 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 16.

(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	**Jun 30, 2016**			Dec 31, 2015		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**$ –**	**$ 80,836**	**$ 5,616,212**	$ –	$ –	$ 5,540,299
Liabilities						
LP Class B Units	**257,581**	**–**	**–**	212,339	–	–
Deferred unit-based compensation	**8,668**	**–**	**–**	5,933	–	–

The three levels of the fair value hierarchy are described in NOTE 3.

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 June 30, 2016 and December 31, 2015, there were no transfers between Level 1, Level 2 and Level 3 assets and liabilities.

NOTE 16: RISK MANAGEMENT

(a) Interest rate risk

As at June 30, 2016, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at June 30, 2016, 100% was fixed-rate debt and none was floating-rate debt. For the three and six months ended June 30, 2016, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (three and six months ended June 30, 2015 – $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 June 30, 2016 and December 31, 2015, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers and insurers was past due.

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 condensed 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 three months ended June 30, 2016, bad debt expense totaled $1.4 million (three months ended June 30, 2015 – $1.0 million). For the six months ended June 30, 2016, bad debt expense totaled $2.5 million (six months ended June 30, 2015 – $1.8 million).

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

(c) Liquidity risk

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	4.07%	$ 136,827	$ 33,617	$ 13,739	$ 8,663	$ 48,042	$ 240,888
2017	2.91%	295,104	60,509	–	–	–	355,613
2018	3.00%	202,094	52,158	–	–	–	254,252
2019	2.91%	386,062	44,767	–	–	–	430,829
2020	2.67%	237,515	34,659	–	–	–	272,174
Subsequent	2.83%	1,215,000	84,054	–	–	–	1,299,054
	2.92%	2,472,602	309,764	13,739	8,663	48,042	2,852,810
Unamortized deferred financing costs		(82,885)	–	–	–	–	(82,885)
Unamortized mark-to-market adjustment		8	–	–	–	–	8
		$ 2,389,725	$ 309,764	$ 13,739	$ 8,663	$ 48,042	$ 2,769,933

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

(d) Debt covenants

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 June 30, 2016 of approximately $610.6 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 $198.9 million as at June 30, 2016 (December 31, 2015 – $198.0 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 June 30, 2016, this ratio was 2.01 (December 31, 2015 – 2.15).

(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 June 30, 2016, this ratio was 1.45 (December 31, 2015 – 1.63).

(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 June 30, 2016, this ratio was 40.4% (December 31, 2015 – 38.8%).

As at June 30, 2016 and December 31, 2015, the Trust was in compliance with all financial covenants.

(e) Utility risk

As outlined in NOTE 13, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 17: 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, which are related parties of the Trust, have been eliminated on consolidation and are not disclosed in this note disclosure.

The individuals considered key personnel of the Trust as at June 30, 2016, have not changed since December 31, 2015. The remuneration of the Trust's key management personnel was as follows:

	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	**6 months ended Jun 30, 2016**	6 months ended Jun 30, 2015
Short-term benefits	**$ 273**	$ 252	**$ 827**	$ 794
Post-employment benefits	**13**	11	**26**	24
Other long-term benefits	**2**	2	**3**	3
Deferred unit-based compensation	**(88)**	–	**704**	792
	$ 200	$ 265	**$ 1,560**	$ 1,613

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 condensed 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 three and six months ended June 30, 2016, distributions on the LP Class B Units totaled $2.5 million and $5.0 million, respectively (three and six months ended June 30, 2015 – $2.3 million and $4.6 million, respectively). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at June 30, 2016, there was $839 thousand owed to related parties (December 31, 2015 – $5.3 million, 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) based on the LP Class B Units distribution outlined above.

NOTE 18: OTHER INFORMATION

(a) Supplemental cash flow information

	3 months ended Jun 30, 2016	3 months ended Jun 30, 2015	6 months ended Jun 30, 2016	6 months ended Jun 30, 2015
Net change in operating working capital				
Net change in inventories	$ (449)	$ 16	$ (906)	$ (168)
Net change in prepaid assets	(2,697)	(510)	(5,652)	(1,139)
Net change in trade and other receivables	25	(1,869)	(35)	(1,073)
Net change in segregated and refundable tenants' security deposits	8	(50)	60	(61)
Net change in deferred unit-based compensation	1,601	1,062	2,302	1,694
Net change in trade and other payables	1,048	228	(1,167)	(3,770)
	$ (464)	$ (1,123)	$ (5,398)	$ (4,517)
Net change in investing working capital				
Net change in trade and other payables	$ 2,430	$ 1,623	$ (2,853)	$ 91
Net change in financing working capital				
Net change in trade and other payables	$ (159)	$ 128	$ (82)	$ 262
Distributions paid				
Distributions declared	$ (25,999)	$ (24,246)	$ (51,373)	$ (48,485)
Distributions declared in prior period paid in current period	(8,691)	(8,082)	(54,812)	(74,608)
Distributions declared in current period paid in next period	8,664	8,082	8,664	8,082
Distributions paid	$ (26,026)	$ (24,246)	$ (97,521)	$ (115,011)

(b) Included in administration costs is $0.7 million relating to Registered Retirement Savings Plan ("RRSP") matching for the three months ended June 30, 2016 and $1.4 million for the six months ended June 30, 2016 ($0.7 million and $1.3 million for the three and six months ended June 30, 2015, respectively).

NOTE 19: 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	**Jun 30, 2016**					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 3,956,137**	**$ 734,172**	**$ 264,280**	**$ 815,285**	**$ 153,689**	**$ 5,923,563**
Liabilities	**1,746,419**	**279,735**	**92,244**	**309,378**	**305,247**	**2,733,023**

As at	December 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

	Three months ended June 30, 2016					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 69,562	$ 14,801	$ 6,458	$ 17,925	$ 59	$ 108,805
Ancillary rental income	1,193	97	126	185	–	1,601
Total rental revenue	70,755	14,898	6,584	18,110	59	110,406
Rental expenses						
Operating expenses	14,080	2,768	1,140	4,397	1,588	23,973
Utilities	5,827	1,972	920	1,245	34	9,998
Property taxes	6,025	1,113	797	1,979	42	9,956
Net operating income (loss)	44,823	9,045	3,727	10,489	(1,605)	66,479
Financing costs (a)	13,052	2,108	718	1,955	2,289	20,122
Administration	72	6	20	30	9,032	9,160
Depreciation and amortization (b)	958	174	50	204	1,036	2,422
Profit (loss) from continuing operations before the undernoted	30,741	6,757	2,939	8,300	(13,962)	34,775
Fair value (losses) gains	(11,549)	(1,621)	11,283	381	(26,616)	(28,122)
Profit (loss) before income tax	19,192	5,136	14,222	8,681	(40,578)	6,653
Income tax expense (c)	–	–	–	–	(85)	(85)
Profit (loss) for the period	$ 19,192	$ 5,136	$ 14,222	$ 8,681	$ (40,663)	$ 6,568
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income (loss)	$ 19,192	$ 5,136	$ 14,222	$ 8,681	$ (40,663)	$ 6,568
Additions to non-current assets (d)	$ 93,459	$ 1,977	$ 2,372	$ 3,304	$ 2,018	$ 103,130

	Three months ended June 30, 2015					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 75,575	$ 15,462	$ 10,416	$ 17,589	$ 63	$ 119,105
Ancillary rental income	1,110	109	212	211	–	1,642
Total rental revenue	76,685	15,571	10,628	17,800	63	120,747
Rental expenses						
Operating expenses	13,259	2,751	1,885	4,188	1,490	23,573
Utilities	5,690	1,691	1,435	1,369	44	10,229
Property taxes	5,758	1,072	1,333	1,924	28	10,115
Net operating income (loss)	51,978	10,057	5,975	10,319	(1,499)	76,830
Financing costs (a)	12,566	2,299	950	2,136	2,364	20,315
Administration	105	(72)	17	74	8,527	8,651
Depreciation and amortization (b)	1,006	219	72	195	994	2,486
Profit (loss) from continuing operations before the undernoted	38,301	7,611	4,936	7,914	(13,384)	45,378
Loss on sale of assets	–	–	(4)	–	–	(4)
Fair value (losses) gains	(44,081)	(6,963)	29,541	(81)	10,678	(10,906)
Profit (loss) before income tax	(5,780)	648	34,473	7,833	(2,706)	34,468
Income tax recovery (c)	–	–	–	–	125	125
Profit (loss) for the period	$ (5,780)	$ 648	$ 34,473	$ 7,833	$ (2,581)	$ 34,593
Other comprehensive income	249	209	–	–	–	458
Total comprehensive income (loss)	$ (5,531)	$ 857	$ 34,473	$ 7,833	$ (2,581)	$ 35,051
Additions to non-current assets (d)	$ 10,125	$ 3,525	$ 1,510	$ 3,234	$ 5,261	$ 23,655

	Six months ended June 30, 2016					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue	$ 142,010	$ 29,712	$ 12,882	$ 35,695	$ 96	$ 220,395
Ancillary rental income	2,535	195	252	381	16	3,379
Total rental revenue	144,545	29,907	13,134	36,076	112	223,774
Rental expenses						
Operating expenses	27,661	5,249	2,201	9,008	3,081	47,200
Utilities	13,047	4,224	1,913	3,871	80	23,135
Property taxes	12,056	2,203	1,603	3,952	82	19,896
Net operating income (loss)	91,781	18,231	7,417	19,245	(3,131)	133,543
Financing costs (a)	25,679	4,267	1,451	3,925	4,562	39,884
Administration	162	(1)	30	75	18,324	18,590
Depreciation and amortization (b)	1,894	342	100	403	2,025	4,764
Profit (loss) from continuing operations before the undernoted	64,046	13,623	5,836	14,842	(28,042)	70,305
Fair value gains (losses)	25,774	427	14,023	(1,080)	(46,730)	(7,586)
Profit (loss) before income tax	89,820	14,050	19,859	13,762	(74,772)	62,719
Income tax recovery (c)	–	–	–	–	46	46
Profit (loss) for the period	$ 89,820	$ 14,050	$ 19,859	$ 13,762	$ (74,726)	$ 62,765
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income (loss)	$ 89,820	$ 14,050	$ 19,859	$ 13,762	$ (74,726)	$ 62,765
Additions to non-current assets (d)	$ 103,116	$ 4,684	$ 3,326	$ 5,511	$ 3,758	$ 120,395

	Six months ended June 30, 2015					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 150,720	$ 30,693	$ 20,788	$ 35,106	$ 101	$ 237,408
Ancillary rental income	2,297	213	423	440	1	3,374
Total rental revenue	153,017	30,906	21,211	35,546	102	240,782
Rental expenses						
Operating expenses	26,989	5,383	3,798	8,257	2,193	46,620
Utilities	12,930	3,857	3,950	4,200	103	25,040
Property taxes	11,509	2,150	2,666	3,834	49	20,208
Net operating income (loss)	101,589	19,516	10,797	19,255	(2,243)	148,914
Financing costs (a)	25,420	4,738	1,948	4,286	4,705	41,097
Administration	138	(76)	37	145	16,700	16,944
Depreciation and amortization(b)	1,865	399	144	386	1,910	4,704
Profit (loss) from continuing operations before the undernoted	74,166	14,455	8,668	14,438	(25,558)	86,169
Loss on sale of assets	–	(4)	–	–	–	(4)
Fair value (losses) gains	(48,922)	(8,434)	51,691	3,203	22,412	19,950
Profit (loss) before income tax	25,244	6,017	60,359	17,641	(3,146)	106,115
Income tax expense (c)	–	–	–	–	(98)	(98)
Profit (loss) for the period	$ 25,244	$ 6,017	$ 60,359	$ 17,641	$ (3,244)	$ 106,017
Other comprehensive income	563	451	–	–	–	1,014
Total comprehensive income (loss)	$ 25,807	$ 6,468	$ 60,359	$ 17,641	$ (3,244)	$ 107,031
Additions to non-current assets (d)	$ 18,999	$ 5,860	$ 3,006	$ 8,124	$ 8,341	$ 44,330

(a) Financing costs

Financing costs were as follows:

	Three months ended June 30, 2016					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 13,025**	**$ 2,104**	**$ 705**	**$ 1,949**	**$ –**	**$ 17,783**
LP Class B unit distribution	**–**	**–**	**–**	**–**	**2,517**	**2,517**
Other interest charges	**27**	**4**	**13**	**7**	**295**	**346**
Interest income	**–**	**–**	**–**	**(1)**	**(523)**	**(524)**
Total	**$ 13,052**	**$ 2,108**	**$ 718**	**$ 1,955**	**$ 2,289**	**$ 20,122**

	Three months ended June 30, 2015					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 12,538	$ 2,296	$ 933	$ 2,130	$ (1)	$ 17,896
LP Class B unit distribution	–	–	–	–	2,282	2,282
Other interest charges	28	3	17	6	311	365
Interest income	–	–	–	–	(228)	(228)
Total	$ 12,566	$ 2,299	$ 950	$ 2,136	$ 2,364	$ 20,315

	Six months ended June 30, 2016					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 25,624**	**$ 4,259**	**$ 1,428**	**$ 3,912**	**$ –**	**$ 35,223**
LP Class B unit distribution	**–**	**–**	**–**	**–**	**4,956**	**4,956**
Other interest charges	**55**	**8**	**23**	**14**	**593**	**693**
Interest income	**–**	**–**	**–**	**(1)**	**(987)**	**(988)**
Total	**$ 25,679**	**$ 4,267**	**$ 1,451**	**$ 3,925**	**$ 4,562**	**$ 39,884**

	Six months ended June 30, 2015					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 25,362	$ 4,731	$ 1,914	$ 4,274	$ –	$ 36,281
LP Class B unit distribution	–	–	–	–	4,565	4,565
Other interest charges	58	7	34	12	621	732
Interest income	–	–	–	–	(481)	(481)
Total	$ 25,420	$ 4,738	$ 1,948	$ 4,286	$ 4,705	$ 41,097

(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 20: SUBSEQUENT EVENTS

On August 9, 2016, the Trust closed on a 165-unit property in Edmonton, Alberta, the second of three properties in a portfolio totaling 509 units the Trust previously waived conditions on April 20, 2016, for a purchase price of $30.2 million.

Subsequent to the quarter end, the Trust extended the maturity date on its committed revolving credit facility with a major financial institution from July 27, 2020 to July 27, 2021.

NOTE 21: APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved by the Board of Trustees and authorized on August 10, 2016.

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