BOARDWALK RENTAL COMMUNITIES

Q3 2012

TSX: **BEI.UN**

BOARDWALK REAL ESTATE INVESTMENT TRUST

CORPORATE PROFILE

Boardwalk REIT is Canada's friendliest landlord and currently owns and operates more than 225 properties with 35,277 residential units (as at September 30, 2012) totaling approximately 30 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 acquisition, disposition, and effective management of its residential multi-family properties. Boardwalk REIT is vertically integrated and is Canada's leading owner/operator of Multi-Family Communities with 1,600 associates bringing Customers home to properties located in Alberta, Saskatchewan, Ontario, Quebec, and British Columbia.

LETTER TO UNITHOLDERS

We are pleased to report on a solid third quarter of 2012 for Boardwalk Real Estate Investment Trust ("Boardwalk", "Boardwalk REIT", or the "Trust"). Funds from Operations (FFO) for the quarter totaled $39.4 million, or $0.75 per Unit, an increase of approximately 13.2% and 11.9%, respectively, over the same quarter last year. Adjusted Funds from Operations (AFFO) per Unit increased 15.3% to $0.68 versus $0.59 for the same three-month period in 2011.

Funds from Operations for the nine-month period ended September 30, 2012 increased 14.7% to $111.9 million from $97.6 million in the same period in 2011 and 14.4% to $2.14 per Unit from $1.87 per Unit for the same nine-month period in 2011.

The increase in reported FFO is mainly attributed to rental revenue growth and higher occupancy coupled with lower overall financing costs, as the Trust continues to benefit from the current low interest rate environment in the renewal of its existing CMHC Insured Mortgages.

FFO and AFFO are widely accepted supplemental measures of the performance of a Canadian Real Estate entity; however, 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 third quarter ended September 30, 2012, under the section titled, "Performance Measures".

CREATING COMMUNITY

Highlights of the Trust's Third Quarter and First Nine Months 2012 Financial Results

$ millions, except per unit amounts	**Three Months Sep 2012**	Three Months Sep 2011	% Change	**Nine Months Sep 2012**	Nine Months Sep 2011	% Change
Total Rental Revenue	**$ 110.6**	$ 106.0	4.3%	**$ 327.9**	$ 315.7	3.9%
Net Operating Income (NOI)	**$ 70.2**	$ 67.5	4.0%	**$ 207.0**	$ 195.5	5.9%
Profit	**$ 294.0**	$ 169.1	73.9%	**$ 672.9**	$ 1,088.2	-38.2%
Funds From Operations (FFO)	**$ 39.4**	$ 34.8	13.2%	**$ 111.9**	$ 97.6	14.7%
Adjusted Funds From Operations (AFFO)	**$ 35.4**	$ 30.8	14.9%	**$ 100.0**	$ 85.7	16.7%
FFO Per Unit	**$ 0.75**	$ 0.67	11.9%	**$ 2.14**	$ 1.87	14.4%
AFFO Per Unit	**$ 0.68**	$ 0.59	15.3%	**$ 1.91**	$ 1.64	16.5%
Regular Distributions Declared (Trust Units & LP B Units)	**$ 24.8**	$ 23.5	5.7%	**$ 73.2**	$ 70.5	3.8%
Regular Distributions Declared Per Unit (Trust Units & LP B Units) *(2011 - $1.80 Per Unit - 2012 - $1.92 per Unit on an annualized basis)*	**$ 0.48**	$ 0.45	5.6%	**$ 1.40**	$ 1.35	3.7%
Regular Payout as a % FFO	**63.0%**	67.5%		**65.4%**	72.2%	
Regular Payout as a % AFFO	**70.1%**	76.2%		**73.2%**	82.2%	
Interest Coverage Ratio (Rolling 4 quarters)	**2.65**	2.51		**2.65**	2.51	
Operating Margin	**63.5%**	63.7%		**63.1%**	61.9%	

The Fair Value under IFRS for the Trust's portfolio increased as a result of higher market rents and lower Capitalization Rates in most municipalities for multi-family assets (as compared to the end of the 2011 fiscal year.) Below is a summary of the Trust's per unit Net Asset Value with further discussion located in the 2012 Third Quarter MD&A.

Highlights of the Trust's Fair Value of Investment Properties

	Sep 30, 2012 (1)	June 30, 2012 (1)	Dec 31, 2011 (1)
IFRS Net Asset Value (NAV) Per Diluted Unit (Trust & LP B)	**$ 60.11**	$ 54.73	$ 45.42
Cash Per Diluted Unit (Trust & LP B)	**$ 3.07**	$ 2.60	$ 4.90
Total Per Diluted Unit (Trust & LP B)	**$ 63.18**	$ 57.33	$ 50.32

(1) Calculated using principal amounts of unsecured and secured debt outstanding in each period totalling $2.26 billion as of Sep 30, 2012, $2.31 billion as of Jun 30, 2012 and $2.42 billion as of Dec 31, 2011.

Weighted Average Capitalization Rate: 5.47% as at Sept 30, 2012 and includes Development Assets.

For further detail, please refer to page 16 of the MD&A.

In the third quarter of 2012, overall occupancy for Boardwalk's portfolio was 98.10%, an increase in occupancy level compared to the same period last year and sequentially higher than the end of 2011. Average market rents have increased to $1,100, up from $1,044 in September of 2011.

Despite the continued increase in average monthly and occupied rents, the Trust was able to achieve in the first nine months of 2012, there remains a considerable mark-to-market opportunity for the Trust. Continued focus on product quality and Customer Service remain key to Boardwalk's operating strategy and further sustainable improvement of financial performance.

Boardwalk's rental optimization strategy of continuous active management of occupancy levels, market rents, and suite-specific incentives (three key variables) has allowed the Trust to report an increase in both average and occupied rents versus the last quarter and the same period a year ago while also increasing the Trust's occupancy levels. Average monthly rents increased to $1,049 from $1,002 in September of 2011 and average occupied rents for the period ended also increased to $1,067 versus $1,029 for the same period last year.

The Trust's self-imposed rent control and Rental Increase Forgiveness program for financially challenged Residents, which eliminates or reduces rental increases where appropriate, continues to build goodwill. Historically, by providing sustainable rental increases to our Residents, the Trust has experienced lower turnover, reduced expenses and higher occupancy, all of which have resulted in higher revenues; benefiting all of the Trust's Stakeholders.

For further detail, please refer to page 16 of the MD&A.

Portfolio Highlights for the Third Quarter of 2012

	Sep 2012	Dec 2011	Sep 2011
Average Occupancy (Period Average)	**98.10%**	97.47%	97.52%
Average Monthly Rent (Period Ended)	**$ 1,049**	$ 1,012	$ 1,002
Average Market Rent (Period Ended)	**$ 1,100**	$ 1,053	$ 1,044
Average Occupied Rent (Period Ended)	**$ 1,067**	$ 1,033	$ 1,029
Loss-to-Lease (Period Ended) ($ millions)	**$ 13.7**	$ 8.4	$ 6.5
Loss-to-Lease Per Trust Unit (Period Ended)	**$ 0.26**	$ 0.16	$ 0.12
Cash (Period Ended) ($ millions)	**$ 160.6**	$ 255.9	$ 222.1

Same Property Results	% Change Year-Over-Year 3 Months Sep 2012	% Change Year-Over-Year 9 Months Sep 2012
Rental Revenue	4.4%	3.9%
Operating Costs	8.1%	0.6%
Net Operating Income (NOI)	2.5%	5.8%

For the three-month stabilized property analysis shown above, operating expense for Q3 2011 was adjusted for the change in Q1 and Q2 2011 internal capital program estimate, which was reported in Q3 of 2011.

Stabilized Revenue Growth	# of Units	Q3 2012 vs Q2 2012	Q2 2012 vs Q1 2012	Q1 2012 vs Q4 2011	Q4 2011 vs Q3 2011
Calgary	5,310	1.6%	1.3%	2.0%	1.3%
Edmonton	12,497	1.8%	1.9%	0.7%	1.1%
Fort McMurray	352	-0.3%	1.7%	1.5%	-1.5%
Grande Prairie	645	3.9%	1.1%	1.5%	3.2%
Red Deer	939	2.0%	3.4%	1.5%	1.4%
British Columbia	633	0.9%	-0.7%	0.5%	0.7%
Ontario	4,265	0.3%	0.5%	0.6%	1.3%
Quebec	6,000	0.3%	-0.2%	0.0%	0.6%
Saskatchewan	4,636	1.0%	1.4%	0.7%	0.6%
	35,277	1.3%	1.2%	0.8%	1.0%

On a sequential basis, stabilized revenues for the third quarter of 2012 increased 1.3% when compared to the previous quarter, mainly the result of higher market rents coupled with increased occupancy. Alberta, our largest market, led the sequential revenue growth this quarter with most areas in the province posting positive three-month revenue growth. The increase in occupancy, while also increasing occupied rents, reflects positively on the Trust's vertically integrated operating and revenue optimization strategies.

For further detail, please refer to page 22 of the MD&A.

Economic Market Fundamentals

Market Fundamentals	BC		Alberta		Saskatchewan		Ontario		Quebec	
	Sep 2012	Sep 2011	**Sep 2012**	Sep 2011	**Sep 2012**	Sep 2011	**Sep 2012**	Sep 2011	**Sep 2012**	Sep 2011
Unemployment Rate	**7.0%**	6.7%	**4.4%**	5.4%	**4.7%**	4.6%	**7.9%**	7.6%	**8.0%**	7.3%
	Q2 2012	Q2 2011	**Q2 2012**	Q2 2011	**Q2 2012**	Q2 2011	**Q2 2012**	Q2 2011	**Q2 2012**	Q2 2011
Net Interprovincial Migration	**-1,196**	73	**8,544**	3954	**1,373**	581	**-4,364**	-1,944	**-1,027**	-2,169
Net International Migration	**11,493**	9,361	**14,546**	8,676	**4,035**	2,643	**33,936**	31,615	**21,373**	19,135
Total Net Migration	**10,297**	9,434	**23,090**	12,630	**5,408**	3,224	**29,572**	29,671	**20,346**	16,966
	Aug 2011 to Aug 2012	Aug 2010 to Aug 2011	**Aug 2011 to Aug 2012**	Aug 2010 to Aug 2011	**Aug 2011 to Aug 2012**	Aug 2010 to Aug 2011	**Aug 2011 to Aug 2012**	Aug 2010 to Aug 2011	**Aug 2011 to Aug 2012**	Aug 2010 to Aug 2011
Average Weekly Wages Growth	**3.2%**	2.7%	**3.2%**	4.9%	**6.1%**	3.5%	**3.0%**	2.8%	**4.5%**	2.4%

Source: Statistics Canada

Western Canada

CMHC expects Alberta's economy to continue to expand over the forecasted period with real GDP growth of 3.4% in 2012 and 3.2% in 2013. In Saskatchewan, CMHC expects real GDP to rise by 3.1% in 2012 and by 3% in 2013. Both provinces are expected to have GDP growth above the national average. Although expected to be at a slower pace than previous years, the investment in the energy sector and energy exports in both Alberta and Saskatchewan will remain an important driver of the economic growth in 2012 and 2013, says CMHC. In British Columbia, CMHC reports total employment rose during the second quarter of 2012 and the shift to full-time employment continued a trend that is expected to remain steady throughout the rest of the year.

Due to the expanding economy in Alberta, more workers will be required, and, as a result, employment is expected to increase by almost 3% in 2012; additionally, Alberta is expected to experience a lower unemployment rate throughout 2013, projected to average below 5%. The expanding economy in Alberta, coupled with the need for more workers, will draw more temporary foreign workers. CMHC predicts total net migration to Alberta will reach 57,800 in 2012 and 48,500 in 2013.

CMHC expects Saskatchewan's economic opportunities, coupled with a low unemployment rate, will continue to attract migrants to the province. According to CMHC, the unemployment rate will average 4.8% in 2012 and 4.7% in 2013 in Saskatchewan. Saskatchewan's net migration is projected to reach 12,000 in 2012, easing slightly in 2013, while remaining elevated at 11,000 with international migrants being responsible for the majority of migration gains.

Eastern Canada

According to CMHC, Ontario's economy will finish 2012 and enter into 2013 with less momentum than previously forecasted. CMHC anticipates the resurfacing of concerns surrounding the global economy has likely translated into cautionary spending among North American businesses, and, as a result, Ontario businesses have reduced their investment. CMHC advises Ontario may experience below average employment growth and suggests this will be a contributing factor to the slower than expected economic growth, particularly as consumers will be more cautious with spending. With the current climate of uncertainty regarding economic prospects abroad, CMHC expects Quebec will experience less vigorous household spending and private investment in 2012.

With improving job prospects in the west, CMHC predicts more Ontario residents will move westward; they also expect international migration to provide some underlying support to population growth in Ontario. CMHC predicts Quebec will have sustained net migration over the coming years, remaining stable with no significant change in immigration targets expected.

MLS Housing Prices

British Columbia	Vancouver CMA		Victoria CMA	
	Sep 2012	Sep 2011	**Sep 2012**	Sep 2011
Average Single Family	**NA**	NA	**$ 595,452**	$ 608,668
Average Condo	**NA**	NA	**$ 320,304**	$ 332,490
Average Overall	**$ 606,100**	$ 627,994	**NA**	NA
Alberta	Calgary CMA		Edmonton CMA	
	Sep 2012	Sep 2011	**Sep 2012**	Sep 2011
Average Single Family	**$ 468,793**	$ 466,192	**$ 376,678**	$ 375,738
Average Condo	**$ 329,797**	$ 329,089	**$ 229,246**	$ 236,125
Saskatchewan	Saskatoon CMA		Regina CMA	
	Sep 2012	Sep 2011	**Sep 2012**	Sep 2011
Average Overall	**$ 321,564**	$ 311,057	**$ 298,501**	$ 282,313
Ontario	London CMA		Windsor CMA	
	Sep 2012	Sep 2011	**Sep 2012**	Sep 2011
Average Overall	**$ 231,599**	$ 180,929	**$ 181,976**	$ 177,096
Quebec	Montreal CMA			
	Sep 2012	Sep 2011		
Average Overall*	**$ 327,336**	$ 313,203		

Internally generated, NA = Data not available, * Internally calculated based on volume of sales and total sales as provided by the Greater Montreal Real Estate Board. Source: Association of Regina REALTORS®, Calgary Real Estate Board, Canada Mortgage and Housing Corporation, Canadian Real Estate Association, Edmonton Real Estate Board, Greater Montreal Real Estate Board, London and St. Thomas Association of REALTORS®, Real Estate Board of Greater Vancouver, Saskatoon Region Association of REALTORS®, Victoria Real Estate Board, Windsor-Essex County Real Estate Board

Western Canada

The trend of well supplied resale markets that British Columbia saw in the first half of 2012 will continue into the second half, with CMHC predicting single-detached housing starts of 8,900 units in 2012 and 9,900 units in 2013. In 2013, CMHC cites that fewer listings, higher existing home sales, and firmer resale prices are going to shift demand towards new homes in British Columbia. The number of multi-family housing starts originally forecasted is being revised to higher levels in 2012, as a result of an increase in larger projects in British Columbia: CMHC is predicting 19,600 units in 2012 and 20,200 units in 2013.

In response to the heightened demand in Alberta, single-detached construction has increased in 2012, and, as such, CMHC predicts 17,600 units in 2012 and 18,400 units in 2013. Construction activity of multi-family housing in Alberta has also increased to 14,200 units in 2012; this will moderate slightly in 2013 to 13,800 units, according to CMHC.

As a result of economic and demographic factors, Saskatchewan is in a period of heightened housing demand and the number of single-detached units under construction has risen, providing more supply. CMHC suggests that higher inventory levels will contribute to lower housing starts in 2013 and further predicts single-detached starts will rise to 4,900 in 2013, before tapering off slightly to 4,700 in 2013. Similarly, CMHC cites the low multi-family inventory in Saskatchewan has caused increases in condominium construction in 2012, resulting in an increase in starts for a third consecutive year at 3,600 units in 2012. With higher inventory in 2013, multi-family starts are expected to ease slightly to 3,500 units in Saskatchewan.

With strengthening employment and population growth, CMHC advises that re-sales in British Columbia will gradually improve and the provincial resale market will remain in balance for the remainder of 2012 and into 2013. The average annual prices in British Columbia are expected to be $522,200 for 2012 and $535,700 in 2013, according to CMHC. CMHC also expects re-sales in Alberta to increase in both 2012 and 2013 to 59,800 units and 61,000 units, respectively. CMHC predicts Alberta will see a transition to balanced market conditions, which will cause prices to increase over the forecast period. Average resale prices in Alberta are projected to be at $362,200 in 2012 and $372,300 in 2013. CMHC reports that employment and income growth, high levels of migration, and the Province of Saskatchewan's $10,000 First-Time Homebuyer's Tax Credit will support resale transactions in the province, resulting in 14,000 units in 2012 and 13,700 units in 2013. While housing prices in Saskatchewan are expected to continue to trend higher in 2013, according to CMHC, price growth is expected to moderate. The average price in Saskatchewan is forecasted at $269,000 in 2012 and $275,500 in 2013.

Eastern Canada

In Ontario, CMHC reports single-detached starts have stabilized in recent months and will reach 25,900 units in both 2012 and 2013. Low inventories, tight re-sale market conditions, and stronger income growth, are expected to support single-detached starts in the future. In 2012, multi-family home construction in Ontario has had a larger share of new home activity, and CMHC expects this to continue for the rest of 2012 with starts reaching 49,200. These starts will moderate in 2013 to 37,400 as the demand slows in Ontario.

In 2011, Quebec experienced slower job growth as well as easing of the resale market, along with a trend towards multi-family dwellings, and, as a result, single-detached starts have decreased. CMHC predicts a less pronounced decline over the next two years with 15,700 starts in 2012 and 15,000 in 2013. With sustained construction of multi-family homes in 2011 in Quebec, CMHC expects this to taper off to more sustainable rates of 29,700 in 2012 and 27,100 in 2013.

CMHC estimates re-sales peaked earlier in 2012 and are expected to moderate throughout the rest of the year, and into 2013 in Ontario. These re-sales are forecasted to reach 199,500 units in 2012 and then slow to 195,300 units in 2013. According to CMHC, modest job growth and changes in mortgage insurance rules will slow sales in Ontario; however, they will still remain near historically high levels as a result of the low interest rates. As a result of the moderating sales and a high level of home listings, CMHC reports Ontario's resale markets will move back into balance, with the average price in Ontario forecasted at $386,900 in 2012 and $389,200 in 2013. After a slight moderation of re-sales in Quebec in 2011, CMHC predicts re-sales will recover this year to 81,300 units and further to 82,100 units in 2013. With relatively stable demand for resale homes in Quebec and rising supply, some of the pressure on prices has been removed. CMHC expects price growth will moderate throughout 2012 and into 2013 in Quebec, resulting in average prices of $271,600 in 2012 and $277,800 in 2013.

Acquisitions, Dispositions, and Development

There were no Investment Property acquisitions or dispositions in the third quarter of 2012. Subsequent to the end of the Trust's Third Quarter, legislation was tabled in the House of Commons to implement outstanding tax amendments, including those relating to REITs. The Trust is pleased with the legislation, which essentially mirrors tax amendments previously announced and provide further clarity on the nature of income generated from property sales. This will allow the Trust to continue its strategy of potentially selling certain non-core assets without being offside with the REIT exemption criteria under the specified investment flow-through rules.

The demand for Multi-Family Investment Properties in Canada continues to be strong. As a result, continued further capitalization rate compression and increases in values for Multi-Family assets continue to be the trend. The Trust continues to actively bid on higher quality assets; however, no new apartment acquisitions have been completed to date, as the actual transaction prices on these assets would not prove to be in the best interest of the Trust on a risk-adjusted basis.

The Trust has received development approval and commenced construction of a 109-unit, wood frame, four storey, elevatored asset on existing excess land the Trust owns in Calgary, Alberta. It is estimated the cost of this development will be approximately $19 million. The Trust applied for a grant from the Province of Alberta's 'Housing Capital Initiatives' and will receive $7.5 million to assist in the development of this property. In return, the Trust has agreed to provide 54 of the 109 units at rental rates 10% below average Calgary market rents for 20 years. The remainder of the development costs will be funded by existing liquidity the Trust has on hand. The Trust estimates the stabilized capitalization rate of this project will be approximately 6.10%, while also allowing the Trust to surface approximately $39,000 per apartment unit of land value.

The Trust continues to explore other viable development opportunities for multi-family apartment buildings on excess land the Trust currently owns in Alberta and Saskatchewan. The increased demand for multi-family investment properties, which has resulted in continued capitalization rate compression, continues to present a unique opportunity for the Trust to explore the viability of multi-family rental property development in order to improve the Trust's portfolio and enhance value for Unitholders.

For further detail, please refer to page 32 of the MD&A.

Investing in our Properties

Continued internalization of more maintenance and value-added projects 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 continues to invest in its properties and expects to invest approximately $97.5 million during the 2012 fiscal year to further enhance the curb appeal and quality of the Trust's assets. For the first nine-months of 2012, Boardwalk invested approximately $61.8 million in the form of project enhancements and equipment purchases, including upgrades to existing suites, common areas, mechanical systems, and building exteriors, compared to $48.4 million for the same period in 2011.

Boardwalk's vertically integrated structure allows many repair and maintenance functions, including landscaping, 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 Customers and long-term growth for Unitholders.

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

Liquidity and Continued Financial Strength

In January of 2012, the Trust's $112.4 million Unsecured Debentures were retired with existing liquidity; however, the Trust continues to maintain a solid financial position with $161 million of cash and an undrawn $196 million credit facility.

As of September 30, 2012, the Trust had approximately $389 million of available liquidity with debt (net of cash) to reported asset fair value of 40%. The Trust's interest coverage ratio, excluding gain or loss on sale of assets, for the most recent completed four quarters ended September 30, 2012 was 2.65 times compared to 2.51 times for the same period last year.

The Trust continues to review all available options in deploying capital that will provide the greatest return to the Trust's Unitholders. Cumulatively, since 2007, the Trust has purchased and cancelled 4,542,747 Trust Units, representing a total purchase cost of $170.5 million, or an average cost of $37.53 per Trust Unit through the facilities of the Toronto Stock Exchange.

In $000's

Cash Position - Sept 30, 2012	$ 161,601
Subsequent Committed Financing	$ 32,010
Line of Credit*	$ 196,276
Total Available Liquidity	$ 388,887
Liquidity as a % of Total Debt	17%
Debt (net of cash) as a % of reported Asset Fair Value	40%

For further detail, please refer to pages 33 of the MD&A.

Mortgage Financing

Interest rates continue to hover near historic lows 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 September 30, 2012, the Trust's total mortgage principal outstanding totaled $2.34 billion at a weighted average interest rate of 3.84%, compared to $2.38 billion (inclusive of the unsecured debentures) at a weighted average interest rate of 4.18% reported for September 30, 2011.

Approximately 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 over 3 years, where the debt (net of cash) to reported asset value ratio was approximately 40% as of September 30, 2012.

For the remainder of 2012, the Trust has approximately $237.3 million remaining in maturing mortgage principal at a weighted average interest rate of 4.79%. To date, the Trust has forward locked the interest rate on $234.2 million of the remaining mortgage principal at an average interest rate of 3.32% while extending the term of these loans for an average of 9 years. The Trust has also repaid a $3.1 million mortgage, concluding the Trust's 2012 mortgage program.

The Trust is beginning to carry out a similar strategy in 2012 for the Trust's 2013 mortgage maturities. The strategy supports a continued balanced approach to its mortgage program with current 5- and 10-year CMHC Mortgages estimated to be 2.30% and 2.90%, and anticipates continued accretive mortgage renewals in 2013.

For further detail, please refer to page 34 of the MD&A.

2012 Financial Guidance

As is customary, the Trust reviews its financial guidance on a quarterly basis, and has revised 2012 Financial Guidance as follows:

Description	2012 Original Guidance	2012 - Q1 Revised Guidance	2012 - Q2 Revised Guidance	2012 - Q3 Revised Guidance
Acquisitions	No new apartment acquisitions or dispositions	No new apartment acquisitions or dispositions	No new apartment acquisitions or dispositions	No new apartment acquisitions or dispositions
Stabilized Building NOI Growth	1% to 4%	2% to 4%	3% to 5%	3% to 5%
FFO Per Trust Unit	$2.65 to $2.85	$2.70 to $2.85	$2.75 to $2.90	$2.80 to $2.90
AFFO per Trust Unit – based on $450/yr/apt	$2.35 to $2.55	$2.40 to $2.55	$2.45 to $2.60	$2.50 to $2.60

Based on the Trust's review, the reported stabilized portfolio results for the first nine months of 2012 continue to be ahead of original internal expectations, mainly a result of higher revenue growth and lower than anticipated rental utility charges. As such, Boardwalk has re-iterated its expectations on the annual Stabilized Building NOI growth range of 3% to 5%. In addition, the Trust has increased the bottom end of Boardwalk's overall FFO and AFFO estimate range from the Trust's Q2 Revised Guidance. The Trust expects FFO to be in a range of $2.80 to $2.90 per Trust Unit. The Trust's AFFO range has been revised to $2.50 to $2.60 per Trust Unit.

Management will continue to update 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 37 of the MD&A.

2012 Distribution

Boardwalk's Board of Trustees has approved the next three month's distribution of $0.16 per Trust Unit per Month, or $1.92 per Trust Unit on an annualized basis. Since the beginning of 2012, the Trust has increased distributions by 6.7%.

Boardwalk's Board of Trustees has approved the next three month of distributions of $0.16 per Trust Unit per Month ($1.92 on an annualized basis) according to the following schedule:

Month	Record Date	Distribution Date
Nov-12	30-Nov-12	17-Dec-12
Dec-12	31-Dec-12	15-Jan-13
Jan-13	31-Jan-13	15-Feb-13

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

2013 Financial Guidance

As customary with the reporting of Boardwalk's Third Quarter Results, the Trust is introducing its 2013 Financial Guidance. With the continued success of Boardwalk's Customer Friendly Operating Strategy and anticipated further reduction in the Trust's in-place mortgage interest rates, Boardwalk is introducing its 2013 Financial Guidance as follows:

Description	2013 Guidance
Acquisitions	No new apartment acquisitions or dispositions
Stabilized Building NOI Growth	1% to 4%
FFO Per Trust Unit	$2.95 to $3.15
AFFO per Trust Unit - based on $475/yr/apt	$2.63 to $2.83

The Trust's Board of Trustees has approved the 2013 Capital Budget as follows:

Capital Budget – *in thousands $ except per unit*	2013 Budget	Per Unit
Maintenance Capital – $475/Apartment Unit/Year	$ 16,800	$ 475
Stabilizing & Value Added Capital	$ 74,900	$ 2,124
Total Operational Capital	$ 91,700	$ 2,599
Development	$ 21,000	
Total Capital Investment	$ 112,700	

The Trust has increased its Maintenance Capital estimate for 2013 to $475 per apartment unit per year from $450 as a result of increased pricing pressure.

In Conclusion

We are proud of the extra effort that our Team has contributed to creating a sense of Community for our Residents, which will continue to drive Boardwalk's long-term growth and sustainability. Thank you to our Team of over 1,600 Associates for their dedicated commitment and service to our Residents 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 Residents for calling Boardwalk home.

Sincerely,

(signed)
Sam Kolias,
Chairman and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2012 and 2011 (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 condensed consolidated financial position, and results of operations for the three and nine months ended September 30, 2012 and 2011. 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 should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2011 and 2010, 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 the MD&A of Boardwalk REIT's 2011 Annual Report under the heading "Risks and Challenges", 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 concessions, occupancy levels, access to debt and equity capital, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, legal matters, reliance on key personnel, Unitholder liability, income taxes and the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles adopted by the Trust effective January 1, 2011 under IFRS. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

The Income Tax Act (Canada) (the "Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"). The SIFT Legislation provides for a transition period until 2011 for publicly traded trusts, such as Boardwalk, which existed prior to November 1, 2006. In addition, 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 income each year is paid, or made payable to, its Unitholders. Boardwalk qualified for the REIT Exemption commencing January 1, 2011. 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 May 3, 2004, May 10, 2006, May 10, 2007, May 13, 2008, May 13, 2009, May 18, 2010, May 12, 2011 and May 15, 2012 (the "Declaration of Trust" or "DOT"), under the laws of the Province of Alberta. Boardwalk REIT was created to invest in revenue producing multi-family residential properties, or interests, initially through the acquisition of assets and operations of Boardwalk Equities Inc. (the "Corporation").

On May 3, 2004, the Corporation sold all of its assets and undertakings to Boardwalk REIT. Boardwalk REIT Units trade on the Toronto Stock Exchange ("TSX") under the trading symbol 'BEI.UN'. Boardwalk REIT's principal objectives are to provide its Unitholders ("Unitholders") with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its units through the effective management of its residential Multi-Family Investment Properties and the acquisition of additional, accretive properties. At the end of the first nine months of 2012, Boardwalk REIT owned and operated in excess of 225 properties, comprising 35,277 residential units and totaling approximately 30 million net rentable square feet. As of September 30, 2012, Boardwalk REIT's property portfolio was concentrated in the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Quebec.

At September 30, 2012, the fair value of Boardwalk's Investment Property assets was approximately $5.5 billion, which generated a profit of $36.3 million and $103.0 million for the third quarter and first nine months of 2012 (before fair value gains and income tax recovery), respectively. Each of these figures was calculated based on the application of IFRS, which the Trust was required to adopt along with all Publicly Accountable Enterprises, effective January 1, 2011. During the third quarter and first nine months of 2012, the Trust earned $39.4 million and $111.9 million, respectively, of Funds From Operations ("FFO"), or $0.75 and $2.14 per Unit on a diluted basis. Adjusted Funds From Operations ("AFFO") for the third quarter and first nine months of 2012 were $35.4 million and $100.0 million, respectively, or $0.68 and $1.91 per Unit on a diluted basis.

Outlook

The first nine months of 2012 has continued to show strength for the multi-family real estate rental market in Canada. Boardwalk's continued strong liquidity has positioned it well for for future acquisitions or value-added opportunities. Recent property transactions continue to demonstrate that there is an increased demand to own apartments in major Canadian markets, to the extent that we continue to witness even further compression of Capitalization Rates, resulting in material increases in the prices of properties in this asset class. Although Boardwalk has not acquired any new apartment units during 2012, we continue to be active in the bidding process; however, Boardwalk has not been able to conclude that acquiring these assets at the offered selling prices would be in the best interest of the Trust on a risk-adjusted basis.

The Canadian multi-family real estate sector continues to have access to a very low cost of debt through the use of Government of Canada-backed debt with the National Housing Act ("NHA") program, which is administered by Canada Mortgage and Housing Corporation ("CMHC"). With the continued turmoil 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, 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 Members, has kept revenue stable and risks low. In the debt capital market, the fact that close to 100% 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 currently better than the maturing interest rates. The Trust continues to be well positioned in this current market place with a regular distribution payout ratio of approximately 65.4% of Funds From Operations ("FFO") for the nine months of 2012. This is below the 72.2% for the first nine months of 2011. This improvement can be attributed to stronger operating performance in 2012 as well the ability to refinance maturing mortgages at significantly lower interest rates. The Trust continues to have access to low-rate Government of Canada-backed debt in the form of NHA insurance.

As the Trust moves forward, Boardwalk continues to look for ways to further enhance the returns provided to our stakeholders. The Trust continues to focus inward on our operations, continuously looking for ways to reduce costs while simultaneously focusing on our Members.

With the assistance of a Province of Alberta government grant, Boardwalk has commenced the development of a 109-unit project in Southwest Calgary. Boardwalk is also currently in the process of investigating the development potential of new multi-family rental projects on excess land density that exists on properties it owns.

Declaration of Trust

The investment guidelines 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 35 of the Annual Information Form, dated February 16, 2012, which was further amended and approved at the May 15, 2012 Annual and Special Meeting of Unitholders. 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; 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 Service 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.

Compliance with DOT

At September 30, 2012, 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.

It should be noted at Boardwalk REIT's May 15, 2012 Annual and Special Meeting, certain amendments to the organization's Declaration of Trust were proposed and received Unitholder approval. One such amendment replaced the operating policy (with regards to the maximum debt capacity not to exceed 70% of Gross Book Value) with an interest service coverage ratio limit of 1.5 times. This is more operationally focused and would be a more direct test of the Trust's cash flow; it is a test widely used and understood in the unsecured and secured debt markets, and is a test that would not discriminate between secured and unsecured debt. Further details and discussion on this topic are available in our 2012 Management Information Circular available at www.sedar.com.

For the most recently four completed fiscal quarters ended September 30, 2012, 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 2.65.

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 does 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 is Profit. We define FFO, after the adoption of IFRS, as income before fair value adjustments, distributions on the LP B Units, gains (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.

Hedging Activities

There were no new hedging activities in the first nine months of 2012.

Unsecured Debentures

In January 2005, the Trust issued unsecured debentures with a face value of $120.0 million and a maturity date of January 23, 2012. During the first quarter of 2009, the Trust acquired in the open market at a discount to face value a total of $7.6 million of its unsecured debentures for cancellation.

The unsecured debentures, with a coupon interest rate of 5.61% and a principal balance of $112.4 million, matured on January 23, 2012, and were repaid with cash on hand at maturity.

Normal Course Issuer Bid

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

In the latest application, Boardwalk REIT filed and received TSX approval for a Normal Course Issuer Bid ("NCIB"), which commenced on August 24, 2011, and terminated on August 23, 2012. The NCIB allowed Boardwalk REIT to purchase and cancel up to 3,884,118 Trust Units. No Trust Units have been purchased and cancelled under this NCIB.

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 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 periodic 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 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. Recently introduced legislation better clarifies the nature of income generated on the sale of these non core properties and will allow the Trust, if it wishes, to continue with this program. More details on this will de discussed later in the Management Discussion and Analysis.

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. Under its current distribution program, the Trust is distributing $1.92 per outstanding Trust and LP B Unit on an annualized basis (or $0.16 per Trust and LP B Unit on a monthly basis).

For the three and nine months ended September 30, 2012, the Trust declared regular distributions of $24.8 million and $73.2 million (inclusive of distributions paid to the LP Class B Unitholders), respectively, representing approximately 62.9% and 65.4% 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 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.

FFO Reconciliation from 2011 to 2012

The following table shows a reconciliation of changes in FFO for the three and nine months ended September 30, 2012. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO, under IFRS, as net income before fair value adjustments, distributions on the LP Class B Units, gains (losses) on the sale of Investment Properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO will be provided later in this report.

FFO Reconciliation	3 Months	9 Months
FFO Opening - September 30, 2011	$ 0.67	$ 1.87
NOI from Stabilized Properties	$ 0.04	$ 0.22
Financing Costs [(1)]	$ 0.04	$ 0.09
Administration and other	$ –	$ (0.04)
FFO Closing - September 30, 2012	**$ 0.75**	**$ 2.14**

(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.

FFO Reconciliations

The Trust's adoption of IFRS standards, effective January 1, 2011, has resulted in significant changes to the financial information presented, including the way the Trust reconciles FFO from its consolidated financial statements prepared in accordance with IFRS.

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 nine months ended September 30, 2012 and September 30, 2011. Adjustments, which have arisen as a result of the adoption of IFRS, are explained in the notes below.

FFO Reconciliation *In $000's, except per unit amounts*	**3 months September 2012**	3 months September 2011	% Change	**9 months September 2012**	9 months September 2011	% Change
Profit for the period	**$ 293,977**	$ 169,087		**$ 672,949**	$ 1,088,192	
Adjustments						
Fair value gains [(1)]	**(257,669)**	(137,505)		**(569,757)**	(258,653)	
Add back distributions to LP Class B Units recorded as financing charges [(2)]	**2,126**	2,014		**6,265**	6,041	
Deferred income tax (recovery) expense	**(12)**	309		**(185)**	(740,436)	
Depreciation expense on property, plant and equipment	**979**	901		**2,676**	2,493	
Funds from operations	**$ 39,401**	$ 34,806	13.2%	**$ 111,948**	$ 97,637	14.7%
Funds from operations - per unit	**$ 0.75**	$ 0.67	11.9%	**$ 2.14**	$ 1.87	14.4%

(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.

All other adjustments in the calculation of FFO above are consistent with those adjustments made in the calculation of FFO previously derived from financial statements under pre-IFRS Canadian GAAP.

Overall, Boardwalk REIT earned FFO of $39.4 million and $111.9 million, respectively, for the three and nine months ended September 30, 2012, compared to $34.8 million and $97.6 million for the same periods last year. FFO on a per unit fully diluted basis for the current quarter ended September 30, 2012, increased approximately 11.9%, compared to the same period in the prior year, from $0.67 to $0.75. The increase was primarily the result of higher rental revenue and lower financing costs.

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 favorable 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 are being offered at attractive rates.

The Trust's cash position was $160.6 million at September 30, 2012, compared to $255.9 million reported on December 31, 2011. The decrease in cash is largely due to the repayment of the Trust's unsecured debenture ($112.4 million), which matured on January 23, 2012. The Trust continues to renew existing maturing NHA-insured mortgages at rates well below the maturing rates while at the same time is able to raise additional funds for future opportunities.

New Property Acquisitions

In 2011 and the first nine months of 2012, there were no new property acquisitions.

Dispositions

In 2011 and the first nine months of 2012, there were no dispositions of the Trust's investment properties.

Review of Rental Operations

Boardwalk REIT's rental revenue strategy focuses on enhancing overall rental revenues through the balance between market rents, rental incentives, and occupancy losses. The application of this 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 $000's, except number of suites	**3 Months September 2012**	3 Months September 2011	% Change	**9 Months September 2012**	9 Months September 2011	% Change
Total rental revenue	**$ 110,595**	$ 105,994	4.3%	**$ 327,852**	$ 315,654	3.9%
Expenses						
Operating expenses	**$ 22,243**	$ 21,961	1.3%	**$ 64,892**	$ 63,103	2.8%
Utilities	**$ 8,521**	$ 8,157	4.5%	**$ 28,627**	$ 29,964	(4.5)%
Property taxes	**$ 9,592**	$ 8,361	14.7%	**$ 27,318**	$ 27,112	0.8%
	$ 40,356	$ 38,479	4.9%	**$ 120,837**	$ 120,179	0.5%
Net operating income	**$ 70,239**	$ 67,515	4.0%	**$ 207,015**	$ 195,475	5.9%
Operating margins	**63.5%**	63.7%		**63.1%**	61.9%	
Number of suites at September 30	**35,277**	35,277		**35,277**	35,277	

Overall, Boardwalk REIT's rental operations for the three and nine months ended September 30, 2012, reported higher results compared to the same periods in the prior year. The Trust reported a 4.3% and 3.9% increase in revenue, respectively, for the three and nine months ended September 30, 2012. The increase in rental revenue is the combined effect of increases to market rents combined with decreases in both suite-specific rental incentives and occupancy losses, as compared to the same periods in 2011. Total rental expenses increased 4.9% for the three months ended September 30, 2012, compared to 2011, mainly due to higher utility expenses and property taxes. Also reported in the third quarter of 2011 was an additional expense adjustment as a result of a change in the Trust's Internal Capital Program totaling approximately $1.1 million for the first six months of 2011. For the nine months ended September 30, 2012, total rental expenses increased marginally by 0.5%, primarily driven by higher operating expenses and property taxes which were somewhat offset by lower utility expenses. Utility costs increased 4.5% for the current quarter compared to the same period in the prior year due to higher water and sewer expenses. For the nine months ended September 30, 2012, utility costs decreased by 4.5% due primarily to lower pricing for natural gas in all provinces, except British Columbia, and to lower natural gas consumption during the earlier part of the year for the majority of our property portfolio as a result of warmer weather conditions.

Property taxes for the current quarter were higher as a result of an adjustment to third quarter 2011 property taxes to reflect the 2010 successful property tax appeals on its Alberta property portfolio. Property taxes for the nine months ended September 30, 2012, remained consistent with the prior year, increasing marginally by 0.8%. The Trust is constantly reviewing property tax assessments and related charges and, where it feels appropriate, will appeal all or a part of the related assessment. It is not uncommon for the Trust to receive property tax refunds and adjustments; however, due to the uncertainty of the amount and timing of the refunds and adjustments, these amounts are only reported when they are received.

Overall, the operating margin for the current quarter decreased slightly to 63.5%, when compared to 63.7% for the same period in 2011. Operating margin for the first nine months of 2012 was higher at 63.1%, compared to 61.9% for the same period in 2011.

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

Segmented Operational Review

British Columbia Rental Operations

In $000's, except number of suites	**3 Months September 2012**	3 Months September 2011	% Change	**9 Months September 2012**	9 Months September 2011	% Change
Total rental revenue	**$ 2,072**	$ 2,043	1.4%	**$ 6,191**	$ 6,049	2.3%
Expenses						
Operating expenses	**$ 418**	$ 380	10.0%	**$ 1,169**	$ 1,063	10.0%
Utilities	**$ 146**	$ 156	(6.4)%	**$ 566**	$ 559	1.3%
Property taxes	**$ 118**	$ 117	0.9%	**$ 351**	$ 305	15.1%
	$ 682	$ 653	4.4%	**$ 2,086**	$ 1,927	8.3%
Net operating income	**$ 1,390**	$ 1,390	0.0%	**$ 4,105**	$ 4,122	(0.4)%
Operating margins	**67.1%**	68.0%		**66.3%**	68.1%	
Number of suites at September 30	**633**	633		**633**	633	

Boardwalk REIT's British Columbia portfolio continued to report good, stable results. Rental revenues increased by 1.4% and 2.3%, and expenses increased by 4.4% and 8.3% for the three and nine months ended September 30, 2012, respectively, compared to the same periods in the prior year. The increase in operating expenses for the current quarter and nine months ended September 30, 2012 is largely due to higher repairs and maintenance and insurance-related expenses. Utility expense for the current quarter was lower compared to the same quarter for the prior year, due to lower gas rates and a gas refund received. Property taxes for the current nine-month period were higher due to a property tax adjustment received in the second quarter of the prior year. Operating margins for the third quarter and first nine months of 2012 decreased to 67.1% and 66.3%, respectively, compared to the 68.0% and 68.1% for the same periods in 2011.

Alberta Rental Operations

In $000's, except number of suites	**3 Months September 2012**	3 Months September 2011	% Change	**9 Months September 2012**	9 Months September 2011	% Change
Total rental revenue	**$ 66,375**	$ 62,699	5.9%	**$ 195,744**	$ 186,114	5.2%
Expenses						
Operating expenses	**$ 12,667**	$ 12,557	0.9%	**$ 37,043**	$ 35,656	3.9%
Utilities	**$ 4,646**	$ 4,476	3.8%	**$ 14,752**	$ 15,905	(7.2)%
Property taxes	**$ 5,287**	$ 4,281	23.5%	**$ 14,529**	$ 14,347	1.3%
	$ 22,600	$ 21,314	6.0%	**$ 66,324**	$ 65,908	0.6%
Net operating income	**$ 43,775**	$ 41,385	5.8%	**$ 129,420**	$ 120,206	7.7%
Operating margins	**66.0%**	66.0%		**66.1%**	64.6%	
Number of suites at September 30	**19,743**	19,743		**19,743**	19,743	

Alberta is Boardwalk's largest operating segment, representing approximately 62% of total reported net operating income and 56% of total apartment units. Boardwalk REIT's Alberta operations for the three and nine months ended September 30, 2012, reported a 5.9% and 5.2% increase in total rental revenue, respectively, when compared to the same periods reported in 2011. The reported rental revenue change is the combined effect of changes to in-place occupied rents and an increase in overall occupancy levels, compared to the same periods in the prior year. Total rental expenses have increased for the three months ended September 30, 2012, compared to the prior year as a result of higher property taxes. In 2011, property taxes were lower, reflecting the successful 2010 property tax appeals on its Alberta property portfolio. Total rental expenses have increased marginally for the nine months ended September 30, 2012, compared to the prior year due to increases in wages and salaries as well as increased expenses related to the bundling of internet and cable services offered to the Trust's Members, offset by decreases in utility costs and bad debt expense.

Reported utilities for the nine months ended September 30, 2012 were down 7.2%. The reported decrease is mainly the result of lower reported natural gas expense, tempered somewhat by an increase in water, sewer, and electricity distribution costs.

Alberta's operating margins remained stable at 66.0% for the three months ended September 30, 2012, compared to the same period in the prior year, and increased to 66.1% for the nine months ended September 30, 2012, compared to 64.6% for the same period in 2011.

Saskatchewan Rental Operations

In $000's, except number of suites	**3 Months September 2012**	3 Months September 2011	% Change	**9 Months September 2012**	9 Months September 2011	% Change
Total rental revenue	**$ 14,737**	$ 14,204	3.8%	**$ 43,719**	$ 42,361	3.2%
Expenses						
Operating expenses	**$ 2,496**	$ 2,549	(2.1)%	**$ 7,164**	$ 6,973	2.7%
Utilities	**$ 1,044**	$ 963	8.4%	**$ 3,532**	$ 3,484	1.4%
Property taxes	**$ 1,016**	$ 963	5.5%	**$ 2,963**	$ 2,964	0.0%
	$ 4,556	$ 4,475	1.8%	**$ 13,659**	$ 13,421	1.8%
Net operating income	**$ 10,181**	$ 9,729	4.6%	**$ 30,060**	$ 28,940	3.9%
Operating margins	**69.1%**	68.5%		**68.8%**	68.3%	
Number of suites at September 30	**4,636**	4,636		**4,636**	4,636	

For the three and nine months ended September 30, 2012, Boardwalk's Saskatchewan total rental revenues increased by 3.8% and 3.2%, respectively. The revenue increase is mainly the result of continuing strong rental market fundamentals in both

Regina and Saskatoon. Rental expenses increased only slightly by 1.8% for the three and nine months ended September 30, 2012, compared to the same periods in the prior year.

Utility costs for the current quarter increased from the previous year quarter due to higher electricity consumption as well as higher water and sewer charges during the current period.

Property taxes for the current quarter increased 5.5% compared to the same period in the prior year due to higher property tax assessments. Property taxes were in line for the nine months ended September 30, 2012, compared to the same period in the prior year.

Reported operating margins for the three and nine months ended September 30, 2012, increased to 69.1% and 68.8% compared to the 68.5% and 68.3% reported in the same periods for the prior year.

Ontario Rental Operations

In $000's, except number of suites	**3 Months September 2012**	3 Months September 2011	% Change	**9 Months September 2012**	9 Months September 2011	% Change
Total rental revenue	**$ 10,011**	$ 9,740	2.8%	**$ 29,920**	$ 29,283	2.2%
Expenses						
Operating expenses	**$ 1,763**	$ 1,970	(10.5)%	**$ 5,241**	$ 5,418	(3.3)%
Utilities	**$ 1,710**	$ 1,551	10.3%	**$ 5,118**	$ 5,108	0.2%
Property taxes	**$ 1,356**	$ 1,248	8.7%	**$ 4,079**	$ 4,225	(3.5)%
	$ 4,829	$ 4,769	1.3%	**$ 14,438**	$ 14,751	(2.1)%
Net operating income	**$ 5,182**	$ 4,971	4.2%	**$ 15,482**	$ 14,532	6.5%
Operating margins	**51.8%**	51.0%		**51.7%**	49.6%	
Number of suites at September 30	**4,265**	4,265		**4,265**	4,265	

Boardwalk REIT's Ontario operations reported an increase in total rental revenue of 2.8% and 2.2% for the three and nine months ended September 30, 2012, compared to the same periods in the prior year. These increases can be attributed to increased occupied rents and occupancy levels. Total rental expenses increased 1.3% for the current quarter ended September 30, 2012, compared to the same period in the prior year mainly due to increases in utilities and property taxes. For the nine months ended September 30, 2012, total rental expenses decreased 2.1%, primarily as a result of decreases in repairs and maintenance and property taxes.

The reported increase in utilities in the current quarter was the result of increased electricity consumption as well as higher costs for water and sewer, compared to the same period in the prior year. Utilities were relatively consistent from the nine months ended September 30, 2012 compared to the same period in the prior year.

Property taxes increased 8.7% and decreased 3.5% for the three and nine months ended September 30, 2012, respectively, compared to the same periods in the prior year. The decrease in property taxes for the nine months ended September 30, 2012 is due to lower property taxes as well as property tax refunds associated with the Windsor property portfolio received in the latter part of 2011 and the first half of 2012. Property taxes were reduced as a result of condo conversions made to some of the Windsor properties in July 2011.

Quebec Rental Operations

In $000's, except number of suites	**3 Months September 2012**	3 Months September 2011	% Change	**9 Months September 2012**	9 Months September 2011	% Change
Total rental revenue	**$ 17,419**	$ 17,290	0.7%	**$ 52,177**	$ 51,708	0.9%
Expenses						
Operating expenses	**$ 3,833**	$ 3,507	9.3%	**$ 11,008**	$ 10,638	3.5%
Utilities	**$ 878**	$ 927	(5.3)%	**$ 4,347**	$ 4,666	(6.8)%
Property taxes	**$ 1,788**	$ 1,736	3.0%	**$ 5,326**	$ 5,202	2.4%
	$ 6,499	$ 6,170	5.3%	**$ 20,681**	$ 20,506	0.9%
Net operating income	**$ 10,920**	$ 11,120	(1.8)%	**$ 31,496**	$ 31,202	0.9%
Operating margins	**62.7%**	64.3%		**60.4%**	60.3%	
Number of suites at September 30	**6,000**	6,000		**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a marginal total rental revenue increase of 0.7% and 0.9% for the three and nine months ended September 30, 2012, compared to the same periods in the previous year, respectively.

Total rental expenses increased by 5.3% and 0.9%, respectively, for the three and nine months ended September 30, 2012. For the three months ended September 30, 2012, the increase is due to higher repairs and maintenance, particularly building maintenance expense, compared to the same period in the prior year.

Utilities decreased 5.3% and 6.8%, respectively, for the current quarter and nine months ended September 30, 2012, compared to the same periods in the prior year as a result of lower utility costs in this region. The Trust had fixed price natural gas contracts in place for Quebec. The fixed price for one of the contracts for the period from November 1, 2010, to October 31, 2011, was $4.07/GJ for 50% of Boardwalk's Quebec usage. On October 21, 2010, the Trust negotiated a two-year supply contract to ensure supply for the remaining 50% of the natural gas usage in Quebec at a price of $4.11/GJ for the period from November 1, 2010, to October 31, 2012. The current average floating price for natural gas for 50% of Quebec's usage was lower compared to the average fixed price in 2011.

Property taxes increased 3.0% and 2.4% for the three and nine months ended September 30, 2012, respectively, due to slightly higher property tax assessments received in 2012.

Operational Sensitivities

Boardwalk's Revenue Strategy

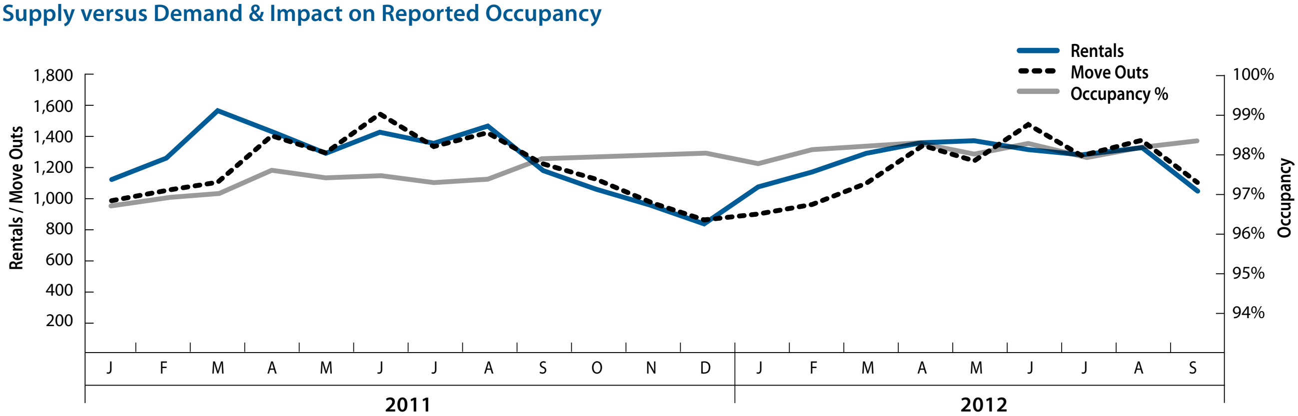
Boardwalk's rental revenue strategy focuses on optimizing rental revenues through actively managing three main variables: occupancy levels, market rents, and suite-specific incentives. It is important to note these variables are in constant flux and may be different between regions and between buildings within the same region. The main goal of our strategy is to optimize revenue throughout the year. In a more competitive market, the Trust locks in rentals on selective suites for future months, but does not collect revenues for certain months in the immediate future. This means the Trust may decide to rent a suite in December with the Customer not moving in until the following year. Although the suite is rented, it will not generate revenue until the Customer actually moves in, for example, in January, which corresponds to the next fiscal period. The percentages reported as occupancy levels (see table below) represent those occupied units generating revenue for the period noted. The Trust closely monitors 'apartment availability', which represents unoccupied units not generating revenue for the period, after taking into account forward-committed leases. Although occupancy rates provide a good indication of current revenue, apartment availability provides the reader a more relevant indication of future potential revenue.

Boardwalk REIT's Portfolio Occupancy

City	Q3 2012	Q3 2011	Q2 2012
Calgary	**99.34%**	98.89%	99.22%
Edmonton	**98.10%**	96.81%	98.10%
Fort McMurray	**96.28%**	94.42%	95.68%
Grande Prairie	**96.79%**	95.86%	97.98%
Kitchener	**98.99%**	97.47%	97.77%
London	**97.14%**	97.76%	97.39%
Montreal	**95.26%**	95.56%	95.70%
Quebec City	**97.55%**	97.95%	97.85%
Red Deer	**99.25%**	98.67%	99.36%
Regina	**98.11%**	97.22%	98.15%
Saskatoon	**98.03%**	97.51%	97.67%
Vancouver	**97.81%**	99.44%	98.02%
Victoria	**96.69%**	98.34%	97.31%
Verdun	**99.12%**	99.42%	99.42%
Windsor	**97.07%**	96.64%	97.72%
Total	**98.10%**	97.52%	98.18%

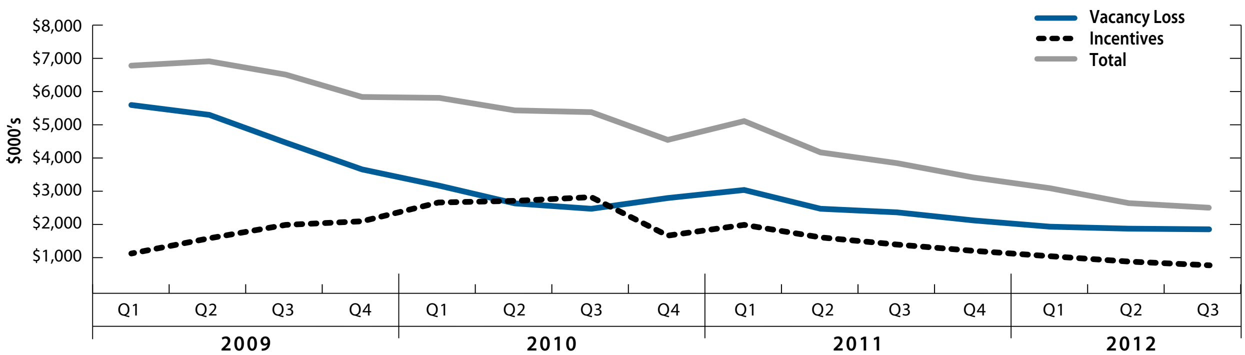
In the third quarter of 2012, the Trust reported an increase in overall occupancy rate to 98.10% from 97.52% for the same period in the prior year. Boardwalk's overall rental revenue strategy focuses on the Trust balancing the key inputs, including occupancy levels and existing rental market rates. As a strategy, the Trust is constantly adjusting market rents based on property-specific demand and supply.

Supply versus Demand & Impact on Reported Occupancy



The issue of demand and supply, as with any industry, is an important performance indicator for multi-family real estate. The above chart attempts to show the total move-outs (supply) compared to total move-ins (demand) and the resulting impact on reported occupancy relating to our portfolio. The cumulative impact of demand being greater than supply, or vice versa, is the primary driver in the reported occupancy rate. Because of the lack of pricing power in the multi-family rental market in recent years, Boardwalk continued with its strategy of maintaining high occupancy levels by cautiously adjusting market rents upward only when warranted. This strategy continues to be viewed as a success; as a result, we have been able to increase the overall occupancy rate to 98.10% for the third quarter of 2012, compared to the third quarter of 2011 when the occupancy rate was 97.52%. Boardwalk REIT will continue with this strategy; however, the Trust is now in the position where we may see further upward rental adjustments in certain selective markets. 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 reported revenues; consequently, it will adjust rents upward or downward when it is deemed necessary.

Vacancy Loss and Incentives



Vacancy loss and rental incentives are strong indicators of current and future revenue performance. Depending on specific market conditions, to best manage overall economic rental revenue, the correct balance between rental incentives and vacancy loss is important. On a quarterly basis, the chart details rental incentives versus vacancy loss. The reported decrease in vacancy loss (by increasing occupancy levels), coupled with a decrease in incentives during both 2011 and 2012 to date, was mainly the result of Boardwalk REIT's continued strategy of optimizing overall revenues through the management of the key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives, which are all positive signs of strength returning to the market. We continue to focus on maximizing overall revenues through the optimization 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 $4.5 million, or $0.09 per Trust Unit on a diluted basis.

Stabilized Property Results

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 100% of its total rental unit portfolio as at September 30, 2012, or a total of 35,277 units. The table below provides a regional breakdown on these properties for the three and nine months ended September 30, 2012, as compared to the same periods in the prior year. Please note for the three-month same-property analysis, the three-month prior period operating expenses have been adjusted to account for the Trust's change in Q1 and Q2 2011 Internal Capital Program, which was reported in the third quarter of 2011.

September 30, 2012 - 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	6.3%	16.2%	2.3%	18.3%
Edmonton	12,497	5.5%	9.1%	3.7%	37.3%
Fort McMurray	352	1.4%	(12.0)%	6.6%	2.1%
Grande Prairie	645	10.1%	(11.7)%	28.9%	1.5%
Red Deer	939	8.6%	15.8%	4.4%	2.1%
British Columbia	633	1.4%	10.5%	(2.5)%	1.9%
Ontario	4,265	2.8%	4.0%	1.6%	7.3%
Quebec	6,000	0.7%	7.3%	(2.8)%	15.3%
Saskatchewan	4,636	3.8%	4.4%	3.5%	14.2%
	35,277	4.4%	8.1%	2.5%	100.0%

September 30, 2012 - 9 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	6.4%	3.5%	7.7%	18.6%
Edmonton	12,497	4.6%	(0.4)%	7.5%	37.3%
Fort McMurray	352	0.5%	(6.2)%	3.2%	2.0%
Grande Prairie	645	9.4%	(5.9)%	23.0%	1.4%
Red Deer	939	7.1%	8.4%	6.1%	2.1%
British Columbia	633	2.4%	8.2%	(0.4)%	1.9%
Ontario	4,265	2.2%	(2.1)%	6.5%	7.4%
Quebec	6,000	0.9%	0.9%	0.9%	15.0%
Saskatchewan	4,636	3.2%	1.8%	3.9%	14.3%
	35,277	3.9%	0.6%	5.8%	100.0%

Stabilized revenue increased by 4.4% and 3.9% for the three and nine months ended September 30, 2012, respectively, compared to the same periods in the prior year. Operating expenses reported for the three and nine months ended September 30, 2012, increased by 8.1% and decreased by 0.6% compared to the same periods in 2011, and overall NOI increased 2.5% and 5.8% for the three and nine months ended September 30, 2012, respectively, compared to the same periods in the prior year. The increase in reported stabilized revenue was driven by an increase in occupancy levels and higher in-place occupied rents, particularly in Alberta, which accounts for approximately 62% of the Trust's reported stabilized Net Operating Income. For the three months ended September 30, 2012, stabilized operating expenses increased by 8.1% mainly due to higher property taxes in Alberta as a result of lower property taxes in 2011 to reflect the successful 2010 property tax appeals on Boardwalk REIT's Alberta property portfolio.

Due to seasonality and the timing of these related expenses, the reader is cautioned a better gauge of the performance of the stabilized properties is on a yearly basis.

Stabilized Revenue Growth	# of Units	Q3 2012 vs. Q2 2012	Q3 2012 vs. Q1 2012	Q3 2012 vs. Q4 2011	Q3 2012 vs. Q3 2011
Calgary	5,310	1.6%	2.9%	5.0%	6.3%
Edmonton	12,497	1.8%	3.7%	4.4%	5.5%
Fort McMurray	352	(0.3)%	1.4%	2.9%	1.4%
Grande Prairie	645	3.9%	5.1%	6.7%	10.1%
Red Deer	939	2.0%	5.5%	7.2%	8.6%
British Columbia	633	0.9%	0.3%	0.7%	1.4%
Ontario	4,265	0.3%	0.8%	1.4%	2.8%
Quebec	6,000	0.3%	0.1%	0.2%	0.7%
Saskatchewan	4,636	1.0%	2.4%	3.1%	3.8%
	35,277	1.3%	2.5%	3.4%	4.4%

On a sequential basis, stabilized revenues in the third quarter of 2012 increased slightly by 1.3% over Q2 2012, increased by 2.5% compared to Q1 2012, increased 3.4% compared to Q4 2011, and increased by 4.4% compared to Q3 2011. The Trust strives toward balancing the optimum level of rental incentives and occupancy rates in order to achieve its revenue strategy while controlling operating expenses at the same time.

Estimated Loss-to-Lease Calculation

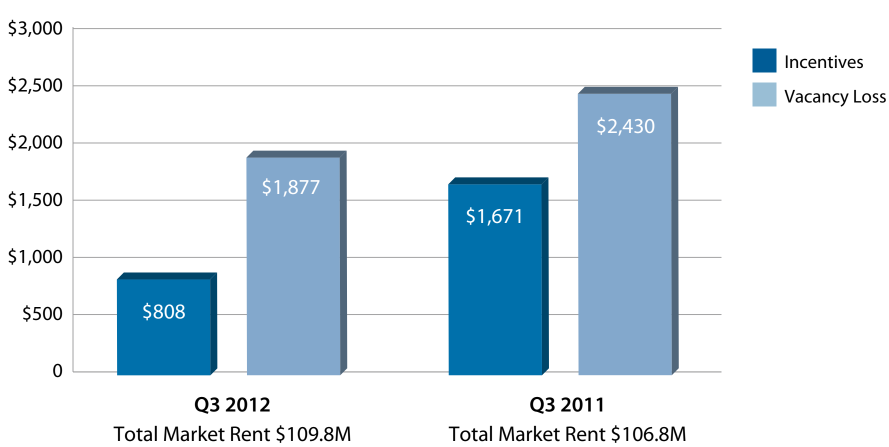
Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents in September 2012, adjusted for current occupancy levels, totaled $13.7 million on an annualized basis, representing $0.26 per outstanding Unit (Trust & LP B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than twelve months. On physical turnover, the rental units are then re-leased directly at current market rent. If market rents are increasing and a Boardwalk Resident wishes to renew and is able to demonstrate real financial hardship at the end of the lease agreement, the Trust's self-imposed rent control and Rental Increase Forgiveness program will reduce rental increases as appropriate, recognizing the long term benefits of such goodwill. By providing sustainable rental increases to our Residents, the Trust and all its Stakeholders have historically benefited from lower turnover, reduced expenses, and higher occupancy.

The reader should note estimated loss-to-lease, measured at a point in time, is a non-GAAP measure, and that reported market rents can be very seasonal, and, as such, will vary from quarter to quarter. The significance of this change could materially affect Boardwalk REIT's "estimated loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. The reader should also note 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.

	September 2012 Occupied Rent	September 2012 Market Rent	Mark to Market Per Month	Annualized Mark to Market Adjusted for Current Occupancy levels ($000's)	Weighted Average Apartment Units	% of Portfolio
Calgary	$ 1,209	$ 1,298	$ 89	5,670	5,310	15%
Edmonton	$ 1,123	$ 1,157	$ 34	5,101	12,497	35%
Fort McMurray	$ 1,925	$ 1,934	$ 9	30	352	1%
Grande Prairie	$ 946	$ 963	$ 17	119	645	2%
Red Deer	$ 911	$ 945	$ 34	385	939	3%
Alberta Portfolio	$ 1,144	$ 1,192	$ 48	11,305	19,743	56%
Saskatchewan	$ 1,081	$ 1,102	$ 21	1,192	4,636	13%
Ontario	$ 807	$ 813	$ 6	269	4,265	12%
Quebec	$ 991	$ 999	$ 8	513	6,000	17%
British Columbia	$ 1,034	$ 1,088	$ 54	403	633	2%
Total Portfolio	$ 1,067	$ 1,100	$ 33	13,681	35,277	100%

The marginal increase in the loss-to-lease for our portfolio, from $13.3 million at June 2012 to $13.7 million at September 2012, was due primarily to the increase in market rents, particularly in Calgary and Edmonton, thus increasing the spread between occupied and market rents.

The Trust previously adopted a focused strategy of reducing market rent prices in an attempt to increase overall occupancy, with the main focus on increasing overall rental revenue. In recent months, the Trust was able to increase market rents on specific properties by reducing incentives while maintaining, and in some cases increasing, occupancy levels. As with prior quarters, Boardwalk REIT continues to focus on the optimization of all rental revenue, with attention to appropriate levels of market rents and certain occupancy level targets, as well as suite-selective incentives, when warranted.



As was previously mentioned, the opportunity still exists to focus on reducing vacancy loss in the short term while minimizing the amount of suite-specific incentives. However, in recent months, Boardwalk has also been able to increase market rents in certain selective markets and on certain specific properties while maintaining occupancy levels.

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 third quarter and first nine months of 2012 decreased from the same periods in the prior year, from $26.1 million and $79.1 million, respectively, to $24.4 million and $74.4 million, the combined effect of the Trust being able to renew maturing mortgages at interest rates substantially below the noted maturing rates and the retirement of its Unsecured Debenture. In January of 2012, the Trust retired its publicly traded unsecured debenture, which carried an in-place interest rate of 5.61%. At September 30, 2012, the reported weighted average interest rate of 3.84% was down from the weighted average interest rate of 3.95% at June 30, 2012, and 4.18% as at September 30, 2011. Boardwalk REIT has continued to take advantage of lower 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 3.2 years. However, this average term is expected to increase over the upcoming years as the Trust continues to renew maturing mortgages for significantly longer terms, ranging from 5 to 10 years with a heavier 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 the recent 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 September 30, 2012, approximately 99% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 31 years.

As was previously noted, the adoption of IFRS has also had an impact on the amount of financing costs reported on the Trust's Consolidated Statement of Comprehensive Income. As a result of the Trust's LP Class B Units being classified as financial liabilities in accordance with IAS 32, the corresponding distributions paid to the Unitholders are classified as financing costs under IFRS. The Trust believes these distribution payments do not truly represent "financing charges" as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. The total amount of distributions paid to the LP Class B Unitholders for the third quarter and first nine months of 2012, which have been recorded as financing charges, was $2.1 million and $6.3 million, respectively, which is consistent with the $2.0 million and $6.0 million paid in distributions for the same periods in the prior year. Based on this rational, 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 third quarter and first nine months of 2012 was \$0.5 million and \$1.5 million, respectively, compared to \$0.6 million and \$1.9 million for the same periods in the prior year.

Interest Rate Sensitivity

Although Boardwalk REIT manages its financing risk in a variety of ways, as discussed later in the MD&A, it is important the reader understands how significant interest rate changes could impact the Trust as a whole. Due to the size of Boardwalk's overall mortgage portfolio, it has been prudent to spread out the maturity of these mortgages over a number of years. For the remainder of 2012, the Trust anticipates having approximately \$237.3 million of secured mortgages maturing with a weighted average rate of 4.79%. If we were to renew these mortgages today with a new 5-year term, we estimate, based upon interactions with possible lenders, the new rate would be approximately 2.30% (as of November 14, 2012), resulting in an estimated \$5.9 million potential annualized reduction in interest expense in our soon-to-mature mortgages.

Administration

Included in administration expenses are costs associated with Boardwalk REIT's centralized administrative functions. The amounts reported for the three and nine months ended September 30, 2012, which relate to corporate administration, was \$7.0 million and \$21.7 million, respectively, compared to \$6.9 million and \$19.6 million for the same periods in the prior year, an increase of approximately 1.4% and 10.7%.

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 \$12.9 million and \$39.1 million for the three and nine months ended September 30, 2012, compared to \$12.9 million and \$36.5 million for the same periods in the prior year. The increase in total administration costs of approximately \$2.6 million for the nine months ended September 30, 2012, was primarily the result of higher wages and salaries, as well as an increase in estimated profit sharing and bonus accruals recorded. For 2012, three quarters of the estimated profit sharing and bonuses were reported while only one-half of the 2011 estimated profit sharing and bonuses were reported in the prior year. The higher amount of profit sharing and bonus accruals recorded in the current year is consistent with Boardwalk's better-than-expected operating results. The allocation of administration expenses between corporate and operating general and administration costs, noted above, have not been materially impacted by the Trust's adoption of IFRS standards.

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.

For the nine months ended September 30, 2012, no deferred financing costs were written off due to the maturity or payout of mortgages in Boardwalk's secured debt portfolio.

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

The amounts reported as depreciation and amortization for the three and nine months ended September 30, 2012, was $2.6 million and $7.9 million, respectively, which was consistent with the $2.6 million and $7.8 million recorded for the same periods in the prior year.

Other Income and Expenses

Income Tax Expense

The Income Tax Act (Canada) (the "Tax Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"). Based on a detailed review of the SIFT Legislation, it could be interpreted that the Trust would not meet the criteria for a Real Estate Investment Trust Exemption ("REIT Exemption") in accordance with the definition contained in the legislation, which would be exempt from the specified investment flow-through legislation (nor remain within certain "normal growth" limits). As such, the Trust recorded an estimate of its future income tax liability at June 30, 2007 (adjusted quarterly if necessary), recognizing the probability it would be subject to the tax prescribed by the SIFT Legislation on January 1, 2011.

On December 16, 2010, the Department of Finance announced proposed amendments to the real estate investment trust exemption rule and, on October 24, 2012, released legislation to implement such amendments. The notable amendments follow:

- Allow REIT subsidiaries to hold certain non-capital property in respect of their real estate investment activities;
- Allow REITs to hold up to 10% of their non-portfolio property as non-qualifying REIT property without losing REIT status (with an associated clarification of the circumstances under which property can be considered to be ancillary REIT property);
- Allow REITs to derive up to 10% of their revenues from sources that are not qualifying sources;
- Clarify that a trust's revenue for purposes of the two revenue tests in the definition "real estate investment trust" is to be computed on a gross, rather than net, basis and that it will include capital gains but will not include recapture or other amounts that are on account of capital;
- Allow REITs to earn, as qualifying REIT revenue, gains realized by virtue of foreign currency fluctuations in respect of revenues derived from foreign real or immovable property including certain financing and hedging arrangements in respect of such property;

- Ensure that amounts distributed to a REIT, by an entity in which the REIT has a significant interest, will retain their character for purposes of the revenue tests; and,
- Allow an entity to hold investments in a REIT without those investments being treated as Canadian real, immovable, or resource property in determining whether the entity itself is a SIFT.

The legislation, released on October 24, 2012, will allow the Trust to qualify for the REIT Exemption for Canadian income tax purposes with greater certainty, even if the Trust sells or disposes of any real property. However as at September 30, 2012, these changes were not considered substantively enacted in accordance with IFRS. The Trust qualified for REIT Exemption for Canadian income tax purposes commencing January 1, 2011, prior to the release of the legislation, and intends to continue to qualify for the REIT Exemption with the new legislation. The Trust, therefore, reversed its deferred tax liability related to the SIFT tax legislation on January 1, 2011. The deferred tax liability related to the SIFT tax legislation was approximately $740.4 million under IFRS as at December 31, 2010.

With the release of the October 24, 2012, legislation, the Trust will be able to continue its strategy of selling Non-Core assets without the risk of losing its REIT Exemption status.

On July 20, 2011, the Finance Department announced proposed changes to the SIFT Legislation, including the treatment of stapled securities (particularly the deductibility of interest expense related to these securities and the treatment of distributions relating to these units) and other minor technical updates. On July 25, 2012, the Finance Department released draft legislation dealing mostly with the stapled securities announced on July 20, 2011. These changes are not expected to impact the Trust.

LP Class B Units and the Deferred Unit Compensation Plan

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 September 30, 2012, the Trust used a closing price of $64.99 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 Statement of Financial Position at September 30, 2012, was $290.8 million, and a corresponding fair value loss of $65.1 million (nine months ended September 30, 2011 - $31.0 million) was recorded on the Condensed Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2012.

The deferred unit-based compensation plan had a fair value of $9.3 million, and a corresponding fair value loss of $1.8 million (nine months ended September 30, 2011 - $1.1 million) was recorded on the Condensed Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2012.

Capital Improvements

Boardwalk has a continuous capital improvement program with respect to its investment properties. The program is designed to extend their useful lives and meet tenant expectations, as well as meet health and safety regulations.

In the first nine months of 2012, Boardwalk REIT invested approximately $61.8 million (comprised of $57.3 million on its investment properties and $4.5 million on property, plant and equipment) back into its properties in the form of equipment and project enhancements to upgrade existing suites, common areas, building exteriors, and systems, compared to the $48.4 million ($45.1 million on its investment properties and $3.3 million property, plant and equipment) invested in the same period of 2011. The amount of this investment will vary from year-to-year.

A significant part of Boardwalk's capital improvement program relates to projects that are carried out by Boardwalk's Associates. This internal capital improvement 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 performing 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 $14.5 million of on-site wages and salaries that have been incurred towards these projects for the first nine months of 2012, compared to $14.7 million for the same period in 2011.

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 (AFFO) that can be distributed to Unitholders. Maintenance capital expenditures include those expenditures that are not considered betterments, and relate more to maintaining the existing earnings capacity of our property portfolio. In contrast, stabilizing and value enhancing capital expenditures are more discretionary in nature and focus on increasing the productivity of the property, with the goal of increasing the FFO generated at that location. In addition, the Trust invests funds in its portfolio in the form of ongoing repairs and maintenance as well as on-site maintenance Associates. Both of these expenditures are designed to maintain the operating capacity of our assets.

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

in $000's, except for per suite amounts	**3 Months Sept 2012**	**Per Suite**	3 Months Sept 2011	Per Suite	**9 Months Sept 2012**	**Per Suite**	9 Months Sept 2011	Per Suite
Maintenance Capital Expenditures	**$ 3,969**	**$ 113**	$ 3,969	$ 113	**$ 11,906**	**$ 338**	$ 11,906	$ 338
Stabilizing & Value Enhancing Capital	**$ 21,332**	**$ 605**	$ 12,139	$ 344	**$ 45,431**	**$ 1,288**	$ 33,220	$ 942
	$ 25,301	**$ 718**	$ 16,108	$ 457	**$ 57,337**	**$ 1,626**	$ 45,126	$ 1,280

Items reported as capital are determined as investments in assets that have a useful life longer than the current reporting period. Management has estimated for the third quarter of fiscals 2012 and 2011, the amount allocated to maintenance capital was approximately $4.0 million, or $113 per apartment unit, with investment in value-enhancing expenditures totaling $21.3 million and $12.1 million, respectively, or $605 and $344 per apartment unit.

For the nine months ended September 30, 2012, and 2011, the amount allocated to maintenance capital was approximately $11.9 million or $338 per apartment unit, with investment in value-enhancing expenditures totaled $45.4 million and $33.2 million, respectively, or $1,288 and $942 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 63.0% of reported FFO and 70.1% of AFFO for the three months ended September 30, 2012, compared to 67.5% and 76.2%, respectively, for the same period in the previous year.

For the nine months ended September 30, 2012, the Trust is currently paying out an estimated 65.4% of reported FFO and 73.2% of AFFO compared to 72.2% and 82.2%, respectively, for the same period last year.

(000's)	**3 months September 30, 2012**	3 months September 30, 2011	9 months September 30, 2012	9 months September 30, 2011
Funds From Operations (FFO)	**$ 39,401**	$ 34,806	$ 111,948	$ 97,637
Maintenance Capital Expenditures – $450/Apartment Unit/Year	**$ 3,969**	$ 3,969	$ 11,906	$ 11,906
Adjusted Funds From Operations (AFFO)	**$ 35,432**	$ 30,837	$ 100,042	$ 85,731
AFFO per unit (Trust and LP B Units)	**$ 0.68**	$ 0.59	$ 1.91	$ 1.64
Unitholder Distributions-Regular (Trust Units and LP B Units)	**$ 24,842**	$ 23,503	$ 73,199	$ 70,498
Distribution as a % of FFO	**63.0%**	67.5%	65.4%	72.2%
Distribution as a % of AFFO	**70.1%**	76.2%	73.2%	82.2%

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 Members and Associates).

Investment Properties

As a result of the Trust's adoption of IFRS and its election to use the fair value model in accordance with IAS 40, Investment Properties are carried at their fair value at the 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
September 30, 2012	6	$ 181,850	3.3%
June 30, 2012	6	$ 205,278	4.0%
March 31, 2012	7	$ 375,083	7.5%
December 31, 2011	5	$ 125,823	2.6%

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	September 30, 2012		December 31, 2011	
Capitalization rate by city:	**Minimum**	**Maximum**	Minimum	Maximum
Calgary	**4.75%**	**5.50%**	5.25%	6.00%
Edmonton	**5.00%**	**5.50%**	5.50%	6.00%
Other Alberta	**5.75%**	**7.25%**	6.00%	7.75%
Vancouver	**4.75%**	**6.25%**	5.00%	6.50%
Kitchener	**5.75%**	**5.75%**	6.00%	6.00%
London	**5.75%**	**6.00%**	6.00%	6.25%
Windsor	**6.50%**	**7.00%**	6.75%	7.25%
Montreal	**5.50%**	**6.25%**	5.75%	6.75%
Quebec City	**5.75%**	**6.25%**	5.75%	6.25%
Regina	**5.75%**	**6.00%**	6.25%	6.50%
Saskatoon	**5.75%**	**6.00%**	6.25%	6.50%
Cap Rate Range	**4.75%**	**7.25%**	5.00%	7.75%
Land Lease	**5.25%**	**12.69%**	5.50%	11.50%

Overall portfolio weighted average capitalization rates were 5.47% and 5.91% as at September 30, 2012, and December 31, 2011, respectively.

The "Overall Capitalization Rate" method requires a forecasted net operating income ("NOI") be divided by a Capitalization Rate ("cap rate') to determine a fair value. As such, fluctuations in both NOI and cap rates could significantly alter the fair value. Below summarizes the sensitivity impact of changes in both cap rates and NOI on the Trust's fair value of its investment properties as at September 30, 2012, and December 31, 2011:

As at September 30, 2012 *(in 000's)*

Net Operating Income		**-3%**	**-1%**	**As Forecasted**	**+1%**	**+3%**
		$ 291,181	**$ 297,185**	**$ 300,187**	**$ 303,189**	**$ 309,193**
Capitalization Rate						
-0.25%	**5.22%**	**$ 90,308**	**$ 205,322**	**$ 262,830**	**$ 320,337**	**$ 435,351**
Cap Rate As Reported	**5.47%**	**(164,636)**	**(54,879)**	**5,487,881**	**54,879**	**164,636**
+0.25%	**5.72%**	**(397,296)**	**(292,335)**	**(239,855)**	**(187,375)**	**(82,414)**

As at December 31, 2011 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 274,820	$ 280,486	$ 283,319	$ 286,152	$ 291,819
Capitalization Rate						
-0.25%	5.66%	$ 61,575	$ 161,688	$ 211,744	$ 261,801	$ 361,914
Cap Rate As Reported	5.91%	(143,817)	(47,939)	4,793,895	47,939	143,817
+0.25%	6.16%	(332,538)	(240,551)	(194,557)	(148,564)	(56,577)

Investment Property Development

In the past, the development of multi-family apartment units by the Trust was not a significant part of our overall strategy. The main reason was because market rental rates were well below the levels needed to justify new construction, as compared to other investment opportunities. Recently, however, market rents have increased, as witnessed in our current performance review, which were partially fuelled by an increased demand for housing from foreign migration . The current low interest rate environment, along with significant increased demand for ownership in this asset class, has increased the prices of property acquisitions to the point where we believe the timing is good to further explore this avenue of growth.

The Trust has received development approval from the City of Calgary in Alberta, Canada, for the construction of a 109-unit four storey, elevatored, wood frame building in the southwest part of the city. The development itself will be constructed on excess land density the Trust currently has on its Spruce Ridge property. It is estimated the cost of this development will be approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. As at September 30, 2012, approximately $2.3 million of the $7.5 million was received by the Trust. In return for this grant, the Trust has agreed to classify 54 of the 109 units as 'affordable', with market rents to be set at 10% below average market rates for Calgary for a term of 20 years. The remainder of the approximate $11.5 million development funds required will come from Boardwalk's cash on hand. We estimate the stabilized capitalization rate on this project will be approximately 6.10%, including an estimated allocation of $4.25 million, or $39 thousand per apartment unit, for the excess land allocated to this project. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents.

It is our intention to continue to investigate further development opportunities; however, each future opportunity will require a separate analysis and, depending on the analysis and economic conditions, Boardwalk REIT will determine if additional development projects are warranted.

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. Although it appears we are beginning to see an improvement in the overall economy, Boardwalk has yet to witness a significant change in these more stringent standards.

To mitigate the risk of renewal, the Trust utilizes NHA mortgage insurance, the benefits of which we discussed in detail above. In volatile times, the ability to access this product was very beneficial to the Trust as a whole.

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

Cash position September 30, 2012	$ 160,601
Subsequent Committed Additional Financing	$ 32,010
Committed Revolving Credit Facility Available	$ 196,276
Total Available Liquidity	$ 388,887

In addition to this, the Trust currently has 2,865 rental apartment units of unencumbered assets, of which 855 units are pledged against the Trust's committed revolving credit facility. It is estimated that the Trust could obtain an additional $218.0 million of new proceeds from the financing of its current unencumbered assets.

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

The reader should also be aware that of the $237.3 million of secured mortgages coming due during the remainder of 2012 (as shown in the table below), all have NHA insurance, and represent in aggregate approximately 53% 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 $237.3 million maturing mortgages of 4.79%. 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 attaching its secured mortgages, the Trust is still susceptible to changes in market interest rates. To address this issue, and to take advantage of the current low-interest rate environment, the Trust has undertaken to forward fix the interest rates on approximately $234.2 million of the $237.3 million of remaining 2012 maturing mortgages. The new interest rates, including the forward fix premium, average 3.32% as compared to the 4.79% rate on the maturing mortgages, have a weighted average term of approximately 9 years.

Mortgage and Debt Schedule

Boardwalk REIT's long-term debt consists mainly of low-rate, fixed-term secured mortgage financing. On January 23, 2012, Boardwalk REIT paid its maturing unsecured debentures, totalling $112.4 million. The maturity dates on the secured mortgages have been staggered to lower the overall interest rate risk on renewal.

Total mortgages and debt payable (net of unamortized transaction costs) on September 30, 2012, were $2.26 billion, compared to $2.33 billion reported on December 31, 2011.

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 September 30, 2012, was 3.84% compared to 4.14% on December 31, 2011, and 4.18% on September 30, 2011. 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.

Year of Maturity	Principal Outstanding as at September 30, 2012	Weighted Average Interest Rate By Maturity	% of Total
2012	$ 237,279	4.79%	10.1%
2013	289,084	4.45%	12.3%
2014	420,084	3.51%	17.9%
2015	447,762	3.72%	19.1%
2016	276,188	3.89%	11.8%
2017	279,134	3.02%	11.9%
2018	114,047	3.68%	4.9%
2019	107,330	4.38%	4.6%
2020	54,837	4.48%	2.4%
2021	33,174	4.26%	1.4%
2022	84,634	2.89%	3.6%
Total Principal Outstanding	$ 2,343,553	3.84%	100.00%
Unamortized Deferred Financing Costs	$ (86,930)		
Per Financial Statements	$ 2,256,623		

Unsecured Debentures

On January 21, 2005, Boardwalk REIT completed the issuance of unsecured debentures in a public offering in the aggregate amount of $120 million. The debentures carried a coupon rate of 5.61% (5.31% prior to July 30, 2008) and matured on January 23, 2012. During the first quarter of 2009, the Trust acquired a total face value of $7.6 million of its unsecured debentures for cancellation at a discount in the open market.

Boardwalk had a principal repayment of $112.4 million of unsecured debentures that matured on January 23, 2012. The balance of these were repaid with cash on hand on maturity.

Adjusted Debt to Gross Book Value

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. Prior to May 15, 2012, the most constraining test was what was referred to as its Debt-to-Gross Book Value. At the May 15, 2012 Annual and Special Meeting of Unitholders, the Debt-to-Gross Book Value test was replaced by an interest service coverage ratio limit of 1.5 to 1. For the purpose of the interest service coverage ratio calculation, 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 service coverage ratio calculation as at September 30, 2012, based on the most recently four completed fiscal quarters.

As at	**September 30, 2012**
Consolidated EBITDA	**$ 245,769**
Consolidated Interest Expense	**92,605**
Interest Coverage Ratio	**2.65**
Minimum Threshold	**1.50**

For the most recently four completed fiscal quarters ended September 30, 2012, 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 2.65. The reader should note upon the adoption of IFRS standards, the distributions made to the LP Class B Unitholders are now considered financing charges, as a 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, 2010	47,891,133
Units issued for vested deferred units	59,259
Units purchased and cancelled	(160,900)
December 31, 2011	47,789,492
Units issued for vested deferred units	42,429
September 30, 2012	**47,831,921**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at September 30, 2012, there were 47,831,921 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 52,306,921. These LP Class B Units are classified as "FVTPL" financial liabilities under IFRS and are recorded at their fair value as liabilities on the Consolidated Statement of Financial Position.

Equity

Boardwalk has an equity market capitalization of approximately $3.4 billion based on the Trust Unit closing price of $64.99 on the Toronto Stock Exchange on September 30, 2012.

Enterprise Value

With a total enterprise value of approximately $5.7 billion (consisting of total debt of $2.3 billion and market capitalization of $3.4 billion) as at September 30, 2012, Boardwalk's total debt is approximately 40% of total enterprise value at the end of the period.

Critical Accounting Policies

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

Certain new standards, interpretations, amendments, and improvements to existing standards, were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") and are mandatory for accounting periods beginning January 1, 2012 or later periods. The standards are consistent with those disclosed in the Trust's December 31, 2011, 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 that appropriate decisions can be made regarding public disclosure.

The preparation of this information is supported by a set of disclosure controls and procedures implemented by management. In fiscal 2011, these controls and procedures were reviewed and the effectiveness of their design and operation was evaluated. This evaluation confirmed the effectiveness of the design and operation of disclosure controls and procedures as at December 31, 2011. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") control framework adopted by the Trust and the requirements of National Instrument 52-109 of the Canadian Securities Administrators titled, 'Certification of Disclosure in Issuers' Annual and Interim Filings'.

There were no changes made to our disclosure controls and procedures during the quarter and nine months ended September 30, 2012. Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is made known to the CEO, President, and CFO.

As at December 31, 2011, Boardwalk REIT also confirmed the effectiveness of the design of internal controls 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 our systems evolve with our business. The design of internal controls over financial reporting are reviewed and updated, if necessary, to ensure they remain effective to provide reasonable assurance regarding the reliability of financial statements and information. There were no changes made in our internal controls over financial reporting during the quarter and nine months ended September 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2012 Financial Outlook and Market Guidance

As is customary, the Trust reviews on a quarterly basis its key assumptions used in deriving its public financial guidance. Based on our review of the first nine months of the 2012 fiscal year and, in particular, the increase in the operating results of the Trust, the Trust is revising its 2012 financial guidance. For fiscal 2012, the Trust expects FFO per Unit to be in the range of $2.80 to $2.90 as compared to the Q2 2012 revised range of $2.75 to $2.90. The AFFO guidance range has also been adjusted to $2.50 to $2.60 from $2.45 to $2.60. The increase is mainly the result of stronger-than-anticipated rental operations. Details of these changes are noted below.

Description	2012 Original Objectives	Q2 2012 Revised Objectives	Q3 2012 Revised Objectives
Acquisitions	No new apartment acquisitions	No new apartment acquisitions	No new apartment acquisitions
Stabilized Building NOI growth	1% to 4%	3% to 5%	3% to 5%
FFO Per Unit	$2.65 to $2.85	$2.75 to $2.90	$2.80 to $2.90
AFFO Per Unit	$2.35 to $2.55	$2.45 to $2.60	$2.50 to $2.60

In addition to the above financial guidance for 2012, the Trust has maintained the amount of capital that will be invested back into its existing portfolio for the 2012 fiscal year.

Capital Budget	Q3 2012 Revised Budget	Per Suite	Nine Months ended September 2012 Actual	Per Suite
Total Approved	$ 97,500	$ 2,763	$ 57,337	$ 1,626
Maintenance Capital	$ 15,900	$ 450	$ 11,906	$ 338
Stabilizing & Value Added Capital	$ 81,600	$ 2,313	$ 45,431	$ 1,288
	$ 97,500	$ 2,763	$ 57,337	$ 1,626

For the first nine months of 2012, Boardwalk REIT has incurred $57.3 million (or $1,626 per apartment unit) of capital improvements.

2013 FINANCIAL PERFORMANCE GUIDANCE

As is customary in Boardwalk REIT's third quarter report, the Trust is providing financial guidance for the upcoming 2013 fiscal year.

Description	2013 Objectives
Acquisitions	No New Apartment acquisitions
Stabilized Building NOI growth	1% to 4%
FFO per Trust Unit – $475/Apartment Unit/Year	$2.95 to $3.15
AFFO per Trust Unit	$2.63 to $2.83

The Trust's Board of Trustees has approved the 2013 Capital Budget as follows:

Capital Budget – *in thousands $ except per unit*	2013 Budget	Per Unit
Maintenance Capital – $475/Apartment Unit/Year	$ 16,800	$ 475
Stabilizing & Value Added Capital	$ 74,900	$ 2,124
Total Operational Capital	$ 91,700	$ 2,599
Development	$ 21,000	
Total Capital Investment	$ 112,700	

The Trust has increased its Maintenance Capital estimate for 2013 to $475 per apartment unit per year from $450 as a result of increased pricing pressure.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited (CDN $ THOUSANDS)

As at	Note	September 30, 2012	December 31, 2011
Assets			
Non-current assets			
Investment properties	3	$ 5,487,881	$ 4,793,895
Property, plant and equipment	4	20,064	18,260
Deferred tax assets	10	911	725
		5,508,856	4,812,880
Current assets			
Inventories		3,080	2,640
Prepaid assets		4,103	3,838
Trade and other receivables		1,832	2,210
Segregated tenants' security deposits		12,098	11,561
Cash		160,601	255,894
		181,714	276,143
Total Assets		$ 5,690,570	$ 5,089,023
Liabilities			
Non-current liabilities			
Mortgages payable	5	$ 1,709,770	$ 1,720,951
LP Class B Units	7	290,830	225,719
Other non-current liabilities	8	6,128	8,282
Deferred unit-based compensation	9	5,583	4,396
Deferred tax liabilities	10	12	10
Deferred government grant	11	2,283	–
		2,014,606	1,959,358
Current liabilities			
Mortgages payable	5	546,853	497,780
Debentures	6	–	112,390
Deferred unit-based compensation	9	3,703	2,636
Refundable tenants' security deposits		15,688	15,126
Trade and other payables		55,478	56,943
		621,722	684,875
Total Liabilities		$ 2,636,328	$ 2,644,233
Equity			
Unitholders' equity	12	$ 3,054,242	$ 2,444,790
Total Equity		$ 3,054,242	$ 2,444,790
Total Liabilities and Equity		$ 5,690,570	$ 5,089,023

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited (CDN $ THOUSANDS)

	Note	3 months ended September 30, 2012	3 months ended September 30, 2011	9 months ended September 30, 2012	9 months ended September 30, 2011
Rental revenue		**$ 108,817**	$ 104,353	**$ 322,745**	$ 310,813
Ancillary rental income		**1,778**	1,641	**5,107**	4,841
Total rental revenue		**110,595**	105,994	**327,852**	315,654
Rental expenses					
Operating expenses		**22,243**	21,961	**64,892**	63,103
Utilities		**8,521**	8,157	**28,627**	29,964
Property taxes		**9,592**	8,361	**27,318**	27,112
Net operating income		**70,239**	67,515	**207,015**	195,475
Financing costs	13	**24,368**	26,118	**74,372**	79,057
Administration		**6,961**	6,877	**21,720**	19,554
Depreciation and amortization		**2,614**	2,629	**7,915**	7,759
Profit from continuing operations before fair value gains and income tax (recovery) expense		**36,296**	31,891	**103,008**	89,105
Fair value gains	14	**257,669**	137,505	**569,757**	258,653
Profit before income tax (recovery) expense		**293,965**	169,396	**672,765**	347,758
Income tax (recovery) expense	10	**(12)**	309	**(184)**	(740,434)
Profit for the period		**293,977**	169,087	**672,949**	1,088,192
Other comprehensive income (loss)		**954**	(2,632)	**2,157**	(2,526)
Total comprehensive income		**$ 294,931**	$ 166,455	**$ 675,106**	$ 1,085,666

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, 2010	$ 192,272	$ 1,683,707	$ (556,856)	$ 1,126,851	$ (6,587)	$ 1,312,536
Units issued	1,396	–	–	–	–	1,396
Units purchased and cancelled	(6,740)	–	–	–	–	(6,740)
Profit for the period	–	1,088,192	–	1,088,192	–	1,088,192
Other comprehensive loss	–	–	–	–	(2,526)	(2,526)
Total comprehensive income for the period	–	1,088,192	–	1,088,192	(2,526)	1,085,666
Distributions declared to Unitholders	–	–	(64,457)	(64,457)	–	(64,457)
Balance, September 30, 2011	$ 186,928	$ 2,771,899	$ (621,313)	$ 2,150,586	$ (9,113)	$ 2,328,401
Balance, December 31, 2011	$ 187,264	$ 2,908,793	$ (642,809)	$ 2,265,984	$ (8,458)	$ 2,444,790
Units issued	1,280	–	–	–	–	1,280
Profit for the period	–	672,949	–	672,949	–	672,949
Other comprehensive income	–	–	–	–	2,157	2,157
Total comprehensive income for the period	–	672,949	–	672,949	2,157	675,106
Distributions declared to Unitholders	–	–	(66,934)	(66,934)	–	(66,934)
Balance, September 30, 2012	**$ 188,544**	**$ 3,581,742**	**$ (709,743)**	**$ 2,871,999**	**$ (6,301)**	**$ 3,054,242**

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (CDN $ THOUSANDS)

	Note	**3 months ended September 30, 2012**	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
Operating activities					
Profit for the period		**$ 293,977**	$ 169,087	**$ 672,949**	$ 1,088,192
Fair value gains	14	**(257,669)**	(137,505)	**(569,757)**	(258,653)
Income tax (recovery) expense		**(12)**	309	**(184)**	(740,434)
Depreciation and amortization		**2,614**	2,629	**7,915**	7,759
		38,910	34,520	**110,923**	96,864
Net change in operating working capital	19	**5,727**	1,067	**(527)**	(4,503)
		44,637	35,587	**110,396**	92,361
Investing activities					
Improvements to investment properties	3	**(25,301)**	(16,108)	**(57,337)**	(45,126)
Net cash proceeds from sale of equipment		**–**	138	**–**	138
Additions to property, plant and equipment		**(1,712)**	(1,067)	**(4,480)**	(3,291)
		(27,013)	(17,037)	**(61,817)**	(48,279)
Financing activities					
Distributions paid		**(22,473)**	(21,488)	**(66,449)**	(64,477)
Unit repurchase program		**–**	–	**–**	(6,740)
Repayment of debenture	6	**–**	–	**(112,405)**	–
Financing, repayment and maturity of debt on investment properties		**28,915**	43,419	**35,884**	24,777
Deferred financing costs incurred		**(1,455)**	(1,369)	**(3,188)**	(3,660)
Bond forward settlement, net of amortization		**(8)**	2	**3**	17
Government grant proceeds		**2,283**	–	**2,283**	–
		7,262	20,564	**(143,872)**	(50,083)
Net increase (decrease) in cash		**24,886**	39,114	**(95,293)**	(6,001)
Cash, beginning of period		**135,715**	182,971	**255,894**	228,086
Cash, end of period		**$ 160,601**	**$ 222,085**	**$ 160,601**	**$ 222,085**

See accompanying notes to these condensed consolidated financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2012 and 2011

(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 May 3, 2004, May 10, 2006, May 10, 2007, May 13, 2008, May 13, 2009, May 18, 2010, May 12, 2011 and May 15, 2012, 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 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.

(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, 2011, 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. 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 and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2012 due to seasonal variations in property expenses and other factors. Historically, Boardwalk REIT has experienced higher utility expenses in the first and fourth quarter 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 September 30, 2012 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, 2011 annual consolidated financial statements.

(d) Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning January 1, 2012 or later periods. These are consistent with those disclosed in the Trust's December 31, 2011 annual consolidated financial statements.

NOTE 3: Investment Properties

As at	September 30, 2012	December 31, 2011
Balance, beginning of period	**$ 4,793,895**	$ 4,318,242
Additions		
Building improvements (incl. internal capital program)	**57,337**	69,265
Fair value gains	**636,649**	406,388
Balance, end of period	**$ 5,487,881**	$ 4,793,895

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
September 30, 2012	6	$ 181,850	3.3%
June 30, 2012	6	$ 205,278	4.0%
March 31, 2012	7	$ 375,083	7.5%
December 31, 2011	5	$ 125,823	2.6%

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 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 are 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.

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

As at	September 30, 2012		December 31, 2011	
Capitalization rate by city:	**Minimum**	**Maximum**	Minimum	Maximum
Calgary	**4.75%**	**5.50%**	5.25%	6.00%
Edmonton	**5.00%**	**5.50%**	5.50%	6.00%
Other Alberta	**5.75%**	**7.25%**	6.00%	7.75%
Vancouver	**4.75%**	**6.25%**	5.00%	6.50%
Kitchener	**5.75%**	**5.75%**	6.00%	6.00%
London	**5.75%**	**6.00%**	6.00%	6.25%
Windsor	**6.50%**	**7.00%**	6.75%	7.25%
Montreal	**5.50%**	**6.25%**	5.75%	6.75%
Quebec City	**5.75%**	**6.25%**	5.75%	6.25%
Regina	**5.75%**	**6.00%**	6.25%	6.50%
Saskatoon	**5.75%**	**6.00%**	6.25%	6.50%
Cap Rate Range	**4.75%**	**7.25%**	5.00%	7.75%
Land Lease	**5.25%**	**12.69%**	5.50%	11.50%

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at September 30, 2012 and December 31, 2011, were 5.47% and 5.91%, respectively.

The "Overall Capitalization Rate" method requires that a forecasted net operating income ("NOI") be divided by a Capitalization Rate ("Cap Rate") to determine a fair value. As such, fluctuations in both NOI and Cap Rates could significantly alter the fair value. 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:

As at September 30, 2012 *(in 000's)*

Net Operating Income		**-3%**	**-1%**	**As Forecasted**	**+1%**	**+3%**
		$ 291,181	**$ 297,185**	**$ 300,187**	**$ 303,189**	**$ 309,193**
Capitalization Rate						
-0.25%	5.22%	**$ 90,308**	**$ 205,322**	**$ 262,830**	**$ 320,337**	**$ 435,351**
Cap Rate As Reported	5.47%	**(164,636)**	**(54,879)**	**5,487,881**	**54,879**	**164,636**
+0.25%	5.72%	**(397,296)**	**(292,335)**	**(239,855)**	**(187,375)**	**(82,414)**

As at December 31, 2011 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 274,820	$ 280,486	$ 283,319	$ 286,152	$ 291,819
Capitalization Rate						
-0.25%	5.66%	$ 61,575	$ 161,688	$ 211,744	$ 261,801	$ 361,914
Cap Rate As Reported	5.91%	(143,817)	(47,939)	4,793,895	47,939	143,817
+0.25%	6.16%	(332,538)	(240,551)	(194,557)	(148,564)	(56,577)

NOTE 4: Property, Plant and Equipment ("PP&E")

The carrying amounts of PP&E were as follows:

As at	September 30, 2012			December 31, 2011		
	Cost	**Accum. Deprec.**	**Carrying amount**	Cost	Accum. Deprec.	Carrying amount
Administration building	**$ 4,895**	**$ (1,988)**	**$ 2,907**	$ 4,435	$ (1,849)	$ 2,586
Site equipment and other assets	**29,035**	**(15,088)**	**13,947**	25,971	(13,527)	12,444
Corporate technology assets [(1)]	**23,000**	**(19,790)**	**3,210**	22,044	(18,814)	3,230
Total	**$ 56,930**	**$ (36,866)**	**$ 20,064**	$ 52,450	$ (34,190)	$ 18,260

(1) For the nine months ended September 30, 2012, $433 thousand of capitalized programmers' salaries related to internally developed software applications used by the Trust in the normal course of its operations has been included in corporate technology assets ($499 thousand for the year ended December 31, 2011).

NOTE 5: Mortgages Payable

As at	September 30, 2012		December 31, 2011	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgage payable				
Fixed rate	**3.84%**	**$ 2,256,623**	4.08%	$ 2,218,731
Total		**$ 2,256,623**		$ 2,218,731
Current		**$ 546,853**		$ 497,780
Non-current		**1,709,770**		1,720,951
		$ 2,256,623		$ 2,218,731

Estimated future principal payments required to meet mortgage obligations as at September 30, 2012 are as follows:

	Secured By Investment Properties
12 months ended September 30, 2013	$ 546,853
12 months ended September 30, 2014	240,052
12 months ended September 30, 2015	588,610
12 months ended September 30, 2016	308,853
12 months ended September 30, 2017	249,180
Subsequent	410,005
	2,343,553
Unamortized deferred financing costs	(87,068)
Unamortized mark-to-market adjustment	138
	$ 2,256,623

NOTE 6: Debentures

As at	September 30, 2012		December 31, 2011	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Unsecured debenture				
Fixed rate	– %	$ –	5.61%	$ 112,390
Total		$ –		$ 112,390
Current		$ –		$ 112,390
Non-current		–		–
		$ –		$ 112,390

The unsecured debentures matured on January 23, 2012 and were settled using the Trust's liquidity on hand.

NOTE 7: LP Class B Units

The LP Class B Units, representing an aggregate fair value of $290.8 million at September 30, 2012 ($225.7 million – December 31, 2011) 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.

As at September 30, 2012 and December 31, 2011, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 8: Other Non-Current Liabilities

Other non-current liabilities represents the fair value of the Trust's interest rate swaps (as described below) and totaled $6.1 million as at September 30, 2012 ($8.3 million – December 31, 2011).

During the first quarter of 2008, Boardwalk REIT entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. These interest rate swap agreements were designated as cash flow hedges under pre-IFRS Canadian GAAP and meet the criteria to be designated as effective cash flow hedges under IFRS at the January 1, 2010 Transition Date. At September 30, 2012 and December 31, 2011, the Trust has determined that these cash flow hedges were effective under IFRS and hedge accounting has been applied to these agreements. As such, the change in fair value has been recorded in Other Comprehensive Income ("OCI") as outlined in NOTE 12(c).

Settlements on both the fixed and variable portion of the interest rate swaps will occur on a monthly basis. The fixed interest rate has been set at 4.15%, plus a stamping fee of 0.25%, while the total amount of mortgage debt subject to the interest rate swaps was approximately $86.4 million at September 30, 2012 and $87.2 million at December 31, 2011. The mortgages of these specific properties have been included in the mortgage payable balance above (NOTE 5).

NOTE 9: Deferred Unit-Based Compensation

Deferred unit-based compensation is comprised of the following:

As at	**September 30, 2012**	December 31, 2011
Current	**$ 3,703**	$ 2,636
Non-current	**5,583**	4,396
	$ 9,286	$ 7,032

The total of $9.3 million represents the fair value of the underlying deferred units at September 30, 2012 ($7.0 million – December 31, 2011).

For the three and nine months ended September 30, 2012, total costs of $0.4 million and $1.8 million, respectively, were recognized in profit as an expense related to executive bonuses and trustee fees under the deferred unit plan (three and nine months ended September 30, 2011 – $0.7 million and $2.0 million, respectively).

The status of the outstanding deferred units was as follows:

	# of Units Outstanding	# of Units vested
Balance, December 31, 2010	223,296	–
Deferred units granted	51,620	49,160
Additional deferred units earned on units	8,963	10,118
Deferred units converted to Trust Units or cash	(59,278)	(59,278)
Balance, December 31, 2011	224,601	–
Deferred units granted	39,524	35,417
Additional deferred units earned on units	5,546	7,012
Deferred units converted to Trust Units or cash	(42,429)	(42,429)
Balance, September 30, 2012	**227,242**	**–**

NOTE 10: Income Taxes

Deferred income tax

Boardwalk REIT is a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act"), and accordingly is not taxable on its income to the extent that its taxable income is distributed to its Unitholders. This exemption does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax.

The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Rules"). The SIFT Rules contain the definition of and criteria for being a 'real estate investment trust' or 'REIT' for Canadian income tax purposes (including the definition of what is considered 'rent from real or immoveable properties'), which would be exempt from the SIFT Rules. Based on a detailed review of the criteria for the REIT exemption, it could be interpreted that for fiscal 2010, the Trust did not qualify as a REIT since ambiguity remained on the characteristics of gains on dispositions of real or immoveable properties as they flow through the Trust's organizational structure.

On December 16, 2010, the Government of Canada proposed technical amendments clarifying the definition of a REIT for Canadian income tax purposes. The proposed amendments included the following clarifications as applicable to the Trust: (i) amounts distributed to a REIT by an entity to which the REIT has a significant interest will retain the source character of income earned by the subsidiary entity, and (ii) the revenue requirements in the definition of a REIT will be amended by replacing the term "revenues" with the term "gross REIT revenue", which is defined as (a) an amount received in the taxation year or receivable in the taxation year by the entity otherwise than on account of capital, plus (b) capital gains on dispositions of real or immovable properties, but will not include recapture or other amounts that are on account of capital. The proposed changes outlined above in their current form will allow the Trust to, with greater certainty, qualify as a REIT for Canadian income tax purposes regardless of whether the Trust sells or disposes of any real property.

On October 24, 2012, legislation was tabled by the Government of Canada, which among other changes implemented the December 16, 2010 technical amendments. In accordance with IAS 12 – Income Taxes, the December 16, 2010 technical amendments are considered substantively enacted effective October 24, 2012; however, as at September 30, 2012, these changes were not considered substantively enacted in accordance with IFRS. The Trust qualified as a REIT for Canadian income tax purposes commencing on January 1, 2011 prior to implementation of the December 16, 2010 technical amendments, and will continue to qualify as a REIT under these amendments. Consequently, the Trust reversed its deferred income tax liability related to the SIFT Rules on January 1, 2011.

On July 20, 2011, the Government of Canada announced proposed changes to the SIFT Rules, including the treatment of stapled securities (particularly the deductibility of interest expense related to these securities and the treatment of distributions relating to these units) and other minor technical updates. Legislation dealing mostly with the treatment of stapled securities previously announced on July 20, 2011 was released on July 25, 2012. This legislation did not impact the Trust's condensed consolidated financial statements.

The major components of income tax (recovery) expense include the following:

	3 months ended September 30, 2012	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
Current tax expense	**$ –**	$ –	**$ 1**	$ 2
Deferred tax (recovery) expense	**(12)**	309	**(185)**	(740,436)
Total income tax (recovery) expense	**$ (12)**	$ 309	**$ (184)**	$ (740,434)

NOTE 11: Deferred Government Grant

The Trust has commenced the construction of a 109-unit, four storey, elevatored, wood frame building in the southwest part of Calgary, Alberta. The development is being constructed on existing land density the Trust currently has on a property known as 'Spruce Ridge'. In conjunction with this development, the Trust has applied and received approval for a government grant from the Province of Alberta totaling approximately $7.5 million. As at September 30, 2012, approximately $2.3 million of the $7.5 million was received by the Trust. In return for this grant, the Trust has agreed to provide 54 of the 109 units at rents to be 10% below the average market rates for Calgary ("affordable units") for a term of 20 years.

The grant proceeds will be paid to Boardwalk REIT in four installments based on certain completion milestones. Any portion of the $7.5 million grant that exceeds 65% of the contracted construction costs of the development, including the land value attributed to the project, must be repaid by the Trust. In addition, a portion of the grant is repayable to the government in proportion to the years remaining in the 20-year term if the agreement to provide affordable units terminate earlier.

In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units.

NOTE 12: Unitholders' Equity

The Plan of Arrangement (the "Arrangement") converting Boardwalk Equities Inc. from a share corporation to a real estate investment trust was completed on May 3, 2004. Under the Arrangement, the former shareholders of Boardwalk Equities Inc. received Boardwalk REIT Units or Class B Limited Partnership Units ("LP Class B Units") of a controlled limited partnership of the Trust, Boardwalk REIT Limited Partnership. The interests in Boardwalk REIT are represented by two classes of units: a class described and designated as "REIT Units" and a class described and designated as "Special Voting Units". The LP Class B Units are classified as a financial liability and are discussed in NOTE 7.

(a) REIT Units

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

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

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

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

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

(b) Special Voting Units

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

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

	Units outstanding September 30, 2012	**Monthly Distribution**	Units outstanding December 31, 2011	Monthly Distribution
Boardwalk REIT Units	**47,831,921**	**$0.16/unit**	47,789,492	$0.15/unit
Special Voting Units	**4,475,000**	**N/A**	4,475,000	N/A

Monthly 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 subsequent to September 30, 2012 (to be paid on November 15, 2012) totaled $7.7 million ($0.16 per unit) and have not been included as a liability in the consolidated statement of financial position as at September 30, 2012 as the record date for these distributions was October 31, 2012.

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

For the three and nine months ended September 30, 2012 and 2011, OCI consists of the following amounts:

	3 months ended September 30, 2012	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
AOCI, beginning of period	**$ (7,255)**	$ (6,481)	**$ (8,458)**	$ (6,587)
Change in fair value of the effective portion of the interest rate swaps	**962**	(2,634)	**2,154**	(2,543)
(Gains) losses on settlement of effective bond forward	**(8)**	2	**3**	17
AOCI, end of period	**$ (6,301)**	$ (9,113)	**$ (6,301)**	$ (9,113)

(d) Earnings per unit

	3 months ended September 30, 2012	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
Numerator				
Profit – basic	**$ 293,977**	$ 169,087	**$ 672,949**	$1,088,192
Loss on fair value adjustments to unexercised deferred units	**573**	160	**1,781**	1,132
Distribution paid on LP Class B units	**2,126**	2,014	**6,265**	6,041
(Gain) loss on fair value adjustment to LP Class B units	**28,550**	(493)	**65,111**	31,011
Profit – diluted	**$ 325,226**	$ 170,768	**$ 746,106**	$1,126,376
Denominator				
Weighted average units outstanding – basic	**47,831,921**	47,759,285	**47,811,551**	47,780,932
Unexercised deferred units	**–**	9,879	**–**	3,365
Conversion of LP Class B units	**4,475,000**	4,475,000	**4,475,000**	4,475,000
Weighted average units outstanding – diluted	**52,306,921**	52,244,164	**52,286,551**	52,259,297
Earnings per unit – basic	**$ 6.15**	$ 3.54	**$ 14.08**	$ 22.77
Earnings per unit – diluted	**$ 6.22**	$ 3.27	**$ 14.27**	$ 21.55

All dilutive elements were included in the calculation of diluted per unit amounts, as the effect of settling all outstanding deferred units and LP Class B Units are dilutive.

NOTE 13: Financing Costs

Financing costs are comprised of interest on mortgages payable, interest on the unsecured debentures (which matured on January 23, 2012), distributions paid to the LP Class B Unitholders and other interest charges. Financing costs are net of interest income earned. Financing costs total $24.4 million and $74.4 million for the three and nine months ended September 30, 2012, respectively ($26.1 million and $79.1 million for the three and nine months ended September 30, 2011, respectively) and can be summarized as follows:

	3 months ended September 30, 2012	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
Interest on secured debt (mortgages payable)	**$ 22,386**	$ 22,745	**$ 68,138**	$ 68,970
Interest on unsecured debt (debentures)	**–**	1,576	**404**	4,729
LP Class B unit distribution	**2,126**	2,014	**6,265**	6,041
Other interest charges	**385**	395	**1,100**	1,170
Interest income	**(529)**	(612)	**(1,535)**	(1,853)
Total	**$ 24,368**	$ 26,118	**$ 74,372**	$ 79,057

NOTE 14: Fair Value Gains

The components of fair value gains were as follows:

	3 months ended September 30, 2012	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
Investment properties	**$ 286,792**	$ 137,172	**$ 636,649**	$ 290,796
Financial liabilities designated as FVTPL				
Deferred unit-based compensation	**(573)**	(160)	**(1,781)**	(1,132)
LP Class B Units	**(28,550)**	493	**(65,111)**	(31,011)
Total fair value gains	**$ 257,669**	$ 137,505	**$ 569,757**	$ 258,653

NOTE 15: Guarantees, Contingencies, Commitments and Other

From time to time, the Trust enters into various supply contracts for energy commodities to hedge its usage.

For the period from November 1, 2010 to October 31, 2011, the Trust had a physical supply contract covering all of its natural gas requirements for the Province of Saskatchewan at a price of $4.81/GJ. The Trust also negotiated a new physical supply agreement for Saskatchewan, which covers the period from November 1, 2011 to October 31, 2012 and provides the commodity at a price of $4.17/GJ. This physical supply agreement was renewed for a further two-year term commencing November 1, 2012 to October 31, 2014. The new supply contract provides the commodity at a price of $3.74/GJ.

In addition to the Province of Saskatchewan, the Trust also had a natural gas supply contract for the Provinces of Ontario and Quebec to cover approximately 50% of the natural gas usage in those two provinces for the period from November 1, 2010 to October 31, 2011 at a price of $4.07/GJ. On October 21, 2010, the Trust negotiated a two-year supply contract to ensure supply of the remaining 50% of natural gas usage for the Provinces of Ontario and Quebec at a price of $4.11/GJ for the period from November 1, 2010 to October 31, 2012.

On June 10, 2010, the Trust entered into a long-term supply contract with one electrical utility company to supply the Trust with its electrical power needs for Southern Alberta for a three-year period commencing October 1, 2010 and ending September 30, 2013 at a blended rate of approximately $0.06/kWh.

On September 13, 2010, the Trust entered into a long-term supply contract with one electrical utility company to supply the Trust with its electrical power needs for Northern Alberta for a five-year period commencing October 1, 2010 and ending September 30, 2015 at a blended rate of approximately $0.06/kWh.

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust, most of which are minor in nature. Management and the Trust's legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims.

NOTE 16: Capital Management and Liquidity

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

The interest service coverage ratio replaced the previous maximum total debt level of up to 70% of Gross Book Value ("GBV"). GBV was defined in the DOT as total assets plus the amortization of property, plant and equipment as recorded by the Trust and debt was defined to exclude trade accounts payable, distribution payable, securities issued by the Trust or its subsidiaries, including, but not limited to, the LP Class B Units, and accrued liabilities arising in the ordinary course of business.

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

As at	September 30, 2012
Consolidated EBITDA (12 months ended September 30, 2012)	**$ 245,769**
Consolidated Interest Expense (12 months ended September 30, 2012)	**92,605**
Interest Coverage Ratio	**2.65**
Minimum Threshold	**1.50**

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 September 30, 2012, the Trust's weighted average cost of capital was 3.89%.

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

As at	**September 30, 2012**		December 31, 2011	
	Cost of Capital (1)	**Underlying Value (2)**	Cost of Capital (1)	Underlying Value (2)
Liabilities				
Mortgages payable	**3.84%**	**$ 2,341,712**	4.08%	$ 2,343,615
Unsecured debenture	**–%**	**–**	5.61%	112,504
LP Class B Units	**3.92%**	**290,830**	4.40%	225,719
Deferred unit-based compensation	**3.92%**	**9,286**	4.40%	7,032
Unitholders' equity				
Boardwalk REIT Units	**3.92%**	**3,108,597**	4.40%	2,410,502
Total	**3.89%**	**$ 5,750,425**	4.28%	$ 5,099,372

(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 99.2% of this debt at September 30, 2012 is insured under the National Housing Act ("NHA"). 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 43% of the fair value of the Trust's investment properties. This level of indebtedness is considered by the Trust to be within its target range.

Unsecured debenture – The unsecured debenture represents the debt outstanding on a debenture issuance in a public offering on January 21, 2005. Boardwalk REIT completed the issuance of unsecured debentures in a public offering in the aggregate amount of $120 million. The debentures were rated "BBB" with a stable trend by Dominion Bond Rating Services, carry a coupon rate of 5.61% (5.31% prior to July 30, 2008), and matures on January 23, 2012. During the first quarter of 2009, the Trust acquired in the open market a total face value of $7.6 million of these unsecured debentures for cancellation. These were purchased at a discount to the face value of the reported debentures. The debentures were repaid in full in January of 2012.

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.

As outlined in NOTE 17 (d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at September 30, 2012 included cash on hand of $160.6 million (December 31, 2011 - $255.9 million) as well as an unused committed revolving credit facility of $196.3 million (December 31, 2011 – $196.1 million). The Trust monitors its ratios and as at September 30, 2012 and December 31, 2011, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 17: Risk Management

(a) Interest rate risk

The Trust is exposed to interest rate risk as a result of its mortgages payable and credit facilities; however, this risk is minimized through the Trust's current strategy of having the majority of its mortgages payable in fixed-term arrangements. As such, the Trust's cash flows are not significantly impacted by a change in market interest rates. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to interest rates in any one year. The majority of the Trust's mortgages are also insured by the Canadian Mortgage and Housing Corporation ("CMHC") under the NHA mortgage program. This added level of insurance offered to lenders allows the Trust to receive advantageous interest rates while minimizing the risk of mortgage renewals or extensions, and significantly reduces the potential for a lender to call a loan prematurely. In addition, management is constantly reviewing its committed revolving credit facility (floating-rate debt) and, if market conditions warrant, the Trust has the ability to convert its existing floating-rate debt to fixed rate debt.

As at September 30, 2012, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at September 30, 2012, 100% was fixed-rate debt and 0% was floating-rate debt. For the three and nine months ended September 30, 2012, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (three and nine months ended September 30, 2011 – $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 tenant receivables. As at September 30, 2012 and December 31, 2011, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers was past due.

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

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

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

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

Past due receivables (receivables which are greater than 30 days) are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness and the current economic environment, however, tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for doubtful accounts. The amount of the loss is recognized in the 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 September 30, 2012 bad debt expense totaled $1.14 million (three months ended September 30, 2011 – $1.33 million). For the nine months ended September 30, 2012 bad debt expense totaled $3.20 million (nine months ended September 30, 2011 – $4.33 million).

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

(c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust maintains what it believes to be conservatively leveraged assets and can finance any future growth through one or a combination of internally generated cash flows, borrowing under an existing committed revolving credit facility, the issuance of debt or the issuance of equity, according to its capital management objectives. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to liquidity risk in any one year. In addition, cash flow projections are completed and reviewed on a regular basis to ensure the Trust has sufficient cash flows to make its monthly distributions to its Unitholders. Finally, financial assets, such as cash and trade and other receivables, will be realized within the next twelve months and can be utilized to satisfy the Trust's financial liabilities. Given the Trust's currently available liquid resources (from both financial assets and on-going operations) as compared to its contractual obligations, management assesses the Trust's liquidity risk to be low.

The following table details the Trust's remaining contractual maturity for its non-derivative financial liabilities listed by year of maturity date:

	Mortgages payable	
Year of Maturity	Weighted average interest rate	Principal outstanding
2012	4.79%	$ 237,279
2013	4.45%	289,084
2014	3.51%	420,084
2015	3.72%	447,762
2016	3.89%	276,188
Subsequent	3.79%	673,156
	3.84%	2,343,553
Unamortized deferred financing costs		(87,068)
Unamortized mark-to-market adjustment		138
		$ 2,256,623

(d) Debt covenants

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

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

As the debentures were repaid in full in the first quarter of 2012, the covenants contained in the debenture agreement are no longer applicable to the Trust.

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 September 30, 2012 of approximately $640.8 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 $196.3 million as at September 30, 2012 ($196.1 million – December 31, 2011). The revolving facility requires monthly interest payments, is for a three-year term maturing on July 28, 2014, and can be extended annually thereafter, subject to the mutual consent of the lender and the Trust. On July 26, 2012, the lender and the Trust agreed to extend the maturity date of the revolving credit facility for an additional year, from July 28, 2014 to July 27, 2015. 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 September 30, 2012, this ratio was 1.85 (December 31, 2011 – 1.74).

(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, 2012, this ratio was 1.81 (December 31, 2011 – 1.79).

(iii) Total indebtedness of the Trust will not exceed 75% of the GBV of all assets for the two most recent quarters as defined in the credit agreement. The calculation of the components of Debt to Gross Book Value in accordance with the credit agreement is similar to that previously defined in the DOT as outlined in NOTE 16; however, the credit facility uses the two most recent quarters to calculate GBV. As at September 30, 2012, this ratio was 40.6% (December 31, 2011 – 46.3%).

As at September 30, 2012 and December 31, 2011, the Trust was in compliance with all covenants.

(e) Utility risk

The Trust is exposed to utility risk as a result of fluctuations in the prices of natural gas and electricity service charges. As outlined in NOTE 15, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 18: 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 September 30, 2012, has not changed since December 31, 2011, except the addition of Andrea Stephen, who became a member of the Board of Trustees effective May 15, 2012.

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

	3 months ended September 30, 2012	3 months ended September 30, 2011	**9 months ended September 30, 2012**	9 months ended September 30, 2011
Short-term benefits	**$ 243**	$ 235	**$ 729**	$ 705
Post-employment benefits	**11**	11	**34**	34
Other long-term benefits	**3**	–	**8**	4
Deferred unit-based compensation	**–**	–	**821**	818
	$ 257	$ 246	**$ 1,592**	$ 1,561

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 were reclassified from equity to liabilities on the financial statements. Additionally, as the LP Class B Units are liabilities, all distributions paid are recorded as a financing charge under IFRS. For the three and nine months ended September 30, 2012, distributions on the LP Class B Units totaled $2.1 million and $6.3 million, respectively ($2.0 million – three months ended September 30, 2011, $6.0 million – nine months ended September 30, 2011). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at September 30, 2012, there was $716 thousand owed to related parties ($671 thousand – December 31, 2011) based on the LP Class B Units distribution outlined above.

NOTE 19: Other Information

(a) Supplemental cash flow information

	3 months ended September 30, 2012	3 months ended September 30, 2011	9 months ended September 30, 2012	9 months ended September 30, 2011
Taxes paid	$ –	$ –	$ 1	$ 2
Interest paid	$ 24,843	$ 28,295	$ 78,621	$ 82,309
Net change in operating working capital				
Net change in inventories	$ 146	$ (79)	$ (440)	$ 334
Net change in prepaid assets	943	947	(265)	(514)
Net change in trade and other receivables	332	(944)	378	364
Net change in segregated and refundable tenants' security deposits	9	40	25	10
Net change in deferred unit-based compensation	122	567	1,241	1,816
Net change in trade and other payables	4,175	536	(1,466)	(6,513)
	$ 5,727	$ 1,067	$ (527)	$ (4,503)

(b) Included in administration costs is $483 thousand relating to RRSP matching for the three months ended September 30, 2012 and $1.44 million for the nine months ended September 30, 2012 ($464 thousand for the three months ended September 30, 2011, $1.37 million for the nine months ended September 30, 2011).

NOTE 20: 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. Expiring leases are either renewed or new tenants are found.

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

All other segments items represent corporate functions, technology assets, activities incidental to operations and certain comparative data for divested assets, and are recognized in the relevant segments.

Details of segmented information are as follows:

As at	September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Assets	$3,061,503	$ 105,243	$ 587,286	$ 273,109	$ 680,015	$ 983,414	$5,690,570
Liabilities	1,437,219	63,615	259,508	126,277	334,412	415,297	2,636,328

As at	December 31, 2011						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Assets	$ 3,145,356	$ 110,432	$ 608,303	$ 277,408	$ 706,639	$ 240,885	$ 5,089,023
Liabilities	1,473,167	63,455	266,183	125,793	334,389	381,246	2,644,233

	3 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Rental revenue	$ 65,198	$ 2,031	$ 14,589	$ 9,805	$ 17,169	$ 25	$ 108,817
Ancillary rental income (loss)	1,177	41	148	206	250	(44)	1,778
Total rental revenue	66,375	2,072	14,737	10,011	17,419	(19)	110,595
Rental expenses							
Operating expenses	12,667	418	2,496	1,763	3,833	1,066	22,243
Utilities	4,646	146	1,044	1,710	878	97	8,521
Property taxes	5,287	118	1,016	1,356	1,788	27	9,592
Net operating income (loss)	43,775	1,390	10,181	5,182	10,920	(1,209)	70,239
Financing costs (a)	14,936	724	2,555	1,341	2,904	1,908	24,368
Administration	11	–	(9)	(5)	18	6,946	6,961
Depreciation and amortization (b)	754	32	103	77	815	833	2,614
Profit (loss) from continuing operations before fair value gains (losses) and income tax recovery	28,074	634	7,532	3,769	7,183	(10,896)	36,296
Fair value gains (losses)	228,864	420	42,268	816	14,425	(29,124)	257,669
Profit (loss) before income tax recovery	256,938	1,054	49,800	4,585	21,608	(40,020)	293,965
Income tax recovery (c)	–	–	–	–	–	(12)	(12)
Profit (loss)	256,938	1,054	49,800	4,585	21,608	(40,008)	293,977
Other comprehensive income (loss)	782	–	542	–	–	(370)	954
Total comprehensive income (loss)	$ 257,720	$ 1,054	$ 50,342	$ 4,585	$ 21,608	$ (40,378)	$ 294,931
Additions to non-current assets (d)	$ 11,130	$ 580	$ 3,265	$ 2,170	$ 7,497	$ 2,371	$ 27,013

	3 months ended September 30, 2011						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Rental revenue	$ 61,772	$ 2,018	$ 14,056	$ 9,538	$ 16,950	$ 19	$ 104,353
Ancillary rental income (loss)	927	25	148	202	340	(1)	1,641
Total rental revenue	62,699	2,043	14,204	9,740	17,290	18	105,994
Rental expenses							
Operating expenses	12,557	380	2,549	1,970	3,507	998	21,961
Utilities	4,476	156	963	1,551	927	84	8,157
Property taxes	4,281	117	963	1,248	1,736	16	8,361
Net operating income (loss)	41,385	1,390	9,729	4,971	11,120	(1,080)	67,515
Financing costs (a)	14,665	734	2,768	1,347	3,273	3,331	26,118
Administration	45	1	–	5	28	6,798	6,877
Depreciation and amortization(b)	879	30	117	76	721	806	2,629
Profit (loss) from continuing operations before fair value gains (losses) and income tax expense	25,796	625	6,844	3,543	7,098	(12,015)	31,891
Fair value gains (losses)	117,687	1,258	16,824	8,837	(7,433)	332	137,505
Profit (loss) before income tax expense	143,483	1,883	23,668	12,380	(335)	(11,683)	169,396
Income tax expense (c)	–	–	–	–	–	309	309
Profit (loss)	143,483	1,883	23,668	12,380	(335)	(11,992)	169,087
Other comprehensive loss	(1,526)	–	(1,106)	–	–	–	(2,632)
Total comprehensive income (loss)	$ 141,957	$ 1,883	$ 22,562	$ 12,380	$ (335)	$ (11,992)	$ 166,455
Additions to non-current assets (d)	$ 8,797	$ 458	$ 1,785	$ 1,375	$ 3,861	$ 899	$ 17,175

	9 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Rental revenue	$ 192,601	$ 6,083	$ 43,237	$ 29,256	$ 51,423	$ 145	$ 322,745
Ancillary rental income (loss)	3,143	108	482	664	754	(44)	5,107
Total rental revenue	195,744	6,191	43,719	29,920	52,177	101	327,852
Rental expenses							
Operating expenses	37,043	1,169	7,164	5,241	11,008	3,267	64,892
Utilities	14,752	566	3,532	5,118	4,347	312	28,627
Property taxes	14,529	351	2,963	4,079	5,326	70	27,318
Net operating income (loss)	129,420	4,105	30,060	15,482	31,496	(3,548)	207,015
Financing costs (a)	45,050	2,180	7,818	4,042	9,208	6,074	74,372
Administration	111	2	(10)	2	61	21,554	21,720
Depreciation and amortization(b)	2,548	94	397	227	2,361	2,288	7,915
Profit (loss) from continuing operations before fair value gains (losses) and income tax recovery	81,711	1,829	21,855	11,211	19,866	(33,464)	103,008
Fair value gains (losses)	519,244	4,398	80,261	18,985	13,762	(66,893)	569,757
Profit (loss) before income tax recovery	600,955	6,227	102,116	30,196	33,628	(100,357)	672,765
Income tax recovery (c)	–	–	–	–	–	(184)	(184)
Profit (loss)	600,955	6,227	102,116	30,196	33,628	(100,173)	672,949
Other comprehensive income (loss)	1,473	–	1,054	–	–	(370)	2,157
Total comprehensive income (loss)	$ 602,428	$ 6,227	$ 103,170	$ 30,196	$ 33,628	$ (100,543)	$ 675,106
Additions to non-current assets (d)	$ 28,431	$ 1,502	$ 6,169	$ 6,485	$ 14,088	$ 5,142	$ 61,817

	9 months ended September 30, 2011						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Rental revenue	$ 183,272	$ 5,960	$ 41,903	$ 28,687	$ 50,849	$ 142	$ 310,813
Ancillary rental income (loss)	2,842	89	458	596	859	(3)	4,841
Total rental revenue	186,114	6,049	42,361	29,283	51,708	139	315,654
Rental expenses							
Operating expenses	35,656	1,063	6,973	5,418	10,638	3,355	63,103
Utilities	15,905	559	3,484	5,108	4,666	242	29,964
Property taxes	14,347	305	2,964	4,225	5,202	69	27,112
Net operating income (loss)	120,206	4,122	28,940	14,532	31,202	(3,527)	195,475
Financing costs (a)	44,522	2,206	8,354	4,143	9,918	9,914	79,057
Administration	69	23	(10)	59	100	19,313	19,554
Depreciation and amortization(b)	2,619	93	463	249	2,104	2,231	7,759
Profit (loss) from continuing operations before fair value gains (losses) and income tax recovery	72,996	1,800	20,133	10,081	19,080	(34,985)	89,105
Fair value gains (losses)	228,244	5,555	36,639	16,454	3,904	(32,143)	258,653
Profit (loss) before income tax recovery	301,240	7,355	56,772	26,535	22,984	(67,128)	347,758
Income tax recovery (c)	–	–	–	–	–	(740,434)	(740,434)
Profit	301,240	7,355	56,772	26,535	22,984	673,306	1,088,192
Other comprehensive loss	(1,473)	–	(1,053)	–	–	–	(2,526)
Total comprehensive income	$ 299,767	$ 7,355	$ 55,719	$ 26,535	$ 22,984	$ 673,306	$ 1,085,666
Additions to non-current assets (d)	$ 24,281	$ 1,086	$ 4,740	$ 4,584	$ 10,859	$ 2,867	$ 48,417

(a) Financing costs

Financing costs were as follows:

	3 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Interest on secured debt (mortgages payable)	$ 14,903	$ 724	$ 2,549	$ 1,312	$ 2,897	$ 1	$ 22,386
Interest on unsecured debt (debentures)	–	–	–	–	–	–	–
LP Class B unit distribution	–	–	–	–	–	2,126	2,126
Other interest charges	33	–	5	29	8	310	385
Interest income	–	–	–	–	(2)	(527)	(529)
Total	$ 14,936	$ 724	$ 2,554	$ 1,341	$ 2,903	$ 1,910	$ 24,368

	3 months ended September 30, 2011						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Interest on secured debt (mortgages payable)	$ 14,620	$ 733	$ 2,765	$ 1,348	$ 3,279	$ –	$ 22,745
Interest on unsecured debt (debentures)	–	–	–	–	–	1,576	1,576
LP Class B unit distribution	–	–	–	–	–	2,014	2,014
Other interest charges	45	1	3	–	7	339	395
Interest income	–	–	–	–	(13)	(599)	(612)
Total	$ 14,665	$ 734	$ 2,768	$ 1,348	$ 3,273	$ 3,330	$ 26,118

	9 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Interest on secured debt (mortgages payable)	$ 45,014	$ 2,178	$ 7,802	$ 3,954	$ 9,189	$ 1	$ 68,138
Interest on unsecured debt (debentures)	–	–	–	–	–	404	404
LP Class B unit distribution	–	–	–	–	–	6,265	6,265
Other interest charges	36	2	15	88	24	935	1,100
Interest income	–	–	–	–	(6)	(1,529)	(1,535)
Total	$ 45,050	$ 2,180	$ 7,817	$ 4,042	$ 9,207	$ 6,076	$ 74,372

	9 months ended September 30, 2011						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	All other segments	Total
Interest on secured debt (mortgages payable)	$ 44,404	$ 2,204	$ 8,348	$ 4,100	$ 9,914	$ –	$ 68,970
Interest on unsecured debt (debentures)	–	–	–	–	–	4,729	4,729
LP Class B unit distribution	–	–	–	–	–	6,041	6,041
Other interest charges	119	1	12	43	21	974	1,170
Interest income	–	–	(6)	–	(17)	(1,830)	(1,853)
Total	$ 44,523	$ 2,205	$ 8,354	$ 4,143	$ 9,918	$ 9,914	$ 79,057

(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. Excluded are deferred tax assets, which are presented separately on the consolidated statement of financial position. The tax charge is Boardwalk REIT's estimate of the deferred income tax liability at June 30, 2007, and adjusted quarterly, recognizing the probability that it would be subject to the tax prescribed by the SIFT Rules on January 1, 2011. On December 16, 2010, the Department of Finance announced proposed amendments to the real estate investment trust rules and released for consultation draft legislation to implement such amendments. Notwithstanding if and when these proposed changes become substantively enacted, the Trust's qualifies as a REIT for Canadian income tax purposes commencing January 1, 2011 and reversed the deferred income tax liability related to the SIFT Rules at this time. Subsequently, the remaining tax charges relate to corporate entities taxed separately under the Income Tax Act.

(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 21: Approval of Financial Statements

The financial statements were approved by the Board of Trustees and authorized for issue on November 14, 2012.

CORPORATE INFORMATION

EXECUTIVE OFFICE

First West Professional Building
Suite 200, 1501 – 1 Street SW
Calgary, Alberta T2R 0W1
Phone: 403 531-9255
Fax: 403 531-9565
Web: www.BoardwalkREIT.com

SENIOR MANAGEMENT

Jonathan Brimmell
Vice President, Operations,
Ontario and Quebec

Dean Burns
General Counsel and Secretary

William Chidley
Senior Vice President, Corporate Development

Jean Denis
Vice President, Acquisitions,
Eastern Canada

Ian Dingle
Vice President, Purchasing and Contracts

Roberto Geremia
President

Michael Guyette
CIO, VP Operations for
Southern Alberta and BC

Sam Kolias
Chief Executive Officer

Van Kolias
Senior Vice President, Quality Control

Kelly Mahajan
Vice President, Customer Service and Process Design

Helen Mix
Vice President, Human Resources

Lisa Russell
Vice President, Acquisitions,
Western Canada

William Wong
Chief Financial Officer

Bill Zigomanis
Vice President, Investments

BOARDWALK RENTAL COMMUNITIES