Boardwalk

Q3 2013

Delivering Value

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, 2013) 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 over 1,500 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 2013 for Boardwalk Real Estate Investment Trust ("Boardwalk", "Boardwalk REIT", or the "Trust"). Funds from Operations (FFO) for the quarter totaled $45.0 million, or $0.86 per Trust Unit on a diluted basis, an increase of approximately 14.1% and 14.7%, respectively, over the same quarter last year. Adjusted Funds from Operations (AFFO) per Trust Unit increased 14.7% to $0.78 for the current quarter versus $0.68 for the same three-month period in 2012.

Funds from Operations for the nine-month period ended September 30, 2013 increased 13.2% to $126.7 million from $111.9 million in the same period in 2012 and 13.1% to $2.42 per Trust Unit from $2.14 per Trust Unit for the same nine-month period in 2012.

The increase in reported FFO was mainly attributed to organic revenue growth driven by higher market and in-place rents while maintaining high occupancy levels and offering fewer incentives, though tempered by increased wages and salaries and non-controllable expenses such as Utilities and Property Taxes. With the continued low interest rate environment, despite the recent increase in treasury yields, the Trust continues to benefit from lower overall financing costs 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, they are not measures defined by International Financial Reporting Standards ("IFRS"). The reconciliation of FFO and other financial performance measures can be found in the Management Discussion and Analysis (MD&A) for the third quarter ended September 30, 2013, under the section titled, "Performance Measures".

BOARDWALK RENTAL COMMUNITIES

HIGHLIGHTS OF THE TRUST'S THIRD QUARTER AND FIRST NINE MONTHS 2013 FINANCIAL RESULTS

$ millions, except per unit amounts	**Three Months Sep 2013**	Three Months Sep 2012	% Change	**Nine Months Sep 2013**	Nine Months Sep 2012	% Change
Total Rental Revenue	**$ 116.1**	$ 110.6	5.0%	**$ 344.4**	$ 327.9	5.0%
Net Operating Income (NOI)	**$ 74.7**	$ 70.2	6.4%	**$ 217.6**	$ 207.0	5.1%
Profit	**$ 159.2**	$ 294.0	-45.8%	**$ 365.2**	$ 672.9	-45.7%
Funds From Operations (FFO)	**$ 45.0**	$ 39.4	14.1%	**$ 126.7**	$ 111.9	13.2%
Adjusted Funds From Operations (AFFO)	**$ 40.8**	$ 35.4	15.1%	**$ 114.2**	$ 100.0	14.1%
FFO Per Unit	**$ 0.86**	$ 0.75	14.7%	**$ 2.42**	$ 2.14	13.1%
AFFO Per Unit	**$ 0.78**	$ 0.68	14.7%	**$ 2.18**	$ 1.91	14.1%
Regular Distributions Declared (Trust Units & LP B Units)	**$ 25.9**	$ 24.8	4.3%	**$ 77.5**	$ 73.2	5.8%
Regular Distributions Declared Per Unit (Trust Units & LP B Units) (2012 - $1.90 Per Unit - 2013 - $1.98 per Unit on an annualized basis)	**$ 0.50**	$ 0.48	4.2%	**$ 1.48**	$ 1.40	5.7%
Regular Payout as a % FFO	**57.6%**	63.0%		**61.1%**	65.4%	
Regular Payout as a % AFFO	**63.6%**	70.1%		**67.9%**	73.2%	
Interest Coverage Ratio (Rolling 4 quarters)	**3.08**	2.65		**3.08**	2.65	
Operating Margin	**64.4%**	63.5%		**63.2%**	63.1%	

The Fair Value under IFRS for the Trust's portfolio increased as a result of higher market rents as Capitalization Rates remained unchanged for multi-family assets (as compared to the previous quarter). Below is a summary of the Trust's per unit Net Asset Value with further discussion located in the 2013 Third Quarter MD&A.

HIGHLIGHTS OF THE TRUST'S FAIR VALUE OF INVESTMENT PROPERTIES

	Sep 30, 2013[1]	Dec 31, 2012[1]
IFRS Net Asset Value (NAV) Per Diluted Unit (Trust & LP B)	**$ 65.41**	$ 60.38
Cash Per Diluted Unit (Trust & LP B)	**$ 2.74**	$ 2.65
Total Per Diluted Unit (Trust & LP B)	**$ 68.15**	$ 63.03

(1) Calculated using principal amounts of debt outstanding in each period totalling $2.35 billion as of Sep 30, 2013 and $2.33 billion as of Dec 31, 2012.

Weighted Average Capitalization Rate: 5.47% as at Sep 30, 2013 and Dec 31, 2012

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

Boardwalk's strategy of managing revenue while lowering turnover and other operating costs remains key to optimizing Net Operating Income ("NOI"). One component of Boardwalk's NOI Strategy is its rental revenue strategy, which involves the continuous active management of occupancy levels, market rents, and suite-specific incentives (three key variables) and 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 maintaining high occupancy levels. Average monthly rents increased to $1,098 in September of 2013 from $1,049 in September of 2012 and average occupied rents for the period also increased to $1,115 versus $1,067 for the same period last year. Average market rents have increased to $1,148, up from $1,100 in September of 2012 and sequentially higher than the beginning of the year. In the third quarter of 2013, overall occupancy for Boardwalk's portfolio was 98.35%, a slight decrease compared to the previous quarter, but higher than the same period last year.

Despite the continued increase in average monthly and occupied rents the Trust has been able to achieve to date, market rents also continue to increase, leaving a considerable mark-to-market opportunity for the Trust. Continued focus on product quality and customer service remains key to Boardwalk's NOI Optimization strategy and further sustainable improvement of financial performance.

The Trust's self-imposed rent control and rental increase forgiveness program for financially challenged Resident Members, which eliminates or reduces rental increases where appropriate, continues to build goodwill. Historically, by providing sustainable rental increases to our Resident Members, the Trust has experienced lower turnover, reduced operating expenses and higher occupancy levels, all of which have resulted in higher revenues and a positive benefit to 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 2013

	Sep 2013	Dec 2012	Sep 2012
Average Occupancy (Period Average)	**98.35%**	98.45%	98.10%
Average Monthly Rent (Period Ended)	**$1,098**	$1,065	$1,049
Average Market Rent (Period Ended)	**$1,148**	$1,105	$1,100
Average Occupied Rent (Period Ended)	**$1,115**	$1,081	$1,067
Loss-to-Lease (Period Ended) ($ millions)	**$13.7**	$10.0	$13.7
Loss-to-Lease Per Trust Unit (Period Ended)	**$0.26**	$0.19	$0.26
Cash(Period Ended) ($ millions)	**$143.7**	$138.7	$160.6

Same Property Results	% Change Year-Over-Year 3 Months Sep 2013	% Change Year-Over-Year 9 Months Sep 2013
Rental Revenue	4.9%	5.0%
Operating Costs	1.6%	4.9%
Net Operating Income (NOI)	6.7%	5.1%

Stabilized Revenue Growth	# of Units	Q3 2013 vs Q2 2013	Q2 2013 vs Q1 2013	Q1 2013 vs Q4 2012	Q4 2012 vs Q3 2012
Calgary	5,310	1.4%	2.0%	1.7%	1.7%
Edmonton	12,497	1.5%	1.8%	1.3%	1.5%
Fort McMurray	352	-0.1%	2.9%	1.3%	-0.7%
Grande Prairie	645	1.0%	1.3%	1.7%	3.4%
Red Deer	939	2.3%	1.3%	2.4%	1.1%
British Columbia	633	0.4%	0.1%	1.0%	0.4%
Ontario	4,265	-2.7%	4.0%	-0.1%	1.6%
Quebec	6,000	0.4%	1.0%	0.4%	-0.2%
Saskatchewan	4,636	1.0%	1.1%	0.1%	1.5%
	35,277	0.8%	1.8%	1.0%	1.3%

On a sequential basis, stabilized revenues for the third quarter of 2013 increased 0.8% when compared to the previous quarter, mainly the result of higher market rents coupled with continued high occupancy. Alberta, our largest market, posted positive sequential revenue growth this quarter with the strongest sequential gains in Calgary, Red Deer, and Edmonton. Ontario's revenue decrease was a result of higher vacancy levels, though moderated by higher in place rents. Continued high occupancy coupled with increasing occupied rents, reflects positively on the Trust's vertically integrated operating and NOI 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-13	Sep-12	**Sep-13**	Sep-12	**Sep-13**	Sep-12	**Sep-13**	Sep-12	**Sep-13**	Sep-12
Unemployment Rate	**6.7%**	7.0%	**4.3%**	4.4%	**4.3%**	4.7%	**7.3%**	7.9%	**7.6%**	8.0%
	Q2 2013	Q2 2012	**Q2 2013**	Q2 2012	**Q2 2013**	Q2 2012	**Q2 2013**	Q2 2012	**Q2 2013**	Q2 2012
Net Interprovincial Migration	**-1,258**	-572	**13,791**	8,338	**1,207**	1171	**-4,848**	-4,891	**-4,753**	-2,210
Net International Migration	**12,407**	10,294	**20,487**	15,199	**4,138**	4,122	**31,859**	35,118	**22,791**	21,564
Total Net Migration	**11,149**	9,722	**34,278**	23,537	**5,345**	5,293	**27,011**	30,227	**18,038**	19,354
	July 2012 to July 2013	July 2011 to July 2012	**July 2012 to July 2013**	July 2011 to July 2012	**July 2012 to July 2013**	July 2011 to July 2012	**July 2012 to July 2013**	July 2011 to July 2012	**July 2012 to July 2013**	July 2011 to July 2012
Average Weekly Wages Growth	**-0.1%**	4.9%	**1.6%**	6.1%	**1.3%**	7.1%	**0.9%**	3.2%	**1.8%**	2.4%

Source: Statistics Canada

Western Canada

British Columbia is expecting modest growth in consumer spending and business investment, both of which will contribute to economic growth. According to CMHC, this growth is expected to be slightly ahead of the national average at 1.9% in 2013 and 2.5% in 2014. CMHC expects that the flooding Alberta experienced earlier this year will have a short-term negative impact on the province's economic activity; however, with the investments in the energy industry among other factors, CMHC is expecting Alberta's real GDP to increase by 2%. In the future, CMHC predicts that flood remediation will boost the economy increasing GDP further by 3% in 2014. Economic growth in Saskatchewan is also predicted to remain strong compared to other provinces, with CMHC estimating real GDP to increase by 2.1% in 2013 and 2.8% in 2014.

Employment growth in British Columbia is projected to improve in 2014 with CMHC estimating it to rise to 1.5% in 2014 from the 0.4% expected for this year. Alberta is expected to see higher increases in employment as CMHC expects employment to rise by 2% in 2013 and 2.1% in 2014. The increase in the labor force is expected to keep the unemployment rate at approximately 4.6% through 2014. CMHC predicts that Saskatchewan will remain the lowest of the provinces at 4.2% in 2013 and 4.3% in 2014.

According to CMHC, British Columbia is expecting 38,000 migrants this year and 41,300 in 2014; this increase will support a rising level of housing supply. Alberta has seen strong migration in 2012 and CMHC expects this to continue at 75,900 in 2013 and 63,000 in 2014. Saskatchewan's net migration is expected to reach 11,900 in 2013 and 12,000 in 2014, according to CMHC, and this will be largely driven by international migration.

Eastern Canada

CMHC anticipates Ontario to experience moderate economic growth in 2013 with GDP growth of 1.5%. However, this is expected to increase to 2.6% in 2014, making it the first year in over a decade that Ontario will outpace overall growth in Canada. Quebec will see similar growth rates, as CMHC expects real GDP to grow between 1.5% and 2.2% during 2013 and 2014.

With Ontario experiencing an improving economy, CMHC expects that employment growth will strengthen by 1.7% in 2014, and the unemployment rate will decline as compared to most other provinces. Quebec, however, will see slow unemployment growth as a result of more favourable employment prospects in Western Canada and that firms have set their focus to increasing fixed capital, as opposed to increasing labour. For these reasons, CMHC expects that employment will grow at 1.4% for both 2013 and 2014.

In addition to helping the employment growth in Ontario, the improving economy will also lessen the migratory outflow that the province has been seeing. CMHC expects net migration in Ontario to be 83,100 people in 2013 to 93,600 in 2014. In Quebec, CMHC expects net migration to reach 44,700 in 2013 and 45,300 in 2014.

MLS HOUSING PRICES

British Columbia	Vancouver CMA		Victoria CMA	
	Sep-13	Sep-12	**Sep-13**	Sep-12
Average Single Family	**NA**	NA	**$ 605,736**	$ 589,361
Average Condo	**NA**	NA	**$ 316,140**	$ 320,304
Average Overall	**$ 601,900**	$ 606,100	**NA**	NA
Alberta	Calgary CMA		Edmonton CMA	
	Sep-13	Sep-12	**Sep-13**	Sep-12
Average Single Family	**$ 512,057**	$ 468,360	**$ 408,642**	$ 376,678
Average Condo	**$ 298,742**	$ 286,226	**$ 243,655**	$ 229,246
Saskatchewan	Saskatoon CMA		Regina CMA	
	Sep-13	Sep-12	**Sep-13**	Sep-12
Average Overall	**$ 342,983**	$ 318,163	**$ 317,273**	$ 298,501
Ontario	London CMA		Windsor CMA	
	Sep-13	Sep-12	**Sep-13**	Sep-12
Average Overall	**$ 245,395**	$ 231,599	**$ 184,899**	$ 181,976
Quebec	Montreal CMA			
	Sep-13	Sep-12		
Average Overall*	**$ 319,891**	$ 327,336		

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

British Columbia is expected to see an increase in single-detached starts to 9,000 units in 2013 and 9,900 units in 2014, according to CMHC. Whereas multi-family starts will slow slightly in 2013 to 18,100 units, which CMHC says is due to the rise in inventory and a well-supplied resale market for condominium apartments creating competition. These starts will increase slightly to 18,700 units 2014 as demand strengthens.

The recent flooding in Alberta is not expected to have a significant impact on housing starts in Alberta as the majority of housing being built for flood victims is temporary. CMHC is predicting that single-detached starts will rise in 2013 to 18,200 and slightly higher in 2014 to 18,900. CMHC expects multi-family starts to remain relatively stable at 15,600 units in 2013 and 15,500 in 2014.

Saskatchewan is seeing higher inventory levels for single-detached homes, and as a result CMHC expects single-detached starts to be 4,100 units in 2013 and a slight increase to 4,200 units in 2014. As Saskatchewan saw an increase in multi-family starts in 2012 and following this, CMHC expects starts to decline slightly to 3,400 in 2013 as result of increased inventory. However, these starts are predicted to increase moderately to 3,500 in 2014.

Eastern Canada

CMHC expects single-detached starts in Ontario to increase slightly over the forecast period, resulting in 23,000 units in 2013 and 23,900 in 2014. However, multi-family starts are expected to slow over the forecast period with CMHC predicting 35,600 units in 2013 and 35,500 in 2014.

In Quebec, CMHC is expects a trend toward multi-family housing as a result of the moderate job growth and easing of the resale market. This will result in a decline of single-detached housing starts at 13,700 units in 2013 and a slight increase from this to 14,100 in 2014. Quebec has seen three years of sustained construction for multi-family housing, and as a result CMHC cites that market conditions have eased. Multi-family housing starts in Quebec are expected to decrease considerably in 2013 to 25,000 units and increase slightly in 2014 to 25,700 units.

LIQUIDITY AND CONTINUED FINANCIAL STRENGTH

As of September 30, 2013, the Trust had approximately $344 million of available liquidity with debt (net of cash) to reported investment properties value of approximately 38%. The Trust's interest coverage ratio, excluding gain or loss on sale of assets, for the most recent completed four quarters ended September 30, 2013 was 3.08 times compared to 2.65 times for the same period last year.

The Trust continues to explore all options in deploying capital, including the Trust's Normal Course Issuer Bid, which was accepted by the Toronto Stock Exchange in June of 2013 and allows the Trust to re-purchase and cancel up to 10% of its public float, or approximately 3.9 million Trust Units. The Trust believes that the current market prices of its Trust Units do not reflect their underlying value. Boardwalk's Management is initiating this program as it feels that there is a significant disparity between the prices being paid for multi-family assets in private markets and the implied value of its portfolio based on the current price of its Trust Units. At current market prices, an investment in Boardwalk's own high quality portfolio will deliver strong returns for Unitholders and represents an effective use of its capital.

In $000's

Cash Position – Sept 30, 2013	$ 143,705
Subsequent Committed Financing	$ 4,890
Line of Credit	$ 195,352
Total Available Liquidity	$ 343,947
Liquidity as a % of Total Debt	15%
Debt (net of cash) as a % of Investment Properties Value	38%

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

ACQUISITIONS, DISPOSITIONS AND DEVELOPMENT

There were no Investment Property acquisitions or dispositions in the third quarter and first nine months of 2013. In June of 2013, legislation was passed to implement outstanding tax amendments, including those relating to REITs. The legislation, which essentially mirrors tax amendments previously announced and provides further clarity on the nature of income generated from property sales, 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 Trust has begun the process of marketing select non-core properties with the intent of re-deploying the equity from these assets towards value enhancing transactions for the Trust's Stakeholders, including development, capital improvements and the repurchase and cancellation of Trust Units under the Trust's Normal Course Issuer Bid. Between mid-2007 and the beginning of 2012, the Trust exercised a similar strategy of high-grading its portfolio through the sale of 1,578 Apartment Units, comprised of non-core assets, for total gross proceeds of $171.9 million. The Trust re-deployed this equity into the purchase and cancellation of Trust Units under similar Normal Course Issuer Bids, and, re-purchased and cancelled 4,542,747 Trust Units, representing a total investment of $170.5 million, or an average cost of $37.53 per Trust Unit.

The demand for Multi-Family Investment Properties in Canada continues to be strong. As a result, capitalization rates continue to remain low and high prices for Multi-Family assets continue to be the trend. The Trust continues to 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.

As of November 14, 2013, the Trust has substantially completed its first development project, Spruce Ridge Gardens, a 109-unit, wood frame, four storey, elevatored asset on existing excess land the Trust owns in Calgary, Alberta. The project was completed on time and on its original budget of approximately $19 million. Boardwalk has received an Occupancy Permit from The City of Calgary, and will begin leasing units for December 2013 occupancy. Prior to construction, The Trust applied for a rent subsidy grant from the Province of Alberta's 'Housing Capital Initiatives' and will receive a maximum of $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 Trust estimated that the stabilized capitalization rate of this project will be approximately 6.10%, while also allowing the Trust to surface approximately $4.25 million ($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 low capitalization rates, presents 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 31 of the MD&A.

INVESTING IN OUR PROPERTIES

Continued internalization of more maintenance and value-added capital expenditures has further enhanced curb appeal and the quality of our property portfolio. The Trust believes the quality of Boardwalk's Communities continues to drive long-term revenue growth and stability. The Trust continues to invest in its properties and expects to invest over $90 million during the 2013 fiscal year to further enhance the curb appeal and quality of the Trust's assets. In addition, the Trust is anticipating investing approximately $21 million towards Development on existing excess density the Trust currently owns. For the first nine months of 2013, Boardwalk invested approximately $70.4 million in the form of project enhancements, equipment purchases, including upgrades to existing suites, common areas, mechanical systems, and building exteriors ($57.9 million), and development ($12.5 million) compared to $61.8 million for the same period in 2012.

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 Resident Members and long-term growth for Unitholders.

For further detail, please refer to page 28 of the MD&A.

Mortgage Financing

Despite recent volatility in the Canadian Fixed Income market, interest rates continue to remain low and have benefitted the Trust's mortgage program as the Trust has continued to renew existing CMHC Insured mortgages at interest rates well below the maturing rates. As of September 30, 2013, the Trust's total mortgage principal outstanding totaled $2.35 billion at a weighted average interest rate of 3.48%, compared to $2.34 billion at a weighted average interest rate of 3.84% reported for September 30, 2012.

Over 99% of the Trust's mortgages are CMHC Insured, providing the benefit of lower interest rates and limiting the renewal risk of these mortgage loans for the entire amortization period, which can be up to 40 years. The Trust's total debt had an average term to maturity of over 4 years, with a remaining amortization of 31 years. The Trust's debt (net of cash) to reported asset value ratio was approximately 38% as of September 30, 2013.

To date, the Trust has renewed or forward locked the interest rates on all of its maturing mortgage principal for 2013. The weighted average interest rate on these mortgages is 2.79%, while extending the average term to 8 years.

The Trust continues to undertake a balanced strategy to its mortgage program. Current 5 and 10-year CMHC Mortgage Rates are estimated to be 2.70% and 3.50%, respectively. The Trust reviews each mortgage individually; however, presently, the Trust has a bias towards renewing its maturing mortgages for longer terms (10 years) and has begun reviewing its 2014 mortgage program.

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

2013 FINANCIAL GUIDANCE

The Trust reviews its financial guidance on a quarterly basis. Based on the performance of the Trust's first nine months of 2013, the Trust is increasing the bottom end of its revised range as follows:

Description	2013 Original Financial Guidance	2013 Q2 Revised Financial Guidance	2013 Q3 Revised Financial Guidance
Investment Properties	No new apartment acquisitions, dispositions or developments	No new apartment acquisitions, dispositions or developments	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI Growth	1% to 4%	2% to 5%	3% to 5%
FFO Per Trust Unit	$2.95 to $3.15	$3.05 to $3.20	$3.10 to $3.20
AFFO per Trust Unit - based on $475/yr/apt	$2.63 to $2.83	$2.73 to $2.88	$2.78 to $2.88

In addition to the above financial guidance for 2013, the Trust is also reducing the amount of Capital allocated to its development program for fiscal 2013. This reduction of $8 million, relates to our revised plans on the timing of our proposed development in Regina, Saskatchewan. Subject to economic and pricing conditions, it is estimated that the earliest construction on this project would be the spring of 2014.

Capital Budget *(in thousands $ exceptper Unit amounts)*	2013 Original Budget	Per Unit	2013 – Q3 Revised Budget	Per Unit	Sep 2013 Nine Months Actual	Per Suite
Maintenance Capital – $475/Apartment Unit/Year	$ 16,800	$ 475	$ 16,800	$ 475	$ 12,567	$ 356
Stabilizing & Value Added Capital incl. Property, Plant & Equipment	$ 74,900	$ 2,124	$ 74,900	$ 2,124	$ 45,339	$ 1,286
Total Operational Capital	**$ 91,700**	**$ 2,599**	**$ 91,700**	**$ 2,599**	**$ 57,906**	**$ 1,642**
Total Operational Capital	$ 91,700		$ 91,700		$ 57,906	
Development	$ 21,000		$ 13,000		$ 12,508	
Total Capital Investment	**$ 112,700**		**$ 104,700**		**$ 70,414**	

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

For further detail, please refer to page 35 of the MD&A.

2013 DISTRIBUTION

Boardwalk's Board of Trustees has approved the next three month's distribution of $0.165 per Trust Unit per Month, or $1.98 per Trust Unit on an annualized basis. Since the beginning of 2012, the Trust has increased distributions by 10%.

Month	Per Unit	Annualized	Record Date	Distribution Date
Nov-13	$0.165	$1.98	29-Nov-13	16-Dec-13
Dec-13	$0.165	$1.98	31-Dec-13	15-Jan-14
Jan-14	$0.165	$1.98	31-Jan-14	17-Feb-14

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

2014 FINANCIAL GUIDANCE

As is customary with Boardwalk REIT's third quarter report, the Trust is introducing its outlook, financial guidance and capital budget for the upcoming 2014 fiscal year as follows::

Description	2014 Financial Guidance
Investment Properties	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI Growth	1% to 4%
FFO Per Trust Unit	$3.25 to $3.45
AFFO per Trust Unit - based on $475/yr/apt	$2.93 to $3.13

Capital Budget *(in thousands $ exceptper Unit amounts)*	2014 Budget	Per Unit
Maintenance Capital – $475/Apartment Unit/Year	$ 16,800	$ 475
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	$ 77,600	$ 2,200
Total Operational Capital	**$ 94,400**	**$ 2,675**
Total Operational Capital	$ 94,400	
Development	$ 1,000	
Total Capital Investment	**$ 95,400**	

IN CONCLUSION

We are proud of the extra effort that our Team continues to contribute to delivering value for our Resident Members, which will continue to drive Boardwalk's long-term growth and sustainability. Thank you to our Team of over 1,500 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, 2013 and 2012 (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, 2013 and 2012. 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, 2012 and 2011, 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 2012 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 starting January 1, 2011, and will continue to qualify for the REIT Exemption provided all of its taxable income continue to be distributed to its Unitholders. Further discussion of this is contained in this MD&A.

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

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

Boardwalk Real Estate Investment Trust ("Boardwalk REIT", "Boardwalk" or the "Trust") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated January 9, 2004, and as amended and restated on various dates between May 3, 2004 and most recently on May 15, 2013 (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 the assets and operations of Boardwalk Equities Inc. (the "Corporation").

Boardwalk REIT's principal objective is to provide its Unitholders ("Unitholders") with stable and growing monthly cash distributions, and to increase the value of its Trust units through the effective management of its residential Multi-Family Investment Properties and the acquisition and development of additional, accretive properties. At the end of the first nine months of 2013, 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, 2013, Boardwalk REIT's property portfolio was concentrated in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Quebec.

The fair value of Boardwalk's Investment Property assets at September 30, 2013 was approximately $5.8 billion, which generated a profit of $41.7 million and $117.1 million for the third quarter and first nine months of 2013 (before fair value gains and income tax provisions), respectively. During the third quarter and first nine months of 2013, the Trust earned $45.0 million and $126.7 million, respectively, of Funds from Operations ("FFO"), or $0.86 and $2.42 per Unit, on a diluted basis. Adjusted Funds from Operations ("AFFO") for the third quarter and first nine months of 2013 were $40.8 million and $114.2 million, respectively, or $0.78 and $2.18 per Unit on a diluted basis.

OUTLOOK

The first nine months of 2013 has continued to show strength and stability for the multi-family real estate rental market in Canada, particularly in Western Canada. The economic outlook for natural resource-intensive provinces, like Alberta and Saskatchewan, remains positive with growth expected to continue at a faster rate than the national average in 2013. Boardwalk continues to maintain a healthy liquidity position and is well positioned to take advantage of future investment opportunities, including potential development of rental apartments on land it already owns. Despite the uncertainty surrounding the U.S. decision to taper its bond purchases, and the resultant volatility on long-term Government of Canada benchmark yields, recent property transactions demonstrate that there continued to be demand to own apartment assets in major Canadian markets, to the extent that we continue to witness low Capitalization Rates, resulting in high prices for properties in this asset class. Although Boardwalk did not acquire any new apartment units during the first nine months of 2013 or in fiscal 2012, we remain active in the bidding process; however, Boardwalk has not been able to conclude that acquiring these assets at the offered selling prices would be in the best interest of the Trust on a risk-adjusted basis.

The Canadian multi-family real estate sector continues to have access to low cost of debt with 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 world markets, Canada continues to be a country of high regard and, as a result, is experiencing historically 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 that 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 better than the maturing interest rates. The Trust continues to be well positioned, with a regular distribution payout ratio of approximately 57.6% and 61.1% of FFO, respectively, for the three and nine months ended September 30, 2013. This is below the 63.0% and 65.4% for the three and nine months ended September 30, 2012. This improvement can be attributed to a continued strong rental performance in 2013 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 improving our service to our Members. In addition, we continue to maintain a conservative balance sheet with a Debt-to-Market Value at approximately 43%.

On November 7, 2013, Boardwalk was able to substantially complete its development of a 109-unit project in Southwest Calgary, Alberta, and received the Occupancy Permit for the project from the City of Calgary. The project, called Spruce Ridge Gardens, was completed both on time and on budget. Boardwalk will continue to investigate and research other development potential of new multi-family rental projects on excess land density that exists on other properties the Trust 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 and on the Trust's profile on SEDAR at www.sedar.com. Further information of the DOT can also be located on page 40 of the Annual Information Form dated February 13, 2013. Some of the main financial guidelines and operating policies as 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 Coverage Ratio of at least 1.5 to 1;
2. No guaranteeing of third-party debt unless related to direct or indirect ownership or acquisition of real property, including potential joint venture partner structures;
3. Third-party surveys of structural and environmental conditions are required prior to the acquisition of a multi-family asset; and,
4. Commitment to expending at least 8.5% of its gross consolidated annual rental revenues generated from properties that have been insured by CMHC on on-site maintenance compensation to Associates, repairs and maintenance, as well as capital upgrades.

Distribution Policy

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

Compliance with DOT

At September 30, 2013, 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.

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 (concerning the maximum debt capacity not to exceed 70% of Gross Book Value) with an interest 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 year-end Management Information Circular available at www.sedar.com.

For the rolling twelve months ended September 30, 2013, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value gains and losses, was 3.08.

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.

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

PERFORMANCE REVIEW

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

Boardwalk REIT's most consistent and largest source of income comes from its rental operations. Income from this source is derived from leasing individual apartment units to Customers (whom we refer to as "Resident Members") who have varying lease terms ranging from month-to-month to twelve-month leases.

In the past, Boardwalk REIT has generated additional income from the 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. The Trust, however, will only proceed with the sale of Non-Core real estate properties if market conditions justify the dispositions.

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. Currently, the Trust is distributing $1.98 per outstanding Trust and LP B Unit on an annualized basis (or $0.165 per Trust and LP B Unit on a monthly basis).

For the three and nine months ended September 30, 2013, the Trust declared regular distributions of $25.9 million and $77.5 million (inclusive of distributions paid to the LP Class B Unitholders), respectively, representing approximately 57.6% and 61.1% of FFO. The reader should note that 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 that 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 a supplemental 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 2012 to 2013

The following table shows a reconciliation of changes in FFO for the three and nine months ended September 30, 2013. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's condensed consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO, 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, 2012	$ 0.75	$ 2.14
NOI from stabilized properties	0.09	0.21
Financing costs [1]	0.04	0.12
Administration and other	(0.02)	(0.05)
FFO closing - September 30, 2013	**$ 0.86**	**$ 2.42**

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

Liquidity

The access to liquidity is an important element of the Trust as it allows the Trust to implement its overall strategy. The current historically low interest rate environment has allowed Boardwalk to refinance its existing maturing mortgages at more favorable interest rates than the maturing interest rates, resulting in significant interest savings. 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 still being offered at attractive rates. Future interest savings, however, will become more limited as interest rates start to reverse their declining trend seen over the past several years.

The Trust's cash position was $143.7 million at September 30, 2013, compared to $138.7 million reported at December 31, 2012.

FFO Reconciliations

In the following table, Boardwalk REIT provides a reconciliation of FFO (a non-IFRS measure) to profit for the period, its closely related financial statement measurement for the three and nine months ended September 30, 2013 and September 30, 2012.

FFO Reconciliation *In $000's, except per unit amounts*	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Profit for the period	**$ 159,244**	$ 293,977		**$ 365,241**	$ 672,949	
Adjustments						
Fair value gains [1]	**(117,670)**	(257,669)		**(248,543)**	(569,757)	
Add back distributions to LP Class B Units recorded as financing charges [2]	**2,215**	2,126		**6,623**	6,265	
Deferred income tax expense (recovery)	**88**	(12)		**391**	(185)	
Depreciation expense on PP&E	**1,092**	979		**3,030**	2,676	
Funds from operations	**$ 44,969**	$ 39,401	14.1%	**$ 126,742**	$ 111,948	13.2%
Funds from operations- per unit	**$ 0.86**	$ 0.75	14.7%	**$ 2.42**	$ 2.14	13.1%

(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 Condensed Consolidated Statements of Comprehensive Income. These fair value adjustments are considered "non-cash items" and are added back in the calculation of FFO.

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

Overall, Boardwalk REIT earned FFO of $45.0 million and $126.7 million, respectively, for the three and nine months ended September 30, 2013 compared to $39.4 million and $111.9 million for the same periods last year. FFO on a per unit fully diluted basis for the current quarter ended September 30, 2013, increased approximately 14.7% compared to the same period in 2012, from $0.75 to $0.86. The increase was primarily the result of rental revenue growth and lower financing costs.

Property Acquisitions and Dispositions

In 2012 and the first nine months of 2013, there were no new investment property acquisitions or dispositions.

Development

On November 7, 2013, Boardwalk received the Occupancy Permit from the City of Calgary for the 109-unit development it started in July of 2012. Boardwalk is currently in the process of marketing the suites to potential Resident Members, with occupancy beginning in December.

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 $000's, except number of suites	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Total rental revenue	**$ 116,097**	$ 110,595	5.0%	**$ 344,386**	$ 327,852	5.0%
Expenses						
Operating expenses	**22,533**	22,243	1.3%	**67,112**	64,892	3.4%
Utilities	**8,638**	8,521	1.4%	**30,981**	28,627	8.2%
Property taxes	**10,194**	9,592	6.3%	**28,709**	27,318	5.1%
	$ 41,365	$ 40,356	2.5%	**$ 126,802**	$ 120,837	4.9%
Net operating income	**$ 74,732**	$ 70,239	6.4%	**$ 217,584**	$ 207,015	5.1%
Operating margins	**64.4%**	63.5%		**63.2%**	63.1%	
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, 2013, reported higher results compared to the same periods in the prior year. The Trust reported a 5.0% increase in revenue for both the three and nine months ended September 30, 2013. The increase in rental revenue is the combined effect of increases to market rents coupled with decreases in both suite-specific rental incentives and occupancy losses as compared to the same periods in 2012. Total rental expenses increased 2.5% and 4.9%, respectively, for the three and nine months ended September 30, 2013, compared to the same periods in the prior year.

Utility cost increased by 1.4% and 8.2%, respectively, for the three and nine months ended September 30, 2013 due primarily to an increase in natural gas expenses and higher water and sewer costs. The reported increase in property taxes is mainly attributed to higher overall property tax assessments. The Trust is constantly reviewing property tax assessments and related charges and, where it feels appropriate, will appeal all or a part of the related assessment. It is not uncommon for the Trust to receive property tax refunds; however, due to the uncertainty of the amount and timing of the refunds, these amounts are only reported when they are received.

Overall, the operating margin for the quarter increased to 64.4%, compared to 63.5% for the same period in 2012. The operating margin for the first nine months of 2013 was 63.2%, compared to 63.1% for the same period.

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 provincial basis.

SEGMENTED OPERATIONAL REVIEW

British Columbia Rental Operations

In $000's, except number of suites	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Total rental revenue	**$ 2,110**	$ 2,072	1.8%	**$ 6,313**	$ 6,191	2.0%
Expenses						
Operating expenses	**334**	418	(20.1)%	**1,006**	1,169	(13.9)%
Utilities	**157**	146	7.5%	**582**	566	2.8%
Property taxes	**128**	118	8.5%	**366**	351	4.3%
	$ 619	$ 682	(9.2)%	**$ 1,954**	$ 2,086	(6.3)%
Net operating income	**$ 1,491**	$ 1,390	7.3%	**$ 4,359**	$ 4,105	6.2%
Operating margins	**70.7%**	67.1%		**69.0%**	66.3%	
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 1.8% and 2.0%, and expenses decreased by 9.2% and 6.3% for the three and nine months ended September 30, 2013, respectively, compared to the same periods in the prior year, largely due to lower operating expenses. The decrease in operating expenses for the current quarter and nine months ended September 30, 2013 is largely due to lower repairs and maintenance expenses incurred in the current year. Utility expense for the current quarter and first nine months of 2013 was higher compared to the same periods for the prior year, due to higher electricity charges and water and sewer costs. Operating margins for the third quarter and first nine months of 2013 increased to 70.7% and 69.0%, respectively, compared to the 67.1% and 66.3% for the same periods in 2012.

Alberta Rental Operations

In $000's, except number of suites	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Total rental revenue	**$ 70,670**	$ 66,375	6.5%	**$ 208,694**	$ 195,744	6.6%
Expenses						
Operating expenses	**12,453**	12,667	(1.7)%	**37,900**	37,043	2.3%
Utilities	**4,779**	4,646	2.9%	**16,631**	14,752	12.7%
Property taxes	**5,877**	5,287	11.2%	**15,862**	14,529	9.2%
	$ 23,109	$ 22,600	2.3%	**$ 70,393**	$ 66,324	6.1%
Net operating income	**$ 47,561**	$ 43,775	8.6%	**$ 138,301**	$ 129,420	6.9%
Operating margins	**67.3%**	66.0%		**66.3%**	66.1%	
Number of suites at September 30	**19,743**	19,743		**19,743**	19,743	

Boardwalk REIT's Alberta operations for the three and nine months ended September 30, 2013, reported a 6.5% and 6.6% increase in total rental revenue, respectively, when compared to the same periods reported in 2012. The reported rental revenue change is the combined effect of higher in-place occupied rents and an increase in overall occupancy levels, compared to the same periods in the prior year. Expenses have increased for the three and nine months ended September 30, 2013, mainly as a result of higher utilities and property taxes.

Reported utilities for the three and nine months ended September 30, 2013 were up 2.9% and 12.7%, respectively, compared to the same periods in 2012. The increase is mainly due to increases in natural gas and water and sewer expenses.

The reported property tax increase for the three and nine months ended September 30, 2013 is mainly the result of higher property assessments as many municipalities look to increase their property tax revenue base.

Operating margins for the Trust's largest segment for the three and nine months ended September 30, 2013 increased slightly to 67.3% and 66.3%, respectively, compared to 66.0% and 66.1% for the same periods in 2012.

Flood Disaster and Recovery

In June 2013, Boardwalk was impacted by the unprecedented flooding disaster that occurred in Southern Alberta, including the City of Calgary. Calgary experienced extensive flooding along riverbanks and low-lying areas. Throughout this event, the City of Calgary issued mandatory and voluntary evacuation notices for selective communities. Two properties, totaling 271 units, were affected by the mandatory evacuation order and four properties, totaling 539 units, plus Boardwalk's head office building and data centre, were affected by the voluntary evacuation notice. During this time, Boardwalk's disaster and contingency plan was deployed to ensure continuous and uninterrupted operations.

As a result of the evacuation and the loss of power, fridges were required to be emptied in the two buildings under mandatory evacuation. Boardwalk provided its Resident Members in these buildings with grocery gift cards to ensure they had some financial resources to meet day-to-day living needs. Resident Members displaced by the flood in these buildings were also given rent abatements for the number of days their apartment suites were evacuated.

No tenants or employees were injured during this flooding event. At the end of June, all of Boardwalk's Resident Members have returned safely home to their buildings, with the exception of one building, a 158-unit situated along the Elbow River. The building, Elbow Tower, sustained water damage on its ground and parkade levels during the flood. At the beginning of August, all of the Resident Members of Elbow Tower were able to return to their units. The restoration and rebuild of the parkade was completed by the end of October however we continue to work on restoring the five first floor units that we damaged during the flood..

Based on discussions with the Trust's insurers and insurance broker, the damage caused to its buildings and equipment and any resulting rental income loss as a result of the flood event will be covered by its existing insurance policy, less a $100 thousand deductible. This includes clean up, assessment, restoration, replacement and any business interruption rental loss for a 24-month period, and any costs to mitigate these losses. Boardwalk does not anticipate any material impact on its business arising from this flood event.

Saskatchewan Rental Operations

In $000's, except number of suites	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Total rental revenue	**$ 15,288**	$ 14,737	3.7%	**$ 45,407**	$ 43,719	3.9%
Expenses						
Operating expenses	**2,473**	2,496	(0.9)%	**7,325**	7,164	2.2%
Utilities	**1,213**	1,044	16.2%	**3,919**	3,532	11.0%
Property taxes	**1,100**	1,016	8.3%	**3,136**	2,963	5.8%
	$ 4,786	$ 4,556	5.0%	**$ 14,380**	$ 13,659	5.3%
Net operating income	**$ 10,502**	$ 10,181	3.2%	**$ 31,027**	$ 30,060	3.2%
Operating margins	**68.7%**	69.1%		**68.3%**	68.8%	
Number of suites at September 30	**4,636**	4,636		**4,636**	4,636	

For the three and nine months ended September 30, 2013, Boardwalk's Saskatchewan total rental revenue increased by 3.7% and 3.9%, respectively. The revenue increase is mainly the result of continuing strong rental market fundamentals in both Regina and Saskatoon. Rental expenses increased by 5.0% and 5.3% for the three and nine months ended September 30, 2013 compared to the same periods in the prior year, mainly as a result of an increase in utility costs and property taxes.

Utility costs for the three and nine months ended September 30, 2013 increased by 16.2% and 11.0%, respectively, compared to the same periods in the prior year mainly due to higher natural gas expense as well as water and sewer costs.

Property taxes increased 8.3% and 5.8%, respectively, for the three and nine months ended September 30, 2013 compared to the same periods in the prior year, due to higher property tax assessments in both Saskatoon and Regina.

Reported operating margins for the three and nine months ended September 30, 2013 decreased slightly from 69.1% and 68.8%, respectively, to 68.7% and 68.3%.

Ontario Rental Operations

In $000's, except number of suites	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Total rental revenue	**$ 10,277**	$ 10,011	2.7%	**$ 31,007**	$ 29,920	3.6%
Expenses						
Operating expenses	**1,884**	1,763	6.9%	**5,424**	5,241	3.5%
Utilities	**1,524**	1,710	(10.9)%	**5,155**	5,118	0.7%
Property taxes	**1,251**	1,356	(7.7)%	**4,005**	4,079	(1.8)%
	$ 4,659	$ 4,829	(3.5)%	**$ 14,584**	$ 14,438	1.0%
Net operating income	**$ 5,618**	$ 5,182	8.4%	**$ 16,423**	$ 15,482	6.1%
Operating margins	**54.7%**	51.8%		**53.0%**	51.7%	
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 2.7% and 3.6% for the three and nine months ended September 30, 2013, compared to the same periods in the prior year, due to an increase in occupied rents and increased occupancy levels. Total rental expenses for the current quarter decreased 3.5% from the same period in the prior year, with increased operating expenses offset by decreases in utilities and property taxes. For the nine months ended September 30, 2013, total rental expenses increased 1.0%, primarily as a result of increased operating expenses.

The increase in operating expenses for the three months ended September 30, 2013 is mainly due to an increase in both wages and repairs and maintenance. The reported decrease in utilities was mainly due to lower natural gas costs as the gas price decreased from the same quarter in 2012. In 2012, Boardwalk had a natural gas supply contract for 50% of Ontario's usage at a commodity price of approximately $4.07/GJ. Property tax savings were noted in both London and Windsor.

Reported operating margins for the three and nine months ended September 30, 2013, increased to 54.7% and 53.0%, respectively, compared to the 51.8% and 51.7% reported in the same periods for the prior year.

Quebec Rental Operations

In $000's, except number of suites	**3 months Sep 2013**	3 months Sep 2012	% Change	**9 months Sep 2013**	9 months Sep 2012	% Change
Total rental revenue	**$ 17,700**	$ 17,419	1.6%	**$ 52,801**	$ 52,177	1.2%
Expenses						
Operating expenses	**4,012**	3,833	4.7%	**11,973**	11,008	8.8%
Utilities	**844**	878	(3.9)%	**4,375**	4,347	0.6%
Property taxes	**1,791**	1,788	0.2%	**5,244**	5,326	(1.5)%
	$ 6,647	$ 6,499	2.3%	**$ 21,592**	$ 20,681	4.4%
Net operating income	**$ 11,053**	$ 10,920	1.2%	**$ 31,209**	$ 31,496	(0.9)%
Operating margins	**62.4%**	62.7%		**59.1%**	60.4%	
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 1.6% and 1.2% for the three and nine months ended September 30, 2013, compared to the same periods in the previous year, respectively.

Total rental expenses increased by 2.3% and 4.4%, respectively, for the three and nine months ended September 30, 2013. For the current quarter and first nine months of 2013, the increase is due to higher rental operating expenses.

Operating expenses increased for the three and nine months ended September 30, 2013 by 4.7% and 8.8%, respectively, mainly due to increases in repairs and maintenance, wages and salaries and ground lease expense. Similar to Ontario, utilities were lower for the current quarter as a result of a 2012 natural gas supply contract for 50% of Quebec's usage at a commodity price of approximately $4.07/GJ. Unlike other provinces, property taxes decreased for the nine months ended September 30, 2013 compared to the same period in the prior year due to property tax refunds received earlier in the year.

OPERATIONAL SENSITIVITIES

Boardwalk's Net Operating Income Optimization Strategy

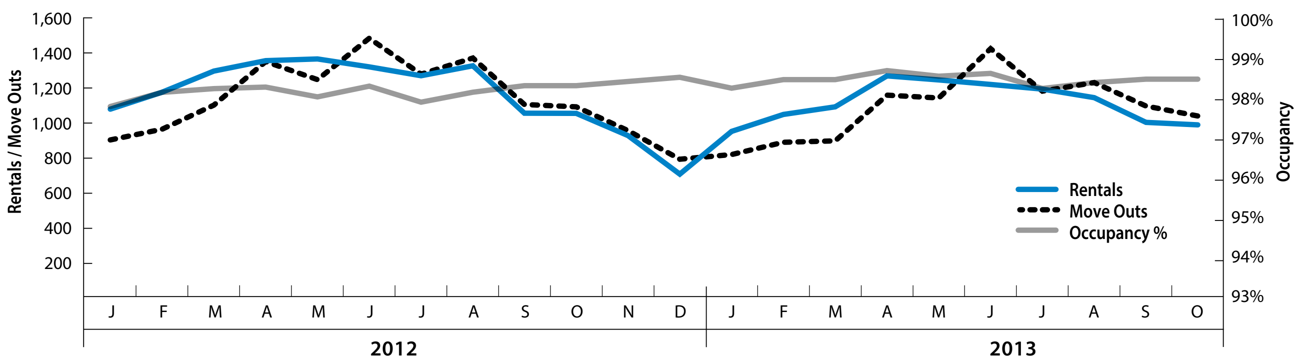
Boardwalk's current strategy is to focus on net operating income. This focus requires us to manage not only revenues but also related operating costs and take these both into consideration when determining a service and pricing model. Lowering overall turnover while maintaining reasonable increase in lease rates while continuing to focus on a high quality level of service continues to be the model that to date has delivered the most stable and growing income source. This strategy is very much regional specific and these variables are in constant flux. In a more competitive market, the Trust locks in rentals on selective suites for future months, but does not collect revenues for certain months in the immediate future. For example, 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 and not available for rent, 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 2013**	Q3 2012	Q2 2013
Calgary	**99.42%**	99.34%	99.47%
Edmonton	**98.31%**	98.10%	98.72%
Fort McMurray	**97.71%**	96.28%	97.62%
Grande Prairie	**97.25%**	96.79%	98.04%
Kitchener	**97.87%**	98.99%	98.89%
London	**97.49%**	97.14%	97.99%
Montreal	**97.37%**	95.26%	96.96%
Quebec City	**97.47%**	97.55%	98.66%
Red Deer	**98.75%**	99.25%	99.07%
Regina	**97.74%**	98.11%	98.19%
Saskatoon	**98.64%**	98.03%	97.57%
Vancouver	**98.09%**	97.81%	99.15%
Victoria	**98.55%**	96.69%	98.96%
Verdun	**98.90%**	99.12%	99.16%
Windsor	**98.14%**	97.07%	98.04%
Total	**98.35%**	98.10%	98.60%

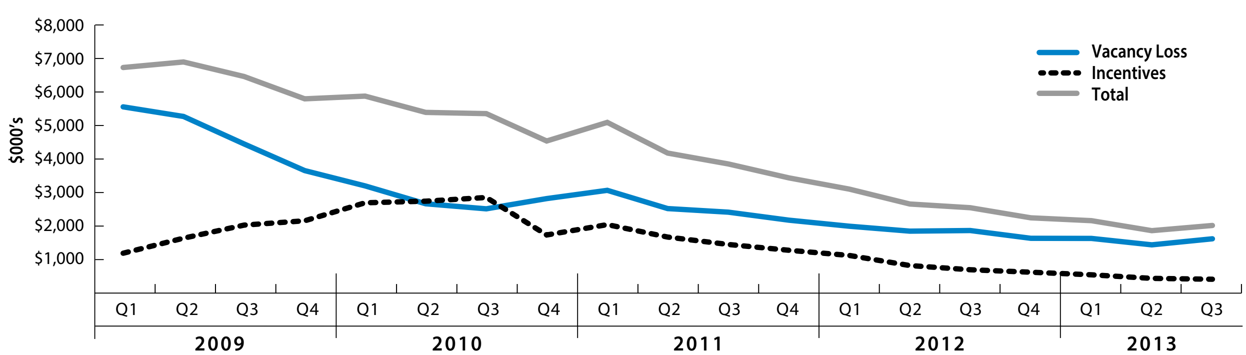
In the third quarter of 2013, the Trust reported an increase in overall occupancy rate to 98.35% from 98.10% for the same period in the prior year. Boardwalk's overall rental revenue strategy focuses on the Trust balancing the key inputs, including occupancy levels and existing rental market rates. As 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. Boardwalk continues to view its strategy of maintaining high occupancy levels by cautiously adjusting market rents upward only when warranted as a success, as evident by the increase in overall occupancy rate to 98.35% for the quarter ended September 30, 2013, compared to 98.10% for the quarter ended September 30, 2012, and will continue with this strategy in the foreseeable future. The reader is cautioned, however, 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 suite specific 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 as compared to the same period in prior years (and corresponding increase in occupancy levels) coupled with a decrease in incentives in the first nine months of 2013 (which continued the trend seen in 2012 and the latter part of 2011), was mainly the result of Boardwalk REIT's continued strategy of managing overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. All three key variables show continued strength in the rental market. We continue to focus on maximizing overall revenues through the management of these key revenue variables.

Occupancy Sensitivity

As with all real estate rental operators, Boardwalk REIT's financial performance is sensitive to occupancy rates. Based on the current reported market rents, a 1% annualized change in reported occupancy is estimated to impact overall rental revenue by approximately \$4.7 million, or \$0.09 per Trust Unit on a diluted basis.

STABILIZED PROPERTY RESULTS

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. As at September 30, 2013, all of Boardwalk REIT's investment properties comprising of 35,277 units were classified as stabilized. The table below provides a regional breakdown on these properties for the three and nine months ended September 30, 2013, as compared to the same periods in the prior year.

September 30, 2013 – 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	6.9%	2.2%	9.1%	18.7%
Edmonton	12,497	6.3%	2.2%	8.6%	37.9%
Fort McMurray	352	3.5%	13.9%	0.1%	1.9%
Grande Prairie	645	7.5%	(0.2)%	12.1%	1.6%
Red Deer	939	7.4%	(0.4)%	12.5%	2.3%
British Columbia	633	1.8%	(9.2)%	7.2%	2.0%
Ontario	4,265	2.7%	(3.5)%	8.4%	7.4%
Quebec	6,000	1.6%	1.9%	1.4%	14.5%
Saskatchewan	4,636	3.7%	5.0%	3.2%	13.8%
	35,277	4.9%	1.6%	6.7%	100.0%

September 30, 2013 - 9 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	6.8%	7.6%	6.5%	18.9%
Edmonton	12,497	6.5%	6.0%	6.8%	37.9%
Fort McMurray	352	2.9%	10.5%	0.2%	1.9%
Grande Prairie	645	9.5%	(1.8)%	17.3%	1.6%
Red Deer	939	7.9%	2.9%	11.3%	2.2%
British Columbia	633	2.0%	(6.4)%	6.2%	2.0%
Ontario	4,265	3.6%	1.0%	6.1%	7.4%
Quebec	6,000	1.2%	4.4%	(0.9)%	14.1%
Saskatchewan	4,636	3.9%	5.3%	3.2%	14.0%
	35,277	5.0%	4.9%	5.1%	100.0%

Stabilized revenue increased by 4.9% and 5.0% for the three and nine months ended September 30, 2013, respectively, compared to the same periods in the prior year. Operating expenses reported for the three and nine months ended September 30, 2013, increased by 1.6% and 4.9%, respectively, compared to the same periods in 2012, and overall NOI increased 6.7% and 5.1%, 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. Operating expenses increased primarily as a result of increases in utilities and property taxes. The reader is cautioned that, due to seasonality and the timing of these related expenses, a better gauge of the performance of the stabilized properties is on a yearly basis.

Stabilized Revenue Growth	# of Units	Q3 2013 vs. Q2 2013	Q3 2013 vs. Q1 2013	Q3 2013 vs. Q4 2012	Q3 2013 vs. Q3 2012
Calgary	5,310	1.4%	3.4%	5.2%	6.9%
Edmonton	12,497	1.5%	3.4%	4.7%	6.3%
Fort McMurray	352	(0.1)%	2.8%	4.2%	3.5%
Grande Prairie	645	1.0%	2.3%	4.0%	7.5%
Red Deer	939	2.3%	3.7%	6.2%	7.4%
British Columbia	633	0.4%	0.4%	1.4%	1.8%
Ontario	4,265	(2.7)%	1.1%	1.0%	2.7%
Quebec	6,000	0.4%	1.3%	1.8%	1.6%
Saskatchewan	4,636	1.0%	2.1%	2.2%	3.7%
	35,277	0.8%	2.6%	3.6%	4.9%

On a sequential basis, stabilized revenues reported in the third quarter of 2013 increased slightly by 0.8% over Q2 2013, increased by 2.6% compared to Q1 2013, increased 3.6% compared to Q4 2012 and increased by 4.9% compared to Q3 2012. The Trust strives toward balancing the optimum level of rental incentives and occupancy rates in order to achieve its revenue strategy while controlling turnover costs and operating expenses at the same time. Ontario's revenue decrease was a result of higher vacancy levels, though moderated by higher in place rents.

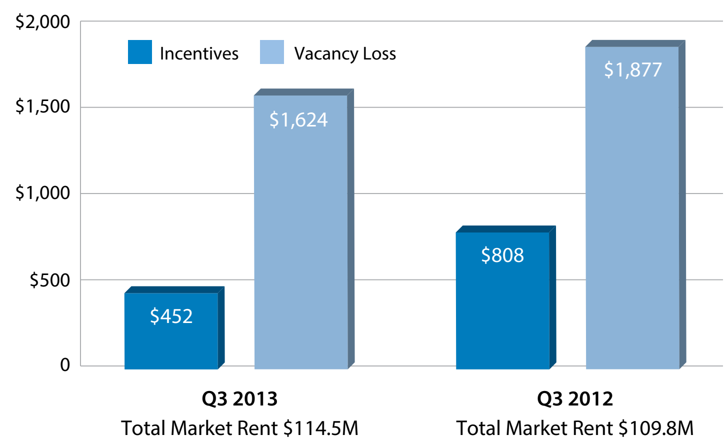
Estimated Loss-to-Lease Calculation

Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents in September 2013, adjusted for current occupancy levels, totaled approximately $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 Member 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 Resident Members, the Trust and all its Stakeholders have historically benefited from lower turnover, reduced expenses, and higher occupancy. The reader should note estimated loss-to-lease, measured at a point in time, is a non-GAAP measure and that reported market rents can be very seasonal, and, as such, will vary from quarter to quarter. The significance of this change could materially affect Boardwalk REIT's "estimated loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. The reader should also note that it would take significant time for these market rents to be recognized by the Trust due to internal and external limitations on its ability to charge these new market-based rents in the short term.

	September 2013 Occupied Rent*	September 2013 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	$ 1,293	$ 1,353	$ 60	$ 3,819	5,310	15%
Edmonton	1,189	1,232	43	6,408	12,497	35%
Fort McMurray	1,946	2,050	104	434	352	1%
Grande Prairie	1,004	1,037	33	248	645	2%
Red Deer	996	1,035	39	446	939	3%
Alberta Portfolio	$ 1,215	$ 1,263	$ 48	$ 11,355	19,743	56%
Saskatchewan	1,117	1,148	31	1,689	4,636	13%
Ontario	825	836	11	531	4,265	12%
Quebec	1,000	998	(2)	(197)	6,000	17%
British Columbia	1,040	1,087	47	351	633	2%
Total Portfolio	$ 1,115	$ 1,148	$ 33	$ 13,729	35,277	100%

*Ancillary rental revenue is included in the calculation of market and occupied rent

The increase in the loss-to-lease for our portfolio, from $12.1 million at June 2013 to $13.7 million at September 2013, was due primarily to the increase in the mark-to-market in the Province of Alberta.



For the third quarter of 2013, the Trust was able to continue to increase market rents on specific properties by reducing incentives while maintaining, and in some cases increasing, occupancy levels. As with prior periods, Boardwalk REIT continues to focus on the three key variables to managing rental revenue, with attention to appropriate levels of market rents and certain occupancy level targets, as well as suite-selective incentives, when warranted.

Although more limited, the opportunity still exists to focus on reducing vacancy loss while minimizing the amount of suite-specific incentives as shown by the graph above.

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 2013 decreased from the same periods in the prior year, from $24.4 million and $74.4 million, respectively, to $22.4 million and $68.3 million, due primarily to the Trust being able to renew maturing mortgages at interest rates substantially below the noted maturing rates. At September 30, 2013, the reported weighted average interest rate of 3.48% remained relatively flat to the 3.48% at June 30, 2013, but down from the weighted average interest rate of 3.84% at September 30, 2012. Boardwalk REIT has continued to take advantage of historically low interest rates to refinance and renew certain mortgages, resulting in a lower overall weighted average interest rate compared to the prior year. The average term to maturity of the Trust's mortgage portfolio is approximately 4.1 years.

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

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

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

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

At September 30, 2013, 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 Condensed Consolidated Statement of Comprehensive Income. As a result of the Trust's LP Class B Units being classified as financial liabilities in accordance with IAS 32, the corresponding distributions paid to the Class B 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 nine months ended September 30, 2013, which have been recorded as financing charges, was $2.2 million and $6.6 million, respectively, which is consistent with the $2.1 million and $6.3 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 2013 was $0.5 million and $1.4 million, respectively, consistent with the $0.5 million and $1.5 million for the same periods of 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 2013, the Trust anticipates having approximately $13.0 million of secured mortgages maturing with a weighted average rate of 4.70%. 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 2.70% (as of November 14, 2013), resulting in an estimated $0.26 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, 2013, which relates to corporate administration, was $7.7 million and $23.3 million, respectively, compared to $7.0 million and $21.7 million for the same periods in the prior year, an increase of approximately 10.0% and 7.4%.

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 $13.5 million and $40.7 million for the three and nine months ended September 30, 2013, compared to $12.9 million and $39.1 million for the same periods in the prior year. The increase in total administration costs for the nine months ended September 30, 2013 of approximately $1.6 million, or 4.1%, was primarily the result of higher wages and salaries. 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, 2013, approximately $0.2 million of deferred financing costs were written off due to the term maturity and payout of one mortgage in Boardwalk's secured debt portfolio.

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

The total amounts reported as depreciation and amortization for the three and nine months ended September 30, 2013, was $3.0 million and $8.9 million, respectively, which is consistent with the $2.6 million and $7.9 million recorded for the same periods in the prior year.

OTHER INCOME AND EXPENSES

Income Tax Expense

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

On December 16, 2010, the Department of Finance announced technical amendments to the REIT Exemption criteria and, on October 24, 2012, released legislation to implement such amendments. One such amendment clarifies that the gains on disposition of real property will retain their characteristics when it is distributed from a subsidiary to a parent entity. On June 26, 2013, this legislation received Royal Assent and is now law.

LP Class B Units and the Deferred Unit Compensation Plan

The LP Class B Units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at September 30, 2013, the Trust used a closing price of $57.61 based on the closing price of the TSX-listed Boardwalk REIT Trust Units to determine the fair value of these financial liabilities at that date. The total fair value of these units recorded on the Condensed Consolidated Statements of Financial Position at September 30, 2013, was $257.8 million, and a corresponding fair value gain of $31.0 million (nine months ended September 30, 2012 – fair value loss of $65.1 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2013.

The deferred unit-based compensation plan had a fair value of $8.1 million, and a corresponding fair value gain of $0.2 million (nine months ended September 30, 2012 – fair value loss of $1.8 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2013.

Capital Improvements

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

In the first nine months of 2013, Boardwalk REIT invested approximately $70.4 million (comprised of $52.3 million on its stabilized investment properties, $12.5 million on development properties and $5.6 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 $61.8 million ($56.0 million on its stabilized investment properties, $1.3 million on development properties and $4.5 million property, plant and equipment) invested in the same period of 2012. The amount of this investment will vary from year-to-year.

A significant part of Boardwalk's capital improvement program relates to projects that are carried out by Boardwalk's Associates. This internal capital program was initiated in 1996 as a way to create more value for the Trust. The Trust recognizes that there are certain efficiencies and economies of scale available from having Boardwalk Associates 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 $13.1 million of on-site wages and salaries that have been incurred towards these projects for the first nine months of 2013, compared to $14.5 million for the same period in 2012.

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 $000's, except for per suite amounts	**3 Months Sep 30, 2013**	**Per Suite**	3 Months Sep 30, 2012	Per Suite	**9 Months Sep 30, 2013**	**Per Suite**	9 Months Sep 30, 2012	Per Suite
Maintenance Capital Expenditures	**$ 4,189**	**$ 119**	$ 3,969	$ 112	**$ 12,567**	**$ 356**	$ 11,906	$ 337
Stabilizing & Value Enhancing Capital (excluding Property, Plant & Equipment)	**18,078**	**512**	20,419	579	**39,769**	**1,128**	44,106	1,250
	$ 22,267	**$ 631**	$ 24,388	$ 691	**$ 52,336**	**$1,484**	$ 56,012	$ 1,587

Items reported as capital are determined as investments in assets that have a useful life longer than the current reporting period. Management has estimated that for the third quarter of fiscals 2013 and 2012, the amount allocated to maintenance capital was approximately $4.2 million and $4.0 million, respectively, or $119 and $112 per apartment unit, with investment in value-enhancing expenditures to its stabilized investment properties totaling $18.1 million and $20.4 million, respectively, or $512 and $579 per apartment unit.

For the nine months ended September 30, 2013, and 2012, the amount allocated to maintenance capital was approximately $12.6 million and $11.9 million, respectively, or $356 and $337 per apartment unit, with investment in value-enhancing expenditures to its stabilized investment properties totaling $39.8 million and $44.1 million, respectively, or $1,128 and $1,250 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 57.6% of reported FFO and 63.6% of AFFO for the three months ended September 30, 2013, compared to 63.0% and 70.1%, respectively, for the same period in the previous year.

For the nine months ended September 30, 2013, the Trust is currently paying out an estimated 61.1% of reported FFO and 67.9% of AFFO compared to 65.4% and 73.2%, respectively, for the same period in the previous year.

(000's)	**3 months Sep 30, 2013**	3 months Sep 30, 2012	**9 Months Sep 30, 2013**	9 Months Sep 30, 2012
Funds From Operations (FFO)	**$ 44,969**	$ 39,401	**$ 126,742**	$ 111,948
Maintenance Capital Expenditures	**4,189**	3,969	**12,567**	11,906
Adjusted Funds From Operations (AFFO)	**$ 40,780**	$ 35,432	**$ 114,175**	$ 100,042
AFFO per unit (Trust and LP B Units)	**$ 0.78**	$ 0.68	**$ 2.18**	$ 1.91
Unitholder Distributions-Regular (Trust Units and LP B Units)	**$ 25,919**	$ 24,842	**$ 77,478**	$ 73,199
Distribution as a % of FFO	**57.6%**	63.0%	**61.1%**	65.4%
Distribution as a % of AFFO	**63.6%**	70.1%	**67.9%**	73.2%

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 its Resident Members and Associates.

INVESTMENT PROPERTIES

The Trust has elected to use the fair value model in accordance with IAS 40, Investment Properties to report the value of its investment properties at each reporting date.

External valuations were obtained from third-party appraisers (the "Appraisers") based on a cross section of properties from different geographical locations and markets across the Trust's rental portfolio, as determined by management, to corroborate the Trust's internal fair value calculation for its entire investment property portfolio. External appraisals were obtained as follows:

Date	Number of properties	Aggregate fair value	Percentage of portfolio as of that date
September 30, 2013	7	$ 217,022	3.8%
June 30, 2013	6	$ 211,895	3.8%
March 31, 2013	7	$ 178,609	3.2%
December 31, 2012	7	$ 663,136	12.0%

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, 2013**		December 31, 2012	
Capitalization rate by city:	**Minimum**	**Maximum**	Minimum	Maximum
Calgary	**4.75%**	**5.50%**	4.75%	5.50%
Edmonton	**5.00%**	**5.50%**	5.00%	5.50%
Other Alberta	**5.75%**	**7.25%**	5.75%	7.25%
Vancouver	**4.75%**	**5.25%**	4.75%	6.25%
Kitchener	**5.50%**	**5.50%**	5.75%	5.75%
London	**5.75%**	**6.00%**	5.75%	6.00%
Windsor	**6.50%**	**7.00%**	6.50%	7.00%
Montreal	**5.50%**	**6.25%**	5.50%	6.25%
Quebec City	**5.75%**	**6.25%**	5.75%	6.25%
Regina	**5.75%**	**6.00%**	5.75%	6.00%
Saskatoon	**5.75%**	**6.00%**	5.75%	6.00%
Range of Cap Rates	**4.75%**	**7.25%**	4.75%	7.25%
Land Lease	**5.25%**	**13.49%**	5.25%	12.69%

Overall portfolio weighted average capitalization rate was 5.47% as at September 30, 2013, and remained unchanged from December 31, 2012.

The "Overall Capitalization Rate" method, used in the valuation of all but two of Boardwalk's land lease properties, 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, 2013 and December 31, 2012:

As at September 30, 2013 *(in 000's)*

Net Operating Income		**-3%**	**-1%**	**As Forecasted**	**+1%**	**+3%**
		$ 305,562	**$ 311,862**	**$ 315,012**	**$ 318,163**	**$ 324,463**
Capitalization Rate						
-0.25%	**5.22%**	**$ 94,768**	**$ 215,463**	**$ 275,810**	**$ 336,157**	**$ 456,852**
Cap Rate As Reported	**5.47%**	**(172,767)**	**(57,589)**	**5,758,911**	**57,589**	**172,767**
+0.25%	**5.72%**	**(416,917)**	**(306,773)**	**(251,701)**	**(196,629)**	**(86,484)**

As at December 31, 2012 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 291,251	$ 297,256	$ 300,259	$ 303,261	$ 309,267
Capitalization Rate						
-0.25%	5.22%	$ 90,330	$ 205,371	$ 262,892	$ 320,413	$ 435,455
Cap Rate As Reported	5.47%	(164,676)	(54,892)	5,489,191	54,892	164,676
+0.25%	5.72%	(397,391)	(292,405)	(239,912)	(187,419)	(82,434)

INVESTMENT PROPERTY DEVELOPMENT

In the past, the development of multi-family apartment units by the Trust was not a significant part of its overall strategy. The main reason was due to management's opinion that the anticipated return on development was far below other available risk adjusted capital allocation alternatives, such as the acquisition of existing apartment units in the Trust's target markets and/or the buyback of Trust Units for cancellation. Over the last several years, there has been a change in the multi-family apartment market in Canada. Over this period, we have witnessed a significant increase in the market value of rental apartments. This increase, although somewhat helped by a steady increase in reported market rental rates, has been mainly driven by a significant compression in market capitalization rates, which in turn has been the result of a historically low interest rate environment here in Canada.

With this increase in the market value of apartments, there has been a significant decrease in the expected returns from the above noted allocation alternatives to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land the Trust currently owns. Accordingly, the Trust has recently pursued new apartment development on some of its excess density. In 2012, the Trust received development approval from the City of Calgary in Alberta, Canada, and commenced construction of a 109-unit four storey, elevatored, wood frame building in the southwest part of the city. The development itself is being constructed on excess land density the Trust currently has on its Spruce Ridge property. The development was substantially completed on November 7, 2013 and an Occupancy Permit allowing Boardwalk to commence the lease-up of the units was issued by the City of Calgary for the project. The project was completed on time and within budget totaling approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. As at September 30, 2013, approximately $6.8 million, or 90%, 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 cost was funded from Boardwalk's cash on hand. We had previously estimated 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, particularly in Alberta and Saskatchewan; however, each future opportunity will require a separate analysis and, depending on the analysis and economic conditions, Boardwalk REIT will determine if additional development projects are warranted.

For the three months ended September 30, 2013, the Trust expended $6.5 million on total development costs compared to $0.9 million for the same period in the prior year. For the nine months ended September 30, 2013, the Trust expended $12.5 million on development compared to $1.3 million for the same period in the prior year.

CAPITAL STRUCTURE AND LIQUIDITY

Liquidity refers to the Trust's ability to generate, and have available, sufficient cash to fund our ongoing operations and capital commitments as well as its distributions to Unitholders. Generally, distributions are funded from FFO. However, in common with the majority of real estate entities, we rely on lending institutions for a significant portion of capital required to fund mortgage principal payments, capital expenditures, acquisitions, unit buybacks, and repayment of maturing debt. Over the past number of years, Boardwalk has observed a significant increase in borrowing standards of many of our key lending partners as a result of heightened sensitivity to possible weaknesses in the economy. These more stringent standards have not materially affected Boardwalk's borrowing capability, but have had a positive effect of reducing the number of investor-owned condominium units competing in the apartment rental market.

To mitigate the risk of renewal, the Trust utilizes NHA mortgage insurance, the benefits of which were 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, 2013	$ 143,705
Subsequent Committed Additional Financing	4,890
Committed Revolving Credit Facility Available	195,352
Total Available Liquidity	$ 343,947

In addition to this, the Trust currently has 3,051 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 $255.4 million of new proceeds from the financing of its current unencumbered assets.

Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance.

The reader should also be aware that of the remaining $13.0 million of secured mortgages coming due in 2013 (as shown in the table below), all have NHA insurance, represent in aggregate approximately 42% of current estimated "underwriting" values on those individual secured assets and have been locked in at a weighted average interest rate of 2.89% for 5.4 years, well below the weighted average interest rate of the maturing mortgages of 4.70%.

Even with the NHA insurance program attached to its secured mortgages, the Trust is still susceptible to changes in market interest rates.

Mortgages and Debt Schedule

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

Total mortgages payable (net of unamortized transaction costs) on September 30, 2013, were $2.27 billion, compared to $2.25 billion reported on December 31, 2012.

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, 2013, was 3.48% compared to 3.69% on December 31, 2012, and 3.84% at September 30, 2012. To better maintain cost effectiveness and flexibility of capital, Boardwalk REIT continuously monitors short and long-term interest rates. If the environment warrants, the Trust will convert short-term, floating rate debt, if any, to longer-term, fixed rate mortgages to reduce interest rate renewal risk.

Year of Maturity	Principal Outstanding as at September 30, 2013	Weighted Average Interest Rate By Maturity	% of Total
2013	$ 13,029	4.70%	0.6%
2014	434,572	3.42%	18.5%
2015	439,803	3.72%	18.7%
2016	271,097	3.89%	11.5%
2017	317,161	2.95%	13.5%
2018	172,108	3.30%	7.3%
2019	150,652	3.85%	6.4%
2020	78,753	3.92%	3.3%
2021	32,662	4.26%	1.4%
2022	250,831	3.32%	10.7%
2023	189,358	3.00%	8.1%
Total Principal Outstanding	$ 2,350,026	3.48%	100.00%
Unamortized Deferred Financing Costs	(83,414)		
Per Financial Statements	$ 2,266,612		

Interest Coverage

Notwithstanding the Trust's current liquidity situation, Boardwalk's liquidity and access to capital resources is constrained by certain tests that have been adopted in both its Declaration of Trust, as well as in its credit facility. 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 coverage ratio limit of 1.5 to 1. For the purpose of the interest 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 coverage ratio calculation as at September 30, 2013, based on the most recently four completed fiscal quarters.

As at	**September 30, 2013**
Consolidated EBITDA (12 months ended)	**$ 256,137**
Consolidated interest expense (12 months ended)	**83,223**
Interest coverage ratio	**3.08**
Minimum threshold	**1.50**

For the most recently four completed fiscal quarters ended September 30, 2013, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value gains and losses, was 3.08. The reader should note upon the adoption of IFRS standards, the distributions made to the LP Class B Unitholders are now considered financing charges and is the result of the reclassification of these units as financial liabilities. The calculation of the interest coverage ratio above does not include these distribution payments in the calculation of interest expense.

Unitholders' Equity

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

Summary of Unitholders' Capital Contributions	Units
December 31, 2011	47,789,492
Units issued for vested deferred units	62,175
December 31, 2012	47,851,667
Units issued for vested deferred units	44,462
September 30, 2013	**47,896,129**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at September 30, 2013, there were 47,896,129 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 52,371,129. These LP Class B Units are classified as "FVTPL" financial liabilities under IFRS and are recorded at their fair value as liabilities on the Condensed Consolidated Statements of Financial Position.

On June 28, 2013, the Trust received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase and cancel up to 3,894,712 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commences July 3, 2013 and terminates July 2, 2014 or when the Bid is completed. The Trust's daily purchase limit pursuant to the Bid will be 22,289 Trust Units. To date, no Trust Units have been purchased and cancelled under this Bid.

Equity

Boardwalk has an equity market capitalization of approximately $3.0 billion based on the Trust Unit closing price of $57.61 on the Toronto Stock Exchange on September 30, 2013.

Enterprise Value

With a total enterprise value of approximately $5.3 billion (consisting of total debt of $2.3 billion and market capitalization of $3.0 billion) as at September 30, 2013, Boardwalk's total debt is approximately 43% of total enterprise value at the end of the period.

CRITICAL ACCOUNTING POLICIES

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, 2012.

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, 2013 or later periods. The standards and the impact on the Trust's consolidated financial statements were disclosed in Note 3 of the notes to the Trust's December 31, 2012 annual audited consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The preparation of this information is supported by a set of disclosure controls and procedures ("DC&P") implemented by management. In fiscal 2012, 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, 2012. 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, 2013. Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining disclosure controls and procedures, as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

As at December 31, 2012, Boardwalk REIT 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 that 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, 2013, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2013 FINANCIAL OUTLOOK AND MARKET GUIDANCE

As is customary, the Trust on a quarterly basis reviews its key assumptions used in deriving its public financial guidance. During this review, we noted that the Trust's first nine months results were higher than its Q2 2013 guidance range. Based on this review, the Trust is revising its FFO and AFFO guidance. The following table highlights the original and revised financial objectives for the 2013 fiscal year.

Description	2013 Original Objectives	Q2 2013 Revised Objectives	Q3 2013 Revised Objectives
Investment Properties	No new apartment acquisitions, dispositions or developments	No new apartment acquisitions, dispositions or developments	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI growth	1% to 4%	2% to 5%	3% to 5%
FFO Per Unit	$2.95 to $3.15	$3.05 to $3.20	$3.10 to $3.20
AFFO Per Unit based on maintenance capital expenditure of $475/apartment unit/year	$2.63 to $2.83	$2.73 to $2.88	$2.78 to $2.88

In addition to the above financial guidance for 2013, the Trust is also reducing the amount of Capital allocated to its development program for fiscal 2013. This reduction of $8 million, relates to our revised plans on the timing of our proposed development in Regina, Saskatchewan. Subject to economic and pricing conditions, it is estimated that the earliest construction on this project would begin in the spring of 2014.

Capital Budget	2013 Original Budget	Per Suite	2013 - Q3 Revised Budget	Per Suite	Nine months ended Sep 2013 Actual	Per Suite
Total Operational Capital Approved (including Property, Plant & Equipment)	$ 91,700	$ 2,599	$ 91,700	$ 2,599	$ 57,906	$ 1,642
Maintenance Capital	$ 16,800	$ 475	$ 16,800	$ 475	$ 12,567	$ 356
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	$ 74,900	$ 2,124	$ 74,900	$ 2,124	$ 45,339	$ 1,286
	$ 91,700	$ 2,599	$ 91,700	$ 2,599	$ 57,906	$ 1,642
Development Capital Approved	$ 21,000		$ 13,000		$ 12,508	

For the first nine months of 2013, Boardwalk REIT has incurred approximately $57.9 million, or $1,642 per suite, on capital improvements to its stabilized investment properties and property, plant and equipment purchases and $12.5 million on development.

2014 FINANCIAL PERFORMANCE GUIDANCE

As is customary in Boardwalk REIT's third quarter report, the Trust is providing its outlook and financial guidance for the upcoming 2014 fiscal year.

Description	2014 Objectives
Investment Properties	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI growth	1% to 4%
FFO Per Unit	$3.25 to $3.45
AFFO Per Unit based on maintenance capital expenditure of $475/apartment unit/year	$2.93 to $3.13

The Trust's Board of Trustee's has approved the 2014 Capital Budget as follows:

Capital Budget	2014 Budget	Per Suite
Total Operational Capital Approved (including Property, Plant & Equipment)	$ 94,400	$ 2,675
Maintenance Capital	$ 16,800	$ 475
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	$ 77,600	$ 2,200
	$ 94,400	$ 2,675
Development Capital Approved	$ 1,000	

The Trust has maintained its Maintenance Capital estimate for 2014 of $475 per apartment unit per year.

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

November 14, 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited (CDN $ THOUSANDS)

As at	Note	September 30, 2013	December 31, 2012
Assets			
Non-current assets			
Investment properties	3	$ 5,775,676	$ 5,493,448
Property, plant and equipment	4	23,216	20,677
Deferred tax assets		559	945
		5,799,451	5,515,070
Current assets			
Inventories		3,542	3,233
Prepaid assets		3,882	3,792
Trade and other receivables		4,091	2,461
Segregated tenants' security deposits		12,728	12,090
Cash		143,705	138,656
		167,948	160,232
Total Assets		$ 5,967,399	$ 5,675,302
Liabilities			
Non-current liabilities			
Mortgages payable	5	$ 1,993,187	$ 1,922,166
LP Class B Units	6	257,805	288,772
Other non-current liabilities	7	3,832	5,452
Deferred unit-based compensation	8	4,691	5,306
Deferred tax liabilities		12	7
Deferred government grant	10	6,848	2,283
		2,266,375	2,223,986
Current liabilities			
Mortgages payable	5	273,425	326,010
Deferred unit-based compensation	8	3,403	3,765
Refundable tenants' security deposits		16,408	15,718
Trade and other payables		58,928	55,722
		352,164	401,215
Total Liabilities		2,618,539	2,625,201
Equity			
Unitholders' equity	11	3,348,860	3,050,101
Total Equity		3,348,860	3,050,101
Total Liabilities and Equity		$ 5,967,399	$ 5,675,302

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited (CDN $ THOUSANDS)

	Note	**3 months ended September 30, 2013**	3 months ended September 30, 2012	**9 months ended September 30, 2013**	9 months ended September 30, 2012
Rental revenue		**$ 114,305**	$ 108,817	**$ 339,109**	$ 322,745
Ancillary rental income		**1,792**	1,778	**5,277**	5,107
Total rental revenue		**116,097**	110,595	**344,386**	327,852
Rental expenses					
Operating expenses		**22,533**	22,243	**67,112**	64,892
Utilities		**8,638**	8,521	**30,981**	28,627
Property taxes		**10,194**	9,592	**28,709**	27,318
Net operating income		**74,732**	70,239	**217,584**	207,015
Financing costs	12	**22,361**	24,368	**68,304**	74,372
Administration		**7,728**	6,961	**23,307**	21,720
Depreciation and amortization		**2,981**	2,614	**8,879**	7,915
Profit from continuing operations before fair value gains and income tax expense (recovery)		**41,662**	36,296	**117,094**	103,008
Fair value gains	13	**117,670**	257,669	**248,543**	569,757
Profit before income tax expense (recovery)		**159,332**	293,965	**365,637**	672,765
Income tax expense (recovery)	9	**88**	(12)	**396**	(184)
Profit for the period		**159,244**	293,977	**365,241**	672,949
Other comprehensive income		**368**	954	**1,665**	2,157
Total comprehensive income		**$ 159,612**	$ 294,931	**$ 366,906**	$ 675,106

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) (Note 11(a))	Total Unitholders' equity
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
Balance, December 31, 2012	$ 191,110	$ 3,597,307	$ (732,708)	$ 2,864,599	$ (5,608)	$ 3,050,101
Units issued	2,708	–	–	–	–	2,708
Profit for the period	–	365,241	–	365,241	–	365,241
Other comprehensive income	–	–	–	–	1,665	1,665
Total comprehensive income for the period	–	365,241	–	365,241	1,665	366,906
Distributions declared to Unitholders	–	–	(70,855)	(70,855)	–	(70,855)
Balance, September 30, 2013	**$ 193,818**	**$ 3,962,548**	**$ (803,563)**	**$ 3,158,985**	**$ (3,943)**	**$ 3,348,860**

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (CDN $ THOUSANDS)

	Note	**3 months ended September 30, 2013**	3 months ended September 30, 2012	**9 months ended September 30, 2013**	9 months ended September 30, 2012
Operating activities					
Profit for the period		**$ 159,244**	$ 293,977	**$ 365,241**	$ 672,949
Financing costs	12	**22,361**	24,368	**68,304**	74,372
Interest paid		**(22,372)**	(24,449)	**(68,688)**	(77,451)
Fair value gains	13	**(117,670)**	(257,669)	**(248,543)**	(569,757)
Income tax expense (recovery)	9	**88**	(12)	**396**	(184)
Income tax paid		**–**	–	**(5)**	(1)
Depreciation and amortization		**2,981**	2,614	**8,879**	7,915
		44,632	38,829	**125,584**	107,843
Net change in operating working capital	19	**1,870**	2,377	**(2,025)**	(2,350)
		46,502	41,206	**123,559**	105,493
Investing activities					
Improvements to investment properties	3	**(22,267)**	(24,388)	**(52,336)**	(56,012)
Development	3	**(6,524)**	(913)	**(12,508)**	(1,325)
Additions to property, plant and equipment		**(1,642)**	(1,712)	**(5,570)**	(4,480)
Net change in investing working capital		**4,413**	3,602	**5,180**	2,337
		(26,020)	(23,411)	**(65,234)**	(59,480)
Financing activities					
Distributions paid		**(23,700)**	(22,473)	**(70,608)**	(66,449)
Debenture repayments		**–**	–	**–**	(112,405)
Proceeds from mortgage financings		**15,993**	39,173	**63,503**	69,767
Mortgages repayments on maturity		**–**	–	**(13,663)**	(3,313)
Scheduled mortgage principal repayments		**(11,543)**	(10,258)	**(33,650)**	(30,570)
Deferred financing costs incurred		**(1,056)**	(1,455)	**(3,576)**	(3,188)
Bond forward settlement, net of amortization		**9**	(8)	**44**	3
Government grant proceeds		**2,282**	2,283	**4,565**	2,283
Net change in financing working capital		**(3)**	(171)	**109**	2,566
		(18,018)	7,091	**(53,276)**	(141,306)
Net increase (decrease) in cash		**2,464**	24,886	**5,049**	(95,293)
Cash, beginning of period		**141,241**	135,715	**138,656**	255,894
Cash, end of period		**$ 143,705**	$ 160,601	**$ 143,705**	$ 160,601

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, 2013 and 2012

(Unaudited) (Tabular amounts in Cdn $ thousands, except number of units and per unit amounts UNLESS OTHERWISE STATED)

NOTE 1: ORGANIZATION OF THE TRUST

Boardwalk Real Estate Investment Trust ("Boardwalk REIT" or the "Trust" or the "Entity") is an unincorporated, open-ended real estate investment trust created pursuant to the Declaration of Trust ("DOT"), dated January 9, 2004, and as amended and restated on various dates between May 3, 2004 and most recently on May 15, 2013 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 (the "TSX") under the symbol 'BEI.UN'. The registered office of the Trust and its head office operations are located at First West Place, Suite 200, 1501 1st Street SW, Calgary, Alberta, T2R 0W1.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

(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, 2012, 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, 2013 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2013 due to seasonal variations in property expenses and other factors. Historically, Boardwalk REIT has experienced higher utility expenses in the first and fourth quarters as a result of the winter months, resulting in variations in quarterly results.

Certain comparative figures have been reclassified to conform to the presentation of the current period. Within the cash flow statement, disclosure was made of interest paid and income tax paid. Additionally, amounts were reclassified from net change in operating working capital to net change in investing working capital and net change in financing working capital. Under financing activities, the line previously named "Financing, repayment and maturity of debt on investment properties" has been reclassified into three separate lines; "Proceeds from mortgage financings", "Mortgages repayments on maturity" and "Scheduled mortgage principal repayments".

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Trust's September 30, 2013 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, 2012 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, 2013 or later periods. These new standards, and the impact on the Trust's consolidated financial statements, were disclosed in the Trust's December 31, 2012 annual consolidated financial statements.

NOTE 3: INVESTMENT PROPERTIES

	9 months ended Sep 30, 2013	12 months ended Dec 31, 2012
Balance, beginning of period	**$ 5,493,448**	$ 4,793,895
Additions		
Building improvements (incl. internal capital program)	**52,336**	79,733
Development	**12,508**	3,387
Fair value gains, unrealized	**217,384**	616,433
Balance, end of period	**$ 5,775,676**	$ 5,493,448
Revenue producing properties	**$ 5,758,911**	$ 5,489,191
Development	**16,765**	4,257
Total	**$ 5,775,676**	$ 5,493,448

Subsequent to initial recognition at cost, investment properties are recorded at fair value, in accordance with International Accounting Standard ("IAS") 40 - Investment Property ("IAS 40"). Fair value is determined based on a combination of internal and external processes and valuation techniques. Fair value under IFRS is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, 2013	**7**	**$ 217,022**	**3.8%**
June 30, 2013	6	$ 211,895	3.8%
March 31, 2013	7	$ 178,609	3.2%
December 31, 2012	7	$ 663,136	12.0%

The fair value of the remainder of the Trust's investment property portfolio at each financial reporting date 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 an external valuation on all of the Trust's properties) to corroborate the Trust's internal valuation, the Appraisers provided the Trust with a summary of the major assumptions and market data by city in order for the Trust to complete its internal valuations.

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

Five of the Trust's properties: one in Calgary, one in Banff, one in Edmonton and two in Montreal, are subject to long-term land leases and similar arrangements in which the underlying land is owned by a third party and leased to the Trust. Under the terms of a typical land lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements in respect of all the leased premises. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. Due to the relatively short term remaining on one of the land leases in Montreal (with an expiry date of 2028) and an anticipated significant land rent escalation in 2016 for the land lease in Calgary, these two properties utilized the Discounted Cash Flow ("DCF") approach to derive the fair value. The DCF method calculates the present value of the future cash flows over a specified time period to determine the fair value for each property at each reporting date. The most significant assumption using the DCF method is the discount rate applied over the term of the lease. The discount rates reflect the uncertainty regarding the renegotiation of the land lease payments and the ability to extend the land lease at the expiry date. Forecasted cash flows are reduced for contractual land lease payments during the term of the leases.

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

As at	**September 30, 2013**		December 31, 2012	
Capitalization rate by city:	**Minimum**	**Maximum**	Minimum	Maximum
Calgary	**4.75%**	**5.50%**	4.75%	5.50%
Edmonton	**5.00%**	**5.50%**	5.00%	5.50%
Other Alberta	**5.75%**	**7.25%**	5.75%	7.25%
Vancouver	**4.75%**	**5.25%**	4.75%	6.25%
Kitchener	**5.50%**	**5.50%**	5.75%	5.75%
London	**5.75%**	**6.00%**	5.75%	6.00%
Windsor	**6.50%**	**7.00%**	6.50%	7.00%
Montreal	**5.50%**	**6.25%**	5.50%	6.25%
Quebec City	**5.75%**	**6.25%**	5.75%	6.25%
Regina	**5.75%**	**6.00%**	5.75%	6.00%
Saskatoon	**5.75%**	**6.00%**	5.75%	6.00%
Range of Capitalization Rates	**4.75%**	**7.25%**	4.75%	7.25%
Land Lease	**5.25%**	**13.49%**	5.25%	12.69%

The weighted average overall Capitalization Rate for fair valuing the Trust's investment properties at September 30, 2013 and December 31, 2012 was 5.47%.

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 (excluding development):

As at September 30, 2013

Net Operating Income		**-3%**	**-1%**	**As Forecasted**	**+1%**	**+3%**
		$ 305,562	**$ 311,862**	**$ 315,012**	**$ 318,163**	**$ 324,463**
Capitalization Rate						
-0.25%	**5.22%**	**$ 94,768**	**$ 215,463**	**$ 275,810**	**$ 336,157**	**$ 456,852**
Cap Rate As Reported	**5.47%**	**(172,767)**	**(57,589)**	**5,758,911**	**57,589**	**172,767**
+0.25%	**5.72%**	**(416,917)**	**(306,773)**	**(251,701)**	**(196,629)**	**(86,484)**

As at December 31, 2012

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 291,251	$ 297,256	$ 300,259	$ 303,261	$ 309,267
Capitalization Rate						
-0.25%	5.22%	$ 90,330	$ 205,371	$ 262,892	$ 320,413	$ 435,455
Cap Rate As Reported	5.47%	(164,676)	(54,892)	5,489,191	54,892	164,676
+0.25%	5.72%	(397,391)	(292,405)	(239,912)	(187,419)	(82,434)

NOTE 4: PROPERTY, PLANT AND EQUIPMENT ("PP&E")

The carrying amounts of PP&E were as follows:

As at	**September 30, 2013**			December 31, 2012		
	Cost	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Administration building	**$ 5,645**	**$ (2,220)**	**$ 3,425**	$ 4,970	$ (2,041)	$ 2,929
Site equipment and other assets	**33,968**	**(17,540)**	**16,428**	30,119	(15,701)	14,418
Corporate technology assets [(1)]	**24,583**	**(21,220)**	**3,363**	23,537	(20,207)	3,330
Total	**$ 64,196**	**$ (40,980)**	**$ 23,216**	$ 58,626	$ (37,949)	$ 20,677

(1) For the nine months ended September 30, 2013, $458 thousand of capitalized Information Technology 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 ($577 thousand for the year ended December 31, 2012).

NOTE 5: MORTGAGES PAYABLE

As at	**September 30, 2013**		December 31, 2012	
	Weighted average interest rate	**Debt balance**	Weighted average interest rate	Debt balance
Mortgages payable				
Fixed rate	**3.48%**	**$ 2,266,612**	3.69%	$ 2,248,176
Total		**$ 2,266,612**		$ 2,248,176
Current		**$ 273,425**		$ 326,010
Non-current		**1,993,187**		1,922,166
Total		**$ 2,266,612**		$ 2,248,176

Estimated future principal payments required to meet mortgage obligations as at September 30, 2013 are as follows:

	Secured by investment properties
12 months ending September 30, 2014	$ 273,425
12 months ending September 30, 2015	600,086
12 months ending September 30, 2016	320,660
12 months ending September 30, 2017	261,348
12 months ending September 30, 2018	214,032
Subsequent	680,475
	2,350,026
Unamortized deferred financing costs	(83,515)
Unamortized mark-to-market adjustment	101
	$ 2,266,612

NOTE 6: LP CLASS B UNITS

The LP Class B Units, representing an aggregate fair value of $257.8 million at September 30, 2013 ($288.8 million – December 31, 2012), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Boardwalk REIT Units. Additional details on the LP Class B Units are described in Note 11.

As at September 30, 2013 and December 31, 2012, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 7: OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represent the fair value of the Trust's interest rate swaps and totaled $3.8 million as at September 30, 2013 ($5.5 million – December 31, 2012).

NOTE 8: DEFERRED UNIT-BASED COMPENSATION

Deferred unit-based compensation is comprised of the following:

As at	**September 30, 2013**	December 31, 2012
Current	**$ 3,403**	$ 3,765
Non-current	**4,691**	5,306
	$ 8,094	$ 9,071

The total of $8.1 million represents the fair value of the underlying deferred units at September 30, 2013 ($9.1 million – December 31, 2012).

For the three and nine months ended September 30, 2013, total costs of $0.4 million and $1.9 million, respectively, were recognized in profit as an expense related to executive bonuses and trustee fees under the deferred unit plan ($0.4 million and $1.8 million for the three and nine months ended September 30, 2012, respectively).

The status of the outstanding deferred units is as follows:

	# of Units outstanding	# of Units vested
Balance, December 31, 2011	224,601	–
Deferred units granted	50,946	52,261
Additional deferred units earned on units	7,196	9,914
Deferred units converted to Trust Units or cash	(62,175)	(62,175)
Balance, December 31, 2012	220,568	–
Deferred units granted	40,261	40,140
Additional deferred units earned on units	5,494	6,977
Deferred units converted to Trust Units or cash	(44,462)	(44,462)
Balance, September 30, 2013	**221,861**	**2,655**

NOTE 9: INCOME TAXES

Deferred income tax

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

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

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	**9 months ended Sep 30, 2013**	9 months ended Sep 30, 2012
Current tax expense	**$ –**	$ –	**$ 5**	$ 1
Deferred tax expense (recovery)	**88**	(12)	**391**	(185)
Total income tax expense (recovery)	**$ 88**	$ (12)	**$ 396**	$ (184)

NOTE 10: 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 "Project" or "Development"). 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, 2013, approximately $6.8 million ($2.3 million - December 31, 2012) 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 Alberta government in proportion to the years remaining in the 20-year term if the agreement to provide affordable units terminates earlier.

In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, this rent subsidy 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 11: UNITHOLDERS' EQUITY

Under the reorganization of the Corporation to a real estate investment trust, the former shareholders of the Corporation received Boardwalk REIT Units or Class B Limited Partnership Units ("LP Class B Units") of a controlled limited partnership of the Trust, Boardwalk REIT Limited Partnership. The interests in Boardwalk REIT are represented by two classes of units: a class described and designated as "REIT Units" and a class described and designated as "Special Voting Units". The Special Voting Units, which are not entitled to monthly distributions, are used to provide voting rights to holders of LP Class B Units or other securities that are, directly or indirectly, exchangeable for REIT Units. The LP Class B Units are classified as a financial liability in accordance with IAS 32 - Financial Instruments: Presentation, and were discussed in Note 6.

On June 28, 2013, the Trust received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase and cancel up to 3,894,712 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commences July 3, 2013 and terminates July 2, 2014 or when the Bid is completed. The Trust's daily purchase limit pursuant to the Bid will be 22,289 Trust Units. To date, no Trust Units have been purchased and cancelled under this Bid.

The Trust has the following capital securities outstanding:

	Units outstanding September 30, 2013	**Monthly distribution**	Units outstanding December 31, 2012	Monthly distribution
Boardwalk REIT Units	**47,896,129**	**$0.165/Unit**	47,851,667	$0.16/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 with a record date of October 31, 2013 (to be paid on November 15, 2013) totaled $7.9 million ($0.165 per unit) and have not been included as a liability in the condensed consolidated statement of financial position as at September 30, 2013.

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

For the three and nine months ended September 30, 2013 and 2012, AOCI consists of the following amounts:

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	**9 months ended Sep 30, 2013**	9 months ended Sep 30, 2012
AOCI, beginning of period	**$ (4,311)**	$ (7,255)	**$ (5,608)**	$ (8,458)
Change in fair value of the effective portion of the interest rate swaps	**359**	962	**1,621**	2,154
Losses on settlement of effective bond forward	**9**	(8)	**44**	3
AOCI, end of period	**$ (3,943)**	$ (6,301)	**$ (3,943)**	**$ (6,301)**

(b) Earnings per unit

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	9 months ended Sep 30, 2013	9 months ended Sep 30, 2012
Numerator				
Profit – basic	$ 159,244	$ 293,977	$ 365,241	$ 672,949
Distribution paid on LP Class B units	2,215	–	6,623	–
Gain on fair value adjustment to LP Class B units	(3,043)	–	(30,967)	–
Gain on fair value adjustments to unexercised deferred units	(2)	–	(18)	–
Profit – diluted	$ 158,414	$ 293,977	$ 340,879	$ 672,949
Denominator				
Weighted average units outstanding – basic	47,896,129	47,831,921	47,876,899	47,811,551
Conversion of LP Class B units	4,475,000	–	4,475,000	–
Unexercised deferred units	2,655	–	904	–
Weighted average units outstanding – diluted	52,373,784	47,831,921	52,352,803	47,811,551
Earnings per unit – basic	$ 3.32	$ 6.15	$ 7.63	$ 14.08
Earnings per unit – diluted	$ 3.02	$ 6.15	$ 6.51	$ 14.08

All dilutive elements were included in the calculation of diluted per unit amounts. For the three and nine months ended September 30, 2013, both the conversion of LP Class B units and the unexercised deferred units were dilutive, as their conversion to REIT Units decreases earnings per unit. For the three and nine months ended September 30, 2012, both the conversion of LP Class B units and the unexercised deferred units were anti-dilutive as their conversion to REIT Units increases earnings per unit. As such, they were excluded from the calculation of diluted earnings per unit.

NOTE 12: FINANCING COSTS

Financing costs are comprised of interest on mortgages payable, interest on the unsecured debentures (which matured and was repaid 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 $22.4 million and $68.3 million for the three and nine months ended September 30, 2013, respectively ($24.4 million and $74.4 million for the three and nine months ended September 30, 2012, respectively) and can be summarized as follows:

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	9 months ended Sep 30, 2013	9 months ended Sep 30, 2012
Interest on secured debt (mortgages payable)	$ 20,249	$ 22,386	$ 61,972	$ 68,138
Interest on unsecured debt (debentures)	–	–	–	404
LP Class B unit distribution	2,215	2,126	6,623	6,265
Other interest charges	387	385	1,152	1,100
Interest income	(490)	(529)	(1,443)	(1,535)
Total	$ 22,361	$ 24,368	$ 68,304	$ 74,372

NOTE 13: FAIR VALUE GAINS

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

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	9 months ended Sep 30, 2013	9 months ended Sep 30, 2012
Investment properties, unrealized gains	$ 114,775	$ 286,792	$ 217,384	$ 636,649
Financial liabilities designated as FVTPL (1)				
Deferred unit-based compensation	(148)	(573)	192	(1,781)
LP Class B Units	3,043	(28,550)	30,967	(65,111)
Total fair value gains	$ 117,670	$ 257,669	$ 248,543	$ 569,757

(1) Fair Value Through Profit or Loss

NOTE 14: 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, 2011 to October 31, 2012, the Trust had a physical supply contract covering all of its natural gas requirements for the Province of Saskatchewan at a price of $4.17/Gigajoule ("GJ" - a unit of measurement for natural gas consumption). 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.

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, 2012 at a price of $4.07/GJ.

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/Kilowatt-hour ("kWh" – a unit of measurement for electricity consumption). On March 13, 2013, this supply contract was renewed for an additional four-year term commencing October 1, 2013 and ending September 30, 2017, 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 15: CAPITAL MANAGEMENT AND LIQUIDITY

Boardwalk REIT's DOT, as amended, provides for a minimum interest coverage ratio of 1.5 to 1 calculated on the most recently completed four fiscal quarters. The DOT also defines interest expense to exclude distributions on the LP Class B Units, which under IFRS are considered financing charges.

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

As at	September 30, 2013	December 31, 2012
Consolidated EBITDA(1) (12 months ended)	$ 256,137	$ 247,155
Consolidated interest expense (12 months ended)	83,223	89,649
Interest coverage ratio	3.08	2.76
Minimum threshold	1.50	1.50

(1) Earnings Before Interest, Taxes, Depreciation and Amortization

The Trust employs a broad range of financing strategies to facilitate growth and manage financial risk. The Trust's objective is to reduce its weighted average cost of capital and improve Unitholder distributions through value enhancement initiatives and consistent monitoring of the balance between debt and equity financing. As at September 30, 2013, the Trust's weighted average cost of capital was 4.37%.

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

As at	**September 30, 2013**		December 31, 2012	
	Cost of capital(1)	**Underlying value(2)**	Cost of capital(1)	Underlying value(2)
Liabilities				
Mortgages payable	**3.48%**	**$ 2,300,748**	3.69%	$ 2,329,060
LP Class B Units	**5.05%**	**257,805**	3.98%	288,772
Deferred unit-based compensation	**5.05%**	**8,094**	3.98%	9,071
Unitholders' equity				
Boardwalk REIT Units	**5.05%**	**2,759,296**	3.98%	3,087,868
Total	**4.37%**	**$ 5,325,943**	3.86%	$ 5,714,771

(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 price of the Trust's Units at the financial reporting date.

Mortgages payable – These are the mortgages outstanding on the Trust's investment properties. The debt is primarily fixed rate debt and approximately 99% of this debt at September 30, 2013 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 41% of the fair value of the Trust's investment properties. This level of indebtedness is considered by the Trust to be within its target.

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

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

Available liquidity as at September 30, 2013 included cash on hand of $143.7 million ($138.7 million – December 31, 2012) as well as an unused committed revolving credit facility of $195.4 million ($196.3 million – December 31, 2012). The Trust monitors its ratios and as at September 30, 2013 and December 31, 2012, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 16: FAIR VALUE MEASUREMENT

(a) Fair value of financial instruments

Fair value for a financial instrument is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for similar term and current credit spreads for debt with similar terms and risk. The fair values of the Trust's financial instruments were determined as follows:

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

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

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

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

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in estimates could significantly affect fair values. The significant financial instruments of Boardwalk REIT and their carrying values as at September 30, 2013 and December 31, 2012 are as follows:

As at	**September 30, 2013**				December 31, 2012	
	Fair Value	**Other Liabilities Amortized Cost**	**Total Carrying Value**	Total Fair Value	Total Carrying Value	Total Fair Value
Financial liabilities						
Mortgages payable	**$ –**	**$ 2,266,612**	**$ 2,266,612**	$ 2,300,748	$ 2,248,176	$ 2,329,060
LP Class B Units	**257,805**	**–**	**257,805**	257,805	288,772	288,772
Other non-current liabilities	**3,832**	**–**	**3,832**	3,832	5,452	5,452
Deferred unit-based compensation	**8,094**	**–**	**8,094**	8,094	9,071	9,071

The fair value of the Trust's mortgages payable exceeded the recorded value by approximately $34.1 million at September 30, 2013 ($80.9 million – December 31, 2012), due to changes in interest rates since the dates on which the individual mortgages were last contracted. The fair value of the mortgages payable has been estimated based on the current market rates for mortgages with similar terms and conditions. The fair value of the Trust's mortgages payable is an amount computed based on the interest rate environment prevailing at September 30, 2013 and December 31, 2012, respectively; the amount is subject to change and the future amounts will converge. There are no additional costs or penalties to Boardwalk REIT if the mortgages are held to maturity.

As at September 30, 2013 and December 31, 2012, the Trust had no embedded derivatives requiring separate recognition.

The nature of these financial instruments and the Trust's operations expose the Trust to certain principal financial risks. The main objective of the Trust's risk management process is to properly identify financial risks and minimize the exposure to potential losses arising from those risks. The principal financial risks to which the Trust is exposed are described in Note 17 below.

(b) Assets and liabilities measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value on the condensed consolidated statements of financial position is as follows:

As at	**September 30, 2013**			December 31, 2012		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**–**	**–**	**$ 5,775,676**	–	–	$ 5,493,448
Liabilities						
LP Class B Units	**257,805**	**–**	**–**	288,772	–	–
Other non-current liabilities	**–**	**3,832**	**–**	–	5,452	–
Deferred unit-based compensation	**8,094**	**–**	**–**	9,071	–	–

The three levels of the fair value hierarchy are described as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques requiring inputs that are both unobservable and significant to the overall fair value measurement and includes development costs.

NOTE 17: RISK MANAGEMENT

(a) Interest rate risk

As at September 30, 2013, of the Trust's total debt 100% was fixed-rate debt and 0% was floating-rate debt. For the three and nine months ended September 30, 2013, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil ($nil - three and nine months ended September 30, 2012).

(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, 2013 and December 31, 2012, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers was past due.

Past due receivables (receivables which are greater than 30 days) are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness and the current economic environment; however, tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for doubtful accounts. The amount of the loss is recognized in the condensed consolidated statements 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, 2013, bad debt expense totaled $0.9 million ($1.1 million - three months ended September 30, 2012). For the nine months ended September 30, 2013, bad debt expense totaled $2.4 million ($3.2 million - nine months ended September 30, 2012).

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

(c) Liquidity risk

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

The following table details the Trust's remaining contractual maturity for its non-derivative and derivative (i.e. vested deferred units) financial liabilities:

	Mortgages							
Year of maturity	Weighted average interest rate	Principal outstanding	Mortgage interest(1)	Deferred unit-based compensation	Tenants' security deposit	Distribution payable	Trades and other payable	Total
3 Months 2013	4.70%	$ 13,029	$ 20,116	$ 153	$ 16,408	$ 8,641	$ 50,287	$ 108,634
2014	3.42%	434,572	73,244					507,816
2015	3.72%	439,803	54,977					494,780
2016	3.89%	271,097	41,522					312,619
2017	2.95%	317,161	31,948					349,109
Subsequent	3.61%	874,364	81,887					956,251
	3.48%	2,350,026	303,694	153	16,408	8,641	50,287	2,729,209
Unamortized deferred financing costs		(83,515)						(83,515)
Unamortized mark-to-market adjustment		101						101
		$ 2,266,612	$ 303,694	$ 153	$ 16,408	$ 8,641	$ 50,287	$ 2,645,795

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

(d) Debt covenants

The Trust has a committed revolving credit facility with a major financial institution. This credit facility is secured by a pledge of a group of specific real estate assets (fair value at September 30, 2013 of approximately $683.3 million). The amount available through the committed revolving credit facility varies with the value of the pledged assets, with a maximum limit not to exceed $200.0 million and an available limit of $195.4 million as at September 30, 2013 ($196.3 million – December 31, 2012). The revolving facility requires monthly interest payments, matures on July 27, 2016, and can be extended annually thereafter, subject to the mutual consent of the lender and the Trust. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due on the maturity date of the credit agreement.

The credit facility contains three financial covenants as follows:

(i) The Trust will maintain an overall Debt Service Coverage Ratio of at least 1.20, calculated on the most recent completed trailing four fiscal quarter basis. As at September 30, 2013, this ratio was 2.01 (1.89 - December 31, 2012).

(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, 2013, this ratio was 1.80 (1.85 - December 31, 2012).

(iii) Total indebtedness of the Trust will not exceed 75% of the Gross Book Value ("GBV") of all assets for the two most recent quarters as defined in the credit agreement. GBV is defined as total assets plus the amortization of property, plant and equipment, as recorded by the Trust, whereas debt is 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. As at September 30, 2013, this ratio was 38.2% (39.3% - December 31, 2012).

As at September 30, 2013 and December 31, 2012, the Trust was in compliance with all covenants.

(e) Utility risk

As outlined in Note 14, 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, 2013, has not changed since December 31, 2012. The remuneration of the Trust's key management personnel were as follows:

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	**9 months ended Sep 30, 2013**	9 months ended Sep 30, 2012
Short-term benefits	**$ 252**	$ 243	**$ 758**	$ 729
Post-employment benefits	**12**	11	**36**	34
Other long-term benefits	**1**	3	**4**	8
Deferred unit-based compensation	**–**	–	**797**	821
	$ 265	$ 257	**$ 1,595**	$ 1,592

In addition, the LP Class B Units are held by Sam Kolias (Chairman of the Board, Chief Executive Officer and Trustee) and Van Kolias (Senior Vice President, Quality Control). Under IAS 32 - Financial Instruments: Presentation, the LP B Units issued by a wholly owned subsidiary of the Trust are considered financial liabilities, and are presented as liabilities on these condensed consolidated 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, 2013, distributions on the LP Class B Units totaled $2.2 million and $6.6 million, respectively ($2.1 million and $6.3 million for the three and nine months ended September 30, 2012, respectively). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at September 30, 2013, there was $738 thousand owed to related parties ($716 thousand – December 31, 2012) related to the LP Class B Units distribution outlined above.

NOTE 19: OTHER INFORMATION

(a) Supplemental cash flow information

	3 months ended Sep 30, 2013	3 months ended Sep 30, 2012	**9 months ended Sep 30, 2013**	9 months ended Sep 30, 2012
Net change in operating working capital				
Net change in inventories	**$ (118)**	$ 146	**$ (309)**	$ (440)
Net change in prepaid assets	**1,288**	943	**(90)**	(265)
Net change in trade and other receivables	**(1,052)**	332	**(1,630)**	378
Net change in segregated and refundable tenants' security deposits	**10**	9	**52**	25
Net change in deferred unit-based compensation	**416**	120	**1,651**	1,240
Net change in trade and other payables	**1,326**	827	**(1,699)**	(3,288)
	$ 1,870	$ 2,377	**$ (2,025)**	$ (2,350)

(b) Included in administration costs is $562 thousand and $1,679 thousand relating to Registered Retirement Savings Plan matching for the three and nine months ended September 30, 2013, respectively ($483 thousand and $1,370 thousand for the three and nine months ended September 30, 2012, respectively).

NOTE 20: FLOOD DISASTER AND RECOVERY

In June 2013, Boardwalk was impacted by the unprecedented flooding disaster that occurred in Southern Alberta, including the City of Calgary. Calgary experienced extensive flooding along riverbanks and low-lying areas. Throughout this event, the City of Calgary issued mandatory and voluntary evacuation notices for selective communities. Two properties, totaling 271 units, were affected by the mandatory evacuation order and four properties, totaling 539 units, plus Boardwalk's head office building and data centre, were affected by the voluntary evacuation notice. During this time, Boardwalk's disaster and contingency plan was deployed to ensure continuous and uninterrupted operations.

As a result of the evacuation and the loss of power, Resident Members' refrigerators were required to be emptied in the two buildings under mandatory evacuation. Boardwalk provided its Resident Members in these buildings with grocery gift cards to ensure they had some financial resources to meet day-to-day living needs. Resident Members displaced by the flood in these buildings were also given rent abatements for the number of days their apartment suites were evacuated.

No tenants or employees were injured during this flooding event. At the end of June, all of Boardwalk's Resident Members have returned safely home to their buildings, with the exception of one building, a 158-unit situated along the Elbow River. The building, Elbow Tower, sustained water damage on its ground and parkade levels during the flood. At the beginning of August, all of the Resident Members of Elbow Tower were able to return to their units. The restoration and rebuild of the parkade was completed by the end of October.

Based on discussions with the Trust's insurers and insurance broker, the damage caused to its buildings and equipment and any resulting rental income loss as a result of the flood event will be covered by its existing insurance policy, less a $100 thousand deductible. This includes clean up, assessment, restoration, replacement and any business interruption rental loss for a 24-month period, and any costs to mitigate these losses. Boardwalk does not anticipate any material impact on its business arising from this flood event.

NOTE 21: SEGMENTED INFORMATION

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

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

Corporate represents corporate functions, technology assets, activities incidental to operations, and certain comparative data for divested assets, and are recognized in the relevant segments.

Details of segmented information are as follows:

As at	**September 30, 2013**						
	Alberta	**British Columbia**	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 3,910,475**	**$ 124,031**	**$ 727,304**	**$ 326,968**	**$ 732,077**	**$ 146,544**	**$ 5,967,399**
Liabilities	**1,529,368**	**61,687**	**265,900**	**121,319**	**326,790**	**313,475**	**2,618,539**

As at	December 31, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Assets	$ 3,687,908	$ 115,663	$ 691,312	$ 313,809	$ 736,753	$ 129,857	$ 5,675,302
Liabilities	1,509,024	62,505	264,495	123,504	329,690	335,983	2,625,201

	3 months ended September 30, 2013						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 69,520	$ 2,072	$ 15,120	$ 10,083	$ 17,458	$ 52	$ 114,305
Ancillary rental income	1,150	38	168	194	242	–	1,792
Total rental revenue	70,670	2,110	15,288	10,277	17,700	52	116,097
Rental expenses							
Operating expenses	12,453	334	2,473	1,884	4,012	1,377	22,533
Utilities	4,779	157	1,213	1,524	844	121	8,638
Property taxes	5,877	128	1,100	1,251	1,791	47	10,194
Net operating income (loss)	47,561	1,491	10,502	5,618	11,053	(1,493)	74,732
Financing costs (a)	13,376	457	2,561	1,122	2,807	2,038	22,361
Administration	18	–	9	6	13	7,682	7,728
Depreciation and amortization (b)	846	27	151	77	928	952	2,981
Profit (loss) from continuing operations before fair value gains (losses) and income tax expense	33,321	1,007	7,781	4,413	7,305	(12,165)	41,662
Fair value gains (losses)	95,853	2,430	14,713	1,606	173	2,895	117,670
Profit before income tax expense	129,174	3,437	22,494	6,019	7,478	(9,270)	159,332
Income tax expense (c)	–	–	–	–	–	88	88
Profit	129,174	3,437	22,494	6,019	7,478	(9,358)	159,244
Other comprehensive income	208	–	160	–	–	–	368
Total comprehensive income	$ 129,382	$ 3,437	$ 22,654	$ 6,019	$ 7,478	$ (9,358)	$ 159,612
Additions to non-current assets (d)	$ 12,028	$ 265	$ 3,120	$ 2,574	$ 4,402	$ 8,044	$ 30,433

	3 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 65,198	$ 2,031	$ 14,589	$ 9,805	$ 17,169	$ 25	$ 108,817
Ancillary rental income	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

	9 months ended September 30, 2013						
	Alberta	**British Columbia**	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue	**$ 205,355**	**$ 6,201**	**$ 44,917**	**$ 30,390**	**$ 52,083**	**$ 163**	**$ 339,109**
Ancillary rental income	**3,339**	**112**	**490**	**617**	**718**	**1**	**5,277**
Total rental revenue	**208,694**	**6,313**	**45,407**	**31,007**	**52,801**	**164**	**344,386**
Rental expenses							
Operating expenses	**37,900**	**1,006**	**7,325**	**5,424**	**11,973**	**3,484**	**67,112**
Utilities	**16,631**	**582**	**3,919**	**5,155**	**4,375**	**319**	**30,981**
Property taxes	**15,862**	**366**	**3,136**	**4,005**	**5,244**	**96**	**28,709**
Net operating income (loss)	**138,301**	**4,359**	**31,027**	**16,423**	**31,209**	**(3,735)**	**217,584**
Financing costs (a)	**40,897**	**1,378**	**7,721**	**3,653**	**8,517**	**6,138**	**68,304**
Administration	**26**	**2**	**10**	**23**	**163**	**23,083**	**23,307**
Depreciation and amortization (b)	**2,777**	**79**	**469**	**223**	**2,711**	**2,620**	**8,879**
Profit (loss) from continuing operations before fair value gains (losses) and income tax expense	**94,601**	**2,900**	**22,827**	**12,524**	**19,818**	**(35,576)**	**117,094**
Fair value gains (losses)	**194,341**	**7,522**	**28,903**	**6,944**	**(20,327)**	**31,160**	**248,543**
Profit (loss) before income tax expense	**288,942**	**10,422**	**51,730**	**19,468**	**(509)**	**(4,416)**	**365,637**
Income tax expense (c)	**–**	**–**	**–**	**–**	**–**	**396**	**396**
Profit (loss)	**289,942**	**10,422**	**51,730**	**19,468**	**(509)**	**(4,812)**	**365,241**
Other comprehensive income	**939**	**–**	**726**	**–**	**–**	**–**	**1,665**
Total comprehensive income (loss)	**$ 289,881**	**$ 10,422**	**$ 52,456**	**$ 19,468**	**$ (509)**	**$ (4,812)**	**$ 366,906**
Additions to non-current assets (d)	**$ 28,461**	**$ 876**	**$ 7,220**	**$ 5,769**	**$ 10,521**	**$ 17,567**	**$ 70,414**

	9 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 192,601	$ 6,083	$ 43,237	$ 29,256	$ 51,423	$ 145	$ 322,745
Ancillary rental income	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	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	$ 6,277	$ 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

(a) Financing costs

Financing costs were as follows:

	3 months ended September 30, 2013						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 13,342	$ 457	$ 2,556	$ 1,096	$ 2,799	$ (1)	$ 20,249
LP Class B unit distribution	–	–	–	–	–	2,215	2,215
Other interest charges	34	–	5	26	8	314	387
Interest income	–	–	–	–	–	(490)	(490)
Total	$ 13,376	$ 457	$ 2,561	$ 1,122	$ 2,807	$ 2,038	$ 22,361

	3 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 14,903	$ 724	$ 2,549	$ 1,312	$ 2,897	$ 1	$ 22,386
LP Class B unit distribution	–	–	–	–	–	2,126	2,126
Other interest charges	33	–	6	29	9	308	385
Interest income	–	–	–	–	(2)	(527)	(529)
Total	$ 14,936	$ 724	$ 2,555	$ 1,341	$ 2,904	$ 1,908	$ 24,368

	9 months ended September 30, 2013						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 40,797	$ 1,376	$ 7,705	$ 3,576	$ 8,519	$ (1)	$ 61,972
LP Class B unit distribution	–	–	–	–	–	6,623	6,623
Other interest charges	100	2	16	77	23	934	1,152
Interest income	–	–	–	–	(25)	(1,418)	(1,443)
Total	$ 40,897	$ 1,378	$ 7,721	$ 3,653	$ 8,517	$ 6,138	$ 68,304

	9 months ended September 30, 2012						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	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	16	88	25	933	1,100
Interest income	–	–	–	–	(6)	(1,529)	(1,535)
Total	$ 45,050	$ 2,180	$ 7,818	$ 4,042	$ 9,208	$ 6,074	$ 74,372

(b) Depreciation and amortization

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

(c) Income tax expense (recovery)

This relates to any current and deferred income taxes.

(d) Additions to non-current assets (other than financial instruments and deferred tax assets)

This represents the total cost incurred during the year to acquire non-current assets (other than financial instruments and deferred tax assets), measured on an accrual basis.

NOTE 22: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Trustees and authorized for issue on November 13, 2013.

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[1] Lead Trustee

[2] Member of the Audit and Risk Management Committee

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