Boardwalk

Q3 2014

the value of Community

CORPORATE PROFILE

Boardwalk REIT is Canada's friendliest landlord and currently owns and operates more than 220 properties with 34,626 residential units (as at September 30, 2014), totaling over 29 million net rentable square feet. Boardwalk's principal objectives are to provide its Residents with the best quality communities and superior customer service, while providing Unitholders with sustainable monthly cash distributions, and increase the value of its Trust Units through selective acquisition, disposition, development and effective management of its residential multi-family communities. Boardwalk REIT is vertically integrated and is Canada's leading owner/operator of multi-family communities with over 1,500 associates bringing Customers home to properties located in Alberta, Saskatchewan, Ontario, and Quebec.

BOARDWALK RENTAL COMMUNITIES

Letter to Unitholders

We are pleased to report on a solid third quarter of 2014 for Boardwalk Real Estate Investment Trust ("Boardwalk", "Boardwalk REIT", or the "Trust"). Funds from Operations (FFO) for the quarter totaled \$46.8 million, or \$0.90 per Trust Unit on a diluted basis, an increase of approximately 4.1% and 4.7%, respectively, over the same quarter last year. Adjusted Funds from Operations (AFFO) per Trust Unit increased 5.1% to \$0.82 for the current quarter versus \$0.78 for the same three-month period in 2013.

Funds from Operations for the nine month period ended September 30, 2014, increased 4.2% to \$132.1 million from \$126.7 million in the same period in 2013 and 4.1% to \$2.52 per Trust Unit from \$2.42 per Trust Unit for the same nine month period in 2013.

The increase in reported FFO was attributed to organic revenue growth driven by higher market and in-place rents, resulting in a 4.3% increase in total rental revenue for the third quarter versus the same period in 2013 and 4.5% for the first nine months of 2014; however, this was tempered by higher vacancy in some of the Trust's markets in the third quarter, and higher operating expenses, including natural gas, particularly in the first quarter, property tax and wages and salaries. The low interest rate environment continues to benefit the Trust as lower overall financing costs in the renewal of its existing CMHC Insured Mortgages continues to reduce the Trust's interest expense.

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, 2014, under the section titled, "Performance Measures".

HIGHLIGHTS OF THE TRUST'S THIRD QUARTER 2014 FINANCIAL RESULTS

$ millions, except per unit amounts	**Three Months Sep 2014**	Three Months Sep 2013	% Change	**Nine Months Sep 2014**	Nine Months Sep 2013	% Change
Total Rental Revenue	**$ 118.9**	$ 114.0	4.3%	**$ 353.4**	$ 338.1	4.5%
Net Operating Income (NOI)	**$ 75.8**	$ 73.2	3.6%	**$ 218.8**	$ 213.2	2.6%
Profit from Continuing Operations	**$ 55.4**	$ 155.8	-64.4%	**$ 250.1**	$ 354.8	-29.5%
Funds From Operations (FFO)	**$ 46.8**	$ 45.0	4.1%	**$ 132.1**	$ 126.7	4.2%
Adjusted Funds From Operations (AFFO)	**$ 42.7**	$ 40.8	4.7%	**$ 119.7**	$ 114.2	4.8%
FFO Per Unit	**$ 0.90**	$ 0.86	4.7%	**$ 2.52**	$ 2.42	4.1%
AFFO Per Unit	**$ 0.82**	$ 0.78	5.1%	**$ 2.29**	$ 2.18	5.0%
Distributions Declared (Trust Units & LP B Units)	**$ 26.6**	$ 25.9	2.6%	**$ 79.8**	$ 77.5	3.0%
Distributions Declared Per Unit (Trust Units & LP B Units) (2014 – $2.04 Per Unit – 2013 – $1.98 per Unit on an annualized basis)	**$ 0.510**	$ 0.495	3.0%	**$ 1.525**	$ 1.480	3.0%
Excess of AFFO over Distributions Per Unit	**$ 0.310**	$ 0.285	8.8%	**$ 0.765**	$ 0.700	9.3%
Regular Payout as a % FFO	**56.8%**	57.6%		**60.4%**	61.1%	
Regular Payout as a % AFFO	**62.3%**	63.6%		**66.7%**	67.9%	
Excess of AFFO as a % of AFFO	**37.7%**	36.4%		**33.3%**	32.1%	
Interest Coverage Ratio (Rolling 4 quarters)	**3.30**	3.08		**3.30**	3.08	
Operating Margin	**63.8%**	64.2%		**61.9%**	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 2014 Third Quarter MD&A.

HIGHLIGHTS OF THE TRUST'S FAIR VALUE OF INVESTMENT PROPERTIES

	Sep 30, 2014	Dec 31, 2013
IFRS Asset Value Per Diluted Unit (Trust & LP B)	**$ 112.11**	$ 109.65
Debt Outstanding per Diluted Unit	**$ (43.36)**	$ (44.72)
Net Asset Value (NAV) Per Diluted Unit (Trust & LP B)	**$ 68.75**	$ 64.93
Cash Per Diluted Unit (Trust & LP B) (1)	**$ 3.09**	$ 2.50
Total Per Diluted Unit (Trust & LP B)	**$ 71.84**	$ 67.43

(1) Cash and Liquidity include proceeds for the Special Distribution to be paid on January 15, 2015 to Unitholders on Record on December 31, 2014 of ~$73 million, or $1.40 per Trust Unit

Weighted Average Capitalization Rate: 5.48% at Sep 30, 2014 and 5.48% at Dec 31, 2013

For further detail, please refer to page 32 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 three key variables: occupancy levels, market rents, and suite-specific incentives. This strategy 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 $1,140 in September of 2014 from $1,098 in September of 2013, and average occupied rents for the period also increased to $1,160 versus $1,115 for the same period last year. Average market rents have increased to $1,190, up from $1,148 in September of 2013, and higher than the beginning of the year. In the third quarter of 2014, overall occupancy for Boardwalk's portfolio was 98.00%, a decrease compared to the previous quarter, and lower than the same period last year driven primarily by a recent increase in vacancy levels in the Fort McMurray and Saskatchewan regions.

In addition to the continued increase in average monthly and occupied rents the Trust has been able to achieve to date, market rents 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 19 of the MD&A.

SAME PROPERTY PORTFOLIO HIGHLIGHTS FOR THE THIRD QUARTER OF 2014

	Sep 2014	Dec 2013	Sep 2013
Average Occupancy (Period Average)	**98.00%**	98.42%	98.35%
Average Monthly Rent (Period Ended)	**$ 1,140**	$ 1,106	$ 1,098
Average Market Rent (Period Ended)	**$ 1,190**	$ 1,159	$ 1,148
Average Occupied Rent (Period Ended)	**$ 1,160**	$ 1,123	$ 1,115
Loss-to-Lease (Period Ended) ($ millions)	**$ 12.2**	$ 14.6	$ 13.7
Loss-to-Lease Per Trust Unit (Period Ended)	**$ 0.23**	$ 0.28	$ 0.26
Cash (Period Ended) ($ millions)	**$ 160.5**	$ 131.1	$ 143.7

Same Property Results	% Change Year-Over-Year 3 Months Sep 2014	% Change Year-Over-Year 9 Months Sep 2014
Rental Revenue	4.2%	4.3%
Operating Costs	7.1%	7.9%
Net Operating Income (NOI)	2.6%	2.3%

Same Property Results Exclude 109-unit Spruce Ridge Gardens Development completed November 2013.

Stabilized Revenue Growth	# of Units	Q3 2014 vs Q2 2014	Q2 2014 vs Q1 2014	Q1 2014 vs Q4 2013	Q4 2013 vs Q3 2013
Calgary	5,310	1.4%	1.8%	1.0%	0.9%
Edmonton	12,396	1.7%	1.8%	1.2%	1.8%
Fort McMurray	352	-4.4%	-1.3%	-0.5%	1.8%
Grande Prairie	645	1.2%	1.4%	1.3%	2.3%
Red Deer	939	2.3%	1.7%	1.7%	2.1%
Ontario	4,265	-0.2%	1.1%	-0.3%	1.1%
Quebec	6,000	0.1%	0.3%	-0.2%	0.8%
Saskatchewan	4,610	-0.3%	1.1%	0.0%	0.9%
	34,517	0.9%	1.3%	0.6%	1.3%

On a sequential basis, stabilized revenues for the third quarter of 2014 increased 0.9% when compared to the previous quarter, mainly the result of higher market and in place rents. An increase in vacancy in Fort McMurray, Saskatchewan and Ontario resulted in sequential decreases in revenue versus the last quarter, however; the Trust's largest markets posted positive sequential revenue growth this quarter with the strongest sequential gains in Calgary, Red Deer, and Edmonton. 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 25 of the MD&A.

ECONOMIC MARKET FUNDAMENTALS

Market Fundamentals	Alberta		Saskatchewan		Ontario		Quebec	
	Sep-14	Sep-13	**Sep-14**	Sep-13	**Sep-14**	Sep-13	**Sep-14**	Sep-13
Unemployment Rate	**4.4%**	4.3%	**3.5%**	4.3%	**7.1%**	7.3%	**7.6%**	7.6%
	Q2 2014	Q2 2013	**Q2 2014**	Q2 2013	**Q2 2014**	Q2 2013	**Q2 2014**	Q2 2013
Net Interprovincial Migration	**13,204**	10,601	**-72**	466	**-7,958**	-3,105	**-3,847**	-4,893
Net International Migration	**12,553**	18,175	**3,752**	3,960	**34,582**	39,119	**20,765**	21,409
Total Net Migration	**25,757**	28,776	**3,680**	4,426	**26,624**	36,014	**16,918**	16,516
	Aug 2013 to Aug 2014	Aug 2012 to Aug 2013	**Aug 2013 to Aug 2014**	Aug 2012 to Aug 2013	**Aug 2013 to Aug 2014**	Aug 2012 to Aug 2013	**Aug 2013 to Aug 2014**	Aug 2012 to Aug 2013
Average Weekly Wages Growth	**5.1%**	1.4%	**4.0%**	1.7%	**2.4%**	2.0%	**2.1%**	0.5%

Source: Statistics Canada

Western Canada

Alberta:

CMHC forecasts that economic growth in Alberta will lead all provinces over the next two years with an increase in GDP of 3.8% in 2014 and 3.0% in 2015. This strong economic growth forecast is due to the higher oil and natural gas prices seen in the first nine months of the year coupled with a projected rise in consuming spending. The recent volatility in world oil prices may negatively affect these forecasts, however have been partially offset by a lower Canadian currency.

CMHC expects employment growth in the province to reach 2.8% in 2014 and 2.2% in 2015. This combined with migration will result in unemployment rates that remain close to current levels with 4.6% in 2014 and 4.5% in 2015. Alberta has seen two years of record migration to the province, but given the improvement in economic growth of other regions, CMHC predicts that net migration to Alberta will moderate over the forecast period, moderating to 79,000 in 2014 and 64,000 in 2015.

Saskatchewan:

As a result of a growing population driven by continued employment growth and its resulting increased consuming spending, CMHC is forecasting Saskatchewan's economy to grow by 2.3% in 2014 and 2.5% in 2015. Similar to Alberta, the strong economic conditions in Saskatchewan are expected to generate employment growth, as well as keep the unemployment rate low. CMHC forecasts employment growth of 1.8% and 1.7% and unemployment rates of 4.2% and 4.4% in 2014 and 2015, respectively. While CMHC is expecting the net migration in Saskatchewan to moderate over the forecast period in comparison with the record year 2012, the economic growth and job opportunities are expected to continue to attract migrants to the province. CMHC forecasts that Saskatchewan migration will be 13,800 in 2014 and 11,300 in 2015.

Eastern Canada

Ontario:

CMHC is expecting the Ontario economy to match the Canadian average GDP growth rate over the forecast period, with growth rates of 2.2% and 2.5% in 2014 and 2015, respectively. According to CMHC, this growth is the result of an improving global economy and a low Canadian dollar which is expected to support the improved export performance in Ontario. This improving economy in Ontario will drive employment growth of 0.9% in 2014 and 1.8% in 2015. As a result, this growth will cause the unemployment rate to trend lower and CMHC expects that the unemployment rate in the province will decrease to 7.0% by 2015.

CMHC expects net migration into Ontario will improve and rise from 82,500 in 2014 to 93,900 in 2015, as economic conditions continue to improve. Additionally, CMHC notes that international migration in the province will grow from 5.0% in 2014 to 10.0% in 2015.

Quebec:

Quebec is expected to see more moderate economic growth, but the province will see some improvement with recovering business investment. CMHC expects GDP growth in the province of 1.7% and 2.0% in 2014 and 2015, respectively. The economic growth in Quebec will be reflected in the labour market in 2015, where, according to CMHC, employment is expected to grow by 0.3% in 2014 and increase to 1.2% in 2015, causing the unemployment rate to decrease from 7.6% in 2014 to 7.3% in 2015.

While Quebec is experiencing slower economic growth than other provinces, and therefore the province has a less attractive labour market, the province is still expected to see sustained international migration. CMHC estimates that net migration to the province will be 38,000 in 2014 and 44,000 in 2015.

MLS HOUSING PRICES

Alberta	Calgary CMA		Edmonton CMA	
	Sep-14	Sep-13	**Sep-14**	Sep-13
Average Single Family	**$ 567,862**	$ 512,296	**$ 435,584**	$ 408,642
Average Condo	**$ 326,262**	$ 298,742	**$ 254,494**	$ 243,655
Saskatchewan	Saskatoon CMA		Regina CMA	
	Sep-14	Sep-13	**Sep-14**	Sep-13
Average Overall	**$ 354,818**	$ 342,983	**$ 330,661**	$ 324,475
Ontario	London CMA		Windsor CMA	
	Sep-14	Sep-13	**Sep-14**	Sep-13
Average Overall	**$ 261,997**	$ 245,395	**$ 192,993**	$ 184,899
Quebec	Montreal CMA			
	Sep-14	Sep-13		
Average Overall*	**$ 326,787**	$ 319,891		

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®, Saskatoon Region Association of REALTORS®, Windsor-Essex County Real Estate Board

Single Family Housing Starts	2012	2013	2014F	2015F	2016F
Alberta	17,493	18,431	19,300	19,200	1,900
Saskatchewan	5,171	4,184	3,900	3,800	3,800
Ontario	25,567	23,270	23,400	24,600	21,400
Quebec	16,059	13,144	11,600	13,200	13,700

Multi Family Housing Starts	2012	2013	2014F	2015F	2016F
Alberta	15,903	17,580	21,100	18,200	16,800
Saskatchewan	4,797	4,106	4,500	3,900	3,800
Ontario	51,175	37,815	35,800	38,400	39,000
Quebec	31,308	24,614	26,600	25,800	26,400

Source: CMHC Q4 Housing Outlook

Western Canada

Alberta:

CMHC notes that since the listings in the resale market are below last years' levels, consumers will look to the new home market for housing needs, resulting in single-detached starts of 19,300 in 2014. However, by 2015 this number will moderate slightly to 19,200 due to a decline in migration and a more robust resale market. Similarly, multiple starts are expected to reach 21,100 in 2014 and moderate to 18,200 in 2015. According to CMHC, the increase in 2014 is due to increased production in Calgary, where multiple starts are reaching a 33 year high.

Saskatchewan:

Saskatchewan's decrease in migration is expected to slow the single-detached starts in the province. CMHC forecasts single-detached starts will decrease to 3,900 units in 2014 and moderate further to 3,800 units in 2015. Multiple starts are also expected to moderate over the forecast period as builders focus on reducing existing inventory. According to CMHC, this focus will cause a decline in multiple starts with 4,500 units in 2014 and 3,900 units in 2015.

Eastern Canada

Ontario:

Continued low single-detached home affordability coupled with the focus on housing densification in the province will cause a slow in single-detached starts over the forecast period. According to CMHC, single-detached starts are expected to be 23,400 units in 2014 and 24,600 units in 2015. Similarly, multiple starts are expected to continue to slow in 2014 to 35,800 units, and then stabilize in 2015 at 38,400 units. In addition, CMHC notes that multiple construction starts may see a shift towards less expensive construction in 2015 due to rising home prices and continued affordability pressure.

Quebec:

Quebec is also expected to see a slow in single-detached starts. According to CMHC, levels are expected to slow to 11,600 in 2014 as a result of the moderate employment growth in the province along with a trend towards apartment living. In 2015, CMHC expects that Quebec will see this number increase to 13,200 units as the resale market begins to tighten. Alternatively, the multiple starts in Quebec are expected to remain stable over the forecast period, with 26,600 units in 2014 and 25,800 in 2015. CMHC estimates that this is due to the continued affordability of multiple units over single-detached units.

ACQUISITIONS, DISPOSITIONS AND DEVELOPMENT

There were no new apartment acquisitions or dispositions completed in the third quarter of 2014. 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.

During the second quarter of 2014, the Trust completed and closed the previously announced dispositions of its British Columbia Portfolio, as well as a non-core asset located in Edmonton. Details of the sale of these four assets are summarized below:

Building Name	City	# Units	Type	Price	$/unit	$/sq ft	Debt Assumed	Net Proceeds (1)	Date Closed
Sold									
Westpark Ridge	Edmonton	102	Garden	$ 13,500,000 (2)	$ 132,353	$ 136	–	$ 13,500,000	May 5, 2014
BC Portfolio	Burnaby, Surrey & Victoria	633	High Rise, Townhouse & Walkup	$ 140,000,000 (3)	$ 221,169	$ 274	$ 62,134,000	$ 76,366,000 (4)	May 29, 2014

(1) Excludes transaction costs

(2) We estimate the required cap ex to be between $5 million - $10 million; resulting in an adjusted cap rate based on 2013 actual NOI to be between 5.34% and 4.21%

(3) The Purchase and Sale Agreement prohibits us from disclosing the name of the purchaser and the cap rate

(4) Includes $1.5 million holdback to cover the cost of a fire hydrant waterline upgrade required by the fire department at the Victoria project

In May of 2014, the Trust also acquired one unit in Edmonton, Alberta in the property known as 'Morningside Estates' for a purchase price of $175 thousand. The Trust currently owns 222 of the 224 units in the property.

The Trust is continuing the process of reviewing the potential sale of select non-core properties with the intent of high-grading its portfolio by re-deploying the equity from these assets towards value enhancing transactions for the Trust's Stakeholders, including development, capital improvements, the repurchase and cancellation of Trust Units, and the return of equity to Unitholders. On June 30, 2014, the Trust received regulatory approval to renew its Normal Course Issuer Bid allowing the Trust to purchase and cancel up to 3,901,031 Trust Units, representing 10% of its public float at the time.

During the third quarter of 2014, the Trust purchased and cancelled 280,900 Trust Units at an average price of $68.09 per Trust Unit. For the nine months ended September 30, 2014, the Trust purchased and cancelled 432,100 Trust Units at an average purchase cost of $66.89 per Trust Unit.

Between mid-2007 and the beginning of 2012, the Trust exercised a similar strategy of high-grading its portfolio through the sale of 1,578 Apartment Units, comprised of non-core assets, for total gross proceeds of $171.9 million. The Trust re-deployed this equity into the purchase and cancellation of Trust Units under similar Normal Course Issuer Bids, and, re-purchased and cancelled 4,542,747 Trust Units, representing a total investment of $170.5 million, or an average cost of $37.53 per Trust Unit.

In October of 2014, the Trust executed a fixed price construction contract, and commenced construction of the first phase of its Pines of Normanview Development on excess land the Trust owns in Regina, Saskatchewan. The first phase consists of a four storey, 79 unit, wood frame, elevatored building with underground parking. The Trust estimates the project will be completed in Q1 2016, with a total cost of approximately $14.4 million, or $178,000 per door, resulting in an estimated capitalization rate of 6.0% to 6.5%, excluding land value.

In December of 2013, the Trust substantially completed and started leasing 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 with a total cost of approximately $18.7 million, slightly below the Trust's original budget of approximately $19 million. Prior to construction, the Trust applied for a rent subsidy grant from the Province of Alberta's 'Housing Capital Initiatives' and received approximately $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. To date, the Trust has leased approximately 98% of the units in the project, resulting in an estimated capitalization rate of 6.90% 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 33 of the MD&A.

LIQUIDITY AND CONTINUED FINANCIAL STRENGTH

Including the net proceeds from its dispositions in the second quarter, and the Trust's undrawn line of credit, the Trust currently has approximately $357 million of available liquidity with debt (net of cash) to reported investment properties value of approximately 36%. The Trust's interest coverage ratio, excluding gain or loss on sale of assets, for the most recent completed four quarters ended September 30, 2014, increased to 3.30 times compared to 3.08 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, value added capital expenditures, development of new assets on existing excess land, and other value adding transactions to maximize Unitholder Value.

In $000's

Cash Position – Sep, 2014 (2)	$ 161,000
Line of Credit (1)	$ 196,000
Total Available Liquidity (2)	$ 357,000
Liquidity as a % of Total Debt (2)	16%
Debt (net of cash) as a % of reported asset value (2)	36%

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

(2) Cash and Liquidity include proceeds for the Special Distribution to be paid on January 15, 2015 to Unitholders on Record on December 31, 2014 of ~$73 million, or $1.40 per Trust Unit.

For further detail, please refer to pages 34 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 2014 fiscal year to further enhance the curb appeal and quality of the Trust's assets. In addition, the Trust has budgeted approximately $2.2 million to continue the early stages of development of its Pines of Normanview project and to explore other development opportunities on excess land the Trust currently owns. For the first nine months of 2014, Boardwalk invested approximately $58.6 million in the form of project enhancements, equipment purchases, including upgrades to existing suites, common areas, mechanical systems, building exteriors ($58.3 million), and development ($0.3 million).

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 30 of the MD&A.

MORTGAGE FINANCING

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, 2014, the Trust's total mortgage principal outstanding totaled $2.26 billion at a weighted average interest rate of 3.43%, compared to $2.35 billion at a weighted average interest rate of 3.48% reported for September 30, 2013.

Over 99% of the Trust's mortgages are CMHC Insured, providing the benefit of lower interest rates and limiting the renewal risk of these mortgage loans for the entire amortization period, which can be up to 40 years. The Trust's total debt had an average term to maturity of approximately 4 years, with a remaining amortization of 30 years. The Trust's debt (net of cash) to reported asset value ratio was approximately 36% as of September 30, 2014.

To date, the Trust has renewed the interest rates on all of its 2014 mortgage maturities. The weighted average interest rate on these mortgages is 2.67%, while extending the average term to 6 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 2.30% and 3.10%, respectively. The Trust reviews each mortgage individually; however, the Trust presently has a bias towards renewing its maturing mortgages for longer terms (7 to 10 years).

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

2014 FINANCIAL GUIDANCE

As is customary on a quarterly basis, the Trust reviews its key assumptions used in deriving its public financial guidance. During this review, we noted that the Trust's third quarter and first nine months of 2014 results were within its original expectations. Based on this review, the Trust is again narrowing its previously announced FFO and AFFO guidance. The following table highlights the original and current financial objectives for the 2014 fiscal year.

Description	2014 Financial Guidance	2014 – Q2 Revised Financial Guidance	2014 – Q3 Revised Financial Guidance
Investment Properties	No new apartment acquisitions, dispositions or developments	No additional apartment acquisitions, dispositions or developments	No additional apartment acquisitions, dispositions or developments
Stabilized Building NOI Growth	1% to 4%	1% to 4%	2% to 4%
FFO Per Trust Unit	$3.25 to $3.45	$3.27 to $3.43	$3.32 to $3.41
AFFO per Trust Unit – based on $475/yr/apt	$2.93 to $3.13	$2.95 to $3.11	$3.00 to $3.09

In addition to the above financial guidance for 2014, the Trust provides guidance relating to its capital expenditure program, and is confirmed as follows:

Capital Budget *(in thousands $ except per Unit amounts)*	2014 Budget	Per Unit	2014 9 Month Actual	Per Unit
Maintenance Capital – $475/Apartment Unit/Year	$ 16,800	$ 475	$ 12,446	$ 356
Stablizing & Value Added Capital incl. Property Plant and Equipment	$ 77,600	$ 2,200	$ 45,904	$ 1,313
Total Operational Capital	$ 94,400	$ 2,675	$ 58,350	$ 1,669
Total Operational Capital	$ 94,400		$ 58,350	
Development	$ 2,200		$ 269	
Total Capital Investment	$ 96,600		$ 58,619	

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 38 of the MD&A.

2014 REGULAR AND SPECIAL DISTRIBUTIONS

Boardwalk's Board of Trustees has approved the Trust's next three months of regular distribution of $0.17 per Trust Unit per month, or $2.04 per Trust Unit on an annualized basis.

Special Distribution

Although the Trust believes it is important to distribute a significant portion of its FFO, it also maintains it should withhold a portion of its 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. However, from time to time, Boardwalk may determine it is in the best interests of the Trust to sell a property, or a group of properties, consistent with its business strategy. The resulting taxable income generated by these transactions may result in the need to make a 'Special Distribution' to its Unitholders to ensure that it has distributed all of its taxable income in any given year.

During the second quarter of 2014, Boardwalk sold a total of 735 apartment suites in British Columbia and Edmonton. The sale of these properties resulted in a significant taxable gain for the Trust and, when the gain is added to our anticipated taxable income from 2014 regular operations, it significantly exceeds our current regular distributions anticipated for 2014. Included in the determination of taxable income is any taxable capital gain from the noted transaction. In addition, Boardwalk's Declaration of Trust (DOT) requires that if we distribute the taxable portion of any capital gain, we are also required to distribute the non-taxable portion as well.

Accordingly, the Board of Trustees has determined that a Special Distribution in the amount of $1.40 per outstanding Trust Unit is warranted to distribute this additional income to Unitholders and not have these funds subject to federal and provincial tax within the Trust. In accordance with the DOT, this Special Distribution will be distributed to Unitholders of record on December 31, 2014 and paid on January 15, 2015.

Month	Per Unit	Annualized	Record Date	Distribution Date
Nov-14	$0.170	$2.04	28-Nov-14	15-Dec-14
Dec-14	$0.170	$2.04	31-Dec-14	15-Jan-15
Dec-14	$1.400	Special Distribution	31-Dec-14	15-Jan-15
Jan-15	$0.170	$2.04	30-Jan-15	16-Feb-15

The Board of Trustees will continue to review the distributions made on the Trust Units on a quarterly basis. Since the beginning of 2012, the Trust has increased regular distributions by 13% from $1.80 per Trust Unit on an annualized basis.

2015 FINANCIAL GUIDANCE

As is customary with Boardwalk REIT's third quarter report, the Trust is introducing its financial guidance and capital budget for the upcoming 2015 fiscal year as follows:

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

The Trust has increased its Maintenance Capital estimate to $500 per year per apartment unit, an increase of $25 per year from its previous $475 per year per apartment unit estimate.

Capital Budget *(in thousands $ except per Unit amounts)*	2015 Budget	Per Unit
Maintenance Capital – $500/Apartment Unit/Year	$ 17,326	$ 500
Stablizing & Value Added Capital incl. Property Plant and Equipment	$ 81,511	$ 2,354
Total Operational Capital	$ 98,837	$ 2,854
Total Operational Capital	$ 98,837	
Development	$ 12,158	
Total Capital Investment	$ 110,995	

IN CONCLUSION

We are proud of the extra effort our Team continues to contribute to delivering value for our Resident Members, as this will continue to drive Boardwalk's long-term growth and sustainability. Our focus continues to be to foster long lasting relationships with our Resident Members and Stakeholders alike. Thank you to our Team of over 1,500 Associates for their dedicated commitment and service to our Resident Members and communities.

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

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

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

Sincerely,

(signed)

Sam Kolias,
Chairman and CEO

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2014 and 2013 (Unaudited)

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking statements:

The terms "Boardwalk", "Boardwalk REIT", the "Trust", "we", "us" and "our" in the following Management's Discussion and Analysis ("MD&A") refer to Boardwalk Real Estate Investment Trust, its consolidated financial position, and results of operations for the three and nine months ended September 30, 2014 and 2013. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A is current as of November 13, 2014, unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2013 and 2012, 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 2013 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 rental rate concessions, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation rules regarding mortgage insurance, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles adopted by the Trust 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), or the "Act", contains legislation affecting the tax treatment of publicly traded trusts - the "SIFT Legislation". The SIFT Legislation generally will not impose tax on a trust which qualifies under such legislation as a real estate investment trust - the "REIT Exemption" - provided all of the Trust's taxable income each year is paid, or made payable to, its Unitholders. Boardwalk qualified for the REIT Exemption and will continue to qualify for the REIT Exemption provided all of its taxable income continues to be distributed to its Unitholders. Further discussion of this is contained in this MD&A.

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

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

Boardwalk Real Estate Investment Trust (“Boardwalk REIT”, “Boardwalk” or the “Trust”) is an unincorporated, open-ended, real estate investment trust created pursuant to a Declaration of Trust, dated January 9, 2004, and as amended and restated on May 3, 2004, and more recently on May 14, 2014 (the “Declaration of Trust” or “DOT”), under the laws of the Province of Alberta. Boardwalk REIT was created to invest in revenue producing multi-family residential properties, or interests, initially through the acquisition of assets and operations of Boardwalk Equities Inc. (the “Corporation”).

On May 3, 2004, the Corporation sold all of its assets and undertakings to Boardwalk REIT. Boardwalk REIT Units trade on the Toronto Stock Exchange (“TSX”) under the trading symbol ‘BEI.UN’. Boardwalk REIT’s principal objectives are to provide its Unitholders (“Unitholders”) with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its units through the effective management of its residential multi-family investment properties and the acquisition of additional, accretive properties. At the end of the first nine months of 2014, Boardwalk REIT owned and operated in excess of 220 properties, comprised of 34,626 residential units and over 29 million net rentable square feet. As of September 30, 2014, Boardwalk REIT’s property portfolio was concentrated in the provinces of Alberta, Saskatchewan, Ontario and Quebec. As a result of the disposition in Q2 2014 of all of the Trust’s real estate assets in British Columbia, earnings from these assets were reclassified as discontinued operations with restatement of prior period comparative earnings.

At September 30, 2014, the fair value of Boardwalk’s Investment Property assets was approximately $5.8 billion, which generated a profit of $43.6 million and $120.9 million for the third quarter and first nine months of 2014 (before loss on sale of assets, fair value gains, income tax expense and profit or loss from discontinued operations), respectively. During the third quarter and first nine months of 2014, the Trust earned $46.8 million and $132.1 million, respectively, of Funds From Operations (FFO), or $0.90 and $2.52 per Trust Unit, on a diluted basis. Adjusted Funds From Operations (AFFO) for the third quarter and first nine months of 2014 were $42.7 million and $119.7 million, respectively, or $0.82 and $2.29 per Trust Unit on a diluted basis.

OUTLOOK

For the first nine months of 2014, Boardwalk continued to see strong demand for rental apartments across its major markets, particularly in natural resource-intensive provinces, like Alberta and Saskatchewan. Alberta is still expected to lead the way in Canada in gross domestic product (GDP) growth with sustained strength in the oil and gas sector, positive net provincial migration and positive job growth forecast. Both Calgary and Edmonton’s apartment vacancy rates, at less than 2%, remain relatively stable for the 2014 year-to-date. The recent pullback in resource prices, however, could slow Alberta’s economic growth and have a longer-term impact on rental and vacancy rates. Boardwalk continues to monitor the volatility of resource prices to see if changes will be needed to its rental revenue strategy. Saskatchewan’s economic outlook, while still projected to be positive, will be tempered by lower output in the agricultural sector and uncertainty in potash exports. Long-term Government of Canada benchmark yields remain low and stable, and have continued to decline since March of 2014, despite previous forecasts that interest rates were headed higher. However, uncertainty still remains regarding how interest rates will play out for the foreseeable future. Recent property transactions continue to demonstrate there is a demand to own apartment assets in major Canadian markets, to the extent that Capitalization Rates remain low and selling prices remain high for properties in this asset class. The Trust is continuously evaluating whether to sell non-core real estate assets and, during Q2 2014, sold and closed one project in Edmonton, Alberta, and all of its British Columbia assets.

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

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

Boardwalk REIT believes the fundamentals of its asset class, and, in particular, its specific assets, generally remain strong. This strength is mainly due to the affordability of renting versus the cost of owning a home. This fact has kept overall occupancy at reasonable levels and, when combined with the non-exposure to any one or small group of Customers or Resident Members, has kept revenue stable and risks low. In the debt capital market, the fact that over 99% of the Trust's secured debt carries NHA insurance, the benefits of which will be detailed later in this report, has significantly assisted in renewing and obtaining new financing on its assets at rates better than the maturing interest rates. The Trust continues to be well positioned, with a regular distribution payout ratio of approximately 60.4% of FFO for the nine months ended September 30, 2014. This is slightly lower than the 61.1% for the nine months ended September 30, 2013, due primarily to a 4.1% improvement in FFO per unit. Monthly distribution was increased from $0.165 per Trust Unit to $0.17, effective with the February 28, 2014 Unitholder record date. FFO per unit increased to $0.90 for the current quarter from $0.86 for the same period last year, or 4.7%, and can be attributed to stronger operating performance and interest cost savings. 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 internally on our operations, continuously looking for ways to reduce costs while simultaneously focusing on our Resident Members. In addition, we continue to maintain a conservative balance sheet with a Debt-to-Enterprise Value at approximately 38%.

DECLARATION OF TRUST (DOT)

The investment guidelines and operating policies of the Trust are outlined in the Trust's DOT, a copy of which is available on request to all Unitholders. Further information of the DOT can also be located on page 36 of the Annual Information Form (AIF) dated February 13, 2014. Some of the main financial guidelines and operating policies set out in the DOT are as follows:

Investment Guidelines

1. Acquire, develop, and operate multi-family residential property; and,
2. No investment will be made that would disqualify Boardwalk REIT as a "mutual fund trust" or a "registered investment" as defined in the Income Tax Act (Canada).

Operating Policies

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

For the rolling twelve months ended September 30, 2014, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on the LP B Units, fair value gains and losses, and losses on the sale of assets, was 3.30 (June 30, 2014 - 3.25; March 31, 2014 - 3.19; December 31, 2013 - 3.15).

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. 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 and 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.

PERFORMANCE REVIEW

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

Boardwalk REIT's most consistent and largest source of income comes from its rental operations. Income from this source is derived from leasing individual apartment units to Customers (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 and/or development of new rental properties, to assist in its property value enhancement program, or for the acquisition of Boardwalk REIT's Trust Units in the public market. The Trust, however, will only proceed with the sale of non-core real estate properties if market conditions justify the dispositions and Boardwalk has an alternative use for the net proceeds generated. During the second quarter of 2014, a project in Edmonton, Alberta, and all of Boardwalk's British Columbia real estate assets were sold, resulting in a total loss on asset sales of $4.5 million. As Investment Properties are carried at fair value, a loss on sale arises from the transaction costs.

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 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 $2.04 per outstanding Trust Unit and LP B Unit on an annualized basis (or $0.17 per Trust and LP B Unit on a monthly basis).

For the three and nine months ended September 30, 2014, the Trust declared regular distributions of $26.6 million and $79.8 million (inclusive of distributions paid to the LP Class B Unitholders), respectively, representing approximately 56.8% and 60.4% of FFO. The reader should note the overall operating performance of the first and fourth quarters tend to generate the highest payout ratio, mainly due to the high seasonality in operating expenses. In particular, these quarters tend to be the highest demand periods for natural gas, a major operational cost for the Trust. The reader should not simply annualize these quarterly reported results. On a quarterly basis, the Trust's Board of Trustees reviews the current level of distributions and determines if any adjustment to the distributed amount is warranted.

Although the Trust believes it is important to distribute a significant portion of its FFO, it also maintains it should withhold a portion of the available cash flow to assist with the execution of its business strategy. On an overall basis, the Trust aims to maintain a conservative payout ratio. However, from time to time, Boardwalk may determine it is in the best interest of the Trust to sell a property, or a group of properties, consistent with its business strategy. The resulting taxable income generated by these transaction may result in the need to make a 'Special Distribution' to its Unitholders to ensure that it has distributed all of its taxable income in any given year.

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

FFO Reconciliation from 2013 to 2014

The following table shows a reconciliation of changes in FFO from September 30, 2013, to September 30, 2014. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO, under IFRS, as net income before fair value adjustments, distributions on the LP Class B Units, gains and 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 - Sep 30, 2013	$0.86	$2.42
NOI from Stabilized Properties	0.02	0.10
NOI from Non-Stabilized Properties	0.01	0.02
FFO Loss from Sold Properties (2)	(0.03)	(0.04)
Financing Costs (1)	0.01	0.07
Administration and other	0.03	(0.05)
FFO Closing - Sep 30, 2014	**$0.90**	**$2.52**

(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.

(2) There was a one time $0.01 Property Tax Adjustment relating to the Trust's BC Disposition.

Liquidity

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

The Trust's cash position was $160.5 million at September 30, 2014, compared to $131.1 million reported on December 31, 2013. The increase in the Trust's cash position is due primarily to the cash proceeds from the sale of certain investment properties in the second quarter.

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, 2014, and September 30, 2013. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation *In $000's, except per unit amounts*	**3 months September 2014**	3 months September 2013	% Change	**9 months September 2014**	9 months September 2013	% Change
Profit from continuing operations for the period	**$ 55,421**	$ 155,802		**$ 250,137**	$ 354,801	
Adjustments						
Profit (loss) from discontinued operations, net of tax (1)	**(319)**	3,442		**11,200**	10,440	
Loss on sale of assets	**118**	–		**4,453**	–	
Fair value gains (2)	**(11,942)**	(117,670)		**(143,894)**	(248,543)	
Add back distributions to LP Class B Units recorded as financing charges (3)	**2,282**	2,215		**6,824**	6,623	
Deferred income tax expense	**73**	88		**94**	391	
Depreciation expense on property, plant & equipment	**1,159**	1,092		**3,306**	3,030	
Funds from operations	**$ 46,792**	$ 44,969	4.1%	**$ 132,120**	$ 126,742	4.2%
Funds from operations - per unit	**$ 0.90**	$ 0.86	4.7%	**$ 2.52**	$ 2.42	4.1%

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

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

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

Overall, Boardwalk REIT earned FFO of $46.8 million and $132.1 million, respectively, for the three and nine months ended September 30, 2014, compared to $45.0 million and $126.7 million for the same periods in 2013. FFO on a per unit fully diluted basis for the current quarter ended September 30, 2014 increased approximately 4.7%, compared to the same period in 2013, from $0.86 to $0.90. The increase was primarily driven by higher rental revenue, high occupancy levels, and lower financing costs.

New Property Acquisitions and Dispositions

In 2013 and the first nine months of 2014, there were no new investment property acquisitions or dispositions. During the second quarter of 2014, Boardwalk sold a 102-unit project in Edmonton, Alberta, and all of its British Columbia real estate assets consisting of 633 apartment units. The sale of the Edmonton project closed May 5, 2014, at a selling price of $13.5 million before selling costs. There was no secured mortgage encumbrance on the Edmonton property. The sale of the British Columbia real estate assets closed May 29, 2014, at a selling price of $140 million before selling costs and a holdback of $1.5 million to upgrade a fire hydrant waterline as required by the fire department of the City of Victoria. The purchaser of the British Columbia real estate assets assumed the secured mortgages on these assets, with the Trust remaining as guarantor on two of the three mortgages until term maturity, or when these mortgages are refinanced, whichever occurs sooner.

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

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

Development

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

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

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

REVIEW OF RENTAL OPERATIONS

Boardwalk REIT's Net Operating Income Strategy includes a rental revenue strategy that focuses on enhancing overall rental revenues through the balance between market rents, rental incentives, turnovers, and occupancy losses. The application of this rental revenue strategy is ongoing, on a market-by-market analysis, again with the focus on obtaining the optimal balance of these variables given existing market conditions. For the three and nine months ended September 30, 2014 and September 30, 2013, British Columbia has been excluded from continuing operations as it has been classified as discontinued operations.

In $000's, except number of suites	**3 Months 2014**	3 Months 2013	% Change	**9 Months 2014**	9 Months 2013	% Change
Total rental revenue	**$ 118,885**	$ 113,987	4.3%	**$ 353,392**	$ 338,073	4.5%
Expenses						
Operating expenses	**$ 23,587**	$ 22,204	6.2%	**$ 69,680**	$ 66,124	5.4%
Utilities	**$ 9,074**	$ 8,481	7.0%	**$ 35,189**	$ 30,399	15.8%
Property taxes	**$ 10,382**	$ 10,066	3.1%	**$ 29,730**	$ 28,343	4.9%
	$ 43,043	$ 40,751	5.6%	**$ 134,599**	$ 124,866	7.8%
Net operating income, continuing operations	**$ 75,842**	$ 73,236	3.6%	**$ 218,793**	$ 213,207	2.6%
Net operating income (loss), discontinued operations	**$ (201)**	$ 1,496	(113.4)%	**$ 1,884**	$ 4,377	(57.0)%
Net operating income	**$ 75,641**	$ 74,732	1.2%	**$ 220,677**	$ 217,584	1.4%
Operating margins	**63.8%**	64.2%		**61.9%**	63.1%	
Number of suites at September 30	**34,626**	35,277		**34,626**	35,277	

Overall, results of Boardwalk REIT's rental operations for the current quarter and year-to-date increased slightly from the same periods in the prior year. Although total rental revenue increased 4.3% and 4.5%, respectively, for the three and nine months ended September 30, 2014, compared to the same period in 2013, total rental expenses increased 5.6% and 7.8%, respectively, due primarily to higher repairs and maintenance and natural gas costs. Utility costs were especially higher earlier this year as a result of above average colder weather. The increase in rental revenue is the combined effect of higher average rents while maintaining high occupancy levels.

Operating expenses increased 6.2% for the three months ended September 30, 2014, due primarily to higher building and fire inspection expense and promotional costs. For the year-to-date, operating expenses increased 5.4%, due primarily to higher building and fire inspection costs and on-site salaries and wages. The Trust continues to track, in detail, the actual work performed by our onsite Associates to assist in the operating effectiveness of its overall operations. This additional detail increased the accuracy of the amount allocated to its internal capital improvement program. Boardwalk continues to be committed to its internal capital program. This program results in overall lower costs while allowing the Trust greater control over the timing of its capital improvement projects, compared to contracting these same projects out to third parties. As with other estimates used by the Trust, key assumptions used in estimating the amount of salaries and wages to be capitalized are reviewed on a regular basis and, based on this review, Management will adjust the amount allocated to more accurately reflect how much internal resources were directed towards specific capital improvements. The Trust continues to work on improving the gathering of data in this area to further improve its operating efficiency and make the reported estimate even more accurate.

Utility costs increased by 7.0% and 15.8% for the three and nine months ended September 30, 2014, respectively. Utility costs were higher in the current quarter due to higher natural gas prices and higher water and sewer costs compared to the same period in the prior year. Utility costs were higher in the first nine months of the current year due to an increase in natural gas and electricity expenses versus the prior year. For the first quarter of 2014, many regions of Canada experienced an extremely cold winter, resulting in an increase in gas and electricity consumption compared to the prior year. The increase in demand also resulted in a significant increase to prices, particularly the price of natural gas. The Trust has fixed price physical commodity contracts for much of its Alberta electricity exposure, which helped mitigate some of the increased electricity costs. In the current quarter, the Trust entered into two fixed price natural gas contracts to hedge 50% of its Alberta usage at an average price of approximately $4.24/Gigajoule ("GJ") of consumption. The contracts are effective for the period commencing November 1, 2014 and ending October 31, 2016 for 25% usage for one and October 31, 2017 for 25% usage, for the other. The Trust also renewed its fixed price natural gas contract to hedge 100% of its Saskatchewan usage through two new contracts at an average price of $4.52/GJ. The new contracts are effective for the period commencing November 1, 2014, and ending October 31, 2015 for 50% usage for one and October 31, 2017 for 50% usage for the other. Lastly, the Trust entered into a one-year fixed price natural gas contract to hedge 50% of its usage in Ontario and Quebec at a price of $3.62/GJ, commencing November 1, 2014, and ending October 31, 2015.

The reported increase in property taxes is mainly attributed to higher overall property tax assessments. The Trust is constantly reviewing property tax assessments and related charges, and, where it feels appropriate, will appeal all, or a part, of the related assessment. It is not uncommon for the Trust to receive property tax refunds and adjustments; however, due to the uncertainty of the amount and timing of the refunds and adjustments, these amounts are only reported when they are received.

Overall, the operating margin for the three months ended September 30, 2014 decreased marginally to 63.8% from 64.2% for the same period in 2013, and decreased for the nine months then ended to 61.9% from 63.1% for the same period in the prior year. The decreases were largely attributable to higher building and fire inspection costs for the current quarter and an increase in utility costs for the first nine months of 2014.

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

SEGMENTED OPERATIONAL REVIEW

British Columbia Rental Operations

In $000's, except number of suites	**3 Months 2014**	3 Months 2013	% Change	**9 Months 2014**	9 Months 2013	% Change
Total rental revenue	**$ 10**	$ 2,110	(99.5)%	**$ 3,507**	$ 6,313	(44.4)%
Expenses						
Operating expenses	**$ (30)**	$ 329	(109.1)%	**$ 780**	$ 988	(21.1)%
Utilities	**$ –**	$ 157	(100.0)%	**$ 379**	$ 582	(34.9)%
Property taxes	**$ 241**	$ 128	88.3%	**$ 464**	$ 366	26.8%
	$ 211	$ 614	(65.6)%	**$ 1,623**	$ 1,936	(16.2)%
Net operating income (loss)	**$ (201)**	$ 1,496	(113.4)%	**$ 1,884**	$ 4,377	(57.0)%
Operating margins	**(2010.0)%**	70.9%		**53.7%**	69.3%	
Number of suites at September 30	**–**	633		**–**	633	

Earnings from Boardwalk's British Columbia property portfolio are being presented as discontinued operations as the Trust has sold and closed these non-core asset sales.

Alberta Rental Operations

In $000's, except number of suites	**3 Months 2014**	3 Months 2013	% Change	**9 Months 2014**	9 Months 2013	% Change
Total rental revenue	**$ 74,978**	$ 70,670	6.1%	**$ 221,813**	$ 208,694	6.3%
Expenses						
Operating expenses	**$ 13,895**	$ 12,427	11.8%	**$ 40,362**	$ 37,887	6.5%
Utilities	**$ 5,492**	$ 4,779	14.9%	**$ 19,838**	$ 16,631	19.3%
Property taxes	**$ 6,062**	$ 5,877	3.1%	**$ 16,901**	$ 15,862	6.6%
	$ 25,449	$ 23,083	10.2%	**$ 77,101**	$ 70,380	9.5%
Net operating income	**$ 49,529**	$ 47,587	4.1%	**$ 144,712**	$ 138,314	4.6%
Operating margins	**66.1%**	67.3%		**65.2%**	66.3%	
Number of suites at September 30	**19,751**	19,743		**19,751**	19,743	

Alberta is Boardwalk's largest operating segment, representing approximately 65.3% and 66.1% of total reported net operating income for the three and nine months ended September 30, 2014, respectively. Alberta also represents 57% of total apartment units. Boardwalk REIT's Alberta operations for the three and nine months ended September 30, 2014 reported a 6.1% and 6.3% increase in total rental revenue, respectively, when compared to the same periods reported in 2013. The reported rental revenue change is the effect of changes to in-place occupied rents compared to the prior year. Total rental expenses have increased 10.2% for the three months ended September 30, 2014, compared to the prior year due primarily to the increase in operating expenses, and 9.5% for the nine months then ended compared to the same period in the prior year due primarily to an increase in operating expenses and utilities.

Operating expenses increased 11.8% and 6.5% for the three and nine months ended September 30, 2014, from the same periods in 2013 mainly due to an increase in repairs and maintenance for the period, particularly for building and fire inspections.

Utilities for the three and nine months ended September 30, 2014 were up 14.9% and 19.3%, respectively. The increase for the nine months is mainly the result of higher natural gas and electricity expenses due to an increase in both consumption and price as a result of the extreme cold weather in the first quarter of 2014. Currently, the Trust has two electricity contracts, one for Southern Alberta and the other for Northern Alberta, with two utility companies to supply the Trust with its electrical power needs commencing October 1, 2010 and ending September 30, 2017 (Southern Alberta) and September 30, 2015 (Northern Alberta). The blended rate of these electricity contracts is $0.06/kWh. In the current quarter, the Trust entered into two fixed price natural gas contracts to hedge 50% of its Alberta natural gas usage. The contracts are effective beginning November 1, 2014 and end October 31, 2016 for 25% usage for the one, and October 31, 2017 for 25% usage for the other, at an average rate of approximately $4.24/GJ of natural gas consumption.

Property taxes increased 3.1% and 6.6% for the three and nine months ended September 30, 2014, respectively, compared to the same periods in the prior year mainly as a result of higher property tax assessments as many municipalities look to increase their property tax revenue base.

Alberta's operating margins for the three months ended September 30, 2014 decreased to 66.1% from 67.3% for the same period in 2013, and decreased to 65.2% from 66.3% for the nine months ended September 30, 2014, compared to the prior year.

Saskatchewan Rental Operations

In $000's, except number of suites	**3 Months 2014**	3 Months 2013	% Change	**9 Months 2014**	9 Months 2013	% Change
Total rental revenue	**$ 15,562**	$ 15,288	1.8%	**$ 46,600**	$ 45,407	2.6%
Expenses						
Operating expenses	**$ 2,867**	$ 2,482	15.5%	**$ 7,992**	$ 7,311	9.3%
Utilities	**$ 1,033**	$ 1,213	(14.8)%	**$ 4,016**	$ 3,919	2.5%
Property taxes	**$ 1,097**	$ 1,100	(0.3)%	**$ 3,212**	$ 3,136	2.4%
	$ 4,997	$ 4,795	4.2%	**$ 15,220**	$ 14,366	5.9%
Net operating income	**$ 10,565**	$ 10,493	0.7%	**$ 31,380**	$ 31,041	1.1%
Operating margins	**67.9%**	68.6%		**67.3%**	68.4%	
Number of suites at September 30	**4,610**	4,636		**4,610**	4,636	

For the three and nine months ended September 30, 2014, Boardwalk's Saskatchewan total rental revenue increased by 1.8% and 2.6%, respectively. The revenue increase is mainly the result of stable rental market fundamentals in both Regina and Saskatoon. Rental expenses increased by 4.2% for the quarter and 5.9% for the nine months ended September 30, 2014, compared to the same periods in the prior year, primarily due to higher operating expenses.

Operating expenses for the current quarter and first nine months were higher primarily due to higher building maintenance, pest control costs, and promotional expense.

Utility costs for the current quarter decreased due to gas refunds received. For the first nine months of the year, utilities increased slightly from the previous year due primarily to higher electricity expenses. The Trust has a fixed price natural gas supply contract for its Saskatchewan natural gas consumption, which covered a two-year period commencing November 1, 2012 and ended October 31, 2014, and fixed the commodity at a price of $3.74/GJ. During the current quarter, the Trust renewed its fixed price natural gas hedge with two contracts to hedge 100% of its Saskatchewan natural gas usage. The contracts are effective beginning November 1, 2014, and end on October 31, 2015 for 50% usage for one, and October 31, 2017 for 50% usage for the other, at an average rate of approximately $4.52/GJ of natural gas consumption.

Property taxes decreased by 0.3% for the three months ended September 30, 2014, due to refunds received on our property taxes for two buildings within Saskatchewan. Property taxes increased by 2.4% for the current year-to-date, due to higher property tax assessments in both Saskatoon and Regina.

Reported operating margins for the three and nine months September 30, 2014, decreased slightly to 67.9% and 67.3%, respectively, compared to 68.6% and 68.4% reported for the same periods in 2013.

Ontario Rental Operations

In $000's, except number of suites	**3 Months 2014**	3 Months 2013	% Change	**9 Months 2014**	9 Months 2013	% Change
Total rental revenue	**$ 10,448**	$ 10,277	1.7%	**$ 31,282**	$ 31,007	0.9%
Expenses						
Operating expenses	**$ 1,829**	$ 1,866	(2.0)%	**$ 5,396**	$ 5,312	1.6%
Utilities	**$ 1,623**	$ 1,524	6.5%	**$ 5,802**	$ 5,155	12.6%
Property taxes	**$ 1,344**	$ 1,251	7.4%	**$ 3,981**	$ 4,005	(0.6)%
	$ 4,796	$ 4,641	3.3%	**$ 15,179**	$ 14,472	4.9%
Net operating income	**$ 5,652**	$ 5,636	0.3%	**$ 16,103**	$ 16,535	(2.6)%
Operating margins	**54.1%**	54.8%		**51.5%**	53.3%	
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 1.7% for the three months ended September 30, 2014 compared to the same period in the previous year, and an increase for the nine months ended September 30, 2014 of 0.9% compared to the same period in the prior year. Total rental expenses increased by 3.3% for the three months compared to the prior year due to increases in utilities and property taxes. For the nine months ended September 30, 2014, the rental expenses increased by 4.9% due primarily to the increase in utility expenses in the first quarter. With a sluggish economic recovery (especially with the manufacturing sector), little population growth, and relatively higher apartment vacancy rates in London, Windsor, and Kitchener being forecasted by CMHC, coupled with Ontario's legislated 0.8% rent increase guideline for 2014, Boardwalk REIT is projecting its Ontario operations to be stable, but relatively flat, for the current year.

The reported increase in utilities of 6.5% for the three months ended September 30, 2014, was due to higher natural gas prices. For the nine months ended September 30, 2014, the increase of 12.6% was the result of higher natural gas and electricity costs incurred in the first quarter due to increases in both consumption and commodity prices. During the third quarter, the Trust entered into a fixed price natural gas contract to hedge 50% of its Ontario and Quebec natural gas usage. The contract is effective beginning November 1, 2014, and ends on October 31, 2015, at an average rate of approximately $3.62/GJ of natural gas consumption.

Property taxes increased by 7.4% for the three months ended September 30, 2014, compared to the prior year. This is due to a decrease in property tax expenses in the second half of 2013 as a result of property tax reassessments received. Property taxes have decreased for the nine months ended September 30, 2014 from the prior year due to lower assessments overall in Ontario for 2014 as compared to the same period in the prior year.

Reported operating margins for the three and nine months ended September 30, 2014 decreased to 54.1% and 51.5%, compared to 54.8% and 53.3% reported for the same period in the prior year, respectively.

Quebec Rental Operations

In $000's, except number of suites	**3 Months 2014**	3 Months 2013	% Change	**9 Months 2014**	9 Months 2013	% Change
Total rental revenue	**$ 17,858**	$ 17,700	0.9%	**$ 53,505**	$ 52,801	1.3%
Expenses						
Operating expenses	**$ 4,170**	$ 4,052	2.9%	**$ 12,634**	$ 12,131	4.1%
Utilities	**$ 795**	$ 844	(5.8)%	**$ 5,108**	$ 4,375	16.8%
Property taxes	**$ 1,845**	$ 1,791	3.0%	**$ 5,532**	$ 5,244	5.5%
	$ 6,810	$ 6,687	1.8%	**$ 23,274**	$ 21,750	7.0%
Net operating income	**$ 11,048**	$ 11,013	0.3%	**$ 30,231**	$ 31,051	(2.6)%
Operating margins	**61.9%**	62.2%		**56.5%**	58.8%	
Number of suites at September 30	**6,000**	6,000		**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a marginal total rental revenue increase of 0.9% and 1.3% for the three and nine months ended September 30, 2014, compared to the same periods in 2013.

Total rental expenses increased by 1.8% for the three months ended September 30, 2014 compared to the same period in the prior year, mainly due to increases in operating expenses and property taxes, which were offset by a decrease in utilities costs. Total rental expenses increased by 7.0% for the nine months of 2014 compared to the same period last year, due primarily to higher utilities costs.

Operating expenses increased for the nine months ended September 30, 2014, due to increases in wages and salaries from the settling of a wage contract with existing unionized employees in the first quarter. The settlement included a retroactive catch up payment.

Utilities for the nine months year-to-date increased due to higher natural gas costs compared to the prior year. During the third quarter, the Trust entered into a fixed price natural gas contract to hedge 50% of its Ontario and Quebec natural gas usage. The contract is effective beginning November 1, 2014, and ends on October 31, 2015, at an average rate of approximately $3.62/GJ of natural gas consumption.

The increases in property taxes for the three and nine months ended September 30, 2014, were 3.0% and 5.5%, respectively, compared to the same periods in the prior year, due to higher property tax assessments.

Reported operating margins for the three months ended September 30, 2014, decreased to 61.9%, compared to 62.2% reported for the same period in the prior year, and decreased to 56.5% from 58.8% for the current nine months ended September 30, 2014 compared to 2013.

OPERATIONAL SENSITIVITIES

Boardwalk's Net Operating Income Optimization Strategy

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

In a more competitive market, the Trust locks in rentals on selective suites for future months, but does not collect revenues for certain months in the immediate future. This means the Trust may decide to rent a suite in December with the Customer not moving in until the following year. Although the suite is rented, it will not generate revenue until the Customer actually moves in, for example, in January, which corresponds to the next fiscal period. The percentages reported as occupancy levels (see table below) represent those occupied units generating revenue for the period noted. The Trust closely monitors 'apartment availability', which represents unoccupied units not generating revenue for the period, after taking into account forward-committed leases. Although occupancy rates provide a good indication of current revenue, apartment availability provides the reader a more relevant indication of future potential revenue.

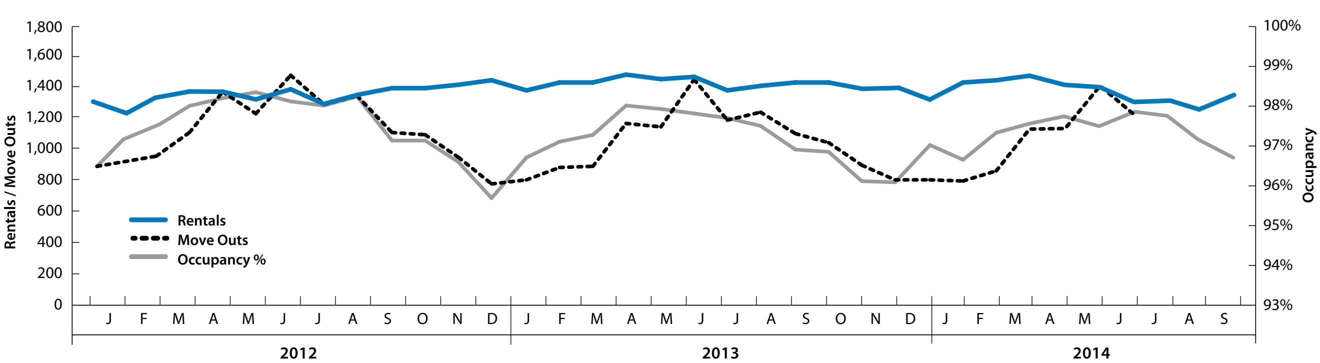
Boardwalk REIT's Portfolio Occupancy

City	Q3 2014	Q3 2013
Calgary	**99.27%**	99.42%
Edmonton	**98.29%**	98.31%
Fort McMurray	**91.84%**	97.71%
Grande Prairie	**97.87%**	97.25%
Kitchener	**97.47%**	97.87%
London	**97.17%**	97.49%
Montreal	**96.65%**	97.37%
Quebec City	**95.88%**	97.47%
Red Deer	**99.00%**	98.75%
Regina	**96.30%**	97.74%
Saskatoon	**97.54%**	98.64%
Vancouver [(1)]	**-%**	98.09%
Victoria [(1)]	**-%**	98.55%
Verdun	**98.81%**	98.90%
Windsor	**98.39%**	98.14%
Total	**98.00%**	98.35%

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

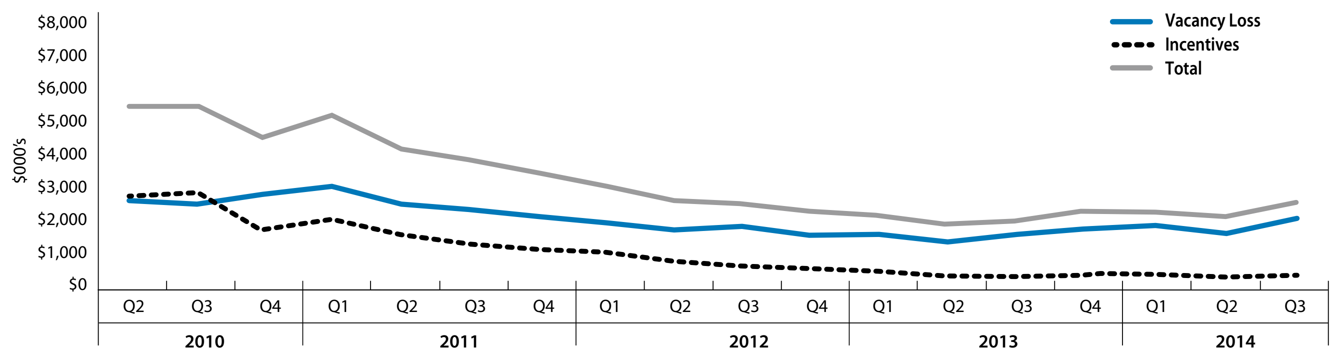
In the third quarter of 2014, the Trust reported a slight decrease in overall occupancy rate to 98.00% from 98.35% for the same period in the prior year on its same store properties. A softening of all rental markets, except Alberta (excluding Fort McMurray), contributed to the overall occupancy rate decrease. Boardwalk's overall rental revenue strategy focuses on the Trust balancing the key inputs, including occupancy levels and existing rental market rates. As a strategy, the Trust is constantly adjusting market rents based on property-specific demand and supply.

Supply versus Demand & Impact on Reported Occupancy



The issue of demand and supply, as with any industry, is an important performance indicator for multi-family real estate. The above chart shows the total move-outs (supply) compared to total move-ins (demand) and the resulting impact on reported occupancy relating to our portfolio. The cumulative impact of demand being greater than supply, or vice versa, is the primary driver in the reported occupancy rate. In recent years, Boardwalk focused on maintaining high occupancy levels by cautiously adjusting market rents upward only when warranted while optimizing turnover costs. The reader is cautioned that adjusting market rental rates is an ongoing process for the Trust and is consistent with its overall strategy of optimizing overall net operating income; consequently, it will adjust rents upward or downward when it is deemed necessary.

Vacancy Loss and Incentives



Vacancy loss and rental incentives are strong indicators of current and future revenue performance. Depending on specific market conditions, and to best manage overall economic rental revenue, the correct balance between rental incentives and vacancy loss is important. On a quarterly basis, the chart details rental incentives versus vacancy loss. The slight increase In Boardwalk's vacancy loss for the third quarter of 2014 is attributable to the softening rental markets in all provinces, including Fort McMurray in Alberta. Boardwalk REIT will continue to manage its overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. All three key variables show continued stability in the rental market, particularly in Alberta. We continue to focus on maximizing overall revenues through the management of these key revenue variables.

Occupancy Sensitivity

As with all real estate rental operators, Boardwalk REIT's financial performance is sensitive to occupancy rates. Based on the current reported market rents, a 1% annualized change in reported occupancy is estimated to impact overall rental revenue by approximately $4.8 million, or $0.09 per Trust Unit on a diluted basis.

STABILIZED PROPERTY RESULTS

Boardwalk defines a stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 99.7% of its total rental unit portfolio of 34,517 units as at September 30, 2014. The table below provides a regional breakdown on these properties for the three and nine months ended September 30, 2014, as compared to the same periods in 2013.

Sep 30 2014 – 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	5.2%	7.3%	4.4%	19.5%
Edmonton	12,396	6.5%	11.4%	4.0%	38.9%
Fort McMurray	352	(4.4)%	(4.9)%	(4.2)%	1.8%
Grande Prairie	645	6.4%	12.8%	3.1%	1.7%
Red Deer	939	8.0%	12.9%	5.4%	2.4%
Ontario	4,265	1.7%	3.4%	0.3%	7.4%
Quebec	6,000	0.9%	1.9%	0.3%	14.5%
Saskatchewan	4,610	1.8%	4.2%	0.7%	13.8%
	34,517	4.2%	7.1%	2.6%	100.0%

Sep 30 2014 – 9 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	5,310	5.3%	8.5%	3.8%	19.6%
Edmonton	12,396	6.4%	9.8%	4.6%	39.2%
Fort McMurray	352	(0.1)%	(0.1)%	(0.1)%	2.0%
Grande Prairie	645	6.2%	16.0%	0.8%	1.6%
Red Deer	939	7.9%	6.0%	9.1%	2.4%
Ontario	4,265	0.9%	4.9%	(2.6)%	7.3%
Quebec	6,000	1.3%	7.0%	(2.6)%	13.7%
Saskatchewan	4,636	2.6%	5.9%	1.1%	14.2%
	34,517	4.3%	7.9%	2.3%	100.0%

Stabilized revenue increased by 4.2% and 4.3% for the three and nine months ended September 30, 2014, respectively, compared to the same periods in the prior year. Operating expenses reported for the three and nine months ended September 30, 2014, increased by 7.1% and 7.9%, respectively, compared to the same periods in 2013, resulting in a NOI increase of 2.6% and 2.3%, respectively, compared to the same periods in the prior year. The increase in reported stabilized revenue was driven by higher in-place occupied rents, particularly in Alberta (excluding Fort McMurray), which accounts for approximately 64.8% of the Trust's reported stabilized Net Operating Income. Operating expenses increased primarily as a result of increases in utilities and repairs and maintenance for the current quarter and first nine months of 2014. 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, rather than quarterly or year-to-date basis.

Stabilized Revenue Growth	# of Units	Q3 2014 vs. Q2 2014	Q3 2014 vs. Q1 2014	Q3 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013
Calgary	5,310	1.4%	3.3%	4.7%	5.2%
Edmonton	12,396	1.7%	3.5%	4.7%	6.5%
Fort McMurray	352	(4.4)%	(5.6)%	(6.1)%	(4.4)%
Grande Prairie	645	1.2%	2.6%	4.0%	6.4%
Red Deer	939	2.3%	4.0%	5.8%	8.0%
Ontario	4,265	(0.2)%	0.8%	0.5%	1.7%
Quebec	6,000	0.1%	0.3%	0.1%	0.9%
Saskatchewan	4,610	(0.3)%	0.8%	0.9%	1.8%
	34,517	0.9%	2.2%	2.8%	4.2%

Stabilized revenues reported in the third quarter of 2014 continued to increase by 0.9% compared to Q2 2014, increased by 2.2% compared to Q1 2014, increased by 2.8% compared to Q4 2013, and increased 4.2% compared to Q3 2013. The Trust strives toward balancing the optimum level of rental incentives and occupancy rates in order to achieve its net operating income optimization strategy.

Estimated Loss-to-Lease Calculation

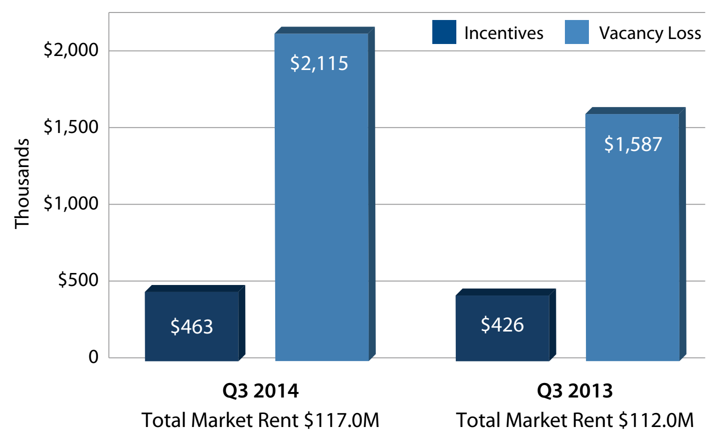
Boardwalk REIT's estimated loss-to-lease (the difference between estimated market rents and actual occupied rents in September 2014, and adjusted for current occupancy levels), totaled approximately $12.2 million on an annualized basis, or approximately $30 per month per apartment unit, and $0.23 per Unit (Trust & LP B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than twelve months. On physical turnover, the rental units are then re-leased directly at current market rent. If market rents are increasing and a Boardwalk Resident Member wishes to renew, and he or she is able to demonstrate real financial hardship at the end of the lease agreement, the Trust's self-imposed rent control and Rental Increase Forgiveness program will reduce rental increases as appropriate, recognizing the long-term benefits of such goodwill. By providing sustainable rental increases to our Resident Members, the Trust and all its Stakeholders have historically benefited from lower turnover, reduced expenses, and higher occupancy. The reader should note estimated loss-to-lease, measured at a point in time, is a non-GAAP measure, and that reported market rents can be very seasonal, and, as such, will vary from quarter to quarter. The significance of this change could materially affect Boardwalk REIT's "estimated loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. The reader should also note that it would take significant time for these market rents to be recognized by the Trust due to internal and external limitations on its ability to charge these new market-based rents in the short term.

	September 2014 Occupied Rent (1)	September 2014 Market Rent (1)	Mark to Market Per Month	Annualized Mark to Market Adjusted for Current Occupancy levels ($000's)	Weighted Average Apartment Units	% of Portfolio
Calgary	$ 1,357	$ 1,438	$ 81	$ 5,232	5,419	16%
Edmonton	1,256	1,291	35	5,155	12,396	36%
Fort McMurray	1,929	2,006	77	308	352	1%
Grande Prairie	1,043	1,091	48	368	645	2%
Red Deer	1,037	1,046	9	103	939	3%
Alberta Portfolio	$ 1,278	$ 1,326	$ 48	$ 11,166	19,751	58%
Saskatchewan	1,158	1,155	(3)	(224)	4,610	13%
Ontario	836	845	9	413	4,265	12%
Quebec	1,006	1,018	12	797	6,000	17%
Total Portfolio	$ 1,160	$ 1,190	$ 30	$ 12,152	34,626	100%

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

The mark to market amount of $30 represents 2.6% of September 2014 occupied rent, an amount, which is realistically attainable at lease maturity. The slight increase in the loss-to-lease for our portfolio, from $12.0 million at June 2014 to $12.2 million at September 2014, was due primarily to faster market rent increases in Calgary, combined with slower increases in occupied rents, thus increasing the spread between occupied and market rents for this region.

For the third quarter of 2014, the Trust was able to increase market rents on specific properties while maintaining high occupancy levels. As with prior periods, Boardwalk REIT continues to focus on the optimization of all rental revenue, with attention to appropriate levels of market rents and certain occupancy level targets, as well as suite-selective incentives, when warranted.



FINANCING COSTS

Financing costs from continuing operations for the third quarter and first nine months of 2014 decreased from the same periods in the prior year, from $21.9 million and $66.9 million, respectively, to $21.3 million and $64.8 million, due to the Trust being able to renew maturing mortgages at interest rates below the noted maturing rates. Financing costs from discontinued operations was $nil and $0.7 million, respectively, for the three and nine months ended September 30, 2014 ($0.5 million and $1.4 million for the three and nine months ended September 30, 2013). At September 30, 2014, the reported weighted average interest rate of 3.43% was down from the weighted average interest rate of 3.46% at December 31, 2013, and down from the weighted average interest rate of 3.48% at September 30, 2013. Boardwalk REIT has continued to take advantage of historically low interest rates to refinance and renew certain mortgages, resulting in a lower overall weighted average interest rate. The average term to maturity of the Trusts' mortgage portfolio is approximately four 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 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, 2014, approximately 99% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 30 years.

The adoption of IFRS has also had an impact on the amount of financing costs reported on the Trust's Consolidated Statement of Comprehensive Income. As a result of the Trust's LP Class B Units being classified as financial liabilities in accordance with IAS 32, the corresponding distributions paid to the Unitholders are classified as financing costs under IFRS. The Trust believes these distribution payments do not truly represent "financing charges" as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. The total amount of distributions paid to the LP Class B Unitholders for the third quarter and nine months ended September 30, 2014, which have been recorded as financing charges, was $2.3 million and $6.8 million, respectively ($2.2 million and $6.6 million for the three and nine months ended September 30, 2013). 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 earned for the period. The total amount of interest income earned for the third quarter and first nine months of 2014 was $0.6 million and $1.5 million, respectively, compared to $0.5 million and $1.4 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 2014, the Trust anticipates having approximately $226.4 million of secured mortgages maturing with a weighted average rate of 3.45%. Of the $226.4 million maturing in the last quarter of 2014, an amount of $196.2 million relates to a single property located in Quebec that matured on November 1, 2014. The Trust had previously forward locked the interest rate on maturity of this mortgage and has now renewed at a fixed rate of 2.56% for a five-year term. The maturing rate is 3.55%, resulting in approximately $2.0 million of annualized reduction in the Trust's interest expense.

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, 2014, which relates to corporate administration from continuing operations, were $7.8 million and $23.9 million, respectively, compared to $7.7 million and $23.3 million for the same periods in the prior year, an increase of approximately 1.4% and 2.6%.

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 (including discontinued operations), were $13.6 million and $41.4 million for the three and nine months ended September 30, 2014 compared to $13.5 million and $40.7 million for the same periods in the prior year. The increase in total administration costs (corporate and rental operating expense combined) for the nine months ended September 30, 2014, of approximately $0.7 million was primarily the result of higher wages and salaries.

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 three and nine months ended September 30, 2014, no deferred financing costs were written off due to the term maturity and payout of mortgages in Boardwalk's secured debt portfolio. Unamortized deferred financing costs related to the sale of investment properties in British Columbia were written off to discontinued operations during the current quarter.

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, 2014 were $3.1 million and $9.2 million, respectively, which was consistent with the $3.0 million and $8.8 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 Act. The Act also contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation") and the criteria for qualifying for the real estate investment trust exemption (the "REIT Exemption"), which would exempt Boardwalk REIT from income tax under the SIFT Legislation provided the Trust distributes all of its taxable income to its Unitholders.

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

LP Class B Units and the Deferred Unit Compensation Plan

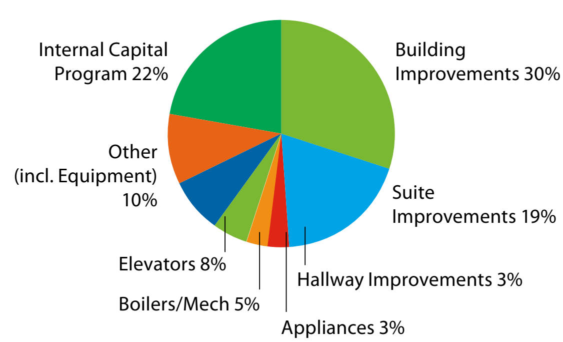
The LP Class B Units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at September 30, 2014 the Trust used a unit price of $68.90 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, 2014, was $308.3 million, and a corresponding fair value loss of $40.5 million (nine months ended September 30, 2013 – fair value gain of $31.0 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2014.

The deferred unit-based compensation plan had a fair value of $8.8 million, and a corresponding fair value loss of $1.8 million (nine months ended September 30, 2013 - fair value gain of $0.2 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2014.

Capital Improvements

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

2014 9M
Operational Capital Investments



For the nine months of 2014, Boardwalk REIT invested approximately $58.6 million, continuing and discontinued operations combined (comprised of $53.1 million on its stabilized investment properties, $0.3 million on development properties and $5.2 million on property, plant and equipment), back into its properties in the form of equipment and project enhancements to upgrade existing suites, common areas, building exteriors, and systems, compared to the $70.4 million ($52.3 million on its stabilized investment properties, $12.5 million on development properties and $5.6 million property, plant and equipment) invested in the first nine months of 2013. The amount of this investment will vary from year-to-year.

A significant part of Boardwalk's capital improvement program relates to projects that are carried out by Boardwalk's Associates. This internal capital program was initiated in 1996 as a way to create more value for the Trust. The Trust recognizes that there are certain efficiencies and economies of scale available from having Boardwalk Associates performing certain capital projects ourselves, or "in-house". This result includes faster execution and greater control of these projects while simultaneously 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 $12.8 million of on-site wages and salaries that have been incurred towards these projects for the first nine months of 2014, compared to $13.1 million for the same period in 2013.

Maintenance of Productive Capacity

The Trust has two separate areas in which capital is invested back into its residential buildings. These are referred to as 'maintenance capital expenditures' and 'stabilizing and value enhancing capital expenditures'.

Maintenance capital expenditures are funded from operating cash flows. These expenditures are deducted from FFO in order to estimate a sustainable amount (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 $000's, except for per suite amounts	**3 Months Sep 30, 2014**	**Per Suite**	3 Months Sep 30, 2013	Per Suite	**9 Months Sep 30, 2014**	**Per Suite**	9 Months Sep 30, 2013	Per Suite
Maintenance Capital Expenditures	**$ 4,101**	**$ 119**	$ 4,189	$ 119	**$ 12,446**	**$ 356**	$ 12,567	$ 356
Stabilizing & Value Enhancing Capital (excluding Property, Plant & Equipment)	**$ 18,479**	**$ 535**	$ 18,078	$ 512	**$ 40,753**	**$ 1,166**	$ 39,769	$ 1,128
	$ 22,580	**$ 654**	$ 22,267	$ 631	**$ 53,199**	**$ 1,522**	$ 52,336	$ 1,484

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 2014 and 2013, the amount allocated to maintenance capital was approximately $4.1 million and $4.2 million, respectively, or $119 per apartment unit, with investment in value-enhancing expenditures to its stabilized investment properties totaling $18.5 million and $18.1 million, respectively, or $535 and $512 per apartment unit.

For the nine months ended September 30, 2014, and 2013, the amount allocated to capital was approximately $12.4 million and $12.6 million, respectively, or $356 per apartment unit, with investment in value-enhancing expenditures to its stabilized investment properties totaling $40.8 million and $39.8 million, respectively, or $1,166 and $1,128 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 56.8% of reported FFO and 62.3% of AFFO for the three months ended September 30, 2014, compared to 57.6% and 63.6%, respectively, for the same period in the previous year. For the nine months ended September 30, 2014, the Trust is currently paying out an estimated 60.4% of reported FFO and 66.7% of AFFO compared to 61.1% and 67.9%, respectively, for the same period in the previous year.

In $000's	**3 months Sep 30, 2014**	3 months Sep 30, 2013	**9 months Sep 30, 2014**	9 months Sep 30, 2013
Funds From Operations (FFO)	**$ 46,792**	$ 44,969	**$ 132,120**	$ 126,742
Maintenance Capital Expenditures	**$ 4,101**	$ 4,189	**$ 12,446**	$ 12,567
Adjusted Funds From Operations (AFFO)	**$ 42,691**	$ 40,780	**$ 119,674**	$ 114,175
AFFO per unit (Trust and LP B Units)	**$ 0.82**	$ 0.78	**$ 2.29**	$ 2.18
Unitholder Distributions-Regular (Trust Units and LP B Units)	**$ 26,601**	$ 25,919	**$ 79,774**	$ 77,478
Distribution as a % of FFO	**56.8%**	57.6%	**60.4%**	61.1%
Distribution as a % of AFFO	**62.3%**	63.6%	**66.7%**	67.9%

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

INVESTMENT PROPERTIES

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

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

Date	Number of properties	Aggregate fair value ($000's)	Percentage of portfolio as of that date
September 30, 2014	4	$ 348,154	6.0%
June 30, 2014	4	$ 102,104	1.8%
March 31, 2014	4	$ 105,282	1.8%
December 31, 2013	7	$ 779,487	13.6%
September 30, 2013	7	$ 217,022	3.8%
June 30, 2013	6	$ 211,895	3.8%
March 31, 2013	7	$ 178,609	3.2%

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

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

As at	**September 30, 2014**			December 31, 2013		
	Capitalization rate		**Forecasted total standardized net operating income**	Capitalization rate		Forecasted total standardized net operating income
	Minimum	**Maximum**	**($000's)**	Minimum	Maximum	($000's)
Calgary	**4.50%**	**6.00%**	**$ 62,954**	4.75%	6.00%	$ 60,110
Edmonton	**5.00%**	**5.50%**	**127,683**	5.00%	5.50%	121,623
Other Alberta	**5.75%**	**7.25%**	**20,962**	5.75%	7.25%	20,497
Vancouver	**–%**	**–%**	**–**	4.75%	5.25%	6,195
Kitchener	**5.50%**	**5.50%**	**1,772**	5.50%	5.50%	1,754
London	**5.75%**	**6.00%**	**11,191**	5.75%	6.00%	11,145
Windsor	**6.50%**	**7.00%**	**7,312**	6.50%	7.00%	7,068
Montreal	**5.50%**	**6.25%**	**5,540**	5.50%	6.25%	5,348
Quebec City	**5.75%**	**6.25%**	**10,047**	5.75%	6.25%	9,980
Regina	**5.75%**	**6.00%**	**23,328**	5.75%	6.00%	23,156
Saskatoon	**5.75%**	**6.00%**	**19,850**	5.75%	6.00%	19,569
	4.50%	**7.25%**	**290,639**	4.75%	7.25%	286,445
Land Lease	**5.25%**	**13.49%**	**$ 28,857**	5.25%	13.49%	$ 28,337

Overall portfolio weighted average capitalization rate was 5.48% as at September 30, 2014 and December 31, 2013.

The "Overall Capitalization Rate" method requires a forecasted stabilized net operating income ("NOI") be divided by a capitalization rate ("cap rate") to determine a fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. As such, fluctuations in both NOI and cap rates could significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in capitalization rate will result in a decrease to the fair value of an investment property. When the capitalization rate is applied to NOI to calculate fair value, there is a significant impact whereby the lower the capitalization rate, the larger the impact. Below are tables that summarize the sensitivity impact of changes in both cap rates and NOI on the Trust's fair value of its investment properties (excluding development) as at September 30, 2014, and December 31, 2013:

As at September 30, 2014 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 309,911	**$ 316,301**	**$ 319,496**	**$ 322,691**	**$ 329,081**
Capitalization Rate						
-0.25%	5.23%	**$ 95,424**	**$ 217,602**	**$ 278,691**	**$ 339,780**	**$ 461,959**
Cap Rate As Reported	5.48%	**(174,907)**	**(58,302)**	**5,830,220**	**58,302**	**174,907**
+0.25%	5.73%	**(421,648)**	**(310,131)**	**(254,373)**	**(198,614)**	**(87,097)**

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

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

INVESTMENT PROPERTY DEVELOPMENT

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

With this increase in the market value of apartments, there has been a significant decrease in the expected returns from the above noted allocation alternatives to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land the Trust currently owns. Accordingly, the Trust pursued new apartment development on some of its excess density. In 2012, the Trust received development approval from the City of Calgary in Alberta, and commenced construction of a 109-unit four storey, elevatored, wood frame building in the Southwest part of the city. The development was substantially completed on November 7, 2013, and an Occupancy Permit allowing Boardwalk to commence the lease-up of the units was issued by the City of Calgary for the project. The project was completed on time and within budget totaling approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. As at September 30, 2014, all of the $7.5 million was received by the Trust. In return for this grant, the Trust has agreed to classify 54 of the 109 units as 'affordable', with market rents set at 10% below average market rates for Calgary for a term of 20 years. The remainder of the approximate $11.5 million development funds required came from Boardwalk's cash on hand. We estimated the stabilized capitalization rate on this project to be between 6.5% and 7.0%, including an estimated allocation of $4.25 million, or $39 thousand per apartment unit, for the excess land allocated to this project. In accordance with IAS 20 – Accounting for

Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents. For the three and nine months ended September 30, 2014, $94 thousand and $283 thousand, respectively, was recognized in profit under rental revenue for this grant (three and nine months ended September 30, 2013 – $nil).

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

It is our intention to continue to investigate further development opportunities, particularity in Alberta and Saskatchewan; however, each future opportunity will require a separate analysis, and, depending on the analysis and economic conditions, Boardwalk REIT will determine if additional development projects are warranted. Historically, one of the biggest risks to real estate evaluations is the building of oversupply in a particular market, which results in significant corrections of property values market wide. The Trust currently mitigates this risk by avoiding leverage and using cash on hand for new development and undertaking development as a small part of Boardwalk's overall strategy.

For the three months ended September 30, 2014, the Trust expended $0.1 million on total development costs compared to $6.5 million for the same period in the prior year. For the nine months ended September 30, 2014, the Trust expended $0.3 million on total development costs compared to $12.5 million in 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 a potentially overpriced housing market and new CMHC underwriting rules. Although it appears we are beginning to see an improvement in the overall economy, Boardwalk has yet to witness a significant change in these more stringent standards.

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

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

($000's)	
Cash position September 30, 2014 (1)	$ 160,508
Committed Revolving Credit Facility Available	195,836
Total Available Liquidity (1)	$ 356,344

(1) Cash and Liquidity include proceeds for the Special Distribution to be paid on January 15, 2015 to Unitholders on record on December 31, 2014 of ~$73 million, or $1.40 per Trust Unit.

In addition to this, the Trust currently has 3,058 rental apartment units of unencumbered assets, of which 855 units are pledged against the Trust's committed revolving credit facility. It is estimated that the Trust could obtain an additional $280.2 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 $226.4 million of secured mortgages coming due in the remainder of 2014 (as shown in the table below), all have NHA insurance, and represent in aggregate approximately 44% of current estimated "underwriting" values on those individual secured assets. Interest rates on NHA insured mortgages are currently below the weighted average interest rate of 3.45% on the $226.4 million remaining for 2014. The reader, however, is cautioned interest rates do fluctuate and, by the time these maturing mortgages are set for renewal, with or without additional financing, interest rates may have changed materially. Even with the NHA insurance program attached to its secured mortgages, the Trust is still susceptible to changes in market interest rates. To take advantage of historically low interest rates and to reduce the Trust's interest rate risk, the Trust, to date, has renewed the interest rate on all of its 2014 remaining mortgage maturities at 2.54% for an average term of five years compared to the maturing rate of 3.55%.

Included in the remaining 2014 mortgage maturities is an amount of $196.2 million on a property in Quebec. The Trust had previously forward-locked the interest rate of this mortgage, and as of November 1, 2014, renewed with a fixed rate of 2.56% for a five-year term. The current rate on this mortgage is 3.55%.

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, 2014, were $2.18 billion, compared to $2.26 billion reported on December 31, 2013.

Boardwalk REIT's overall weighted average interest rate on its long-term debt has decreased from the prior year. The weighted average interest rate on September 30, 2014, was 3.43% compared to 3.46% on December 31, 2013, and 3.48% on September 30, 2013. To better maintain cost effectiveness and flexibility of capital, Boardwalk REIT continuously monitors short and long-term interest rates. If the environment warrants, the Trust will convert short-term, floating rate debt, if any, to longer term, fixed rate mortgages to reduce interest rate renewal risk.

Year of Maturity	Principal Outstanding as at Sep 30, 2014 ($000's)	Weighted Average Interest Rate By Maturity	% of Total
2014	$ 226,411	3.45%	10.0%
2015	415,262	3.73%	18.4%
2016	265,810	3.89%	11.8%
2017	310,705	2.92%	13.8%
2018	178,032	3.27%	7.9%
2019	216,354	3.40%	9.6%
2020	84,546	3.86%	3.7%
2021	55,726	3.67%	2.5%
2022	222,791	3.37%	9.9%
2023	185,897	3.01%	8.2%
2024	94,079	3.37%	4.2%
Total Principal Outstanding	$ 2,255,613	3.43%	100.0%
Unamortized Deferred Financing Costs	$ (75,204)		
	$ 66		
Per Financial Statements	$ 2,180,475		

Interest Coverage

Notwithstanding the Trust's current liquidity situation, Boardwalk's liquidity and access to capital resources is constrained by certain tests that have been adopted in both its Declaration of Trust, as well as in its credit facility. The Declaration of Trust stipulates an interest coverage ratio limit of 1.5 to 1. For the purpose of the interest coverage ratio calculation, gains or losses on the sale or disposition of investment properties are excluded from earnings. Additionally, distributions on the LP Class B Units are excluded from interest expense, despite the LP Class B Units being classified as a financial liability under IFRS.

The following table sets out the Trust's interest coverage ratio calculation as at September 30, 2014, and December 31, 2013, based on the most recently four completed fiscal quarters.

As at	**September 30, 2014**	December 31, 2013
Consolidated EBITDA	**$ 260,322**	$ 257,827
Consolidated Interest Expense	**78,802**	81,813
Interest Coverage Ratio	**3.30**	3.15
Minimum Threshold	**1.50**	1.50

For the most recently completed four fiscal quarters ended September 30, 2014, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense (excluding distributions on LP B Units, fair value gains and losses, and losses on sale of assets) was 3.30, compared to 3.15 for the four fiscal quarters ended December 31, 2013. The reader should note, upon the adoption of IFRS standards, the distributions made to the LP Class B Unitholders are now considered financing charges and is the result of the reclassification of these units as financial liabilities. The calculation of the interest coverage ratio above does not include these distribution payments in the calculation of interest expense.

Unitholders' Equity

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

Summary of Unitholders' Capital Contributions	Units
December 31, 2012	47,851,667
Units issued for vested deferred units	68,297
December 31, 2013	47,919,964
Units issued for vested deferred units	54,863
Units purchased and cancelled	(432,100)
September 30, 2014	**47,542,727**

Boardwalk REIT has one class of publicly traded voting securities known as "REIT Units". As at September 30, 2014, there were 47,542,727 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 52,017,727. These LP Class B Units are classified as "FVTPL" financial liabilities under IFRS and are recorded at their fair value as liabilities on the Consolidated Statements of Financial Position.

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

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

During the third quarter of 2014, the Trust purchased and cancelled 280,900 Units at an average purchase cost of $68.09 per Trust Unit. For the nine months ended September 30, 2014, the Trust purchased and cancelled 432,100 Units at an average purchase cost of $66.89 per Trust Unit.

Equity

Boardwalk has an equity market capitalization of approximately $3.6 billion based on the Trust Unit closing price of $68.90 on the Toronto Stock Exchange on September 30, 2014.

Enterprise Value

With a total enterprise value of approximately $5.8 billion (consisting of total debt of $2.2 billion and market capitalization of $3.6 billion) as at September 30, 2014, Boardwalk's total debt is approximately 37.9% of total enterprise value at the end of the quarter.

CRITICAL ACCOUNTING POLICIES

The significant accounting policies adopted by the Trust are included in Note 2 of the notes to the audited Consolidated Financial Statements for the year ended December 31, 2013.

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, 2014, 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, 2013, annual audited consolidated financial statements as well as Note 2 of the condensed consolidated financial statements for the current quarter.

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 2013, 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, 2013. The evaluation was performed in accordance Internal Control - The 1992 Integrated Framework as issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and adopted by the Trust, and the requirements of National Instrument 52-109 of the Canadian Securities Administrators titled, Certification of Disclosure in Issuers' Annual and Interim Filings.

There were no changes made to our disclosure controls and procedures during the quarter ended September 30, 2014. Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining disclosure controls and procedures, as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

As at December 31, 2013, Boardwalk REIT confirmed the design of internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and information for external purposes in accordance with IFRS and that these ICFR operated effectively throughout the 2013 fiscal year. Boardwalk REIT may, from time to time, make changes aimed at enhancing their effectiveness and ensuring that our systems evolve with our business. There were no changes made in our internal controls over financial reporting during the quarter ended September 30, 2014, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2014 FINANCIAL OUTLOOK AND MARKET GUIDANCE

As is customary on a quarterly basis, the Trust reviews its key assumptions used in deriving its public financial guidance. During this review, we noted that the Trust's third quarter and first nine months of 2014 results were within its original expectations. Based on this review, and with consideration to the dispositions completed in the second quarter, the Trust is revising its previously announced Q2 2014 FFO and AFFO guidance. The following table highlights the original and current financial objectives for the 2014 fiscal year.

Description	2014 Objectives	2014 Q2 Revised Objectives	2014 Q3 Revised Objectives
Investment Properties	No new apartment acquisitions, dispositions or developments	No additional apartment acquisitions, dispositions or developments	No additional apartment acquisitions, dispositions or developments
Stabilized Building NOI growth	1% to 4%	1% to 4%	2% to 4%
FFO Per Unit	$3.25 to $3.45	$3.27 to $3.43	$3.32 to $3.41
AFFO Per Unit	$2.93 to $3.13	$2.95 to $3.11	$3.00 to $3.09

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

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

In addition to the above financial guidance for 2014, the Trust has assumed the following capital will be reinvested in its existing portfolio for the 2014 fiscal year.

Capital Budget	2014 Budget ($000's)	Per Suite	Nine Months ended September 30, 2014 Actual ($000's)	Per Suite
Total Operational Capital Approved	$ 94,400	$ 2,675	$ 58,350	$ 1,669
Maintenance Capital	$ 16,800	$ 475	$ 12,446	$ 356
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	$ 77,600	$ 2,200	$ 45,904	$ 1,313
	$ 94,400	$ 2,675	$ 58,350	$ 1,669
Development Capital Approved	$ 2,200		$ 269	

Approximately $1.2 million was approved by the Board of Trustees and added to the 2014 development capital budget to fund 2014 requirements for the new 79-unit development at Pines of Normanview.

For the first nine months of 2014, Boardwalk REIT has incurred approximately $58.4 million, or $1,669 per suite, of capital improvements on its Investment Properties (including $0.6 million spent on investment properties in BC prior to the sale closing), and $0.3 million on development.

Special Distribution

During the second quarter of 2014, Boardwalk sold a total 735 apartment suites in British Columbia and Edmonton. The sale of these properties resulted in a significant taxable gain for the Trust and, when added to our anticipated 2014 taxable income from regular operations, will significantly exceed our current regular distributions anticipated for 2014. As such, the Board of Trustees has determined that a 'Special Distribution' in the amount of $1.40 per outstanding Trust Unit, effective for Unitholders of record at December 31, 2014, is warranted to ensure all taxable income is distributed to Unitholders and not have these funds subject to federal and provincial income tax within the Trust.

2015 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 2015 fiscal year.

Description	2015 Objectives
Investment Properties	No new apartment acquisitions, dispositions or developments
Stabilized Building NOI growth	1% to 4%
FFO Per Unit	$3.40 to $3.60
AFFO Per Unit based on maintenance capital expenditure of $500/apartment unit/year	$3.07 to $3.27

The Trust's Board of Trustee's has approved the 2015 Capital Budget as follows:

Capital Budget	2015 Budget ($000's)	Per Suite
Total Operational Capital Approved (including Property, Plant & Equipment)	$ 98,837	$ 2,854
Maintenance Capital	$ 17,326	$ 500
Stabilizing & Value Added Capital (including Property, Plant & Equipment)	$ 81,511	$ 2,354
	$ 98,837	$ 2,854
Development Capital Approved	$ 12,158	

The Trust has increased its Maintenance Capital estimate for 2015 to $500 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 13, 2014

Condensed Consolidated Statements of Financial Position

Unaudited (CDN $ THOUSANDS)

As at	Note	September 30, 2014	December 31, 2013
Assets			
Non-current assets			
Investment properties	3	$ 5,831,491	$ 5,745,207
Property, plant and equipment	5	25,388	23,625
Deferred tax assets	10	372	455
		5,857,251	5,769,287
Current assets			
Inventories		3,697	3,585
Prepaid assets		3,823	4,209
Trade and other receivables		7,579	4,819
Segregated tenants' security deposits		12,621	12,704
Cash		160,508	131,079
		188,228	156,396
Total Assets		$ 6,045,479	$ 5,925,683
Liabilities			
Non-current liabilities			
Mortgages payable	6	$ 1,578,361	$ 1,790,625
LP Class B Units	7	308,328	267,829
Other non-current liabilities	8	1,575	3,364
Deferred unit-based compensation	9	4,874	4,872
Deferred tax liabilities	10	61	50
Deferred government grant	11	6,870	6,436
		1,900,069	2,073,176
Current liabilities			
Mortgages payable	6	602,114	470,787
Deferred unit-based compensation	9	3,904	3,453
Deferred government grant	11	378	380
Refundable tenants' security deposits		16,404	16,375
Trade and other payables		58,320	61,990
		681,120	552,985
Total Liabilities		2,581,189	2,626,161
Equity			
Unitholders' equity	12	3,464,290	3,299,522
Total Equity		3,464,290	3,299,522
Total Liabilities and Equity		$ 6,045,479	$ 5,925,683

See accompanying notes to these condensed consolidated financial statements

Condensed Consolidated Statements of Comprehensive Income

Unaudited (CDN $ THOUSANDS)

	Note	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	9 months ended Sept 30, 2014	9 months ended Sept 30, 2013
Rental revenue		**$ 117,229**	$ 112,233	**$ 348,288**	$ 332,908
Ancillary rental income		**1,656**	1,754	**5,104**	5,165
Total rental revenue		**118,885**	113,987	**353,392**	338,073
Rental expenses					
Operating expenses		**23,587**	22,204	**69,680**	66,124
Utilities		**9,074**	8,481	**35,189**	30,399
Property taxes		**10,382**	10,066	**29,730**	28,343
Net operating income		**75,842**	73,236	**218,793**	213,207
Financing costs	13	**21,313**	21,904	**64,758**	66,926
Administration		**7,839**	7,728	**23,901**	23,305
Depreciation and amortization		**3,138**	2,954	**9,244**	8,800
Profit from continuing operations before the undernoted		**43,552**	40,650	**120,890**	114,176
Loss on sale of assets	4	**–**	–	**(235)**	–
Fair value gains	14	**11,942**	115,240	**129,577**	241,021
Profit from continuing operations before income tax expense		**55,494**	155,890	**250,232**	355,197
Income tax expense	10	**(73)**	(88)	**(95)**	(396)
Profit from continuing operations		**55,421**	155,802	**250,137**	354,801
Profit (loss) from discontinued operations, net of tax	4	**(319)**	3,442	**11,200**	10,440
Profit for the period		**55,102**	159,244	**261,337**	365,241
Other comprehensive income		**611**	368	**1,825**	1,665
Total comprehensive income		**$ 55,713**	$ 159,612	**$ 263,162**	$ 366,906

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 12(a))	Total Unitholders' equity
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
Balance, December 31, 2013	$ 195,223	$ 3,935,037	$ (827,279)	$ 3,107,758	$ (3,459)	$ 3,299,522
Units issued	3,458	–	–	–	–	3,458
Units purchased and cancelled	(3,517)	(25,385)	–	(25,385)	–	(28,902)
Profit for the period	–	261,337	–	261,337	–	261,337
Other comprehensive income	–	–	–	–	1,825	1,825
Total comprehensive income for the period	–	261,337	–	261,337	1,825	263,162
Distributions declared to Unitholders	–	–	(72,950)	(72,950)	–	(72,950)
Balance, September 30, 2014	**$ 195,164**	**$ 4,170,989**	**$ (900,229)**	**$ 3,270,760**	**$ (1,634)**	**$ 3,464,290**

See accompanying notes to these condensed consolidated financial statements

Condensed Consolidated Statements of Cash Flows

Unaudited (CDN $ THOUSANDS)

	Note	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	9 months ended Sept 30, 2014	9 months ended Sept 30, 2013
Operating activities					
Profit for the period		**$ 55,102**	$ 159,244	**$ 261,337**	$ 365,241
(Profit) loss from discontinued operations, net of tax	4	**319**	(3,442)	**(11,200)**	(10,440)
Loss on sale of assets		**–**	–	**235**	–
Financing costs	13	**21,313**	21,904	**64,758**	66,926
Interest paid		**(21,401)**	(21,915)	**(65,072)**	(67,310)
Fair value gains	14	**(11,942)**	(115,240)	**(129,577)**	(241,021)
Income tax expense	10	**73**	88	**95**	396
Income tax paid	10	**–**	–	**(1)**	(5)
Government grant amortization	11	**(94)**	–	**(283)**	–
Depreciation and amortization		**3,138**	2,954	**9,244**	8,800
		46,508	43,593	**129,536**	122,587
Net cash operating inflows (outflows) from discontinued operations	4	**(201)**	1,039	**1,144**	2,997
Net change in operating working capital	20	**(58)**	1,870	**(3,265)**	(2,025)
		46,249	46,502	**127,415**	123,559
Investing activities					
Improvements to investment properties	3	**(22,580)**	(22,000)	**(52,633)**	(51,456)
Development of investment properties	3	**(59)**	(6,524)	**(269)**	(12,508)
Additions to property, plant and equipment	5	**(1,329)**	(1,641)	**(5,151)**	(5,549)
Net cash proceeds from sale of investment properties	4	**–**	–	**13,265**	–
Net cash investing inflows (outflows) from discontinued operations	4	**(118)**	(268)	**136,981**	(901)
Net change in investing working capital	20	**978**	4,413	**(709)**	5,180
		(23,108)	(26,020)	**91,484**	(65,234)
Financing activities					
Distributions paid		**(24,364)**	(23,700)	**(72,775)**	(70,608)
Unit repurchase program		**(19,126)**	–	**(28,902)**	–
Proceeds from mortgage financings		**–**	15,993	**9,779**	63,503
Mortgages repayments on maturity		**–**	–	**–**	(13,663)
Scheduled mortgage principal repayments		**(11,726)**	(11,251)	**(34,993)**	(32,781)
Deferred financing costs incurred		**(142)**	(1,056)	**(946)**	(3,576)
Bond forward settlement, net of amortization		**9**	9	**36**	44
Government grant proceeds	11	**–**	2,282	**715**	4,565
Net cash financing outflows from discontinued operations	4	**–**	(292)	**(62,496)**	(869)
Net change in financing working capital	20	**124**	(3)	**112**	109
		(55,225)	(18,018)	**(189,470)**	(53,276)
Net increase (decrease) in cash		**(32,084)**	2,464	**29,429**	5,049
Cash, beginning of period		**192,592**	141,241	**131,079**	138,656
Cash, end of period		**$ 160,508**	$ 143,705	**$ 160,508**	$ 143,705

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, 2014 and 2013

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

NOTE 1: ORGANIZATION OF THE TRUST

Boardwalk Real Estate Investment Trust ("Boardwalk REIT" or the "Trust" or the "Entity") is an unincorporated, open-ended real estate investment trust created pursuant to the Declaration of Trust ("DOT"), dated January 9, 2004, and as amended and restated on various dates between May 3, 2004 and May 14, 2014, under the laws of the Province of Alberta. Boardwalk REIT was created to invest in multi-family residential investment properties or similar interests, initially through the acquisition of the assets and operations of Boardwalk Equities Inc. (the "Corporation"), which was acquired on May 3, 2004. Boardwalk REIT Trust Units are listed on the Toronto Stock Exchange under the symbol 'BEI.UN'. The registered office of the Trust and its head office operations are located at First West Place, Suite 200, 1501 1st Street SW, Calgary, Alberta, T2R 0W1.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("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, 2013, 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, assets held for sale, 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, 2014 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2014 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. Specifically, elements have been reclassified as discontinued operations as a result of the sale of the Trust's British Columbia ("BC") Property Portfolio (see NOTE 4). 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, 2014 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 or 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, 2013 annual consolidated financial statements.

(d) Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning January 1, 2014 or later periods. These new standards, and the impact on the Trust's consolidated financial statements, were disclosed in the Trust's December 31, 2013 annual consolidated financial statements.

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

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

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

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

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

The adoption of IFRIC 21 by the Trust did not have a significant impact on the Trust's condensed consolidated financial statements.

NOTE 3: INVESTMENT PROPERTIES

	9 months ended Sept 30, 2014	Year ended Dec 31, 2013
Balance, beginning of period	$ 5,745,207	$ 5,493,448
Additions		
Building improvements (incl. internal capital program)	52,633	73,825
Building improvements discontinued operations	566	
Development of investment properties	269	15,479
Dispositions	(153,420)	–
Fair value gains, unrealized, from continuing operations	171,919	153,761
Fair value gains, realized, from discontinued operations	14,317	8,694
Balance, end of period	$ 5,831,491	$ 5,745,207
Revenue producing properties	$ 5,830,220	$ 5,744,205
Development [(1)]	1,271	1,002
Total	$ 5,831,491	$ 5,745,207

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

In determining the appropriate classes of investment properties in order to determine the fair value measurement, the Trust has considered the nature, characteristics and risk of its properties. The classification of investment properties is based primarily on the geographical location of the asset, with the exception of properties situated on land leases. Below is a continuity schedule based on investment property classes:

	9 months ended September 30, 2014						
	Balance, beginning of period	**Building improvements (incl. internal capital program and discontinued operations)**	**Development of investment properties**	**Dispositions**	**Fair value gains (losses), unrealized, from continuing operations**	**Fair value gains, realized, from discontinued operations**	**Balance, end of period**
Recurring measurements Investment properties							
Calgary	**$ 1,204,095**	**$ 7,827**	**$ 62**	**$ –**	**$ 50,807**	**$ –**	**$ 1,262,791**
Edmonton	**2,303,868**	**19,512**	**5**	**(13,485)**	**114,282**	**–**	**2,424,182**
Other Alberta	**316,819**	**3,922**	**–**	**–**	**2,872**	**–**	**323,613**
Vancouver/Victoria	**125,052**	**566**	**–**	**(139,935)**	**–**	**14,317**	**–**
Kitchener	**31,890**	**716**	**–**	**–**	**(383)**	**–**	**32,223**
London	**193,722**	**2,431**	**–**	**–**	**(1,837)**	**–**	**194,316**
Windsor	**104,664**	**1,954**	**–**	**–**	**1,681**	**–**	**108,299**
Montreal	**92,985**	**1,766**	**–**	**–**	**1,645**	**–**	**96,396**
Quebec City	**168,008**	**2,425**	**–**	**–**	**(1,440)**	**–**	**168,993**
Regina	**387,046**	**4,088**	**202**	**–**	**(1,161)**	**–**	**390,175**
Saskatoon	**328,949**	**3,329**	**–**	**–**	**1,274**	**–**	**333,552**
Land leases	**488,109**	**4,663**	**–**	**–**	**4,179**	**–**	**496,951**
Total	**$ 5,745,207**	**$ 53,199**	**$ 269**	**$ (153,420)**	**$ 171,919**	**$ 14,317**	**$ 5,831,491**

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

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

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

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

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

The Trust's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at September 30, 2014, all of the Trust's investment properties were designated as Level 3. There were no transfers in or out of Level 3 fair value measurements for investment properties during the nine months ended September 30, 2014 or during the year ended December 31, 2013

External valuations were obtained from third-party external valuation professionals ("the Appraisers") based on a cross section of properties from different geographical locations and markets across the Trust's rental portfolio as determined by the Trust's management. The Appraisers are an independent valuation firm not related to the Trust and employ valuation professionals who are members of the Appraisal Institute of Canada and the Ordre des Evaluateurs Agrees du Quebec who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. External appraisals were obtained as follows:

Date	Number of properties	Aggregate fair value	Percentage of portfolio as of that date
September 30, 2014	**4**	**$ 348,154**	**6.0%**
June 30, 2014	4	$ 102,104	1.8%
March 31, 2014	4	$ 105,282	1.8%
December 31, 2013	7	$ 779,487	13.6%
September 30, 2013	7	$ 217,022	3.8%
June 30, 2013	6	$ 211,895	3.8%
March 31, 2013	7	$ 178,609	3.2%

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

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

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

The key valuation metrics (and significant unobservable inputs in Level 3) for the Trust's investment properties are set out in the following tables:

As at	**September 30, 2014**			December 31, 2013		
	Capitalization rate		**Forecasted total standardized net**	Capitalization rate		Forecasted total standardized net
	Minimum	**Maximum**	**operating income**	Minimum	Maximum	operating income
Calgary	**4.50%**	**6.00%**	**$ 62,954**	4.75%	6.00%	$ 60,110
Edmonton	**5.00%**	**5.50%**	**127,683**	5.00%	5.50%	121,623
Other Alberta	**5.75%**	**7.25%**	**20,962**	5.75%	7.25%	20,497
Vancouver	**-%**	**-%**	**-**	4.75%	5.25%	6,195
Kitchener	**5.50%**	**5.50%**	**1,772**	5.50%	5.50%	1,754
London	**5.75%**	**6.00%**	**11,191**	5.75%	6.00%	11,145
Windsor	**6.50%**	**7.00%**	**7,312**	6.50%	7.00%	7,068
Montreal	**5.50%**	**6.25%**	**5,540**	5.50%	6.25%	5,348
Quebec City	**5.75%**	**6.25%**	**10,047**	5.75%	6.25%	9,980
Regina	**5.75%**	**6.00%**	**23,328**	5.75%	6.00%	23,156
Saskatoon	**5.75%**	**6.00%**	**19,850**	5.75%	6.00%	19,569
	4.50%	**7.25%**	**290,639**	4.75%	7.25%	286,445
Land Lease	**5.25%**	**13.49%**	**$ 28,857**	5.25%	13.49%	$ 28,337

The overall weighted average Capitalization Rate for fair valuing the Trust's investment properties at September 30, 2014 and December 31, 2013, was 5.48%.

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

As at September 30, 2014 *(in 000's)*

Net Operating Income		-3%	-1%	As Forecasted	+1%	+3%
		$ 309,911	**$ 316,301**	**$ 319,496**	**$ 322,691**	**$ 329,081**
Capitalization Rate						
-0.25%	**5.23%**	**$ 95,424**	**$ 217,602**	**$ 278,691**	**$ 339,780**	**$ 461,959**
Cap Rate As Reported	**5.48%**	**(174,907)**	**(58,302)**	**5,830,220**	**58,302**	**174,907**
+0.25%	**5.73%**	**(421,648)**	**(310,131)**	**(254,373)**	**(198,614)**	**(87,097)**

As at December 31, 2013

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

NOTE 4: LOSS ON SALE OF ASSETS AND DISCONTINUED OPERATIONS

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

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sep 30, 2013
Cash received	**$ –**	$ –	**$ 13,500**	$ –
Cost of disposition	**–**	–	**(235)**	–
Net proceeds	**$ –**	–	**13,265**	–
Net book value	**–**	–	**(13,500)**	–
Loss on sale of assets	**$ –**	–	**$ (235)**	–

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

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sept 30, 2013
Rental revenue	**$ –**	$ 2,072	**$ 3,447**	$ 6,201
Ancillary rental income	**10**	38	**60**	112
Total rental revenue	**10**	2,110	**3,507**	6,313
Rental expenses				
Operating expenses	**(30)**	329	**780**	988
Utilities	**–**	157	**379**	582
Property taxes	**241**	128	**464**	366
Net operating income (loss)	**(201)**	1,496	**1,884**	4,377
Financing costs	**–**	457	**736**	1,378
Administration	**–**	–	**4**	2
Depreciation and amortization	**–**	27	**43**	79
Profit (loss) before the undernoted	**(201)**	1,012	**1,101**	2,918
Loss on sale of assets	**(118)**	–	**(4,218)**	–
Fair value gains	**–**	2,430	**14,317**	7,522
Profit (loss) before income tax expense	**(319)**	3,442	**11,200**	10,440
Income tax expense	**–**	–	**–**	–
Profit (loss) from discontinued operations, net of tax	**$ (319)**	$ 3,442	**$ 11,200**	$ 10,440

The loss on sale of assets was as follows:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sept 30, 2013
Cash received	**$ –**	$ –	**$ 140,000**	$ –
Cost of disposition	**(118)**	–	**(4,218)**	–
Net proceeds	**(118)**	$ –	**135,782**	$ –
Net book value	**–**	–	**(140,000)**	–
Loss on sale of assets	**$ (118)**	$ –	**$ (4,218)**	$ –

The cash flows from discontinued operations were as follows:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	9 months ended Sept 30, 2014	9 months ended Sept 30, 2013
Profit (loss) from discontinued operations, net of tax	$ (319)	$ 3,442	$ 11,200	$ 10,440
Loss on sale of assets	118	–	4,218	–
Financing costs	–	457	736	1,378
Interest paid	–	(457)	(736)	(1,378)
Fair value gains	–	(2,430)	(14,317)	(7,522)
Depreciation and amortization	–	27	43	79
Net cash inflows (outflows) from operating activities	$ (201)	$ 1,039	$ 1,144	$ 2,997
Improvements to investment properties	$ –	$ (268)	$ (566)	$ (901)
Net cash proceeds from sale of investment properties	(118)	–	137,547	–
Net cash inflows (outflows) from investing activities	$ (118)	$ (268)	$ 136,981	$ (901)
Scheduled mortgage principal repayments	$ –	$ (292)	$ (499)	$ (869)
Mortgages on investment properties sold	–	–	(61,997)	–
Net cash outflows from financing activities	$ –	$ (292)	$ (62,496)	$ (869)
Total cash inflows (outflows) from discontinued operations	$ (319)	$ 479	$ 75,629	$ 1,227

NOTE 5: PROPERTY, PLANT AND EQUIPMENT ("PP&E")

The carrying amounts of PP&E were as follows:

As at	September 30, 2014			December 31, 2013		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Administration building	$ 5,836	$ (2,479)	$ 3,357	$ 5,659	$ (2,282)	$ 3,377
Site equipment and other assets	38,986	(20,254)	18,732	35,082	(18,233)	16,849
Corporate technology assets	25,940	(22,641)	3,299	25,034	(21,635)	3,399
Total	$ 70,762	$ (45,374)	$ 25,388	$ 65,775	$ (42,150)	$ 23,625

(1) For the nine months ended September 30, 2014, $448 thousand of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations has been included in corporate technology assets ($610 thousand for the year ended December 31, 2013).

NOTE 6: MORTGAGES PAYABLE

As at	September 30, 2014		December 31, 2013	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Mortgage payable				
Fixed rate	3.43%	$ 2,180,475	3.46%	$ 2,261,412
Total		$ 2,180,475		2,261,412
Current		$ 602,114		$ 470,787
Non-current		1,578,361		1,790,625
		$ 2,180,475		$ 2,261,412

Estimated future principal payments required to meet mortgage obligations as at September 30, 2014 are as follows:

	Secured By Investment Properties
12 months ending September 30, 2015	$ 602,114
12 months ending September 30, 2016	324,675
12 months ending September 30, 2017	286,260
12 months ending September 30, 2018	197,385
12 months ending September 30, 2019	209,168
Subsequent	636,011
	2,255,613
Unamortized deferred financing costs	(75,204)
Unamortized mark-to-market adjustment	66
	$ 2,180,475

NOTE 7: LP CLASS B UNITS

The LP Class B Units, representing an aggregate fair value of $308.3 million at September 30, 2014 (December 31, 2013 – $267.8 million), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Boardwalk REIT Units. Additional details on the LP Class B Units are described in NOTE 12.

As at September 30, 2014 and December 31, 2013, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 8: OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represents the fair value of the Trust’s interest rate swaps and totaled $1.6 million as at September 30, 2014 (December 31, 2013 – $3.4 million).

NOTE 9: DEFERRED UNIT-BASED COMPENSATION

Deferred unit-based compensation is comprised of the following:

As at	Sept 30, 2014	Dec 31, 2013
Current	$ 3,904	$ 3,453
Non-current	4,874	4,872
	$ 8,778	$ 8,325

The total of $8.8 million represents the fair value of the underlying deferred units at September 30, 2014 (December 31, 2013 – $8.3 million).

For the three and nine months ended September 30, 2014, total costs of $0.5 million and $2.1 million, respectively were recognized in profit related to executive bonuses and trustee fees under the deferred unit plan ($0.4 million and $1.9 million for the three and nine months ended September 30, 2013, respectively).

The status of the outstanding deferred units was as follows:

	# of Units Outstanding	# of Units vested
Balance, December 31, 2012	220,568	–
Deferred units granted	53,206	71,651
Additional deferred units earned on Trust units	7,320	10,980
Deferred units converted to Trust Units	(68,297)	(68,297)
Balance, December 31, 2013	212,797	14,334
Deferred units granted	42,600	38,776
Additional deferred units earned on Trust units	5,125	4,300
Deferred units converted to Trust Units	(54,863)	(54,863)
Balance, September 30, 2014	**205,659**	**2,547**

NOTE 10: INCOME TAXES

Deferred income tax

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

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

As at	December 31, 2013	Recognized in profit	**September 30, 2014**
Deferred tax assets (liabilities) related to:			
Operating losses	$ 455	$ (83)	**$ 372**
Differences in tax base and carrying amount, net, investment properties and PP&E for corporate entities	(45)	(5)	**(50)**
Other	(5)	(6)	**(11)**
Net deferred tax assets (liabilities)	$ 405	$ (94)	**$ 311**
Deferred tax assets	$ 455	$ (83)	**$ 372**
Deferred tax liabilities	(50)	(11)	**(61)**
Net deferred tax assets (liabilities)	$ 405	$ (94)	**$ 311**

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

The major components of income tax expense include the following:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sept 30, 2013
Current tax expense	**$ –**	$ –	**$ 1**	$ 5
Deferred tax expense	**73**	88	**94**	391
Total income tax expense	**$ 73**	$ 88	**$ 95**	$ 396

NOTE 11: DEFERRED GOVERNMENT GRANT

In December 2013, the Trust completed the construction of a 109-unit, four storey, elevatored, wood frame building in the southwest part of Calgary, Alberta (the "Project" or "Development"). In conjunction with this Development, the Trust applied and received approval for a government grant from the Province of Alberta totaling approximately $7.5 million. As at September 30, 2014, all of the $7.5 million had been received by the Trust (December 31, 2013 - $6.8 million). In return for this grant, the Trust has agreed to provide 54 of the 109 units at rents to be 10% below the average market rates for Calgary ("affordable units") for a term of 20 years.

In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units. For the three and nine months ended September 30, 2014, $94 thousand and $283 thousand, respectively, was recognized in profit under rental revenue for this grant ($nil – three and nine months ended September 30, 2013).

NOTE 12: 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 7.

The Trust has the following capital securities outstanding:

	Units outstanding Sept 30, 2014	**Monthly Distribution**	Units outstanding Dec 31, 2013	Monthly Distribution
Boardwalk REIT Units	**47,542,727**	**$0.17/unit**	47,919,964	$0.165/unit
Special Voting Units	**4,475,000**	**N/A**	4,475,000	N/A

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

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

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

For the nine months ended September 30, 2014, Boardwalk REIT purchased and cancelled the following Trust Units:

	9 months ended September 30, 2014		
Bid Number	**Number of Trust Units Purchased and Cancelled**	**Purchase Cost**	**Cost per Trust Unit**
7	**432,100**	**$ 28,902**	**$ 66.89**

The Trust did not purchase for cancellation any Trust Units for the year ended December 31, 2013.

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, 2014 (to be paid on November 15, 2014) totaled $8.1 million ($0.17 per unit) and have not been included as a liability in the consolidated statement of financial position as at September 30, 2014.

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

For the three and nine months ended September 30, 2014 and 2013, AOCI consists of the following amounts:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	9 months ended Sept 30, 2014	9 months ended Sept 30, 2013
AOCI, beginning of period	$ (2,245)	$ (4,311)	$ (3,459)	$ (5,608)
Change in fair value of the effective portion of the interest rate swaps	602	359	1,789	1,621
Losses on settlement of effective bond forward	9	9	36	44
AOCI, end of period	$ (1,634)	$ (3,943)	$ (1,634)	$ (3,943)

(b) Earnings per unit

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	9 months ended Sept 30, 2014	9 months ended Sept 30, 2013
Numerator – continuing operations				
Profit from continuing operations – basic	$ 55,421	$ 155,802	$ 250,317	$ 354,801
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 from continuing operations – diluted	$ 55,421	$ 154,972	$ 250,317	$ 330,439
Numerator – discontinued operations				
Profit (loss) from discontinued operations – basic and diluted	$ (319)	$ 3,442	$ 11,200	$ 10,440
Denominator				
Weighted average units outstanding – basic	47,724,359	47,896,129	47,856,672	47,876,899
Conversion of LP Class B units	–	4,475,000	–	4,475,000
Unexercised deferred units	–	2,655	–	904
Weighted average units outstanding – diluted	47,724,359	52,373,784	47,856,672	52,352,803
Earnings per unit – continuing operations				
– basic	$ 1.16	$ 3.25	$ 5.23	$ 7.41
– diluted	$ 1.16	$ 2.96	$ 5.23	$ 6.31
Earnings (loss) per unit – discontinued operations				
– basic	$ (0.01)	$ 0.07	$ 0.23	$ 0.22
– diluted	$ (0.01)	$ 0.07	$ 0.23	$ 0.20

All dilutive elements were included in the calculation of diluted per unit amounts. For the three and nine months ended September 30, 2014, 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, and as such they were excluded in determining diluted earnings 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.

NOTE 13: FINANCING COSTS

Financing costs are comprised of interest on mortgages payable, distributions paid to the LP Class B Unitholders and other interest charges. Financing costs are net of interest income earned. Financing costs total $21.3 million and $64.8 million for the three and nine months ended September 30, 2014, respectively ($21.9 million and $66.9 million for the three and nine months ended September 30, 2013, respectively) and can be summarized as follow:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sept 30, 2013
Interest on secured debt (mortgages payable)	**$ 19,289**	$ 19,792	**$ 58,350**	$ 60,596
LP Class B unit distribution	**2,282**	2,215	**6,824**	6,623
Other interest charges	**346**	387	**1,110**	1,150
Interest income	**(604)**	(490)	**(1,526)**	(1,443)
Total	**$ 21,313**	$ 21,904	**$ 64,758**	$ 66,926

NOTE 14: FAIR VALUE GAINS

The components of fair value gains were as follow:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sept 30, 2013
Investment properties	**$ 28,799**	$ 112,345	**$ 171,919**	$ 209,862
Financial liabilities designated as FVTPL				
Deferred unit-based compensation	**(568)**	(148)	**(1,843)**	192
LP Class B Units	**(16,289)**	3,043	**(40,499)**	30,967
Total fair value gains	**$ 11,942**	$ 115,240	**$ 129,577**	$ 241,021

NOTE 15: GUARANTEES, CONTINGENCIES, COMMITMENTS AND OTHER

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

Natural Gas:

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

Electrical:

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

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust, most of which are minor in nature. Management and the Trust’s legal counsel evaluate all claims on their apparent merits, and accrue management’s best estimate of the estimated costs to satisfy such claims. Management believes the outcome of claims of this nature at September 30, 2014 will not have a material impact on the Trust.

In the normal course of business, various agreements may be entered that may contain features that meet the definition of a contingent liability in accordance with IFRS. With the BC Property Portfolio sale, mortgage balances totaling approximately $62.0 million were assumed by the purchaser. Two of the three mortgages assumed by the purchaser have an indirect guarantee provided to the lender until these mortgages are renewed or refinanced by the purchaser, whichever occurs sooner. The term maturity date is February 1, 2015 with a mortgage balance of approximately $16.4 million on one and October 1, 2022 with a mortgage balance of approximately $23.2 million on the other. In the event of default by the purchaser, the Trust would be liable for the outstanding mortgage balance. These guarantees are considered contingent liabilities as payment of the amount will only occur if the purchaser defaults. If the purchaser does not default, the balance is not payable. Boardwalk REIT's maximum exposure at September 30, 2014 is approximately $39.6 million (December 31, 2013 - $nil). In the event of default by the purchaser, Boardwalk REIT's recourse for recovery includes the sale of the respective building assets. Boardwalk REIT expects that the proceeds from the sale of the building assets will cover, and in most likelihood exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at September 30, 2014, no amounts have been recorded in the condensed consolidated financial statements with respect to the above noted indirect guarantees.

NOTE 16: 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	**Sept 30, 2014**	Dec 31, 2013
Consolidated EBITDA[1] (12 months ended)	**$ 260,322**	$ 257,827
Consolidated interest expense (12 months ended)	**78,802**	81,813
Interest coverage ratio	**3.30**	3.15
Minimum threshold	**1.50**	1.50

(1) Earnings Before Interest, Taxes, Depreciation and Amortization, excluding gains (losses) on the sale of assets. EBITDA is a non-IFRS measure.

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, 2014, the Trust's weighted average cost of capital was 4.00%.

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

As at	**September 30, 2014**		December 31, 2013	
	Cost of Capital[1]	**Underlying Value[2]**	Cost of Capital[1]	Underlying Value[2]
Liabilities				
Mortgages payable	**3.43%**	**$ 2,239,472**	3.46%	$ 2,294,167
LP Class B Units	**4.35%**	**308,328**	4.83%	267,829
Deferred unit-based compensation	**4.35%**	**8,778**	4.83%	8,325
Unitholders' equity				
Boardwalk REIT Units	**4.35%**	**3,275,694**	4.83%	2,868,010
Total	**4.00%**	**$ 5,832,272**	4.25%	$ 5,438,331

(1) As a percentage of average carrying value unless otherwise noted.

(2) Underlying value of liabilities represents carrying value or the cost to retire on maturity. Underlying value of equity is based on the closing unit price of the Trust's Units.

Mortgages payable – These are the mortgages outstanding on the Trust's investment properties. The debt is primarily fixed rate debt and approximately 99% of this debt at September 30, 2014 is insured under the National Housing Act ("NHA"). These financings are typically structured on a loan to appraised value basis of between 75-80%. The Trust currently has a level of indebtedness of approximately 37% of the fair value of the Trust's investment properties. This level of indebtedness is considered by the Trust to be within its target.

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

As outlined in NOTE 18 (d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at September 30, 2014 included cash on hand of $160.5 million (December 31, 2013 – $131.1 million) as well as an unused committed revolving credit facility of $195.8 million (December 31, 2013 – $195.8 million). The Trust monitors its ratios and, as at September 30, 2014 and December 31, 2013, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 17: FAIR VALUE MEASUREMENT

(a) Fair value of financial instruments

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

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

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

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

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

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in estimates could significantly affect fair values. The significant financial instruments of Boardwalk REIT and their carrying values as at September 30, 2014 and December 31, 2013 are as follows:

As at	**September 30, 2014**		December 31, 2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial liabilities carried at amortized cost				
Mortgages payable	**$ 2,180,475**	**$ 2,239,472**	$ 2,261,412	$ 2,294,167
Financial liabilities carried at FVTPL				
LP Class B Units	**308,328**	**308,325**	267,829	267,829
Other non-current liabilities	**1,575**	**1,575**	3,364	3,364
Deferred unit-based compensation	**8,778**	**8,778**	8,325	8,325

The fair value of the Trust's mortgages payable exceeded the recorded value by approximately $59.0 million at September 30, 2014 (December 31, 2013 - $32.8 million), due to changes in interest rates since the dates on which the individual mortgages were last contracted. The fair values of the mortgages payable have been estimated based on the current market rates for mortgages with similar terms and conditions. The fair value of the Trust's mortgages payable is an amount computed based on the interest rate environment prevailing at September 30, 2014 and December 31, 2013, respectively; the amount is subject to change and the future amounts will converge. There are no additional costs or penalties to Boardwalk REIT if the mortgages are held to maturity.

As at September 30, 2014 and December 31, 2013, the Trust had no embedded derivatives requiring separate recognition.

The nature of these financial instruments and the Trust's operations expose the Trust to certain principal financial risks. The main objective of the Trust's risk management process is to properly identify financial risks and minimize the exposure to potential losses arising from those risks. The principal financial risks to which the Trust is exposed are described in NOTE 18.

(b) Assets and liabilities measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position is as follows:

As at	**September 30, 2014**			December 31, 2013		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	–	–	**$ 5,831,491**	–	–	$ 5,745,207
Liabilities						
LP Class B Units	**308,328**	–	–	267,829	–	–
Other non-current liabilities	–	**1,575**	–	–	3,364	–
Deferred unit-based compensation	**8,778**	–	–	8,325	–	–

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

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For the nine months ended September 30, 2014 and 2013, there were no transfers of assets or liabilities between Level 1, Level 2 and Level 3.

NOTE 18: RISK MANAGEMENT

(a) Interest rate risk

As at September 30, 2014, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at September 30, 2014, 100% was fixed-rate debt and none was floating-rate debt. For the three and nine months ended September 30, 2014, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (three and nine months ended September 30, 2013 – $nil).

During the second quarter of 2014, the Trust forward-locked the interest rate to 2.56% for 5 years on its Nun's Island property portfolio. The mortgage secured by the Trust's Nun's Island property portfolio has a principal balance outstanding of $196.2 million as at September 30, 2014, currently carries an interest rate of 3.55% and matures on November 1, 2014.

(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, 2014 and December 31, 2013, 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 consolidated statement of comprehensive income as part of operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses during the period of settlement. As tenant receivables are typically written off after 60 days, none of the balance is considered to be past due by the Trust. For the three months ended September 30, 2014, bad debt expense totaled $0.9 million (three months ended September 30, 2013 – $0.9 million). For the nine months ended September 30, 2014, bad debt expense totaled $2.5 million (nine months ended September 30, 2013 - $2.4 million).

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

(c) Liquidity risk

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

Year of Maturity	Weighted average interest rate	Mortgage principal outstanding	Mortgage interest (1)	Deferred unit-based compensation	Tenants' security deposits	Distribution Payable	Trades and other payables	Total
2014	3.45%	$ 226,411	$ 17,778	$ 175	$ 16,404	$ 8,082	$ 50,238	$ 319,088
2015	3.73%	415,262	60,073	–	–	–	–	475,335
2016	3.89%	265,810	46,554	–	–	–	–	312,364
2017	2.92%	310,705	36,574	–	–	–	–	347,279
2018	3.27%	178,032	28,801	–	–	–	–	206,833
Subsequent	3.37%	859,393	72,898	–	–	–	–	932,291
	3.43%	2,255,613	262,678	175	16,404	8,082	50,238	2,593,190
Unamortized deferred financing costs		(75,204)	–	–	–	–	–	(75,204)
Unamortized mark-to-market adjustment		66	–	–	–	–	–	66
		$ 2,180,475	$ 262,678	$ 175	$ 16,404	$ 8,082	$ 50,238	$ 2,518,052

(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, 2014 of approximately $677.6 million). The amount available through the committed revolving credit facility varies with the value of the pledged assets, with a maximum limit not to exceed $200.0 million and an available limit of $195.8 million as at September 30, 2014 (December 31, 2013 - $195.8 million). The revolving facility requires monthly interest payments, was initially for a three-year term maturing on July 27, 2016 (which was extended to July 27, 2017 in the third quarter of 2014), 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, 2014, this ratio was 2.07 (December 31, 2013 – 2.03).

(ii) The Trust will maintain a Debt Service Coverage Ratio, specific to the Security Portfolio of at least 1.15 (tested semi-annually). As at June 30, 2014, this ratio was 1.92 (December 31, 2013 – 1.80).

(iii) Total indebtedness of the Trust will not exceed 75% of the Gross Book Value ("GBV") of all assets for the two most recent quarters as defined in the credit agreement. The calculation of the components of Debt to GBV in accor-

dance with the credit agreement is similar to that previously defined in the DOT as outlined in NOTE 16; however, the credit facility uses the two most recent quarters to calculate GBV. As at September 30, 2014, this ratio was 35.9% (December 31, 2013 – 37.8%).

As at September 30, 2014 and December 31, 2013, the Trust was in compliance with all covenants.

(e) Utility risk

As outlined in NOTE 15, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 19: 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, 2014, have not changed since December 31, 2013. The remuneration of the Trust's key management personnel was as follows:

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	**9 months ended Sept 30, 2014**	9 months ended Sept 30, 2013
Short-term benefits	**$ 261**	$ 252	**$ 852**	$ 822
Post-employment benefits	**12**	12	**36**	36
Other long-term benefits	**1**	1	**4**	4
Deferred unit-based compensation	**–**	–	**1,203**	1,380
	$ 274	$ 265	**$ 2,095**	$ 2,242

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, the LP B Units issued by a wholly owned subsidiary of the Trust are considered financial liabilities, and are reclassified from equity to liabilities on the consolidated financial statements. Additionally, as the LP Class B Units are liabilities, all distributions paid are recorded as a financing charge under IFRS. For the three and nine months ended September 30, 2014, distributions on the LP Class B Units totaled $2.3 million and $6.8 million, respectively (three and nine months ended September 30, 2013 – $2.2 million and $6.6 million, respectively). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at September 30, 2014, there was $761 thousand owed to related parties (December 31, 2013 – $738 thousand) based on the LP Class B Units distribution outlined above.

NOTE 20: OTHER INFORMATION

(a) Supplemental cash flow information

	3 months ended Sept 30, 2014	3 months ended Sept 30, 2013	9 months ended Sept 30, 2014	9 months ended Sept 30, 2013
Net change in operating working capital				
Net change in inventories	**$ 70**	$ (118)	**$ (112)**	$ (309)
Net change in prepaid assets	**(117)**	1,288	**386**	(90)
Net change in trade and other receivables	**(812)**	(1,052)	**(2,760)**	(1,630)
Net change in segregated and refundable tenants' security deposits	**88**	10	**112**	52
Net change in deferred unit-based compensation	**457**	416	**2,069**	1,651
Net change in trade and other payables	**256**	1,326	**(2,960)**	(1,699)
	$ (58)	$ 1,870	**$ (3,265)**	$ (2,025)
Net change in investing working capital				
Net change in trade and other payables	**$ 978**	$ 4,413	**$ (709)**	$ 5,180
Net change in financing working capital				
Net change in trade and other payables	**$ 124**	$ (3)	**$ 112**	$ 109

(b) Included in administration costs is $0.6 million relating to RRSP matching for the three months ended September 30, 2014 and $1.8 million for the nine months ended September 30, 2014 ($0.6 million and $1.7 million for the three and nine months ended September 30, 2013, respectively).

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.

Details of segmented information are as follows:

As at	September 30, 2014						
	Alberta	**British Columbia**	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 4,083,934**	**$ –**	**$ 724,802**	**$ 336,169**	**$ 753,746**	**$ 146,828**	**$ 6,045,479**
Liabilities	**1,517,404**	**–**	**264,438**	**118,474**	**322,700**	**357,369**	**2,581,189**

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

	Three months ended September 30, 2014					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue	**$ 73,879**	**$ 15,444**	**$ 10,240**	**$ 17,625**	**$ 41**	**$ 117,229**
Ancillary rental income	**1,099**	**118**	**208**	**233**	**(2)**	**1,656**
Total rental revenue	**74,978**	**15,562**	**10,448**	**17,858**	**39**	**118,885**
Rental expenses						
Operating expenses	**13,895**	**2,867**	**1,829**	**4,170**	**826**	**23,587**
Utilities	**5,492**	**1,033**	**1,623**	**795**	**131**	**9,074**
Property taxes	**6,062**	**1,097**	**1,344**	**1,845**	**34**	**10,382**
Net operating income (loss)	**49,529**	**10,565**	**5,652**	**11,048**	**(952)**	**75,842**
Financing costs (a)	**13,132**	**2,503**	**999**	**2,702**	**1,977**	**21,313**
Administration	**45**	**(3)**	**9**	**10**	**7,778**	**7,839**
Depreciation and amortization (b)	**832**	**152**	**70**	**1,073**	**1,011**	**3,138**
Profit (loss) from continuing operations before the undernoted	**35,520**	**7,913**	**4,574**	**7,263**	**(11,718)**	**43,552**
Loss on sale of assets	**–**	**–**	**–**	**–**	**–**	**–**
Fair value gains (losses)	**35,816**	**(8,089)**	**(203)**	**1,275**	**(16,857)**	**11,942**
Profit (loss) from continuing operations before income tax expense	**71,336**	**(176)**	**4,371**	**8,538**	**(28,575)**	**55,494**
Income tax expense (c)	**–**	**–**	**–**	**–**	**(73)**	**(73)**
Profit (loss) from continuing operations	**71,336**	**(176)**	**4,371**	**8,538**	**(28,648)**	**55,421**
Loss from discontinued operations, net of tax	**–**	**–**	**–**	**–**	**(319)**	**(319)**
Profit (loss) for the period	**71,336**	**(176)**	**4,371**	**8,538**	**(28,967)**	**55,102**
Other comprehensive income	**349**	**262**	**–**	**–**	**–**	**611**
Total comprehensive income (loss)	**$ 71,685**	**$ 86**	**$ 4,371**	**$ 8,538**	**$ (28,967)**	**$ 55,713**
Additions to non-current assets (d)	**$ 13,969**	**$ 2,871**	**$ 1,919**	**$ 3,822**	**$ 1,387**	**$ 23,968**

	Three months ended September 30, 2013					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 69,520	$ 15,120	$ 10,083	$ 17,458	$ 52	$ 112,233
Ancillary rental income	1,150	168	194	242	–	1,754
Total rental revenue	70,670	15,288	10,277	17,700	52	113,987
Rental expenses						
Operating expenses	12,427	2,482	1,866	4,052	1,377	22,204
Utilities	4,779	1,213	1,524	844	121	8,481
Property taxes	5,877	1,100	1,251	1,791	47	10,066
Net operating income (loss)	47,587	10,493	5,636	11,013	(1,493)	73,236
Financing costs (a)	13,376	2,561	1,122	2,807	2,038	21,904
Administration	18	9	6	13	7,682	7,728
Depreciation and amortization(b)	846	151	77	928	952	2,954
Profit (loss) from continuing operations before the undernoted	33,347	7,772	4,431	7,265	(12,165)	40,650
Fair value gains (losses)	95,853	14,713	1,606	173	2,895	115,240
Profit (loss) from continuing operations before income tax expense	129,200	22,485	6,037	7,438	(9,270)	155,890
Income tax expense (c)	–	–	–	–	(88)	(88)
Profit (loss) from continuing operations	129,200	22,485	6,037	7,438	(9,358)	155,802
Profit from discontinued operations, net of tax	–	–	–	–	3,442	3,442
Profit (loss) for the period	129,200	22,485	6,037	7,438	(5,916)	159,244
Other comprehensive income	208	160	–	–	–	368
Total comprehensive income (loss)	$ 129,408	$ 22,645	$ 6,037	$ 7,438	$ (5,916)	$ 159,612
Additions to non-current assets (d)	$ 12,041	$ 3,110	$ 2,591	$ 4,363	$ 8,328	$ 30,433

	Nine months ended September 30, 2014					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue	**$ 218,543**	**$ 46,156**	**$ 30,641**	**$ 52,789**	**$ 159**	**$ 348,288**
Ancillary rental income	**3,270**	**444**	**641**	**716**	**33**	**5,104**
Total rental revenue	**221,813**	**46,600**	**31,282**	**53,505**	**192**	**353,392**
Rental expenses						
Operating expenses	**40,362**	**7,992**	**5,396**	**12,634**	**3,296**	**69,680**
Utilities	**19,838**	**4,016**	**5,802**	**5,108**	**425**	**35,189**
Property taxes	**16,901**	**3,212**	**3,981**	**5,532**	**104**	**29,730**
Net operating income (loss)	**144,712**	**31,380**	**16,103**	**30,231**	**(3,633)**	**218,793**
Financing costs (a)	**39,592**	**7,611**	**3,110**	**8,231**	**6,214**	**64,758**
Administration	**76**	**2**	**24**	**92**	**23,707**	**23,901**
Depreciation and amortization (b)	**2,559**	**489**	**207**	**3,109**	**2,880**	**9,244**
Profit (loss) from continuing operations before the undernoted	**102,485**	**23,278**	**12,762**	**18,799**	**(36,434)**	**120,890**
Loss on sale of assets	**(235)**	**–**	**–**	**–**	**–**	**(235)**
Fair value gains (losses)	**168,481**	**112**	**(539)**	**3,864**	**(42,341)**	**129,577**
Profit (loss) from continuing operations before income tax expense	**270,731**	**23,390**	**12,223**	**22,663**	**(78,775)**	**250,232**
Income tax expense (c)	**–**	**–**	**–**	**–**	**(95)**	**(95)**
Profit (loss) from continuing operations	**270,731**	**23,390**	**12,223**	**22,663**	**(78,870)**	**250,137**
Profit from discontinued operations, net of tax	**–**	**–**	**–**	**–**	**11,200**	**11,200**
Profit (loss) for the period	**270,731**	**23,390**	**12,223**	**22,663**	**(67,670)**	**261,337**
Other comprehensive income	**1,036**	**789**	**–**	**–**	**–**	**1,825**
Total comprehensive income (loss)	**$ 271,767**	**$ 24,179**	**$ 12,223**	**$ 22,663**	**$ (67,670)**	**$ 263,162**
Additions to non-current assets (d)	**$ 33,014**	**$ 7,560**	**$ 5,134**	**$ 7,286**	**$ 5,625**	**$ 58,619**

	Nine months ended September 30, 2013					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue	$ 205,355	$ 44,917	$ 30,390	$ 52,083	$ 163	$ 332,908
Ancillary rental income	3,339	490	617	718	1	5,165
Total rental revenue	208,694	45,407	31,007	52,801	164	338,073
Rental expenses						
Operating expenses	37,887	7,311	5,312	12,131	3,483	66,124
Utilities	16,631	3,919	5,155	4,375	319	30,399
Property taxes	15,862	3,136	4,005	5,244	96	28,343
Net operating income (loss)	138,314	31,041	16,535	31,051	(3,734)	213,207
Financing costs (a)	40,897	7,721	3,653	8,517	6,138	66,926
Administration	26	10	23	163	23,083	23,305
Depreciation and amortization(b)	2,777	469	223	2,711	2,620	8,800
Profit (loss) from continuing operations before the undernoted	94,614	22,841	12,636	19,660	(35,575)	114,176
Fair value gains (losses)	194,341	28,903	6,944	(20,327)	31,160	241,021
Profit (loss) from continuing operations before income tax expense	288,955	51,744	19,580	(667)	(4,415)	355,197
Income tax expense (c)	–	–	–	–	(396)	(396)
Profit (loss) from continuing operations	288,955	51,744	19,580	(667)	(4,811)	354,801
Profit from discontinued operations, net of tax	–	–	–	–	10,440	10,440
Profit (loss) for the period	288,955	51,744	19,580	(667)	5,629	365,241
Other comprehensive income	939	726	–	–	–	1,665
Total comprehensive income (loss)	$ 289,894	$ 52,470	$ 19,580	$ (667)	$ 5,629	$ 366,906
Additions to non-current assets (d)	$ 28,456	$ 7,270	$ 5,873	$ 10,352	$ 18,464	$ 70,415

(a) Financing costs

Financing costs were as follows:

	Three months ended September 30, 2014					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 13,095**	**$ 2,499**	**$ 999**	**$ 2,696**	**$ –**	**$ 19,289**
LP Class B unit distribution	**–**	**–**	**–**	**–**	**2,282**	**2,282**
Other interest charges	**37**	**4**	**–**	**6**	**299**	**346**
Interest income	**–**	**–**	**–**	**–**	**(604)**	**(604)**
Total	**$ 13,132**	**$ 2,503**	**$ 999**	**$ 2,702**	**$ 1,977**	**$ 21,313**

	Three months ended September 30, 2013					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 13,342	$ 2,556	$ 1,096	$ 2,799	$ (1)	$ 19,792
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	$ 2,561	$ 1,122	$ 2,807	$ 2,038	$ 21,904

	Nine months ended September 30, 2014					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 39,484**	**$ 7,597**	**$ 3,059**	**$ 8,210**	**$ –**	**$ 58,350**
LP Class B unit distribution	**–**	**–**	**–**	**–**	**6,824**	**6,824**
Other interest charges	**108**	**14**	**51**	**21**	**917**	**1,111**
Interest income	**–**	**–**	**–**	**–**	**(1,527)**	**(1,527)**
Total	**$ 39,592**	**$ 7,611**	**$ 3,110**	**$ 8,231**	**$ 6,214**	**$ 64,758**

	Nine months ended September 30, 2013					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 40,797	$ 7,705	$ 3,576	$ 8,519	$ (1)	$ 60,596
LP Class B unit distribution	–	–	–	–	6,623	6,623
Other interest charges	100	16	77	23	934	1,150
Interest income	–	–	–	(25)	(1,418)	(1,443)
Total	$ 40,897	$ 7,721	$ 3,653	$ 8,517	$ 6,138	$ 66,926

(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

This relates to any current and deferred taxes.

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

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

NOTE 22: SUBSEQUENT EVENTS

Subsequent to September 30, 2014, the Board of Trustees approved a special distribution of $1.40 per Trust Unit, effective for Unitholders of record at December 31, 2014. The special distribution will be paid out on January 15, 2015.

NOTE 23: APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Trustees on November 12, 2014.

EXECUTIVE OFFICE

First West Professional Building
Suite 200, 1501 – 1 Street SW
Calgary, Alberta T2R 0W1
Phone: 403 531-9255
Investor Relations Toll Free:
1-855-626-6739
Fax: 403 531-9565
Web: www.BoardwalkREIT.com

BOARD OF TRUSTEES

SENIOR MANAGEMENT

BOARDWALK
RENTAL COMMUNITIES