
# Inspiring Solutions, Transforming Communities

2023 ANNUAL REPORT

boardwalk

Boardwalk Centre, Edmonton, AB

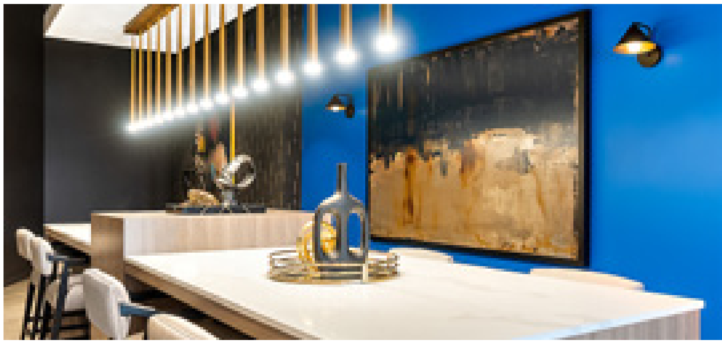
# Transforming Communities with Love Always

We are committed to leading our communities with innovation, transformation, and of course, Love Always.

## CORPORATE PROFILE

Boardwalk REIT ("Boardwalk", the "Trust") strives to be Canada's friendliest community provider and is a leading owner/operator of multi-family rental communities. Providing homes in more than 200 communities, with over 34,000 residential suites totaling over 29 million net rentable square feet, Boardwalk has a proven long-term track record of building better communities, where love always lives™. Our three-tiered and distinct brands: Boardwalk Living, Boardwalk Communities, and Boardwalk Lifestyle, cater to a large diverse demographic and has evolved to capture the life cycle of all Resident Members. Boardwalk's disciplined approach to capital allocation, acquisition, development, purposeful re-positioning, and management of apartment communities allows the Trust to provide its brand of community across Canada creating exceptional Resident Member experiences. Differentiated by its peak performance culture, Boardwalk is committed to delivering exceptional service, product quality and experience to our Resident Members who reward us with high retention and market leading operating results, which in turn, lead to higher free cash flow and investment returns, stable monthly distributions, and value creation for all our stakeholders.

Boardwalk REIT's Trust Units are listed on the Toronto Stock Exchange, trading under the symbol BEI.UN. Additional information about Boardwalk REIT can be found on the Trust's website at www.bwalk.com/investors.



**Boardwalk Centre, Edmonton, AB**

### TABLE OF CONTENTS

Boardwalk Centre, Edmonton, AB

# 2023 Highlights

**$666.1 million**
Profit

**$3.60**
FFO per Unit [1]

**15%**
Growth in FFO per Unit

**$4.3 billion**
Unitholders' Equity

**$84.41**
Net Asset Value per Unit [1]

**$527.0 million**
Total Available Liquidity at the end of 2023

**$60.3 million**
Property Acquisitions

**$126 million**
Investment in Capital Assets

**> 24%**
Management Ownership

**Boardwalk Centre, Edmonton, AB**

(1) Please refer to the section titled "Presentation of Non-GAAP Measures" in the MD&A for more information.

# Letter to Unitholders

Dear Unitholders,

## 2023 Year in Review

Guided by Love Always, we are pleased to have delivered outstanding performance in 2023 for both our Residents and Unitholders. Our inspirational team's relentless pursuit of providing the best product quality, service and experience to our Resident Members has led to another transformative year in our communities, and resulted in strong Funds from Operations ("FFO") per Unit. Key financial highlights for the year include:

- Rental Revenue of $545.7 million, +9.9% from 2022
- Profit of $666.1 million
- Net Operating Income of $333.0 million, +15.4% from 2022
- Same Property Rental Revenue of $532.0 million, +8.8% from 2022
- Same Property Net Operating of $329.5 million, +13.7% from 2022
- Operating Margin of 61.0%, compared to 58.2% in 2022
- Funds from Operations per Unit of $3.60, +15.0% from 2022
- Net Asset Value per Unit of $84.41, +18.3% from 2022
- Unitholders' Equity of $4.3 billion

Our largest markets of Edmonton and Calgary continued to see an influx of new residents throughout the year, driven by the affordability of housing relative to other major urban centers, an attractive lifestyle, and employment opportunities across a wide array of industries as the economy continues to diversify over time. Throughout 2023, occupancy levels improved significantly in both Edmonton and Calgary due to a continued demand-supply imbalance, as new construction has not kept pace with strong population growth from both international and interprovincial migration.

"Resident Members are at the core of the Trust's success and creating homes where Love Always Lives is the best way to create sustainable returns for our Unitholders."

**Sam Kolias, Chairman and Chief Executive Officer**

Boardwalk Centre, Edmonton, AB

**Boardwalk Centre, Edmonton, AB**

## Working Collaboratively Toward Solutions for Canadians

2023 was an inspirational year for developing collaborative housing solutions with our partners in housing and various levels of government. The Trust is proud to have been a founding member alongside its peers of the Canadian Rental Housing Providers for Affordable Housing (foraffordable.ca) to increase educational efforts on solutions that can help solve the housing supply crisis. Boardwalk continues to work with various levels of government and other partners on innovative solutions that can help ensure we are continuing to provide and deliver additional affordable housing to those who need it the most. We look forward to further progress in 2024.

## Our Unique Business Model

Resident Members are at the core of the Trust's success and creating homes where Love Always Lives is the best way to create sustainable returns for our Unitholders. In 2023, our Residents continued to provide us with consistent positive feedback on their experience with us. Our NPS score of 85 for the year is a record for the Trust. We recognize the importance of this balance over the longer term and continue to self-moderate the pace of rental adjustments on both new leases and lease renewals in our non-price controlled markets. This approach is a win-win for all our stakeholders, providing our Residents with sustainable rental adjustments, while increasing the length of our organic growth runway for unitholders.

The Trust also believes the best and most cost-effective source of capital for re-investment in its communities is the cash flow generated by its operations. The Trust employs a maximum cash flow retention policy (distributions paid to unitholders limited to the minimum required for tax purposes) in order to further improve its communities for Residents and compound returns for Unitholders.

## Capital Allocation

We continue to improve the quality of our communities, while further compounding organic growth through our value-add capital investments, which continue to exceed our targeted return thresholds. As turnover has declined, the focus has shifted toward investments that support a more sustainable future while enhancing returns for Unitholders through reduced operating expenses. A few examples include building envelope improvements and sub-metering initiatives. We also continue to invest in common area revitalizations that enhance the livability of our communities for existing and future Residents. Our three distinct brands, Boardwalk Living, Communities and Lifestyle provide attractive housing options for renters across the affordability continuum, while limiting the volatility of the Trust's results over time.

# OUR GOALS AND 2023 RESULTS

## 1. Organic Growth

- Rental revenue growth of 9.9%
- Achieved same property NOI growth of 13.7%
- Expansion of Operating Margin to 61.0%, compared to 58.2% in the prior year

## 2. Accretive Capital Recycling

- Re-invested $93.7 million of value-add capital into our communities
- Acquired 124 suites in Langford, BC, removed conditions on 295 suites in Calgary, AB
- Delivered Tower 2 of 45 Railroad development in Brampton, ON

## 3. Solid Financial Foundation

- 96% of mortgages are CMHC insured
- Liquidity of $527.0 million as at February 2024
- Interest coverage at 2.83

## 4. Compelling Value

- Repositioned/renovated 10 properties and renovated 1,089 suites
- Net Asset Value per Unit(1) growth of 18.3%
- Average Occupied Rent of $1,388 as of December 2023

## 5. Creating Stakeholder Value

- Profit of $666,099
- FFO(1) of $181,353; AFFO(1) of $149,098
- FFO per Unit(1) of $3.60 (Initial 2023 Guidance range of $3.25 to $3.45)
- AFFO per Unit(1) of $2.96 (Initial 2023 Guidance range of $2.59 to $2.79)
- Outperformance relative to peers; 2023 total return of 47.0% compared to S&P/TSX Capped REIT Index of -2.4%

Boardwalk Centre, Edmonton, AB

(1) A non-GAAP measure. Please refer to the Trust's Management Discussion & Analysis for the years ended December 31, 2023 and 2022 for definitions, reconciliations and the basis of presentation of Boardwalk REIT's non-GAAP measures.

From an external growth perspective, the Trust continues to target opportunistic acquisitions that are accretive to FFO per unit over the short term, and Net Asset Value per unit over the short to medium term. During 2023, the Trust completed the acquisition of the newly-built The Vue community in Langford, British Columbia and also removed conditions on the acquisition of The Circle community in Calgary, Alberta, which closed during the first quarter of 2024. Both acquisitions increase the scale of the Trust's portfolio in the surrounding, rapidly growing, regions where it has an existing presence.

As part of its long-term growth strategy, the Trust maintains a selective development pipeline in order to incrementally improve the quality and breadth of its product offering over time and scale up in supply-constrained markets. During 2023, the Trust completed construction on the second tower of its 45 Railroad community in Brampton, Ontario while progressing on the construction of its Aspire development in View Royal, British Columbia.

## Balance Sheet Strength

The Trust's growing cash flows over the last several years and maximum cash flow retention policy has compounded and improved the Trust's availability of capital to deploy on external growth opportunities to supplement its market-leading organic growth. Although interest rates remained elevated in 2023 compared to recent years, the Trust's disciplined approach in maintaining a well-laddered maturity curve on its mortgages has proven effective in minimizing mortgage renewal risk in any individual year. The Trust's presence in primarily non-price controlled markets has also increased its ability to offset higher interest costs. The Trust continues to utilize primarily Canada Mortgage and Housing Corporation (CMHC) insured mortgages which provide access to low-cost financing and limit renewal risk. As of the end of the year, approximately 96% of the Trust's outstanding mortgage principal balance is CMHC insured.

In December, the Trust completed its first equity issuance in approximately 17 years to capitalize on accretive growth opportunities, while further improving the Trust's balance sheet metrics. This positions the Trust for further success in 2024.

## 2024 Outlook

Heading into 2024, our outlook remains bright for building on our track record of delivering strong performance for our Residents and Unitholders. Housing fundamentals in our core markets continue to be strong with population growth significantly outpacing new construction over the medium-term. Our significant exposure to non-price controlled markets, paired with our sustainability focused self-moderation of rent adjustments on lease renewals and new leases, extends our runway for growth into future years while supporting further operating margin expansion.

Affordability, particularly in the Trust's largest market of Alberta, remains exceptional with rent-to-income ratios in Edmonton and Calgary well-below other major urban centers in Canada. At the provincial level, the government's fiscal surplus uniquely positions the province to invest in infrastructure to support ongoing population growth from both interprovincial and international sources.

Organic growth remains our primary value driver in 2024. With strong fundamentals across our core markets and continued evolution of our platform, we are confident that we can continue to provide Resident Members with the best value in housing. The increased liquidity following our recent equity issuance provides the Trust with an additional avenue to supplement its organic growth through re-deployment into opportunistic acquisitions.

As a result of this favorable outlook, the Trust is introducing its 2024 financial guidance as follows:

| | 2024 Guidance | 2023 Actual *(In $000's, except per Unit)* |
|---|---|---|
| Same Property NOI Growth | +10.0% to 14.0% | 13.7% |
| Profit | N/A | $666,099 |
| FFO (1)(2) | N/A | $181,353 |
| AFFO (1)(2) | N/A | $149,098 |
| FFO Per Unit (2) | $3.93 to $4.18 | $3.60 |
| AFFO Per Unit (2) | $3.30 to $3.55 | $2.96 |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in the MD&A for more information.

As a result of improving cash flow and higher taxable income, the Trust is increasing its regular monthly distribution by 23.1% to $0.12 per Unit or $1.44 per Unit on an annualized basis for the months of March, April and May 2024.


**Boardwalk Centre, Edmonton, AB**

Boardwalk's Trust Units are currently trading at an equivalent value of $204,000 per suite, and at an approximate 4.8% cap rate on our most recent fiscal year NOI. This compares to our estimated NAV of approximately $222,000 per suite which represents a 4.4% cap rate on our last 12 months of NOI. This continues to represent strong value in the multi-family space given the quality of the Trust's asset base, growth profile, and transactions in the private market.

Thank you to you, our Unitholders, for your ongoing trust and support, as we continue to focus on delivering strong and sustainable financial performance.

Thank you to our lending partners, our various levels of government, and CMHC, who are invaluable in achieving our common goal of providing affordable housing options and best product quality, service and experience to our Resident Members.

Thank you to our amazing Boardwalk Team who relentlessly strive to deliver the best communities to call home.

And lastly, thank you to our Resident Members for the ultimate honor, making Boardwalk your community provider of choice.

With Love Always,

**sam kolias**

# Communities in Motion

The cover of this report features the powerful new Communities in Motion mark. Each individual roof symbolizes a home – the essence of our welcoming communities. This roof is built with mutual respect and shared values between people of various races, cultures, genders, and orientation. It's a place where our Residents feel like they belong.

The colours represent our commitment to building better communities by embracing diversity, championing community, promoting sustainability, and giving back. A roof isn't just a shelter, it is a symbol of protection and unity. It represents a safe place where differences are not only celebrated but embraced, *where love aways lives*™.

## People

People are the heart of Boardwalk. We prioritize health and well-being, ensuring an environment where everyone feels safe, welcome, and heard.

## Places

Our Communities offer affordable, quality homes with optimized suites creating a welcoming home for our Resident Members.

## Planet

Our planet is a shared responsibility. Boardwalk is dedicated to a greener future, investing in energy-efficient technology, engaging the community in sustainable practices, and giving back more to the planet than we take.

## Play

Our commitment to play is built on our dedication to spreading our love always and having fun! We build strong Communities through strategic partnerships, Resident Member programming and community events.

*Join us in putting Communities in Motion, because our people, our places, our planet, and our play matter. Boardwalk – Building better communities, together.*

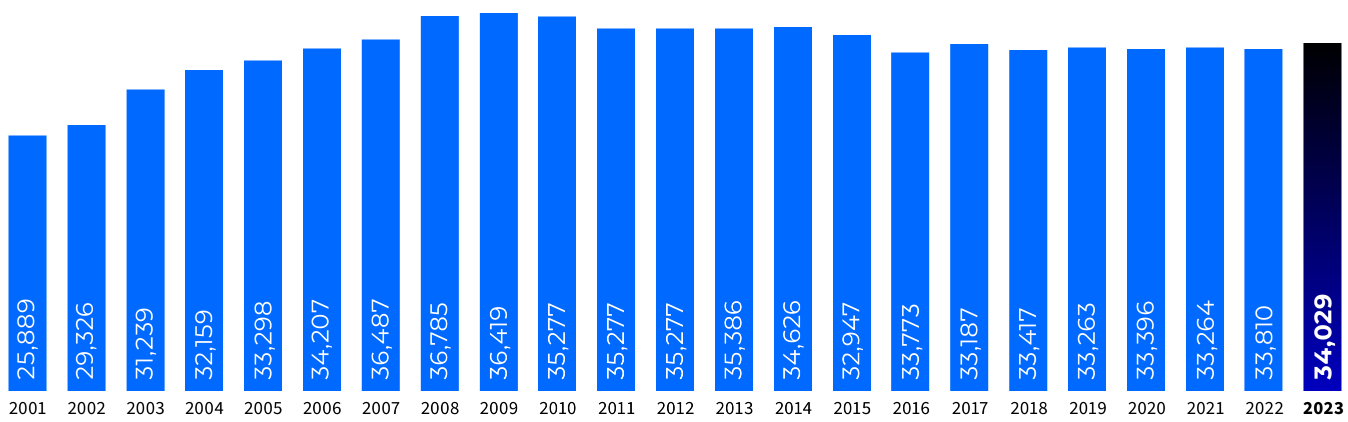
Our colourful Communities in Motion mark is a powerful reminder that the strongest, most vibrant communities emerge when we all come together as one.

Boardwalk Centre, Edmonton, AB

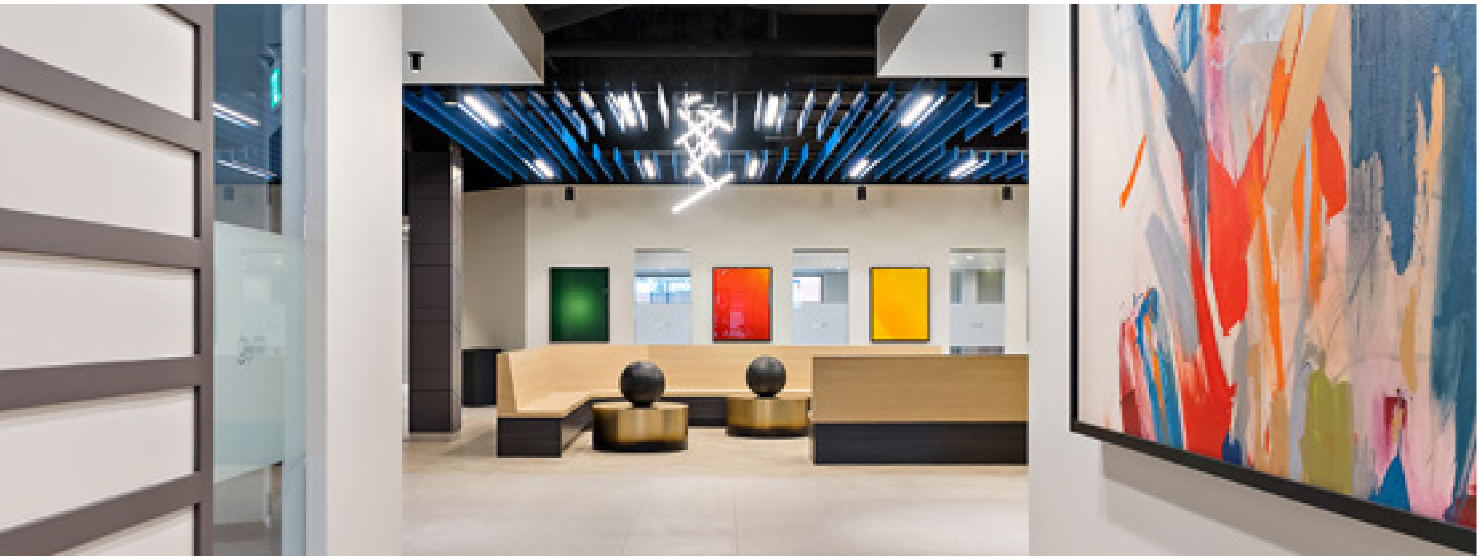
# Our Portfolio

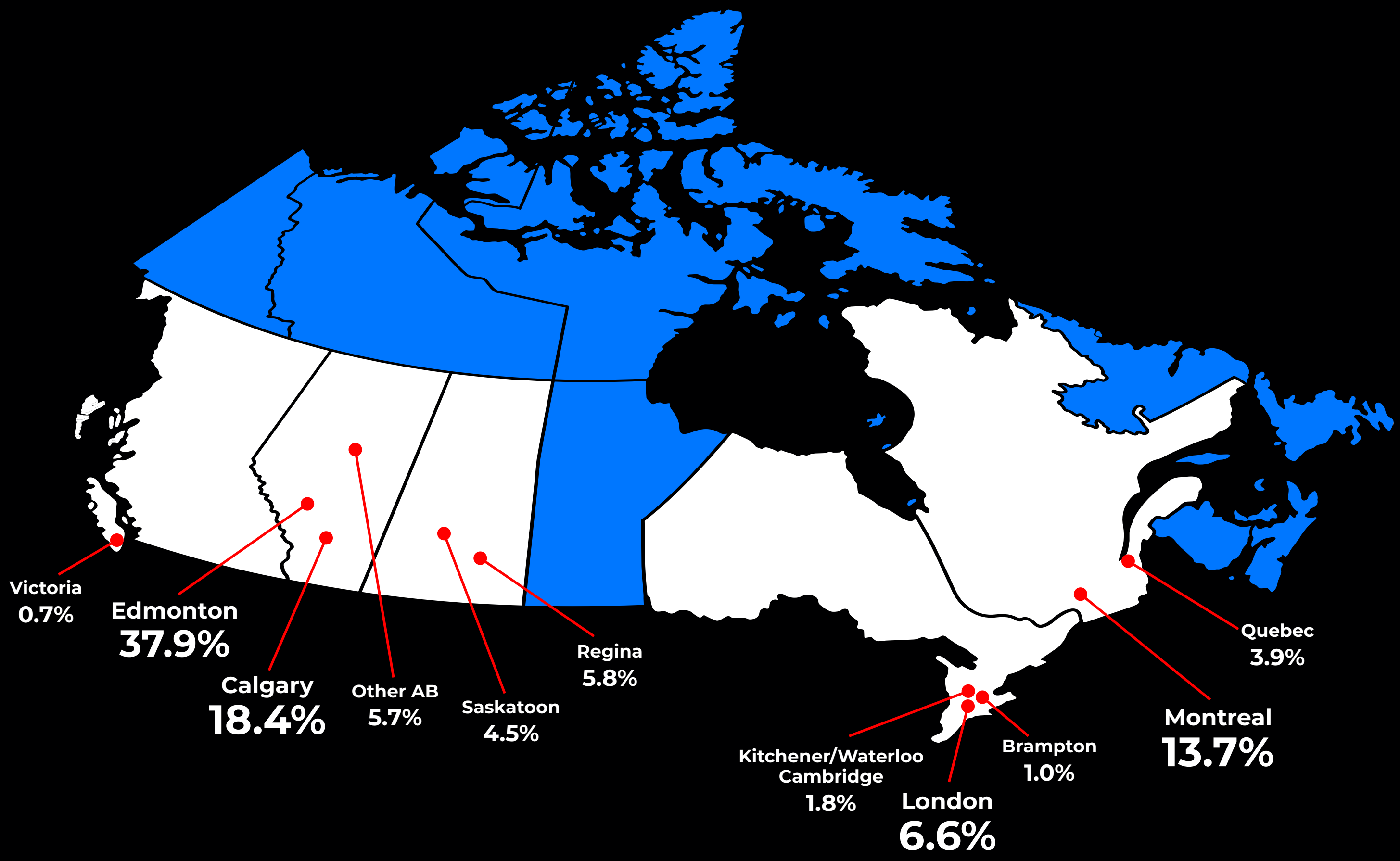
Comprised of over 34,000 apartment suites across Canada, with three distinct brands, Boardwalk aims to serve all rental demographics *where love always lives*™.

## RESIDENTIAL SUITES




**Boardwalk Centre, Edmonton, AB**






# BOARDWALK PORTFOLIO

**Edmonton/St. Albert/Spruce Grove**
12,882 | 37.9%

**Calgary/Airdrie/Canmore/Banff**
6,266 | 18.4%

**Montreal**
4,681 | 13.7%

**London**
2,256 | 6.6%

**Regina**
1,974 | 5.8%

**Red Deer/Fort McMurray/Grande Prairie**
1,936 | 5.7%

**Saskatoon**
1,531 | 4.5%

**Quebec City**
1,319 | 3.9%

**Kitchener/Waterloo/Cambridge**
611 | 1.8%

**Brampton**
335 | 1.0%

**Victoria**
238 | 0.7%

**Under development – Victoria**
Approximately 650 suites in various development stages

# Our Portfolio

## MULTI-FAMILY PROPERTY PORTFOLIO

| Victoria, BC | | | | | | |
|---|---|---|---|---|---|---|
| **Property [1]** | **Brand** | **Year of Renovation [2]** | **Building Type [3]** | **# of Suites** | **Net Rentable Sq. Ft.** | **Average Suite Size (Sq. Ft.)** |
| Aurora | Lifestyle | | Walk-Up | 114 | 95,756 | 840 |
| The Vue | Lifestyle | | Highrise | 124 | 122,815 | 990 |
| **Totals:** | | | | **238** | **218,571** | **880** |

| Edmonton, Spruce Grove & St. Albert, AB | | | | | | |
|---|---|---|---|---|---|---|
| **Property [1]** | **Brand** | **Year of Renovation [2]** | **Building Type [3]** | **# of Suites** | **Net Rentable Sq. Ft.** | **Average Suite Size (Sq. Ft.)** |
| West Edmonton Village | Living | 2021 | HR, WU & TH | 1,176 | 1,138,368 | 968 |
| Whitehall Square | Living | 2019 | HR & WU | 598 | 545,934 | 913 |
| Boardwalk Centre | Living | 2022 & 2023 | Highrise | 597 | 471,871 | 790 |
| Fairmont Village | Living | 2022 | Walk-Up | 424 | 362,184 | 854 |
| Meadowview Manor | Living | 2023 | Walk-Up | 348 | 284,490 | 818 |
| Sturgeon Point Villas | Living | 2022 | Walk-Up | 280 | 284,953 | 1,018 |
| Boardwalk Villages | Living | | Townhouse | 255 | 258,150 | 1,012 |
| Riverview Plaza | Living | 2020 | Walk-Up | 252 | 203,740 | 808 |
| Morningside Estates | Living | 2015 | Walk-Up | 223 | 167,064 | 749 |
| Sir William Place | Living | 2022 & 2023 | HR & WU | 220 | 126,940 | 577 |
| Pembroke Estates | Living | 2015 | Walk-Up | 198 | 198,360 | 1,002 |
| Greentree Village | Living | 2021 | Walk-Up | 192 | 156,000 | 813 |
| Maple Gardens | Living | 2020 | Walk-Up | 181 | 163,840 | 905 |
| Northridge Estates | Living | 2020 | Walk-Up | 180 | 103,270 | 574 |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

## Edmonton, Spruce Grove & St. Albert, AB (continued)

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Briarwynd Court | Living | | TH & WU | 172 | 144,896 | 842 |
| Westbrook Estates | Living | 2022 | Walk-Up | 172 | 148,616 | 864 |
| Galbraith House * | Living | 2021 | Highrise | 163 | 110,400 | 677 |
| Springwood Place Apartments | Living | 2019 | Lowrise | 160 | 122,640 | 767 |
| Lord Byron Towers | Living | 2022 & 2023 | Highrise | 158 | 133,994 | 848 |
| Corian Apartments | Living | 2020 | Garden | 153 | 167,400 | 1,094 |
| Primrose Lane Apartments | Living | 2020 | Walk-Up | 153 | 151,310 | 989 |
| Habitat Village | Living | | Townhouse | 151 | 129,256 | 856 |
| Meadowside Estates | Living | 2016 | Walk-Up | 148 | 104,036 | 703 |
| Lord Byron Townhouses | Living | | Townhouse | 147 | 172,369 | 1,173 |
| Cedarville Apartments | Living | 2020 | Walk-Up | 144 | 122,120 | 848 |
| Leewood Village | Living | | Walk-Up | 142 | 129,375 | 911 |
| Pinetree Village | Living | 2015 & 2020 | Walk-Up | 142 | 106,740 | 752 |
| Imperial Tower | Living | 2016 | Highrise | 138 | 112,050 | 812 |
| The Westmount | Living | 2022 & 2023 | Highrise | 133 | 124,825 | 939 |
| Tamarack East & West | Living | | Garden | 132 | 212,486 | 1,610 |
| Brookside Terrace | Living | | TH & WU | 131 | 196,779 | 1,502 |
| Redwood Court | Living | | Lowrise | 116 | 107,680 | 928 |
| Terrace Garden Estates | Living | 2015 | Walk-Up | 114 | 101,980 | 895 |
| Castleridge Estates | Living | 2015 | Townhouse | 108 | 124,524 | 1,153 |
| Kew Place | Living | | Walk-Up | 108 | 105,776 | 979 |
| Cambrian Place | Living | 2020 | Walk-Up | 105 | 105,008 | 1,000 |
| Monterey Pointe | Living | | Walk-Up | 104 | 83,548 | 803 |
| Parkview Estates | Living | | Townhouse | 104 | 88,432 | 850 |
| Victorian Arms | Living | | Walk-Up | 96 | 91,524 | 953 |
| The Palisades | Living | 2020 | Highrise | 94 | 77,200 | 821 |
| Westridge Estates B | Living | | Lowrise | 91 | 56,950 | 626 |
| Westridge Estates C | Living | | Lowrise | 90 | 56,950 | 633 |
| Castle Court | Living | | Walk-Up | 89 | 93,950 | 1,056 |
| West Edmonton Court | Living | | Walk-Up | 82 | 73,209 | 893 |
| Sandstone Pointe | Living | | Walk-Up | 81 | 83,800 | 1,035 |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

| Edmonton, Spruce Grove & St. Albert, AB (continued) | | | | | | |
|---|---|---|---|---|---|---|
| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
| Aspen Court | Living | | Walk-Up | 80 | 68,680 | 859 |
| Lorelei House | Living | 2020 | Walk-Up | 78 | 65,870 | 844 |
| Kingsway Tower | Living | 2022 | Highrise | 74 | 41,550 | 561 |
| Point West Townhouses | Living | | Townhouse | 69 | 72,810 | 1,055 |
| Village Plaza | Living | 2020 | Townhouse | 68 | 65,280 | 960 |
| Breton Manor | Living | | Walk-Up | 66 | 57,760 | 875 |
| Carmen | Living | 2022 | Walk-Up | 128 | 109,250 | 854 |
| Westridge Manor | Living | | Garden | 64 | 69,038 | 1,079 |
| Fontana Place | Living | | Lowrise | 62 | 40,820 | 658 |
| Suncourt Place | Living | | Walk-Up | 62 | 55,144 | 889 |
| Warwick Apartments | Living | | Walk-Up | 60 | 49,092 | 818 |
| Westborough Court | Living | | Walk-Up | 60 | 50,250 | 838 |
| Garden Oaks | Living | | Garden | 56 | 47,250 | 844 |
| Marlborough Manor | Living | 2020 & 2023 | Walk-Up | 56 | 49,582 | 885 |
| Westmoreland Apartments | Living | | Lowrise | 56 | 45,865 | 819 |
| Valley Ridge Tower | Living | | Highrise | 49 | 30,546 | 623 |
| Granville Square | Living | | Townhouse | 48 | 53,376 | 1,112 |
| Westwinds of Summerlea | Living | | Garden | 48 | 53,872 | 1,122 |
| Christopher Arms | Living | | Lowrise | 45 | 29,900 | 664 |
| Summerlea Place | Living | | Garden | 39 | 43,297 | 1,110 |
| Viking Arms | Community | 2018 | Highrise | 240 | 257,410 | 1,073 |
| Ermineskin Place | Community | 2020 | Highrise | 226 | 181,788 | 804 |
| Southgate Tower | Community | 2020 | Highrise | 170 | 153,385 | 902 |
| Wimbledon | Community | 2019 | Highrise | 165 | 117,216 | 710 |
| Capital View Tower | Community | 2019 | Highrise | 115 | 71,281 | 620 |
| Tower On The Hill | Community | 2019 | Highrise | 100 | 85,008 | 850 |
| Fort Garry House | Community | 2019 | Highrise | 93 | 70,950 | 763 |
| Maureen Manor | Community | | Highrise | 91 | 64,918 | 713 |
| Prominence Place | Community | 2018 | Highrise | 91 | 73,310 | 806 |
| Solano House | Community | 2018 | Highrise | 91 | 79,325 | 872 |
| Terrace Tower | Community | 2020 | Highrise | 84 | 66,000 | 786 |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

## Edmonton, Spruce Grove & St. Albert, AB (continued)

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Tower Hill | Community | 2020 | Highrise | 82 | 46,360 | 565 |
| Riverview Manor | Community | 2020 | Highrise | 81 | 62,092 | 767 |
| Deville Apartments | Community | 2020 | Highrise | 66 | 47,700 | 723 |
| Lansdowne Park | Community | 2020 | Midrise | 62 | 48,473 | 782 |
| The Edge | Lifestyle | 2020 | Lowrise | 182 | 163,103 | 896 |
| Park Place Tower | Lifestyle | 2019 | Highrise | 179 | 162,049 | 905 |
| Axxess | Lifestyle | | Lowrise | 165 | 149,565 | 906 |
| Vita Estates | Lifestyle | 2020 | Lowrise | 162 | 135,454 | 836 |
| Insignia Tower | Lifestyle | | Highrise | 124 | 112,864 | 910 |
| **Totals:** | | | | **12,882** | **11,352,470** | **881** |

## Calgary, Airdrie, Banff & Canmore, AB

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Russet Court | Living | 2018 | Garden | 206 | 213,264 | 1,035 |
| Radisson Village I | Living | 2019 | TH & WU | 124 | 108,269 | 873 |
| Radisson Village II | Living | 2019 | TH & WU | 124 | 108,015 | 871 |
| Radisson Village III | Living | 2019 | Townhouse | 118 | 124,379 | 1,054 |
| Vista Gardens | Living | 2020 | Townhouse | 100 | 121,040 | 1,210 |
| Travois Apartments | Living | 2021 | Walk-Up | 89 | 61,350 | 689 |
| Hillside Estates | Living | 2020 | Walk-Up | 76 | 58,900 | 775 |
| Pineridge Apartments | Living | 2019 | Lowrise | 76 | 52,275 | 688 |
| Flintridge Place | Living | 2018 | Midrise | 68 | 55,023 | 809 |
| Willow Park Gardens | Living | 2022 | Walk-Up | 66 | 44,563 | 675 |
| McKinnon Manor Apartments | Living | | Walk-Up | 60 | 43,740 | 729 |
| McKinnon Court Apartments | Living | 2021 | Walk-Up | 48 | 36,540 | 761 |
| Patrician Village | Community | 2018 | Walk-Up | 392 | 295,600 | 754 |
| Richmond Towers | Community | 2020 | HR & MR | 376 | 301,720 | 802 |
| Spruce Ridge Estates | Community | 2020 | Walk-Up | 284 | 196,464 | 692 |
| Oak Hill Estates | Community | 2020 | Townhouse | 240 | 236,040 | 984 |
| Boardwalk Heights | Community | 2018 | Highrise | 202 | 160,894 | 797 |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

| Calgary, Airdrie, Banff & Canmore, AB (continued) | | | | | | |
|---|---|---|---|---|---|---|
| **Property [1]** | **Brand** | **Year of Renovation [2]** | **Building Type [3]** | **# of Suites** | **Net Rentable Sq. Ft.** | **Average Suite Size (Sq. Ft.)** |
| O'Neil Tower | Community | 2019 | Highrise | 187 | 131,281 | 702 |
| Westwinds Village | Community | 2019 | Walk-Up | 180 | 137,815 | 766 |
| Tower Lane Terrace Apartments | Community | 2018 | Walk-Up | 163 | 130,920 | 803 |
| Ridgeview Gardens | Community | 2020 | Townhouse | 160 | 151,080 | 944 |
| The Level | Community | 2023 | Walk-Up | 158 | 114,550 | 725 |
| Northwest Pointe | Community | 2018 | Walk-Up | 150 | 102,750 | 685 |
| Skygate Tower | Community | 2018 & 2023 | Highrise | 142 | 113,350 | 798 |
| Boardwalk Retirement Community | Community | 2019 | Highrise | 124 | 82,130 | 662 |
| Lakeview Apartments | Community | 2021 | Walk-Up | 120 | 107,680 | 897 |
| Brentview Tower | Community | 2018 | Highrise | 115 | 69,310 | 603 |
| Broadway Centre | Community | 2018 | Highrise | 115 | 80,424 | 699 |
| Dorsett Square | Community | 2021 | Highrise | 109 | 98,948 | 908 |
| Spruce Ridge Gardens | Community | | Walk-Up | 109 | 86,351 | 792 |
| Lakeside Estates | Community | | Walk-Up | 89 | 77,732 | 873 |
| Glamorgan Manor | Community | 2022 | Walk-Up | 86 | 63,510 | 738 |
| Royal Park Plaza | Community | 2018 | Highrise | 86 | 66,137 | 769 |
| Mountainview Estates* | Community | | TH & WU | 81 | 75,624 | 934 |
| Elk Valley Estates* | Community | | Walk-Up | 76 | 53,340 | 702 |
| Prominence Place Apartments | Community | 2021 | Walk-Up | 75 | 55,920 | 746 |
| Randal House | Community | 2019 | Highrise | 70 | 56,600 | 809 |
| Varsity Place Apartments | Community | 2018 | Walk-up | 70 | 47,090 | 673 |
| Beddington Court | Community | 2020 | Walk-Up | 66 | 50,919 | 772 |
| Village Vale | Community | | Townhouse | 54 | 66,366 | 1,229 |
| Varsity Square Apartments | Lifestyle | 2018 | MR & LR | 297 | 241,128 | 812 |
| Auburn Landing | Lifestyle | 2023 | Lowrise | 238 | 209,976 | 882 |
| Peak Estates | Lifestyle | | Walk-Up | 148 | 149,689 | 1,011 |
| Chateau Apartments | Lifestyle | 2017 | Highrise | 145 | 110,545 | 762 |
| Centre Pointe West | Lifestyle | 2017 | Midrise | 123 | 110,611 | 899 |
| BRIO | Lifestyle | | Highrise | 81 | 71,500 | 883 |
| **Totals:** | | | | **6,266** | **5,131,352** | **819** |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

## Red Deer, Fort McMurray & Grande Prairie, AB

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Boardwalk Park Estates I | Living | | TH & WU | 369 | 306,850 | 832 |
| Prairie Sunrise | Living | 2022 | HR & WU | 244 | 201,992 | 828 |
| Canyon Pointe Apartments | Living | 2018 | Walk-Up | 163 | 114,039 | 700 |
| Riverbend Village Apartments | Living | | Walk-Up | 150 | 114,750 | 765 |
| Taylor Heights Apartments | Living | 2019 | Walk-Up | 140 | 103,512 | 739 |
| Chanteclair Apartments | Living | | Walk-Up | 79 | 68,138 | 863 |
| Inglewood Terrace Apartments | Living | | Lowrise | 68 | 42,407 | 624 |
| McMurray Manor | Living | | Lowrise | 44 | 30,350 | 690 |
| The Granada | Living | | Walk-Up | 44 | 35,775 | 813 |
| The Valencia | Living | | Walk-Up | 40 | 33,850 | 846 |
| Mallard Arms | Living | | Walk-Up | 36 | 30,497 | 847 |
| Boardwalk Park Estates II | Living | | Townhouse | 32 | 30,210 | 944 |
| Edelweiss Terrace | Living | | Walk-Up | 32 | 27,226 | 851 |
| Hillside Manor | Living | | Walk-Up | 30 | 21,248 | 708 |
| Birchwood Manor | Living | | Walk-Up | 24 | 18,120 | 755 |
| Heatherton Apartments | Living | | Walk-Up | 23 | 16,750 | 728 |
| Cloverhill Terrace | Community | 2018 | Midrise | 120 | 102,225 | 852 |
| Westridge Estates | Community | | Townhouse | 112 | 113,664 | 1,015 |
| Parke Avenue Square | Community | 2021 | Walk-up | 88 | 87,268 | 992 |
| Watson Tower | Community | 2017 | Midrise | 50 | 43,988 | 880 |
| Saratoga Tower | Community | 2019 | Midrise | 48 | 53,762 | 1,120 |
| **Totals:** | | | | **1,936** | **1,596,621** | **825** |

## Regina

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Wascana Park Estates | Living | | Townhouse | 316 | 303,360 | 960 |
| Qu'appelle Village III | Living | | Walk-Up | 180 | 144,160 | 801 |
| Centennial South | Living | | Garden | 170 | 129,080 | 759 |
| Qu'appelle Village I & II | Living | | TH & WU | 154 | 133,200 | 865 |
| Eastside Estates | Living | | Townhouse | 150 | 167,550 | 1,117 |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

## Regina (continued)

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Evergreen Estates | Living | | Walk-Up | 150 | 125,660 | 838 |
| Pines of Normanview | Living | 2021 | Garden | 133 | 115,973 | 872 |
| Lockwood Arms Apartments | Living | | Walk-Up | 96 | 69,000 | 719 |
| Grace Manors | Living | | Townhouse | 72 | 69,120 | 960 |
| Greenbriar Apartments | Living | 2020 | Walk-Up | 72 | 57,600 | 800 |
| Centennial West | Living | | Garden | 60 | 46,032 | 767 |
| The Meadows | Living | | Townhouse | 52 | 57,824 | 1,112 |
| Southpointe Plaza | Community | 2021 | Midrise | 140 | 117,560 | 840 |
| Pines Edge | Community | | Garden | 79 | 67,298 | 852 |
| Pines Edge II | Lifestyle | | Garden | 79 | 67,298 | 852 |
| Pines Edge III | Lifestyle | | Garden | 71 | 62,818 | 885 |
| **Totals:** | | | | **1,974** | **1,733,533** | **878** |

## Saskatoon

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Palace Gates | Living | | Walk-Up | 206 | 142,525 | 692 |
| Meadow Park Estates | Living | 2023 | Townhouse | 200 | 192,000 | 960 |
| Stonebridge Apartments | Living | | Walk-Up | 162 | 131,864 | 814 |
| St. Charles Place | Living | | Walk-Up | 156 | 123,000 | 788 |
| Heritage Townhomes | Living | | Townhouse | 104 | 99,840 | 960 |
| Stonebridge Townhomes | Living | | Townhouse | 100 | 135,486 | 1,355 |
| Lawson Village | Living | | Walk-Up | 96 | 75,441 | 786 |
| Wildwood Ways B | Living | | Walk-Up | 54 | 43,961 | 814 |
| Regal Towers | Community | 2020 | Highrise | 161 | 122,384 | 760 |
| Carlton Tower | Community | 2019 | Highrise | 158 | 155,138 | 982 |
| Penthouse Apartments | Community | 2021 | Lowrise | 82 | 61,550 | 751 |
| Dorchester Tower | Community | 2020 | Highrise | 52 | 48,608 | 935 |
| **Totals:** | | | | **1,531** | **1,331,797** | **870** |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

| London | | | | | | |
|---|---|---|---|---|---|---|
| **Property [1]** | **Brand** | **Year of Renovation [2]** | **Building Type [3]** | **# of Suites** | **Net Rentable Sq. Ft.** | **Average Suite Size (Sq. Ft.)** |
| Noel Meadows | Living | | Walk-Up | 105 | 72,600 | 691 |
| Heritage Square | Community | 2019 | MR & WU | 359 | 270,828 | 754 |
| Forest City Estates | Community | 2019 | Highrise | 272 | 221,000 | 813 |
| Maple Ridge On The Parc | Community | 2019 | Highrise | 257 | 247,166 | 962 |
| Landmark Towers | Community | 2020 | Highrise | 213 | 173,400 | 814 |
| Topping Lane Terrace | Community | | Midrise | 189 | 177,880 | 941 |
| Westmount Ridge | Community | 2019 | Midrise | 179 | 131,700 | 736 |
| Meadowcrest Apartments | Community | | Walk-Up | 162 | 110,835 | 684 |
| Castlegrove Estates | Community | | Lowrise | 144 | 126,420 | 878 |
| The Bristol | Community | | Highrise | 138 | 109,059 | 790 |
| Sandford Apartments | Community | 2019 | Walk-Up | 96 | 77,594 | 808 |
| Villages of Hyde Park | Community | | Townhouse | 60 | 57,850 | 964 |
| Abbey Estates | Community | | Townhouse | 53 | 59,794 | 1,128 |
| Ridgewood Estates | Community | | Townhouse | 29 | 31,020 | 1,070 |
| **Totals:** | | | | **2,256** | **1,867,146** | **828** |

| Kitchener, Waterloo, Cambridge & Brampton, ON | | | | | | |
|---|---|---|---|---|---|---|
| **Property [1]** | **Brand** | **Year of Renovation [2]** | **Building Type [3]** | **# of Suites** | **Net Rentable Sq. Ft.** | **Average Suite Size (Sq. Ft.)** |
| Ardglen Place | Living | | Townhouse | 152 | 159,696 | 1,051 |
| Kings Tower | Community | 2021 | Highrise | 226 | 171,100 | 757 |
| Westheights Place | Community | | Midrise | 103 | 91,920 | 892 |
| Elmridge Heights | Community | | Walk-Up | 70 | 71,420 | 1,020 |
| Courtland Place | Community | | Walk-Up | 60 | 61,152 | 1,019 |
| Mayfieldview Court | Community | | Walk-Up | 60 | 61,440 | 1,024 |
| Cambridge Court | Community | | Townhouse | 56 | 66,550 | 1,188 |
| Wesley Park | Community | | Walk-Up | 36 | 41,960 | 1,166 |
| 45 Railroad | Lifestyle | | Highrise | 183 | 162,703 | 889 |
| **Totals:** | | | | **946** | **887,941** | **939** |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

## Montreal

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Le Bienville | Living | | Walk-Up | 168 | 115,600 | 688 |
| Jardins Viva | Living | | Walk-Up | 112 | 91,000 | 813 |
| Nuns' Island Portfolio * | Community | 2021 & 2023 | HR, WU & TH | 3,100 | 3,106,110 | 1,002 |
| Domaine d'Iberville Apartments * | Community | | Highrise | 720 | 560,880 | 779 |
| Complexe Deguire | Community | | Highrise | 322 | 276,324 | 858 |
| Le Quatre Cent | Community | | Highrise | 259 | 153,500 | 593 |
| **Totals:** | | | | **4,681** | **4,303,414** | **919** |

## Quebec City

| Property [1] | Brand | Year of Renovation [2] | Building Type [3] | # of Suites | Net Rentable Sq. Ft. | Average Suite Size (Sq. Ft.) |
|---|---|---|---|---|---|---|
| Place Chamonix | Living | | Townhouse | 246 | 236,630 | 962 |
| Les Jardins de Merici | Community | | Highrise | 346 | 300,000 | 867 |
| Les Appartements Du Verdier | Community | | Walk-Up | 195 | 152,645 | 783 |
| L'Astre | Community | 2021 | Midrise | 183 | 134,480 | 735 |
| Place Samuel de Champlain | Community | | Highrise | 130 | 104,153 | 801 |
| Place du Parc | Community | | Midrise | 111 | 81,746 | 736 |
| Place Charlesbourg | Community | | Midrise | 108 | 82,624 | 765 |
| **Totals:** | | | | **1,319** | **1,092,278** | **828** |

| | | | |
|---|---|---|---|
| **Total Portfolio – As at Dec. 31, 2023:** | **34,029** | **29,515,123** | **867** |

(1) Ordered by brand, followed by descending number of suites
(2) Year of renovation is provided for those properties participating in the Trust's brand diversification initiative.
(3) HR – Highrise; MR – Midrise; TH – Townhouse; WU – Walk-Up

# Financial Review Contents

## Management's Discussion and Analysis



## Financial Statements



## Supplemental Information

# Management's Discussion and Analysis

For the Years Ended, December 31, 2023 and 2022

## GENERAL AND FORWARD-LOOKING STATEMENTS ADVISORY

### General

*The terms "Boardwalk", "Boardwalk REIT", the "REIT", the "Trust", "we", "us" and "our" in the following Management's Discussion and Analysis ("MD&A") refer to Boardwalk Real Estate Investment Trust. Financial data, including related historical comparatives, provided in this MD&A 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 February 21, 2024 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, which have been prepared in accordance with IFRS, together with this MD&A, 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+ website at www.sedarplus.ca. Historical results and percentage relationships contained in the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022 and this MD&A, including trends, should not be read as indicative of future operations.*

*Provided all of the Trust's income each year is paid or made payable to Unitholders (as defined below), then the Trust itself would generally not be subject to income tax. Boardwalk intends to distribute or allocate all of its taxable income of the Trust to its Unitholders and to deduct these distributions for income tax purposes. The Income Tax Act (Canada) (the "Tax Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"), which if applicable, would tax the Trust in a manner similar to a corporation and tax certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. A trust which qualifies under the Tax Act as a real estate investment trust (the "REIT Exemption") is not subject to tax under SIFT Legislation. Boardwalk qualified for the REIT Exemption for the years ended December 31, 2023 and 2022 and intends to continue to qualify for the REIT Exemption on an ongoing basis. Further discussion of this is contained in this MD&A.*

*Certain information contained in this MD&A concerning the economy generally and relating to the industry in which the Trust operates has been obtained from publicly and/or industry available information from third party sources, including both the Bank of Canada's January 2024 Monetary Policy Report and the Royal Bank of Canada's December 2023 Provincial Report. The Trust has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Trust has not determined if there has been any omission by any such third party to disclose any facts, information, or events which may have occurred prior to or subsequent to the date as of which any such information contained in such publicly available information has been furnished or which may affect the significance or accuracy of any information contained in any such information and summarized herein.*

*Unless otherwise indicated, all amounts are expressed in Canadian dollars.*

### Forward-looking Statements Advisory

*Certain information included in this MD&A contains forward-looking statements and information (collectively "forward-looking statements") within the meaning of applicable securities laws. These forward-looking statements include, but are not limited to, statements made concerning Boardwalk's objectives, including, but not limited to, the REIT's 2024 financial outlook and market guidance, increasing and maintaining its occupancy rates, joint arrangement developments and future acquisition and development opportunities, including its plans for land in Victoria, British Columbia and its long-term strategic plan of opportunistic acquisitions and investments, its strategies to achieve those objectives, expectations regarding Boardwalk's vision and its strategies to achieve that vision, expected value enhancements through Boardwalk's branding initiative and suite renovation program, expected demand for housing, the Trust's ability to provide the optimal return to Unitholders, Boardwalk's goal of expanding geographically and diversifying its brand, expected increases in property taxes, utilities, and insurance costs, the anticipated impact of inflation and rising interest rates, the possibility of economic contractions as a result of a potential recession, Boardwalk's goal to decrease incentives implemented to maintain occupancy levels, as well as statements with respect to management of the Trust's beliefs, plans, estimates, assumptions, 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 of the Trust's current beliefs and are based on information currently available to management of the Trust at the time such statements are made. Management of the Trust's estimates, beliefs, and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. All forward-looking statements in this MD&A are qualified by these cautionary statements.*

*Forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Boardwalk's current estimates and assumptions, which are subject to risks and uncertainties, including those described in Boardwalk REIT's Annual Information Form for the year ended December 31, 2023 ("AIF") dated February 21, 2024 under the heading "Challenges and Risks", which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to liquidity in the global marketplace associated with current economic conditions, tenant rental rate concessions, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation ("CMHC") rules regarding mortgage insurance, interest rates, joint arrangements/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. This is not an exhaustive list of the factors that may affect Boardwalk's forward-looking statements. Other risks and uncertainties not presently known to Boardwalk could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, the impact of economic conditions in Canada and globally, the REIT's future growth potential, prospects and opportunities, 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, the timing to deploy equity proceeds, the impact of accounting principles under IFRS, general industry conditions and trends, changes in laws and regulations including, without limitation, changes in tax laws, increased competition, the availability of qualified personnel, fluctuations in foreign exchange or interest rates, and stock market volatility. Although the forward-looking statements contained in this MD&A are based upon what management of the Trust believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that Boardwalk will derive from them. As such, undue reliance should not be placed on forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" or "future oriented financial information (FOFI)" for purposes of applicable securities laws, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth above. The actual results of operations of the Trust and the resulting financial results will likely vary from the amounts set forth in this MD&A and such variation may be material. Boardwalk REIT and its management believe that the FOFI contained in this MD&A has been prepared on a reasonable basis, reflecting management of the Trust's best estimates and judgements. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. FOFI contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Trust's anticipated future business operations. Readers are cautioned that the FOFI contained in this MD&A should not be used for purposes other than for which it is disclosed herein.*

*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 REIT is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust dated January 9, 2004, as amended and restated on various dates between May 3, 2004, and May 15, 2018 (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").

Boardwalk REIT's units (the "Trust Units") trade on the Toronto Stock Exchange ("TSX") under the trading symbol 'BEI.UN'. Additionally, the Trust has 4,475,000 special voting units issued to holders of Class B Units of Boardwalk REIT Limited Partnership ("LP Class B Units" and, together with the Trust Units, the "Units"), each of which also has a special voting unit in the REIT. Boardwalk REIT's principal objectives are to provide Resident Members (as defined herein) with superior quality rental communities and the best tenant/customer service, provide its holders ("Unitholders") of Trust Units with stable monthly cash distributions, and to increase the value of the Trust Units through the effective management of its residential multi-family revenue producing properties, renovations and upgrades to its current portfolio, and the acquisition and/or development of additional, accretive properties or interests therein. As at December 31, 2023, Boardwalk REIT owned and operated in excess of 200 properties, comprised of over 34,000 residential suites, and totaling over 29 million net rentable square feet. At the end of 2023, Boardwalk REIT's property portfolio was located in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Quebec.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

The Trust is committed to environmental, social and governance ("ESG") objectives and initiatives, including working towards reducing greenhouse gas emissions as well as electricity and natural gas consumption, water conservation, waste minimization, Resident Member satisfaction and a continued focus on governance and oversight. As part of its 2023 annual reporting, the Trust will be publishing its ESG Report, which will be available under the Trust's profile at www.sedarplus.ca or on the Trust's website at www.bwalk.com/en-ca/investors/esg. The ESG Report does not form a part of this MD&A.

# MD&A OVERVIEW

This MD&A focuses on key areas from the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, and pertains to major known risks and uncertainties relating to the real estate industry, in general, and the Trust's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. Please refer to the section titled "General and Forward-Looking Statements Advisory – Forward-Looking Statements Advisory" in this MD&A. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in Boardwalk REIT's 2023 Annual Report, the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, and the AIF, each of which are available under the REIT's profile on www.sedarplus.ca.

# OUTLOOK

In its January 2024 Monetary Policy Report, the Bank of Canada has noted that the interest rate hikes they have undertaken over the past couple of years are working to slow the economy, and inflation is coming down. Progress towards price stability has been made but the path back to their 2% target will be gradual. Economic growth has stalled since the middle of 2023, allowing supply to catch up to demand, which has helped to temper inflation. Consumers are holding back on spending and businesses have pulled back on hiring and investment. As a result, the Bank of Canada expects growth will remain weak in the first half of 2024 before picking up in the second half of the year. Inflation should stay close to 3% until the summer, at which point the Bank of Canada expects inflation to ease to 2.5% in the second half of 2024 before returning to the 2% target in 2025.

The Royal Bank of Canada's ("RBC") December 2023 Provincial Report also noted that higher interest rates and slower growth are working to ease inflation pressures and have slowed the economy. As a result, RBC expects the Bank of Canada will be pivoting to interest rate cuts in the year ahead. Once interest rate cuts begin to occur, RBC expects the economy to perk up over the second half of 2024.

Alberta is slated to keep its place near the top of RBC's provincial growth ranking in 2024, with 1.7% expected for the year. Per RBC, "the relative affordability advantage and impressive growth streak continues to entice a record number of new migrants, keeping pressure on aggregate spending, investment, and employment growth. Despite the upside strong demographic trends bring to overall growth, a flourishing population, alone, won't be enough to shield Alberta's economy from moderating further in 2024, as tailwinds from commodity markets and strong population inflows are waning". RBC predicts growth prospects on the horizon for Saskatchewan following a difficult year for crop production and fertilizer exports. The 2024 outlook for potash is improving, and RBC expects economic growth up to 1.6%, well ahead of the Canadian average. A steep moderation is expected for Ontario's 2024 growth likely bringing them to the back of RBC's provincial growth rankings at 0.2%. Per RBC, this is attributable to higher interest rates continuing to hamper housing market activity and spending in 2024, together with slower growth in the United States. In Quebec, RBC expects economic growth to be moderate at only 0.4% with only slight improvement from 2023 as the economy remains sluggish in part due to the high cost of living and recent large labour strikes weighing heavily on activity. In British Columbia, high interest rates and strained affordability are poised to keep consumer spending and business investment down which RBC expects will place growth at 0.3% for this provincial economy.

In addition to having among the highest expected growth in 2024, currently, in the Trust's core markets, total housing supply under construction remains low relative to anticipated household formation. Demand is expected to remain high from strong international and interprovincial migration. Furthermore, when considering rent as compared to median renter household income, the Trust's core, non-price controlled markets remain the most affordable in the country, further encouraging migration and positioning the REIT for strong organic growth.

## Boardwalk's Strategic Plan

Boardwalk provides inclusive communities to work and live through its strategy of operational excellence, innovation, and opportunistic growth focused capital allocation, to create leading earnings performance resulting in strong total Unitholder return. Opportunistic growth is defined as pursuing opportunities which drive Funds From Operations ("FFO") per fully diluted Unit and Net Asset Value ("NAV") per fully diluted Unit accretion on a sustainable and long-term basis.

Underpinned by its dynamic culture and performance-focused team, Boardwalk strives to create the best multi-family communities across diverse, affordable, non-price controlled and high growth supply-constrained housing markets. This is our mission: to build better communities, where love always lives. Boardwalk's initiatives to create additional value include the development of new apartments on existing land as well as the potential acquisition of new land for future development projects. Built into this strategic plan is Boardwalk's brand diversification initiative, which includes common area upgrades, building improvements, and suite renovations to create the best long-term value for Unitholders and the Trust's stakeholders.

Strong housing fundamentals in Boardwalk's core markets paired with the Trust's proven platform, positions Boardwalk for optimized cash flow growth, in Management's view. Management of the Trust believes that Boardwalk's distribution policy of maximum cash flow reinvestment coupled with its strong balance sheet provides the ability for the Trust to allocate capital towards external growth opportunities, development of communities in under-supplied markets, yield enhancing value-add capital, and, when appropriate, investment in our own existing portfolio through the purchase and cancellation of Trust Units through the normal course issuer bids implemented in both 2023 and 2022.

The Trust sells non-core properties in its portfolio, re-deploying the released capital to acquiring or developing additional properties, distributing its taxable income (and any capital gain) to Unitholders, reinvesting in its existing properties to achieve superior returns, developing new multi-family properties, paying down debt and/or purchasing Trust Units for cancellation. Management of the Trust continues to review all available options that it believes will provide the optimal return to Unitholders.

## Brand Diversification

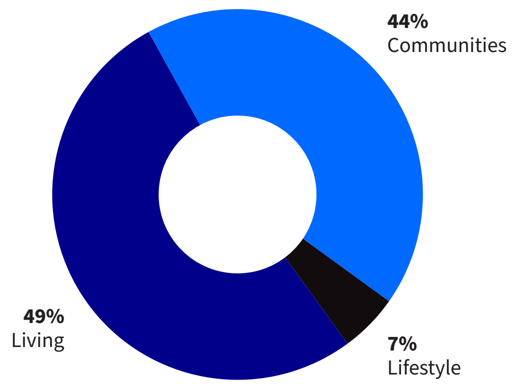
The medium to long-term goal of the Trust is to not only diversify geographically, but also through its brand.

The spectrum of rental housing in Canada has expanded over the last few years, with rental demand seen across the price spectrum from affordability to affordable high-end luxury. As a result, the ability to offer a more diverse product offering will allow Boardwalk to attract a larger demographic to the Boardwalk brand. Currently, Boardwalk offers three brands as highlighted below:

**Boardwalk Living** – *Affordable Value*
Boardwalk Living features classic suites for our Resident Members who appreciate flexibility, reliability, and value that comes with a quality home.

**Boardwalk Communities** – *Enhanced Value*
Boardwalk Communities feature modernized suites and choice amenities for those who value flexibility with all the comforts that come with the perfect place to call home.

**Boardwalk Lifestyle** – *Affordable Luxury*
Boardwalk Lifestyle features luxury living with modern amenities, designer suites, and a contemporary style for those who value life experiences and prefer the freedom to enjoy them.




## Boardwalk's Branding Initiative and Suite Renovation Program

In 2023, Boardwalk invested $126.0 million in capital assets (for the year ended December 31, 2022 – $129.4 million), including $93.4 million in value-add capital ($96.3 million in 2022), focusing on upgrading common areas, building improvements, energy efficiency projects, and suite renovations. Please refer to the section titled "Financial Condition – Review of Cash Flows – Investing Activities – Maintenance of Productive Capacity" in this MD&A for further discussion on value-add capital. Each of the three brands have different renovation specifications depending on needs and anticipated returns. Market rents are adjusted upward based on an expected rate of return on the strategic investment. Management of the Trust believes these renovations and upgrades will continue to achieve future upward excess market rent adjustments, increased occupancy, as well as cost savings on turnovers. Historic investment in our assets and brands has resulted in a diversified product mix to match varying demand while allowing us to gain market share with increasing choice for existing and new Resident Members.

Boardwalk's most affordable brand, 'Boardwalk Living', receives suite enhancements on an as needed basis, with the focus being on providing affordable suites to this demographic segment. 'Boardwalk Communities', the Trust's core brand, conveys enhanced value and receives major suite upgrades based on need as well as upgrades to existing common areas. 'Boardwalk Lifestyle', which exemplifies upgraded, luxury suites, receives the highest level of overall renovations, including significant upgrades to suites and common areas. Additional amenities such as upgraded fitness facilities, wi-fi bars and concierge services may be added when appropriate. In determining a brand that a particular rental community will represent, the Trust looks at a number of criteria, including the building's location, proximity to existing amenities, suite size, and suite layout. Once renovations are completed, Boardwalk adjusts the rents on these individual suites with the goal of achieving an 8% return on investment. Overall, Boardwalk has and continues to achieve more than its targeted rate of return.

While management of the Trust believes these investments will enhance long-term value, we also recognize the short-term effects of this program, such as temporary higher vacancies and incentives, though with the increase in apartment demand, this impact has been significantly reduced. Rebranding and repositioning communities will take time. Construction causes disruption to existing Resident Members and, depending on the level of investment, may result in higher turnover. Boardwalk continues to reduce the vacancy loss associated with suites being renovated by reducing the time to completion while still lowering the cost of the renovations.

# DECLARATION OF TRUST

The investment guidelines and operating policies of the Trust are outlined in the DOT, a copy of which is available on request to all Unitholders and is also available under the REIT's profile on www.sedarplus.ca. A more detailed summary of the DOT can also be located in the AIF. Some of the main financial guidelines and operating policies set out in the DOT are as follows:

## Investment Guidelines

1. Acquire, hold, develop, maintain, improve, lease, and manage multi-family residential properties and ancillary real estate ventures; 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 Tax Act.

## 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 arrangement 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 the employees of the Trust ("Associates"), repairs and maintenance, as well as capital upgrades.

## Distribution Policy

Boardwalk REIT may distribute to holders of Trust Units and LP Class B Units on or about each distribution date such percentage of FFO for the calendar month then ended as the Board of Trustees determines in its discretion. Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information on FFO. Distributions will not be less than Boardwalk REIT's taxable income, unless the Board of Trustees, in its absolute discretion, determines another amount. The Board of Trustees reviews the distributions on a quarterly basis and takes into consideration distribution sustainability and whether there are more attractive alternatives to the Trust's current capital allocation strategy, such as its value-add capital renovation program, brand diversification initiative, acquisitions and new construction of multi-family communities in supply-constrained markets.

## Compliance with DOT

As at December 31, 2023, the Trust was in compliance with all investment guidelines and operating policies as stipulated in the DOT. More details are provided later in this MD&A with respect to certain detailed calculations.

For the year ended December 31, 2023, Boardwalk REIT's interest coverage ratio of consolidated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to consolidated interest expense was 2.83 (year ended December 31, 2022 – 2.90). Further details of the Trust's interest coverage ratio can be found in NOTE 20 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, which are available under the Trust's profile at www.sedarplus.ca.

# PRESENTATION OF FINANCIAL INFORMATION

Financial results, including related historical comparatives, contained in this MD&A are based on the Trust's audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, unless otherwise specified.

# PRESENTATION OF NON-GAAP MEASURES

## Non-GAAP Financial Measures

Boardwalk REIT prepares its consolidated financial statements in accordance with IFRS and with the recommendations of REALPAC, Canada's senior national industry association for owners and managers of investment real estate. REALPAC has adopted non-GAAP financial measures called FFO and Adjusted Funds From Operations ("AFFO") to supplement operating income and profits as measures of operating performance, as well as a cash flow metric called Adjusted Cash Flow From Operations ("ACFO"). These non-GAAP financial measures are considered to be meaningful and useful measures of real estate operating performance, however, are not measures defined by IFRS. The discussion below outlines these measurements and the other non-GAAP financial measures used by the Trust. Non-GAAP financial measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other entities. Non-GAAP financial measures should not be construed as alternatives to IFRS defined measures.

### Funds From Operations

The IFRS measurement most comparable to FFO is profit. Boardwalk REIT considers FFO to be an appropriate measurement of the performance of a publicly listed multi-family residential entity as it is the most widely used and reported measure of real estate investment trust performance. Profit includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations which are not representative of recurring operating performance. Consistent with REALPAC, we define FFO as profit adjusted for fair value gains or losses, distributions on the LP Class B Units, gains or losses on the sale of the Trust's investment properties, depreciation, deferred income tax, and certain other non-cash adjustments, if any, but after deducting the principal repayment on lease liabilities and adding the principal repayment on lease receivable. Boardwalk REIT does not include any gains or losses reported on the sale of its properties in its calculation of FFO. Management of the Trust believes that such income is volatile and unpredictable and would significantly dilute the relevance of FFO as a measure of performance. Excluding gains or losses in the calculation of FFO is consistent with the REALPAC definition of FFO. Under IFRS, the LP Class B Units are considered financial instruments in accordance with IFRS 9 – Financial Instruments ("IFRS 9"). As a result of this classification, their corresponding distribution amounts are considered "financing costs" under IFRS. REALPAC recognizes this classification, however, adds the distributions that were treated as interest expense back when calculating FFO, which suggests these puttable instruments are similar to equity. Management of the Trust agrees these distribution payments do not truly represent "financing costs", as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. Therefore, these distributions are excluded from the calculation of FFO, consistent with the treatment of distributions paid to all other Unitholders. The reconciliation from profit under IFRS to FFO can be found under the section titled "Performance Review of 2023 – FFO and AFFO Reconciliations" in this MD&A. The Trust uses FFO to assess operating performance and its distribution paying capacity, determine the level of Associate incentive-based compensation, and decisions related to investment in capital assets. To facilitate a clear understanding of the combined historical operating results of Boardwalk REIT, management of the Trust believes FFO should be considered in conjunction with profit as presented in the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

### Adjusted Funds From Operations

Similar to FFO, the IFRS measurement most comparable to AFFO is profit. Boardwalk REIT considers AFFO to be an appropriate measurement of a publicly listed multi-family residential entity as it measures the economic performance after deducting for maintenance capital expenditures to the existing portfolio of investment properties. 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 expenditures that, by standard accounting definition, are accounted for as capital in that the expenditure itself has a useful life in excess of the current financial year and maintains the value of the related assets. The reconciliation of AFFO can be found under the section titled "Performance Review of 2023 – FFO and AFFO Reconciliations" in this MD&A. The Trust uses AFFO to assess operating performance and its distribution paying capacity, and decisions related to investment in capital assets. A more detailed discussion is provided under the section titled "Financial Condition – Review of Cash Flows – Investing Activities – Maintenance of Productive Capacity" in this MD&A.

### Adjusted Cash Flow From Operations

The IFRS measurement most comparable to ACFO is cash flow from operating activities. ACFO is a non-GAAP financial measure of sustainable economic cash flow available for distributions. ACFO should not be construed as an alternative to cash flow from operating activities as determined under IFRS. A reconciliation of ACFO to cash flow from operating activities as shown in the Trust's Consolidated Statements of Cash Flows is also provided under the section titled "Financial Condition – Review of Cash Flows – Operating Activities" in this MD&A, along with added commentary on the sustainability of Trust Unit distributions. The Trust uses ACFO to assess its distribution paying capacity.

Boardwalk REIT's presentation of FFO, AFFO, and ACFO are materially consistent with the definitions provided by REALPAC. These measurements, however, are not necessarily indicative of cash that is available to fund cash needs and should not be considered alternatives to cash flow as a measure of liquidity. FFO, AFFO, and ACFO do not represent earnings or cash flow from operating activities as defined by IFRS. FFO and AFFO 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, AFFO, and ACFO may differ from that of other real estate companies and trusts.

### Adjusted Real Estate Assets

The IFRS measurement most comparable to Adjusted Real Estate Assets is investment properties. Adjusted Real Estate Assets is comprised of investment properties, equity accounted investment, and cash and cash equivalents. Adjusted Real Estate Assets is useful in summarizing the real estate assets owned by the Trust and it is used in the calculation of NAV, which management of the Trust believes is a useful measure in estimating the entity's value. The reconciliation from Investment Properties under IFRS to Adjusted Real Estate Assets can be found under the section titled "Capital Structure and Liquidity – Net Asset Value Per Unit" in this MD&A.

### Adjusted Real Estate Debt

The IFRS measurement most comparable to Adjusted Real Estate Debt is total mortgage principal outstanding. Adjusted Real Estate Debt is comprised of total mortgage principal outstanding and total lease liabilities attributable to land leases. It is useful in summarizing the Trust's debt which is attributable to its real estate assets and is used in the calculation of NAV, which management of the Trust believes is a useful measure in estimating the entity's value. The reconciliation from total mortgage principal outstanding under IFRS to Adjusted Real Estate Debt can be found under the section titled "Capital Structure and Liquidity – Net Asset Value per Unit" in this MD&A.

### Net Asset Value

The IFRS measurement most comparable to NAV is Unitholders' equity. With real estate entities, NAV is the total value of the entity's investment properties, equity accounted investment, and cash minus the total value of the entity's debt. The Trust determines NAV by taking Adjusted Real Estate Assets and subtracting Adjusted Real Estate Debt, which management of the Trust believes is a useful measure in estimating the entity's value. The reconciliation from Unitholders' Equity under IFRS to NAV can be found under the section titled "Capital Structure and Liquidity – Net Asset Value per Unit" in this MD&A.

## Non-GAAP Ratios

The discussion below outlines the non-GAAP ratios used by the Trust. Each non-GAAP ratio has a non-GAAP financial measure as one or more of its components, and, as a result, does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar financial measurements presented by other entities. Non-GAAP financial measures should not be construed as alternatives to IFRS defined measures.

### FFO per Unit, AFFO per Unit, ACFO per Unit, and NAV per Unit

FFO per Unit includes the non-GAAP financial measure FFO as a component in the calculation. The Trust uses FFO per Unit to assess operating performance on a per Unit basis, as well as determining the level of Associate incentive-based compensation.

AFFO per Unit includes the non-GAAP financial measure AFFO as a component in the calculation. The Trust uses AFFO per Unit to assess operating performance on a per Unit basis and its distribution paying capacity.

ACFO per Unit includes the non-GAAP financial measure ACFO as a component in the calculation. The Trust uses ACFO per Unit to assess its distribution paying capacity.

FFO per Unit, AFFO per Unit, and ACFO per Unit are calculated by taking the non-GAAP ratio's corresponding non-GAAP financial measure and dividing by the weighted average Trust Units outstanding for the period on a fully diluted basis, which assumes conversion of the LP Class B Units and vested deferred units determined in the calculation of diluted per Trust Unit amounts in accordance with IFRS.

NAV per Unit includes the non-GAAP financial measure NAV as a component in the calculation. Management of the Trust believes it is a useful measure in estimating the entity’s value on a per Unit basis, which an investor can compare to the entity’s Trust Unit price which is publicly traded to help with investment decisions.

NAV per Unit is calculated as NAV divided by the Trust Units outstanding as at the reporting date on a fully diluted basis which assumes conversion of the LP Class B Units and vested deferred units outstanding.

### FFO per Unit Future Financial Guidance

FFO per Unit Future Financial Guidance is calculated as FFO Future Financial Guidance divided by the estimated weighted average Trust Units and LP Class B Units outstanding throughout the year. Boardwalk REIT considers FFO per Unit Future Financial Guidance to be an appropriate measurement of the estimated future financial performance based on information currently available to management of the Trust at the date of this MD&A.

### AFFO per Unit Future Financial Guidance

AFFO per Unit Future Financial Guidance is calculated as AFFO Future Financial Guidance divided by the estimated weighted average Trust Units and LP Class B Units outstanding throughout the year. Boardwalk REIT considers AFFO per Unit Future Financial Guidance to be an appropriate measurement of the estimated future profitability based on information currently available to management of the Trust at the date of this MD&A.

### FFO Payout Ratio, AFFO Payout Ratio, and ACFO Payout Ratio

FFO Payout Ratio, AFFO Payout Ratio, and ACFO Payout Ratio represent the REIT’s ability to pay distributions. These non-GAAP ratios are computed by dividing regular distributions paid on the Trust Units and LP Class B Units by the non-GAAP financial measure of FFO, AFFO, and ACFO, respectively. Management of the Trust use these non-GAAP ratios to assess its distribution paying capacity.

# PERFORMANCE REVIEW OF 2023

Boardwalk REIT generates revenues, cash flows, and earnings from two separate sources: primarily rental operations and also 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 suites to customers (referred to as “Resident Members”). Periodically, Boardwalk REIT has generated additional income from the sale of selective non-core real estate properties and utilized the equity for the acquisition and/or development of new rental properties and/or for the purchase for cancellation of Trust Units pursuant to its normal course issuer bid. The Trust, however, will only proceed with the sale of non-core real estate properties if market conditions justify the dispositions and Boardwalk has an alternative use for the net proceeds generated.

## Performance Measures

The Trust intends to continue 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. For 2023, the Board of Trustees approved an increase to the distribution to $0.0975 per Trust Unit on a monthly basis (or $1.17 on an annualized basis) beginning March 2023. This was an increase of $0.0075 per Trust Unit from the monthly $0.0900 per Trust Unit distributed for January and February 2023. The Trust intends to continue to redeploy its capital towards long-term value creation, including its suite renovation program, brand diversification initiative, and acquisition and development of new multi-family suites in supply-constrained markets.

For the three months and year ended December 31, 2023 and 2022, the Trust declared regular distributions of $15.0 million and $58.3 million (inclusive of distributions paid to holders of the LP Class B Units), respectively (three months and year ended December 31, 2022 – $13.6 million and $53.7 million, respectively), and recorded profit of $173.1 million and $666.1 million, respectively (three months and year ended December 31, 2022 – $14.1 million and $283.1 million, respectively). The FFO Payout Ratio for the three months ended December 31, 2023 was 30.8% (three months ended December 31, 2022 – 33.9%). For the year ended December 31, 2023, the FFO Payout Ratio was 32.2% (year ended December 31, 2022 – 34.1%). Please refer to the section titled “Presentation of Non-GAAP Measures” in this MD&A for more information on FFO Payout Ratio. The overall operating performance of the first and fourth quarters tends to generate the highest payout ratio, mainly due to the high seasonality in total rental expenses. In particular, these quarters tend to be the highest demand periods for natural gas, a major operational cost for the Trust. It is therefore important to not simply annualize the reported results of a particular quarter. On a quarterly basis, the Board of Trustees reviews the current level of distributions and determines if any adjustments to the distributed amount is warranted. On an overall basis, the Trust aims to maintain a consistent and sustainable payout ratio while optimizing its capital allocation strategy, and reviews this with its Board of Trustees.

## FFO per Unit Reconciliations from 2022 to 2023

The following tables show reconciliations of changes in FFO per Unit from December 31, 2022 to December 31, 2023. As previously noted, we define the calculation of FFO as profit before fair value adjustments, distributions on the LP Class B Units, gains or losses on the sale of the Trust's investment properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO is included later in this MD&A.

| **FFO per Unit Reconciliation** | | **3 Months** | | **12 Months** |
|---|---|---|---|---|
| FFO per Unit [1] – Dec. 31, 2022 | $ | 0.80 | $ | 3.13 |
| | | | | |
| Same Property Net Operating Income ("NOI") [2] | | 0.25 | | 0.79 |
| Non Same Property NOI [2] | | 0.01 | | 0.09 |
| Administration | | (0.04) | | (0.18) |
| Financing Costs and Interest Income | | (0.05) | | (0.22) |
| Unit Issuance | | (0.01) | | (0.01) |
| **FFO per Unit – Dec. 31, 2023** | **$** | **0.96** | **$** | **3.60** |

(1) Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information.
(2) The definition of same property and non same property can be found in the section titled "Same Property Results" in this MD&A.

## FFO and AFFO Reconciliations

In the following table, Boardwalk REIT provides a reconciliation of FFO to Profit, the most comparable related financial statement measurement, for the three and 12 months ended December 31, 2023 and 2022. Adjustments are explained in the notes below, as appropriate.

| **FFO Reconciliation** *(In $000's, except per Unit amounts)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Profit | **$ 173,130** | $ 14,137 | | **$ 666,099** | $ 283,096 | |
| Adjustments | | | | | | |
| Other income [1] | **(68)** | (189) | | **(886)** | (2,788) | |
| Loss on sale of asset | **928** | - | | **928** | - | |
| Fair value (gains) losses | **(127,849)** | 23,497 | | **(494,877)** | (132,256) | |
| LP Class B Unit distributions | **1,309** | 1,208 | | **5,169** | 4,774 | |
| Deferred tax expense | **6** | 10 | | **75** | 76 | |
| Depreciation | **2,244** | 2,069 | | **7,921** | 7,782 | |
| Principal repayments on lease liabilities | **(803)** | (945) | | **(3,397)** | (3,965) | |
| Principal repayments on lease receivable | **-** | 186 | | **321** | 725 | |
| FFO [2][3] | **$ 48,897** | $ 39,973 | 22.3% | **$ 181,353** | $ 157,444 | 15.2% |
| FFO per Unit [3] | **$ 0.96** | $ 0.80 | 20.0% | **$ 3.60** | $ 3.13 | 15.0% |

(1) Other income is comprised of capital gains from investment income.
(2) This is a non-GAAP financial measure.
(3) Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information.

Overall, Boardwalk REIT earned FFO of $48.9 million for the fourth quarter of 2023 compared to $40.0 million for the same period in 2022. FFO, on a per Unit basis, for the quarter ended December 31, 2023, increased approximately 20.0% compared to the same quarter in the prior year from $0.80 to $0.96. Additionally, the Trust earned FFO of $181.4 million for fiscal 2023 compared to $157.4 million for fiscal 2022. FFO per Unit for the year ended December 31, 2023 increased approximately 15.0% compared to the prior year from $3.13 to $3.60. The increase for the year ended December 31, 2023 was primarily driven by higher occupied rents, lower vacancy loss and incentives, and the acquisitions in Alberta and Ontario during 2022 and in British Columbia in April 2023, partially offset by increased wages and salaries, repairs and maintenance, utilities, property taxes, financing costs, and administration. For the quarter, FFO was driven largely by the same factors as the year ended December 31, 2023 with the exception of lower wages and salaries as well as lower utilities due to milder weather compared to the same period in the prior year.

Profit for the fourth quarter of 2023 was $173.1 million compared to a profit of $14.1 million in the fourth quarter of 2022. Profit for the year ended December 31, 2023 was $666.1 million, compared to profit of $283.1 million in the prior year. The increases in profit were mainly attributable to the significant increase in fair value gains recognized on investment properties due to increased market rents. These gains were partially offset by increases in stabilized capitalization rates in the third quarter of 2023, a reflection of rising interest rates. The year ended December 31, 2023, has shown continued improvements in the economy and, along with the increasing demand for affordable housing driven in part by rising interest rates and record high immigration, has resulted in further growth in market rents. The weighted average capitalization rates for the Trust were 5.05% and 4.92% as at December 31, 2023 and 2022, respectively. For more information on the Trust's capitalization rates, please refer to the section titled “Financial Condition – Review of Cash Flows – Investing Activities – Investment Properties” in this MD&A.

The following table provides a reconciliation of FFO to AFFO:

| *(000’s)* | **3 Month Dec. 31, 2023** | 3 Months Dec. 31, 2022 | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 |
|---|---|---|---|---|
| FFO [1][2] | **$ 48,897** | $ 39,973 | **$ 181,353** | $ 157,444 |
| Maintenance Capital Expenditures [3] | **8,651** | 6,994 | **32,255** | 31,263 |
| AFFO [1][2] | **$ 40,246** | $ 32,979 | **$ 149,098** | $ 126,181 |
| FFO per Unit [2] | **$ 0.96** | $ 0.80 | **$ 3.60** | $ 3.13 |
| AFFO per Unit [2] | **$ 0.79** | $ 0.66 | **$ 2.96** | $ 2.51 |
| Regular Distributions | **$ 15,041** | $ 13,554 | **$ 58,338** | $ 53,673 |
| FFO Payout Ratio [2] | **30.8%** | 33.9% | **32.2%** | 34.1% |
| AFFO Payout Ratio [2] | **37.4%** | 41.1% | **39.1%** | 42.5% |
| Profit | **$ 173,130** | $ 14,137 | **$ 666,099** | $ 283,096 |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled “Presentation of Non-GAAP Measures” in this MD&A for more information.
(3) Details of the calculation of Maintenance Capital Expenditures can be found in the section titled “Financial Condition – Review of Cash Flows – Investing Activities – Value-add Capital and Maintenance Capital Expenditures” in this MD&A.

# FINANCIAL PERFORMANCE SUMMARY

**At a Glance**

| *(In $000’s, except per Unit amounts)* | **2023** | 2022 | % Change |
|---|---|---|---|
| Total assets | **$ 8,141,876** | $ 7,067,275 | 15.2% |
| Rental revenue | **$ 545,658** | $ 496,360 | 9.9% |
| Profit | **$ 666,099** | $ 283,096 | 135.3% |
| FFO [1][2] | **$ 181,353** | $ 157,444 | 15.2% |
| FFO per Unit [2] | **$ 3.60** | $ 3.13 | 15.0% |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled “Presentation of Non-GAAP Measures” in this MD&A for more information.

Total assets increased from the amounts reported in the prior year, mainly as a result of fair value gains and investment in capital assets on the Trust’s investment properties, as well as a new investment property acquisition that occurred in 2023. Rental revenue increased by 9.9%, due to higher in-place occupied rents across all regions and lower incentives and vacancy in Alberta and Saskatchewan. In addition, acquisitions in Alberta and Ontario during 2022 and in British Columbia in April 2023 have contributed to the increase in the rental revenues. The increase in profit compared to the prior year was due primarily to a significant fair value gain recognized of $598.8 million on its investment properties in 2023, compared to a $106.4 million gain in 2022. The change in fair value gains of the Trust's investment properties was largely driven by larger increases in market rents, partially offset by increases in stabilized capitalization rates compared to the prior year, a reflection of rising interest rates. Partially offsetting the increase in profit was higher expenses attributable to wages and salaries, repairs and maintenance, utilities, property taxes, financing costs, and administration.

# Consolidated Operations and Earnings Review

## OVERALL REVIEW

### Consolidated Statements of Comprehensive Income

#### Rental Operations

Boardwalk REIT's NOI strategy includes a rental revenue strategy that focuses on enhancing overall rental revenues by balancing market rents, rental incentives, turnovers, and occupancy gains. The application of this rental revenue strategy is ongoing, on a market-by-market basis, with the focus on obtaining the optimal balance of these variables given existing market conditions. In addition, the NOI strategy focuses on minimizing expenses.

| *(In $000's, except number of suites)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Rental revenue | **$ 141,907** | $ 129,172 | 9.9% | **$ 545,658** | $ 496,360 | 9.9% |
| Expenses | | | | | | |
| Operating expenses | **26,367** | 26,924 | (2.1)% | **106,190** | $104,081 | 2.0% |
| Utilities | **13,872** | 14,556 | (4.7)% | **53,392** | 52,572 | 1.6% |
| Property taxes | **13,720** | 12,888 | 6.5% | **53,087** | 51,047 | 4.0% |
| Total rental expenses | **$ 53,959** | $ 54,368 | (0.8)% | **$ 212,669** | $ 207,700 | 2.4% |
| Net operating income | **$ 87,948** | $ 74,804 | 17.6% | **$ 332,989** | $ 288,660 | 15.4% |
| Operating margin (1) | **62.0%** | 57.9% | | **61.0%** | 58.2% | |
| Number of suites at December 31 (2) | **33,846** | 33,722 | | **33,846** | 33,722 | |

(1) Operating margin is calculated by dividing NOI by rental revenue allowing management to assess the percentage of rental revenue which generated profit.
(2) Excludes 183 suites related to the Trust's joint venture in Brampton, Ontario.

| *(In $000's, except number of suites)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Gross rental revenue (1) | **$ 146,468** | $ 138,312 | 5.9% | **$ 570,703** | $ 542,729 | 5.2% |
| Vacancy loss (2) | **(1,320)** | (2,537) | (48.0)% | **(7,397)** | (15,478) | (52.2)% |
| Incentives (3) | **(3,241)** | (6,603) | (50.9)% | **(17,648)** | (30,891) | (42.9)% |
| Rental revenue | **$ 141,907** | $ 129,172 | 9.9% | **$ 545,658** | $ 496,360 | 9.9% |

(1) Gross rental revenue is a component of rental revenue and represents rental revenue based on 100% occupancy before adjustments for vacancy loss and incentives.
(2) Vacancy loss is a component of rental revenue and represents the estimated loss of gross rental revenue from unoccupied suites during the period.
(3) Incentives is a component of rental revenue and represents any suite specific rental discount offered or initial direct costs incurred in negotiating and arranging an operating lease amortized over the term of the operating lease.

Boardwalk REIT's rental operations for the three and 12 months ended December 31, 2023 reported higher results compared to the same periods in the prior year, with rental revenue increasing 9.9% in both periods. For the three and 12 months ended December 31, 2023, the increase in rental revenue was due to higher in-place occupied rents, lower vacancy loss, and lower incentives offered, as well as the acquisitions in Alberta and Ontario during 2022 and in British Columbia in April 2023. As outlined in the second table above, the Trust was able to reduce incentives by 42.9% year-over-year, while also reducing vacancy losses by 52.2% for the year ended December 31, 2023. The Trust intends to continue to offer selective incentives in certain communities to maintain occupancy levels, with an overall goal of limiting incentives on new leases and decreasing incentives altogether.

For the three months ended December 31, 2023, total rental expenses were relatively consistent with the same period in the prior year, with only a slight decrease of 0.8%. Increases in property taxes were largely offset by decreases in operating expenses and utilities. For the year ended December, 31, 2023, total rental expense increased 2.4% compared to the same period in 2022 due to higher operating expenses, utilities, and property taxes.

The Trust continues to track, in detail, the actual work performed by our onsite Associates to assist in the operating effectiveness of its overall operations. This program results in overall lower costs while allowing the Trust greater control over the timing of its capital improvement projects, compared to contracting these same projects out to third parties. The Trust has been able to utilize our Associates to maintain quality customer services as well as to continue normal operations for both our repairs and maintenance as well as capital improvement projects. As with other estimates used by the Trust, key assumptions used in estimating the salaries and wages to be capitalized are reviewed on a regular basis and, based on this review, management of the Trust will adjust the amount allocated to more accurately reflect how many internal resources were directed towards specific capital improvements.

For the three months ended December 31, 2023, operating expenses decreased 2.1% compared to the same period in the prior year due to lower wages and salaries, lower insurance premiums, as well as lower advertising costs and bad debts as a result of the higher occupancy being realized throughout the portfolio, partially offset by higher building repairs and maintenance. For the year ended December 31, 2023, operating expenses increased 2.0% compared to the same period in the prior year due to higher wages and salaries, higher building repairs and maintenance, and higher insurance premiums for the first half of the year, partially offset by lower bad debt expense, advertising costs, and lower insurance premiums upon renewal in July 2023.

Utility costs decreased by 4.7% and increased by 1.6% for the three and 12 months ended December 31, 2023, respectively, compared to the same periods in 2022. For the fourth quarter, the decrease was primarily attributable to lower natural gas costs due to the milder weather compared to the same period last year, resulting in reduced consumption levels. For the year-to-date, the increase was mainly attributable to higher electricity costs resulting from significant rate increases in the last quarter of 2022, higher water and sewer costs, higher carbon levy costs from the federal increases being implemented, and a larger one-time refund received during the third quarter in 2022. Natural gas costs decreased year-over-year due to lower rates paired with lower consumption from more favourable weather compared to last year. Higher sub-metering recoveries in the year ended December 31, 2023 also helped to partially offset the higher utilities. Fixed price physical commodity contracts have helped to partially or fully mitigate the Trust’s exposure to fluctuating natural gas and electricity prices. Further details regarding the contracts on natural gas, as well as electricity prices in Alberta, can be found in NOTE 19 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

Property taxes increased 6.5% and 4.0% for the three months and year ended December 31, 2023, respectively, compared to the same periods in the prior year mainly due to higher overall property tax assessments received and the acquisitions during 2022 and 2023. The Trust is constantly reviewing property tax assessments and related charges and, where management of the Trust believes appropriate, will, for a fee, appeal all or a portion 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, operating margin for the three months ended December 31, 2023 was 62.0%, compared to 57.9% for the same period in 2022, an increase of 7.1%. Similarly, operating margins for the 12 months ended December 31, 2023 and 2022 were 61.0% and 58.2% respectively, an increase of 4.9% year over year.

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 REVIEWS

## Alberta Rental Operations

| *(In $000's, except number of suites)* | 3 Months Dec. 31, 2023 | 3 Months Dec. 31, 2022 | % Change | 12 Months Dec. 31, 2023 | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Rental revenue | **$ 90,261** | $ 81,490 | 10.8% | **$ 346,368** | $ 311,908 | 11.0% |
| Expenses | | | | | | |
| Operating expenses | **16,244** | 17,161 | (5.3)% | **65,520** | 66,067 | (0.8)% |
| Utilities | **8,918** | 9,711 | (8.2)% | **34,374** | 34,107 | 0.8% |
| Property taxes | **8,780** | 8,383 | 4.7% | **34,399** | 33,232 | 3.5% |
| Total rental expenses | **$ 33,942** | $ 35,255 | (3.7)% | **$ 134,293** | $ 133,406 | 0.7% |
| Net operating income | **$ 56,319** | $ 46,235 | 21.8% | **$ 212,075** | $ 178,502 | 18.8% |
| Operating margin | **62.4%** | 56.7% | | **61.2%** | 57.2% | |
| Number of suites at December 31 | **21,084** | 21,084 | | **21,084** | 21,084 | |

Alberta is Boardwalk's largest operating segment, representing 63.7% of total reported NOI for the year ended December 31, 2023. In addition, Alberta represents 62.3% of total suites. Boardwalk REIT's Alberta operations for three months and year ended December 31, 2023 reported a 10.8% and 11.0% increase, respectively, in rental revenue compared to the same periods in the prior year due to higher in-place occupied rents and lower vacancy loss and incentives. Increases were driven, in part, by the high migrations into the province in 2022 and continuing into 2023. These improvements were coupled with two asset acquisitions in 2022, one in Canmore and one in Calgary. For the three months ended December 31, 2023, total rental expenses decreased by 3.7% compared to the same period in the prior year due to lower operating expenses and utilities, partially offset by increased property taxes. For the 12 months ended December 31, 2023, total rental expenses were relatively consistent with the same period in the prior year, increasing slightly by 0.7% due to higher utilities and property taxes which were largely offset by lower operating expenses. The year-over-year changes are partially attributable to the acquisitions in Canmore and Calgary in 2022; however, even excluding these new buildings the portfolio still experienced increases in rental revenues and total rental expenses consistent with the prior year.

Operating expenses decreased by 5.3% and 0.8% for the three months and year ended December 31, 2023 compared to the same periods in the prior year. For the fourth quarter, the decrease was due to lower wages and salaries, lower insurance premiums, as well as lower advertising costs and bad debts as a result of the higher occupancy being realized throughout the portfolio, partially offset by higher building repairs and maintenance. For the year ended December 31, 2023, overall operating expenses were fairly consistent with the prior year. Higher wages and salaries and higher insurance premiums for the first half of the year were largely offset by lower bad debt expense, advertising costs, and lower insurance premiums upon renewal in July 2023.

Utilities for the three months ended December 31, 2023 decreased by 8.2% due primarily to lower natural gas costs attributable to the milder weather compared to the same period last year, resulting in reduced consumption levels. For the year ended December 31, 2023, utilities were consistent with same period in the prior year. Higher electricity costs due to rates increasing significantly in the last quarter of 2022, higher water and sewer costs, higher carbon levy costs from the federal increases being implemented, and a larger one-time refund received during the third quarter in 2022, were offset by lower natural gas costs due to lower rates paired with lower consumption from more favourable weather compared to last year, as well as higher sub-metering recoveries in the year ended December 31, 2023. Currently, the Trust has three outstanding natural gas contracts to mitigate the price of its natural gas usage. The Trust also has two outstanding electricity contracts with two utility retailers to supply the Trust with its electrical power needs. More details can be found in NOTE 19 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

Property taxes for the three and 12 months ended December 31, 2023 increased 4.7% and 3.5% respectively, compared to the same periods in the prior year due to higher property tax assessments and the acquisitions that were completed during 2022.

NOI for Alberta increased $33.6 million, or 18.8%, for the 12 months ended December 31, 2023, compared to the same period in 2022. Alberta's operating margin for the year ended December 31, 2023 was 61.2%, which is 7.0% higher compared to the same period in 2022.

## British Columbia Rental Operations

| *(In $000's, except number of suites)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Rental revenue | **$ 1,698** | $ 682 | 149.0% | **$ 5,487** | $ 2,691 | 103.9% |
| Expenses | | | | | | |
| Operating expenses | **164** | 51 | 221.6% | **488** | 241 | 102.5% |
| Utilities | **59** | 23 | 156.5% | **220** | 103 | 113.6% |
| Property taxes | **97** | 41 | 136.6% | **345** | 164 | 110.4% |
| Total rental expenses | **$ 320** | $ 115 | 178.3% | **$ 1,053** | $ 508 | 107.3% |
| Net operating income | **$ 1,378** | $ 567 | 143.0% | **$ 4,434** | $ 2,183 | 103.1% |
| Operating margin | **81.2%** | 83.1% | | **80.8%** | 81.1% | |
| Number of suites at December 31 | **238** | 114 | | **238** | 114 | |

For the three months and year ended December 31, 2023, operating results were higher than the same periods in the prior year due to one rental building consisting of 124 suites that was acquired in Victoria, British Columbia on April 25, 2023. Further details on this acquisition can be found in the section titled "Financial Condition – Review of Cash Flows– Investing Activities – New Property Acquisitions and Dispositions" in this MD&A.

## Saskatchewan Rental Operations

| *(In $000's, except number of suites)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Rental revenue | **$ 14,891** | $ 13,713 | 8.6% | **$ 57,508** | $ 52,952 | 8.6% |
| Expenses | | | | | | |
| Operating expenses | **2,290** | 2,443 | (6.3)% | **9,764** | 9,321 | 4.8% |
| Utilities | **1,685** | 1,663 | 1.3% | **6,852** | 6,510 | 5.3% |
| Property taxes | **1,156** | 1,119 | 3.3% | **4,590** | 4,380 | 4.8% |
| Total rental expenses | **$ 5,131** | $ 5,225 | (1.8)% | **$ 21,206** | $ 20,211 | 4.9% |
| Net operating income | **$ 9,760** | $ 8,488 | 15.0% | **$ 36,302** | $ 32,741 | 10.9% |
| Operating margin | **65.5%** | 61.9% | | **63.1%** | 61.8% | |
| Number of suites at December 31 | **3,505** | 3,505 | | **3,505** | 3,505 | |

For both the three months and year ended December 31, 2023, Saskatchewan rental revenue increased by 8.6% compared to the same periods in the prior year due to higher in-place occupied rents coupled with lower incentives and vacancy loss. For the three months ended December 31, 2023, total rental expenses decreased by 1.8% compared to the same period in the prior year due to lower operating expenses, partially offset by higher utilities and property taxes. For the year ended December 31, 2023, total rental expenses increased by 4.9% compared to the same period in the prior year due to higher operating expenses, utilities, and property taxes.

Operating expenses for the three months and year ended December 31, 2023 decreased by 6.3% and increased by 4.8%, respectively, compared to the same periods in the prior year. For the fourth quarter, the decrease was due to lower wages and salaries, advertising costs, and lower insurance premiums upon renewal in July 2023. For the year-to-date, the increase in operating expense was driven by higher wages and salaries, building repairs and maintenance, and higher insurance premiums for the first half of the year, partially offset by lower advertising costs and bad debt expense.

Utilities for the three months and year ended December 31, 2023, increased by 1.3% and 5.3%, respectively, compared to the same periods in the prior year. The increases were a result of higher electricity costs, water and sewer costs, and carbon levies. The lower increase for the fourth quarter was due to lower natural gas costs and electricity attributable to the milder weather conditions compared to the same period in the prior year resulting in lower consumption. The Trust has one outstanding fixed price contract to mitigate its natural gas price for its Saskatchewan natural gas usage. Details of the contract can be found in NOTE 19 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

Property taxes increased by 3.3% and 4.8% for the three and 12 months ended December 31, 2023, respectively, compared to the same periods in the prior year due to higher property tax assessments.

Reported operating margin for the year ended December 31, 2023 was 63.1% compared to 61.8% for the same period in 2022.

## Ontario Rental Operations

| *(In $000's, except number of suites)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Rental revenue | **$ 11,525** | $ 10,945 | 5.3% | **$ 45,355** | $ 42,332 | 7.1% |
| Expenses | | | | | | |
| Operating expenses | **2,175** | 2,005 | 8.5% | **8,310** | 7,722 | 7.6% |
| Utilities | **1,144** | 1,088 | 5.1% | **4,676** | 4,275 | 9.4% |
| Property taxes | **1,268** | 1,107 | 14.5% | **4,593** | 4,340 | 5.8% |
| Total rental expenses | **$ 4,587** | $ 4,200 | 9.2% | **$ 17,579** | $ 16,337 | 7.6% |
| Net operating income | **$ 6,938** | $ 6,745 | 2.9% | **$ 27,776** | $ 25,995 | 6.9% |
| Operating margin | **60.2%** | 61.6% | | **61.2%** | 61.4% | |
| Number of suites at December 31 (1) | **3,019** | 3,019 | | **3,019** | 3,019 | |

(1) Excludes 183 suites related to the Trust's joint venture in Brampton, Ontario.

Boardwalk REIT's Ontario operations for the three months ended December 31, 2023 reported a 5.3% increase in rental revenue compared to the same period in the prior year due to higher in-place occupied rents. For the year ended December 31, 2023, rental revenue increased 7.1% compared to the same period in 2022 due to higher in-place occupied rents and an acquisition in Brampton consisting of 152 suites on March 30, 2022. Total rental expenses increased by 9.2% and 7.6% for the three months and year ended December 31, 2023, respectively, compared to the same periods in the prior year due to higher operating expenses, utilities, and property taxes, as well as the addition of the acquisition in Brampton.

Operating expenses for the three months ended December 31, 2023 increased by 8.5% compared to the same period in the prior year, which was attributable to higher wages and salaries, building repair and maintenance, bad debt expense, and advertising costs. For the year ended December 31, 2023, operating expenses increased 7.6% compared to the same period in the prior year due to higher wages and salaries, building repairs and maintenance, insurance, advertising costs, as well as the addition of the acquisition in Brampton, partially offset by lower bad debt expense.

Utility costs increased 5.1% for the three months ended December 31, 2023 compared to the same period in the prior year due to higher electricity and natural gas costs. For the year ended December 31, 2023, utilities increased 9.4% compared to the same period in the prior year mainly due to higher natural gas costs and higher carbon levies as a result of the implementation of the federal increases, and as a result of proceeds from a one-time refund that was received in the third quarter of 2022. The Trust has one outstanding fixed price natural gas contract for 69% of its London natural gas usage. Details of the contract can be found in NOTE 19 to the audited annual consolidated financial statements years ended December 31, 2023 and 2022.

Property taxes increased 14.5% and 5.8% for the three months and year ended December 31, 2023, respectively, compared to the same periods in the prior year due to higher property tax assessments.

NOI increased by 6.9% for the year ended December 31, 2023 compared to the prior year. Reported operating margin for the year ended December 31, 2023 was 61.2% compared to 61.4% for the prior year.

## Quebec Rental Operations

| *(In $000's, except number of suites)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Rental revenue | **$ 23,098** | $ 21,849 | 5.7% | **$ 89,873** | $ 85,184 | 5.5% |
| Expenses | | | | | | |
| Operating expenses | **4,019** | 3,827 | 5.0% | **15,632** | 14,653 | 6.7% |
| Utilities | **1,970** | 1,962 | 0.4% | **6,894** | 7,157 | (3.7)% |
| Property taxes | **2,370** | 2,196 | 7.9% | **8,952** | 8,708 | 2.8% |
| Total rental expenses | **$ 8,359** | $ 7,985 | 4.7% | **$ 31,478** | $ 30,518 | 3.1% |
| Net operating income | **$ 14,739** | $ 13,864 | 6.3% | **$ 58,395** | $ 54,666 | 6.8% |
| Operating margin | **63.8%** | 63.5% | | **65.0%** | 64.2% | |
| Number of suites at December 31 | **6,000** | 6,000 | | **6,000** | 6,000 | |

Boardwalk REIT's Quebec operations reported rental revenue increases of 5.7% and 5.5% for the three and 12 months ended December 31, 2023, respectively, compared to the same periods in the prior year. The increases were mainly attributable to higher in-place occupied rents and a decrease in vacancy loss mainly due to the lease up of the newly re-positioned former seniors' home that was completed in the beginning of 2022. Total rental expenses for the three months and year ended December 31, 2023 increased 4.7% and 3.1%, respectively, compared to the same periods in 2022, due to higher operating expenses and property taxes, while utilities were consistent for the fourth quarter of 2023 and decreased on a year-to-date basis, compared to the same periods in 2022.

For the three and 12 months ended December 31, 2023, operating expenses increased by 5.0% and 6.7%, respectively, compared to the same periods in 2022 mainly due to higher wages and salaries and building repairs and maintenance. Insurance expense was higher for the first half of 2023 but decreased in the third quarter upon renewal in July 2023.

For the three months ended December 31, 2023, utilities remained relatively flat with a slight increase of 0.4% compared to the same period in 2022. For the year ended December 31, 2023, utilities decreased 3.7% compared to the same period in 2022 due to lower natural gas costs resulting from lower rates and consumption. The Trust has one outstanding fixed price natural gas contract to mitigate 74% of its Nun's Island natural gas usage. The details of the natural gas contract are reported in NOTE 19 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

Property taxes increased 7.9% and 2.8% for the three months and year ended December 31, 2023, respectively, compared to the same periods in the prior year due to higher property tax assessments.

Reported operating margins for the 12 months ended December 31, 2023 increased from 64.2% to 65.0%.

# OPERATIONAL SENSITIVITIES

## Net Operating Income Optimization

Boardwalk continues to focus on optimizing its NOI. This focus requires the Trust 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 while maintaining competitive lease rental rates and a focus on a high-quality level of service continue to be the model that has delivered the most stable and long-term income source to date. This strategy is region specific and these variables are in constant flux.

In competitive markets, the Trust takes a more preventive approach of increasing its offering of suite-specific rental incentives as well as, where warranted, adjusting reported market rents. The increased use of these incentives, particularly in Alberta, was an attempt by the Trust to keep occupancy levels higher than the overall market. As the market is in under supply of housing, the Trust has begun to unwind these incentives and increase market rents. This is evidenced in the current quarter with incentives decreasing 50.9% and 42.9% for the three and 12 months ended December 31, 2023, respectively, compared to the same periods in the prior year. It has been our experience that this proactive approach has resulted in optimizing NOI.

In addition, in these competitive, non-price-controlled markets, the Trust takes steps to renew leases prior to term maturity. In select markets, the Trust may also forward-lock future rentals while not collecting revenues for certain months in the immediate future. This means the Trust may decide to rent a suite in December with the Resident Member not moving in until the following year. Although the suite is rented, it will not generate revenue until the Resident Member 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 suites generating revenue for the period noted. The Trust closely monitors 'apartment availability', which represents unoccupied suites not generating revenue for the period, after taking into account forward-committed leases. Although occupancy rates provide a good indication of current revenue, apartment availability provides the reader a more relevant indication of future potential revenue. As a result of recent acquisitions or newer developments, portfolio occupancy is on a same property basis.

Management of the Trust believes that when the NOI optimization strategy is combined with our strategic investment program, the outcome will be a more diverse product offering for our Resident Members and greater overall value creation for the Trust. The Trust also understands that the implementation and completion of these strategies may have some short-term consequences, as the timing of these enhancements may result in longer periods of time that suites are not available to be rented, leading to short-term increases in vacancy losses. However, the renovation program has slowed in relation to the current higher occupancy rates and in turn, the Trust will monitor the various renovation opportunities as they arise. It is still management's belief that a focus on longer-term value creation is in the best interest of all stakeholders.

Boardwalk constantly reviews its existing programs, measuring them against resident demand, viability and expected return, and refining them where appropriate.

## Boardwalk REIT's Portfolio Occupancy (Same property):

| City | Q4 2023 | Q4 2022 |
|---|---|---|
| Calgary | **99.38%** | 98.88% |
| Edmonton | **98.42%** | 97.15% |
| Fort McMurray | **97.91%** | 94.87% |
| Grande Prairie | **98.13%** | 96.00% |
| Kitchener | **98.26%** | 98.62% |
| London | **98.69%** | 98.87% |
| Cambridge | **97.13%** | 97.49% |
| Waterloo | **99.44%** | 98.33% |
| Montreal | **99.56%** | 97.60% |
| Quebec City | **99.27%** | 96.12% |
| Red Deer | **99.32%** | 98.57% |
| Regina | **98.85%** | 98.29% |
| Saskatoon | **99.39%** | 99.24% |
| Verdun | **99.75%** | 99.82% |
| Portfolio | **98.91%** | 97.99% |

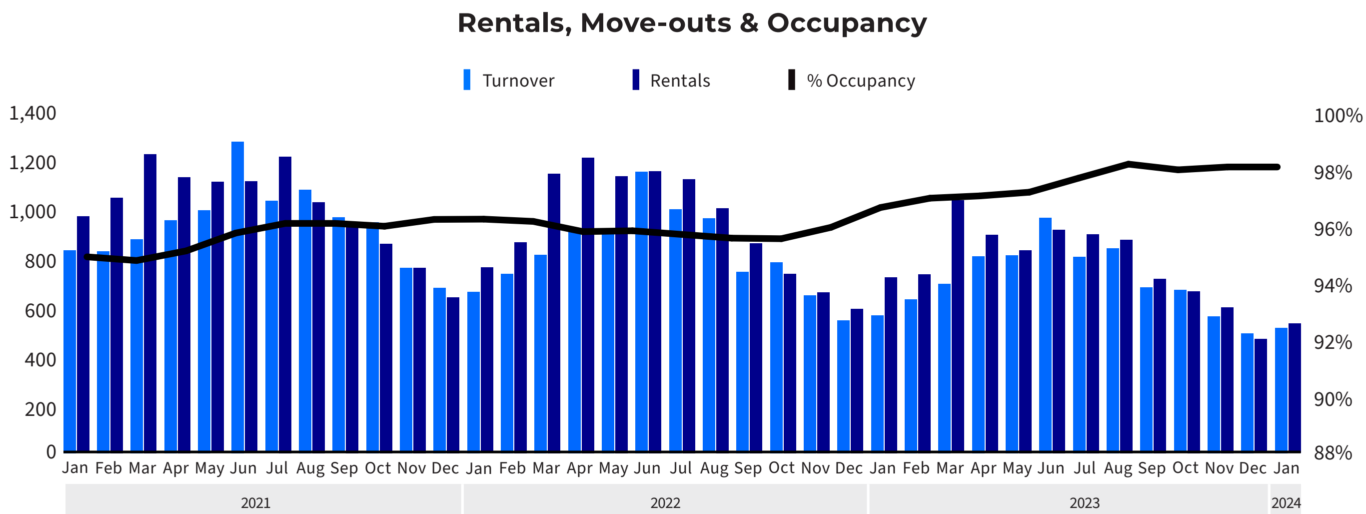
In Q4 2023, the Trust reported an increase of 92 basis points (bps) in its overall same property occupancy rate compared to the same quarter in the prior year, an increase from 97.99% to 98.91%. In Alberta, the continued growth and improvements to the market conditions and the increasing net migration into the province since 2022 have been driving up demand and increasing occupancy, which is reflected above in all Alberta regions. Edmonton, which had been experiencing competitive market conditions from new supply of multi-family suites entering the market as well as challenging economic conditions, has realized an increase of 127 bps in occupancy compared to the same quarter in the prior year. In Calgary, occupancy for the quarter increased 50 bps when compared to the same period in the prior year. The increases seen in Fort McMurray and Grande Prairie are a result of the energy sector maintaining strong momentum compared to the last few years, together with improved economic conditions from recent increases in commodity prices leading to more drilling activity and capital investment into the region, thereby contributing to a stronger oil and gas market compared to the last few years. In addition, Alberta has seen record high net migration into the province in 2022 and 2023, which has also contributed to the increased occupancy within this market segment and an uptick in leasing activity.

The rising occupancy across the whole portfolio is a further indication of the rebound within the economy. In Saskatchewan, occupancy in Q4 2023 continued to grow in the Regina and Saskatoon markets compared to the same quarter in the prior year. Regina occupancy levels increased to 98.85% in Q4 2023 compared to 98.29% in Q4 2022. Saskatoon occupancy levels increased to 99.39% in Q4 2023 compared to 99.24% in Q4 2022. These increases are a result of improved economic conditions in the agricultural sector this past year, which can be partly attributed to the war in Ukraine driving up grain prices and drawing more in-migration to the province.

Occupancy continued to remain strong in Ontario and Quebec. In Quebec City, occupancy quarter-over-quarter increased from 96.12% in Q4 2022 to 99.27% in Q4 2023. The lower occupancy in 2022 was attributed to the seniors' community building within Quebec City that was being re-positioned to a conventional multi-family asset beginning in early 2021. The repositioning was completed in early 2022 and occupancy of the building has continued to increase from 86.34% occupancy at December 31, 2022, to 98.91% at December 31, 2023.

As overall markets stabilize, we expect some up and down movements in occupancy as the Trust aims to maintain occupancy near current levels.

## Rentals, Move-outs and Impact on Reported Occupancy (Same property):




Demand and supply, as with any industry, is an essential performance indicator for multi-family real estate. The above chart shows the total move-outs (supply) compared to total rentals (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 while optimizing turnover costs. Adjusting market rental rates is an ongoing process for the Trust and is consistent with its overall strategy of optimizing overall NOI; consequently, the Trust expects to adjust rents upward or downward when it is deemed necessary.

### 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 $5.5 million, or $0.11 per Trust Unit on a fully diluted basis.

## SAME PROPERTY RESULTS

Boardwalk defines same 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 same properties was 98.3% of its total rental suite portfolio as at December 31, 2023, or a total of 33,264 suites. The tables below provide a regional breakdown on these properties for the fourth quarter of 2023 compared to the fourth quarter of 2022, and fiscal 2023 compared to fiscal 2022.

| Same Property Dec. 31 2023 – 3 M | # of Suites | % Rental Revenue Growth | % Total Rental Expenses Growth | % Net Operating Income Growth | % of NOI |
|---|---|---|---|---|---|
| Edmonton | 12,882 | 10.2% | (3.9)% | 22.8% | 35.1% |
| Calgary | 5,960 | 12.0% | (3.2)% | 20.8% | 23.3% |
| Other Alberta | 1,936 | 10.3% | (7.6)% | 26.2% | 5.0% |
| Alberta | 20,778 | 10.8% | (4.2)% | 22.3% | 63.4% |
| Quebec | 6,000 | 5.7% | 4.7% | 6.3% | 17.0% |
| Saskatchewan | 3,505 | 8.6% | (1.8)% | 15.0% | 11.3% |
| Ontario | 2,867 | 5.5% | 7.6% | 4.2% | 7.6% |
| British Columbia | 114 | 4.7% | 13.4% | 3.0% | 0.7% |
| | 33,264 | 9.2% | (1.6)% | 16.8% | 100.0% |

| Same Property Dec. 31 2023 – 12 M | # of Suites | % Rental Revenue Growth | % Total Rental Expenses Growth | % Net Operating Income Growth | % of NOI |
|---|---|---|---|---|---|
| Edmonton | 12,882 | 9.4% | (1.0)% | 18.5% | 34.8% |
| Calgary | 5,960 | 11.8% | 3.6% | 16.4% | 23.0% |
| Other Alberta | 1,936 | 9.1% | (3.4)% | 20.1% | 4.9% |
| Alberta | 20,778 | 10.2% | 0.1% | 17.8% | 62.7% |
| Quebec | 6,000 | 5.5% | 3.1% | 6.8% | 17.7% |
| Saskatchewan | 3,505 | 8.6% | 4.9% | 10.9% | 11.0% |
| Ontario | 2,867 | 5.4% | 6.8% | 4.6% | 7.9% |
| British Columbia | 114 | 4.6% | 12.8% | 2.7% | 0.7% |
| | 33,264 | 8.8% | 1.6% | 13.7% | 100.0% |

Same property rental revenue increased by 8.8% for the year ended December 31, 2023, compared to the same period in the prior year. Total rental expenses reported for the year increased by 1.6% from 2022, resulting in a NOI increase of 13.7% compared to the prior year. The increase in reported rental revenue was driven by the higher in-place occupied rents across all regions as well as continued decreases in incentives in the Alberta and Saskatchewan markets and decreases in vacancy loss in all regions, excluding British Columbia. Same property rental expenses increased for most regions due to the current economic environment leading to higher wages and salaries from inflation, higher utilities from increased rates, and higher property taxes. In particular, Calgary incurred increased wages and salaries, as well as increased utilities costs specific to increased prices for electricity as a result of a fixed price contract which expired in 2022 and was renewed at a higher rate. The increased cost in Saskatchewan total rental expenses was the result of inflationary pressure on wages and salaries and repairs and maintenance coupled with increased prices for most utilities. British Columbia total rental expenses were also impacted by inflationary pressure on most operating expense categories including wages and salaries and repairs and maintenance. However, total same property rental expenses decreased slightly in Edmonton and decreased within Other Alberta due to lower repairs and maintenance costs, advertising, and bad debts as a result of the higher occupancy recognized. These positive gains in rental revenues and reductions in operating expenses, where noted, have led to same property NOI growth in Alberta of 17.8% for the year ended December 31, 2023, compared to the same period in the prior year. Overall, the Trust recognized same property NOI growth of 13.7% for 2023 compared to the prior year.

| Same Property Rental Revenue Growth | # of Suites | Q4 2023 vs Q3 2023 | Q4 2023 vs Q2 2023 | Q4 2023 vs Q1 2023 | Q4 2023 vs Q4 2022 |
|---|---|---|---|---|---|
| Edmonton | 12,882 | 2.7% | 5.6% | 8.8% | 10.2% |
| Calgary | 5,960 | 2.8% | 5.9% | 9.2% | 12.0% |
| Other Alberta | 1,936 | 3.2% | 5.3% | 8.5% | 10.3% |
| Quebec | 6,000 | 2.0% | 4.5% | 4.9% | 5.7% |
| Saskatchewan | 3,505 | 2.6% | 5.1% | 6.9% | 8.6% |
| Ontario | 2,867 | 1.3% | 2.4% | 3.1% | 5.5% |
| British Columbia | 114 | 0.5% | 1.7% | 3.7% | 4.7% |
| | 33,264 | 2.5% | 5.1% | 7.5% | 9.2% |

On a sequential basis, same property rental revenue reported in the fourth quarter of 2023 increased by 2.5% over Q3 2023, increased by 5.1% compared to Q2 2023, increased by 7.5% compared to Q1 2023, and increased by 9.2% compared to Q4 2022. The change over each quarter is a reflection of Boardwalk's strategy, striving toward balancing the optimum level of market rents, rental incentives, and occupancy rates in order to achieve its net operating income optimization strategy. The significant increases over the same quarter in the prior year also reflect market improvements and an influx in migration across provinces and international immigration, which has increased demand and contributed to the increases seen across Alberta. As rental demand increases, the Trust's focus is on sustainable rental rate increases with an emphasis on retention. The Trust continues to closely monitor this latest trend.

## Estimated Mark-to-Market Revenue Gain Calculation

Boardwalk REIT's projected mark-to-market revenue gain, representing the difference between estimated market rents and actual occupied rents in December 2023, and adjusted for current occupancy levels, totaled approximately $56.4 million on an annualized basis, representing $1.12 per Unit (Trust Units and LP Class B Units). For the most part, Boardwalk REIT's rental lease agreements last no longer than 12 months. By managing market rents and providing suite-specific incentives to our Resident Members, the Trust and all its stakeholders continue to benefit from lower turnover, reduced expenses, and high occupancy. Estimated mark-to-market revenue gain is measured at a point in time and is not intended to depict expected future financial performance. 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 mark-to-market revenue gain" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. 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, particularly on renewals.

| Same Property | Without Incentives: Dec. 2023 Market Rent (1) | Dec. 2023 Occupied Rent (2) | Mark-to-Market Per Month (3) | Annualized Mark-to-Market Adjusted for Current Occupancy Levels ($000's) | With Incentives: Dec. 2023 Market Rent, Including Incentives (4) | Dec. 2023 Occupied Rent (2) | Mark-to-Market Per Month (3) | Annualized Mark-to-Market Adjusted for Current Occupancy Levels ($000's) | Weighted Average Apartment Suites (5) | % of Portfolio |
|---|---|---|---|---|---|---|---|---|---|---|
| Edmonton | $ 1,428 | $ 1,341 | $ 87 | $ 13,262 | $ 1,378 | $ 1,341 | $ 37 | $ 5,552 | 12,882 | 39% |
| Calgary | 1,892 | 1,662 | 230 | 16,539 | 1,866 | 1,662 | 204 | 14,684 | 6,041 | 18% |
| Other Alberta | 1,355 | 1,229 | 126 | 2,897 | 1,301 | 1,229 | 72 | 1,641 | 1,936 | 6% |
| Alberta | $ 1,555 | $ 1,423 | $ 132 | $ 32,698 | $ 1,512 | $ 1,423 | $ 89 | $ 21,877 | 20,859 | 63% |
| Quebec | $ 1,434 | $ 1,282 | $ 152 | $ 10,908 | $ 1,432 | $ 1,282 | $ 150 | $ 10,813 | 6,000 | 18% |
| Saskatchewan (6) | 1,508 | 1,429 | 79 | 3,316 | 1,475 | 1,429 | 46 | 1,927 | 3,505 | 10% |
| Ontario | 1,894 | 1,274 | 620 | 21,099 | 1,893 | 1,274 | 619 | 21,240 | 2,867 | 9% |
| British Columbia | 2,512 | 2,121 | 391 | 530 | 2,508 | 2,121 | 387 | 527 | 114 | 0% |
| Total Portfolio | $ 1,561 | $ 1,388 | $ 173 | $ 68,551 | $ 1,530 | $ 1,388 | $ 142 | $ 56,384 | 33,345 | 100% |

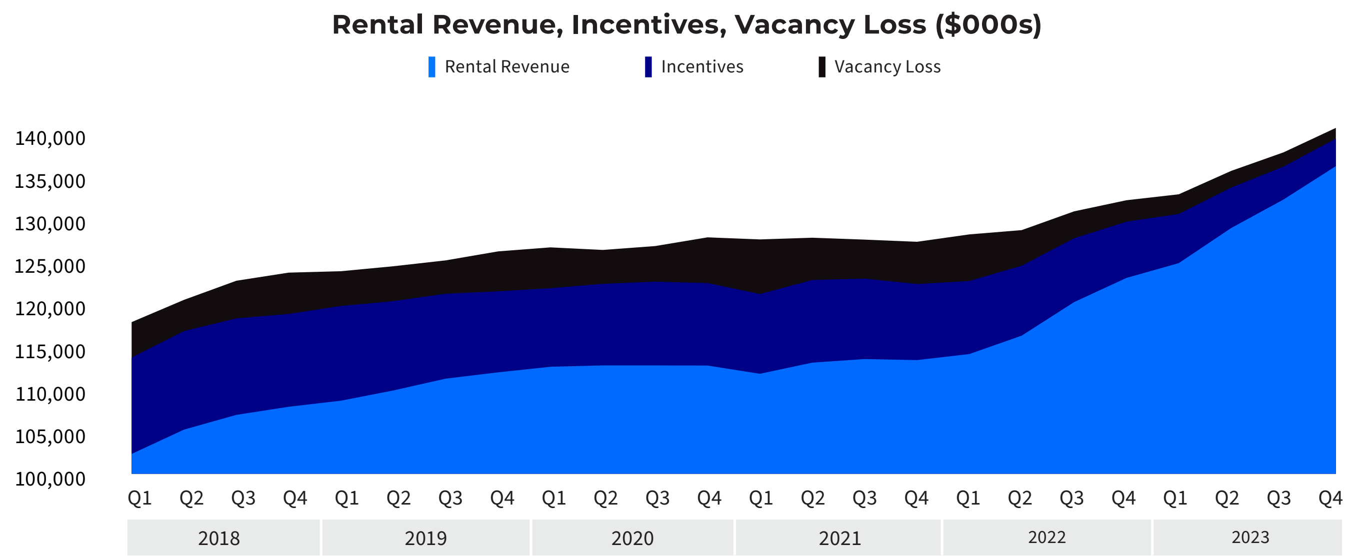
(1) Market rent is a component of rental revenue and represents same properties only. It is calculated as of the first day of each month as the average rental revenue amount a willing landlord might reasonably expect to receive, and a willing tenant might reasonably expect to pay, for a tenancy, before adjustments for other rental revenue items such as, incentives, vacancy loss, fees, specific recoveries, and revenue from commercial tenants.
(2) Occupied rent is a component of rental revenue and represents same properties only. It is calculated for occupied suites as of the first day of each month as the average rental revenue, adjusted for other rental revenue items such as fees, specific recoveries, and revenue from commercial tenants.
(3) Mark-to-market represents the difference between market rent and occupied rent, or market rent including incentives and occupied rent, where indicated.
(4) Market rent including incentives is market rent, as described, adjusted for incentives.
(5) Calgary includes the BRIO joint operation at 100% suite count.
(6) Saskatchewan market rent includes an increase for cable and internet service.

The increase in the mark-to-market revenue gain for our portfolio, from $55.4 million at September 2023, to $56.4 million at December 2023, was due primarily to an increase in market rents in the Calgary and Ontario markets for the month of December, contributing to a weighted average mark-to-market of $142 per suite per month. Excluded from the mark-to-market revenue gain calculation of $56.4 million is approximately $31 per suite per month of incentives, representing the difference of the mark-to-market calculated excluding incentives and the mark-to-market calculated including incentives, resulting in potential additional revenue of approximately $12 million per annum or a total mark-to-market opportunity of $68.6 million.

In fiscal 2023, as with prior periods, Boardwalk REIT continued to focus on the optimization of all rental revenue, with attention to appropriate levels of market rents and certain occupancy level targets, as well as suite-selective incentives when warranted.

## Vacancy Loss and Incentives

Vacancy loss and rental incentives are strong indicators of current and future revenue performance. Depending on specific market conditions, to best manage overall economic rental revenue, the correct balance between rental incentives and vacancy loss is important. On a quarterly basis, the chart below details rental incentives offered versus vacancy loss, on a same property basis. Select incentives are continuing in the Alberta and Saskatchewan markets to maintain and increase occupancy levels. However, incentives and vacancy loss in these markets are on a downward trend as noted previously under the section titled "Segmented Operational Reviews" in this MD&A, with decreased incentives being used on the renewal of leases and minimal to no incentives being offered on new leases. Boardwalk REIT continues to focus on maximizing overall revenues through the management of three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives.




# FINANCING COSTS

Financing costs, including interest expense on the Trust's secured mortgages and lease obligations for the year ended December 31, 2023 increased from the same period in the prior year, from $97.0 million to $111.2 million. At December 31, 2023, the reported weighted average interest rate for mortgages payable of 3.00% was up from the weighted average interest rate of 2.72% at December 31, 2022. Boardwalk REIT has continued to refinance and renew certain mortgages with a focus on balancing the renewing interest rate as well as staggering the mortgage maturity curve. The average term to maturity of the Trust's mortgage portfolio is approximately 3.7 years.

Boardwalk REIT concentrates on multi-family residential real estate which makes it eligible to obtain government-backed insurance through the NHA (as defined herein) program, administered by CMHC. The benefits of purchasing this insurance are two-fold.

1. CMHC insurance allows Boardwalk REIT to obtain mortgages with lower interest rate spreads on its property financing 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; and,
2. CMHC insurance lowers 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.

This government-backed mortgage insurance program administered by CMHC provides significant benefits to the Trust, which in turn allows for increased quality and affordability for the Trust's Resident Members. Despite past volatility in the overall credit markets, the Trust has been able to maintain a number of mortgage lenders willing to assume, or underwrite, additional mortgages under this program.

At December 31, 2023, approximately 96% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 32 years.

As the LP Class B Units are classified as financial liabilities in accordance with IFRS, the corresponding distributions paid to the Unitholders are classified as financing costs under IFRS. In its definition of FFO, REALPAC notes that puttable instruments are classified as financial liabilities and distributions are therefore treated as interest expense, however, adds the distributions that were treated as interest expense back when calculating FFO, which suggests those puttable instruments are similar to equity. The total amount of distributions paid to the holders of LP Class B Units for the year ended December 31, 2023, which have been recorded as financing costs, was $5.1 million (year ended December 31, 2022 – $4.8 million). Based on this rationale, these amounts have been added back in the calculation of FFO.

## Amortization of Deferred Financing Costs

The amortization of deferred financing costs relates primarily to the amortization of CMHC premiums, which are paid as part of mortgage financing. If Boardwalk REIT replaces an existing mortgage with a new mortgage, all costs associated with the original mortgage, including the unamortized balance of the CMHC premium, are required to be charged to income in the period that this occurs. As a result, and due to the variable timing and strategy of each mortgage at maturity, the amounts reported will vary. Rather than refinance the entire mortgage on term maturity to a higher amount, Boardwalk REIT continues to take advantage of supplementing, rather than extinguishing, the original mortgage to increase its leverage.

Boardwalk reviews its amortization estimates on an ongoing basis and, if warranted, will adjust these estimates prospectively.

The total amortization of deferred financing costs for the year ended December 31, 2023 was $7.2 million, the same as recorded for the prior year. Amortization of deferred financing costs is included in financing costs.

## Interest Rate Sensitivity

Although Boardwalk REIT manages its financing risk in a variety of ways, significant interest rate changes could still impact the Trust as a whole. Due to the size of Boardwalk's overall mortgage portfolio, it has been prudent to spread out the maturity of these mortgages over a number of years. In fiscal 2024, the Trust anticipates having approximately $439.6 million of secured mortgages maturing with a weighted average rate of 2.92%. If we were to renew these mortgages today with a five-year term, the Trust estimates, based upon interactions with possible lenders, the new rate would be approximately 4.45% (as of February 2024).

To date, the Trust has renewed, or forward locked the interest rate on $26.9 million or 6.1% of its total 2024 mortgage maturities at an average interest rate of 4.36%, while extending the term of these mortgages by an average of five years.

# ADMINISTRATION

Included in administration expenses are costs associated with Boardwalk REIT's centralized administrative functions. The amount reported for the year ended December 31, 2023, which relates to corporate administration from continuing operations, was $41.2 million compared to $33.9 million in the prior year, an increase of approximately 21.5% for the year. The increase was attributable to higher administrative wages, which was increased in part due to rising inflation coupled with bonus considerations, as well as higher professional fees (including audit/advisory fees, legal expenses, and government relation costs), travel costs, and third party software as a service fees.

# DEPRECIATION

Depreciation recorded on the Consolidated Statements of Comprehensive Income is made up of the 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.

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

The total amount reported as depreciation for the year ended December 31, 2023 was $7.9 million, which was consistent with the $7.8 million recorded for the same period in the prior year.

# OTHER INCOME AND EXPENSES

## Income Tax Expense

Boardwalk REIT qualifies as a “mutual fund trust” as defined in the Tax Act. The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts and the criteria for qualifying for the REIT Exemption, which would exempt Boardwalk REIT from income tax under the SIFT Legislation. For 2022 and 2023, the Trust qualified for the REIT Exemption.

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

Boardwalk REIT has received a letter from the Canada Revenue Agency (“CRA”) informing the Trust that the CRA will be issuing notices of reassessment of tax (“CRA Letter”). The CRA Letter outlines that when issuing its notices of reassessment, the CRA will be increasing the Trust’s taxable income by $5.6 million, $20.6 million, $14.1 million, and $0.06 million for its taxation years ended December 31, 2011, 2012, 2013, and 2014, respectively, on the basis that the Trust did not report deemed taxable capital gains in each of those taxation years resulting from alleged negative adjusted cost base in the Trust's units of Top Hat Operating Trust (“Operating Trust”), a trust 100% owned by Boardwalk REIT. Management of the Trust is assessing the implications of the CRA Letter and once it receives the notices of reassessment, the Trust has 90 days to file a notice of objection to the expected reassessments. The Trust intends to file an objection with the CRA Appeals Division as it disagrees with the CRA’s proposed assessment. The Trust will not be required to pay any amount to the CRA in order to dispute this matter. It is difficult to estimate the amount of time it could take to resolve the dispute with the CRA Appeals Division and it is possible that an appeal to the Tax Court of Canada could be required in order to resolve this dispute. Please refer to the section titled “Risk and Risk Management – Certain Tax Risks – Change of Tax Laws” in this MD&A for more information.

## 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 Trust Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are recorded at their fair value at each reporting date. As at December 31, 2023, the Trust used a price of $71.34 based on the closing price of the Trust Units on the TSX to determine the fair value of these liabilities at that date. The total fair value of the LP Class B Units recorded on the Consolidated Statements of Financial Position at December 31, 2023, was $319.2 million (December 31, 2022 – $221.2 million), and a corresponding fair value loss of $98.0 million (year ended December 31, 2022 – fair value gain of $24.2 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2023.

The deferred unit-based compensation plan had a fair value of $15.8 million (December 31, 2022 – $8.1 million), and a corresponding fair value loss of $4.6 million (year ended December 31, 2022 – fair value gain of $0.2 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2023.

# Financial Condition

## REVIEW OF CASH FLOWS

### Operating Activities

Cash flow from operating activities increased by 24.2% from $160.9 million for the year ended December 31, 2022 to $199.8 million for the year ended December 31, 2023. For the year ended December 31, 2023, Boardwalk REIT reported ACFO of $149.1 million, or $2.96 per Unit. This represented an increase of approximately 18.1%, compared to $126.2 million, or $2.51 per Unit, reported for the same twelve months in 2022. The increase in cash flow from operating activities for 2023 was mainly the result of increased rental revenues partially offset by higher operating and administrative costs incurred in the period and higher interest expense as a result of higher interest rates. The increase in ACFO was primarily due to higher rental revenues from higher occupied rent and lower incentives and vacancy loss.

A reconciliation of ACFO to cash flow from operating activities as shown in the Consolidated Statements of Cash Flows prepared in accordance with IFRS is highlighted below.

| **ACFO Reconciliation** *(In $000's, except per Unit amounts)* | **3 Months Dec. 31, 2023** | 3 Months Dec. 31, 2022 | % Change | **12 Months Dec. 31, 2023** | 12 Months Dec. 31, 2022 | % Change |
|---|---|---|---|---|---|---|
| Cash flow from operating activities | **$ 55,133** | $ 43,951 | | **$ 199,796** | $ 160,904 | |
| Adjustments | | | | | | |
| Net change in operating working capital | **(5,290)** | (1,420) | | **(8,385)** | 5,878 | |
| Loss from equity accounted investment | **(572)** | (247) | | **(1,113)** | (247) | |
| Deferred unit-based compensation | **(921)** | (678) | | **(3,328)** | (2,556) | |
| LP Class B Unit distributions | **1,309** | 1,208 | | **5,169** | 4,774 | |
| Government grant amortization | **94** | 94 | | **378** | 378 | |
| Interest paid | **28,852** | 23,615 | | **103,084** | 88,574 | |
| Financing costs | **(28,905)** | (25,791) | | **(111,172)** | (97,021) | |
| Principal repayments on lease liabilities | **(803)** | (945) | | **(3,397)** | (3,965) | |
| Principal repayments on lease receivable | **-** | 186 | | **321** | 725 | |
| Maintenance Capital Expenditures (1) | **(8,651)** | (6,994) | | **(32,255)** | (31,263) | |
| ACFO (2)(3) | **40,246** | 32,979 | 22.0% | **149,098** | 126,181 | 18.2% |
| ACFO per Unit (3) | **$ 0.79** | $ 0.66 | 19.7% | **$ 2.96** | $ 2.51 | 17.9% |

(1) Details of the calculation of Maintenance Capital Expenditures can be found in the section titled, "Financial Condition – Review of Cash Flows – Investing Activities – Value-add Capital and Maintenance Capital Expenditures" in this MD&A.
(2) This is a non-GAAP financial measure.
(3) Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information.

For the current quarter, FFO Payout Ratio and ACFO Payout Ratio were 30.8% and 37.4%, respectively, compared to 33.9% and 41.1%, respectively, for the same period in the prior year. For the year ended December 31, 2023, FFO Payout Ratio and ACFO Payout Ratio were 32.2% and 39.1%, respectively, compared to 34.1% and 42.5%, respectively, in the prior year.

ACFO, in the longer term, is indicative of the Trust's ability to pay distributions to its Unitholders. ACFO Payout Ratio is a non-GAAP ratio. Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information on ACFO Payout Ratio. As regular distributions are funded by the Trust's liquidity, cash flow from operating activities, and mortgage upfinancings tied to investment property capital appreciation, these distributions are reviewed on a quarterly basis by the Board of Trustees to assess whether they are sustainable. As a result of the review at the beginning of 2023, the Board of Trustees had approved distributions of $1.17 per Trust Unit on an annualized basis effective March 2023. With the completion of 2023, the Board of Trustees has approved distributions of $1.44 per Trust Unit on an annualized basis effective March 2024.

## Investing Activities

### Capital Improvements

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

A few of the Trust's communities will be selected to fall under the 'Boardwalk Lifestyle' brand based on a number of criteria. In general, these communities are located in extremely attractive locations and desirable neighbourhoods. Rebranding is the highest level of investment the Trust will place in this community. Investment here will be holistic in nature and include significant enhancement to the exterior. Common areas may not only be refreshed but may also be modernized to include community areas with wi-fi bars, barbeque areas, and other in-demand amenities. The suites in these buildings will be significantly modernized and may include the removal of existing walls and substantial upgrades, including all new appliances, upgraded kitchens and extensive flooring, electrical and plumbing upgrades. These communities will be targeted to renters commonly referred to as a 'renter by choice'.

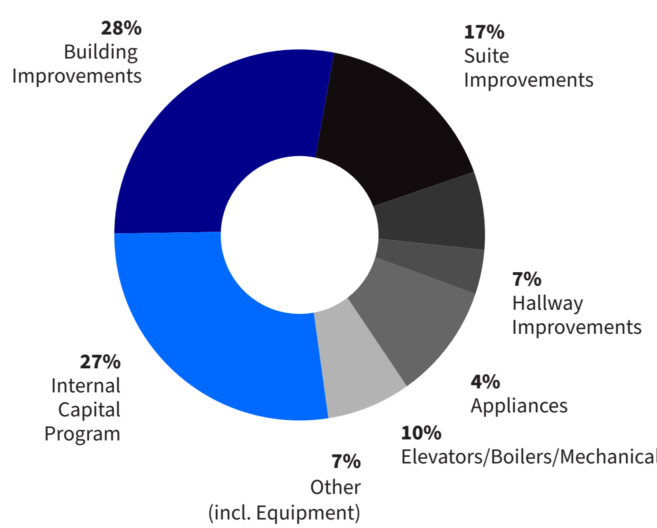
A number of the Trust's communities will be selected to be repositioned to the 'Boardwalk Communities' category. These communities will also be targeted based on location and will focus in on a modernization program. These communities tend to be located in mature areas near schools, parks, downtown core, shopping and other desirable amenities. Investment in these communities will enhance the already large suite size and will significantly upgrade most aspects of the suite, including new upgraded flooring, all new appliances with modernized kitchens, modern electrical, plumbing and hardware fixtures. Modernization of existing common areas such as hallways and lobbies will also be considered.

The majority of Boardwalk's existing portfolio falls into the 'Boardwalk Living' category. Resident Members in this area are looking for value but tend to be more price sensitive. Again, many of these Boardwalk communities are located in established communities with extensive local amenities. Although Boardwalk's investment in this area will be less significant than in its re-positioned and rebranded communities, it is value-focused and thoughtfully targeted with those items that these price sensitive renters appreciate most, such as upgraded flooring, and more modern electrical, plumbing and hardware fixtures.

In 2023, Boardwalk REIT invested approximately $126.0 million in capital assets (comprised of $119.0 million on its investment properties and $7.0 million on property, plant and equipment) back into its properties in the form of equipment and project enhancements to upgrade existing suites, common areas, and building exteriors and systems, compared to the $129.4 million ($123.9 million on its investment properties and $5.5 million on property, plant and equipment) invested in 2022.

A significant part of Boardwalk's capital improvement program relates to projects that are carried out by Boardwalk's Associates. This internal capital program was initiated in 1996 as a way to create more value for the Trust. The Trust recognizes that there are certain efficiencies and economies of scale available from having Boardwalk Associates perform certain capital projects themselves, or "in-house". This results in the faster execution and greater control of these projects while at the same time eliminating the profit charged by third-party contractors. The Trust focuses on specific projects where there is the largest opportunity for value creation, like flooring and painting. Over the last few years, the Trust has intensified this focus of performing capital projects "in-house" rather than contracting such services. Included in investment in capital assets is approximately $33.8 million of on-site wages and salaries that have been incurred towards these projects for 2023, compared to $34.4 million for 2022.

**2023 12 M Investment in Capital Assets**



### 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 or "Maintenance CAPEX" and value-add capital investments.

Maintenance CAPEX over the longer term is funded from cash flow from operating activities. These expenditures are deducted from FFO in order to estimate a sustainable amount, AFFO, which can be distributed to Unitholders. Maintenance CAPEX include those expenditures that, while capital in nature, are not considered betterments and relate more to maintaining the existing earnings capacity of our property portfolio, though do extend the useful life of the asset. In contrast, value-add capital investments are more discretionary in nature and focus on increasing the productivity of the property, with the goal of increasing NOI through revenue growth and/or decreased operating expenses. Management of the Trust believes that significant judgement is required to determine whether a capital expenditure is needed to maintain the earning capacity of an asset or to increase the earning capacity of an asset. Lastly, 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.

### Value-add Capital and Maintenance Capital Expenditures

As discussed above, value-add capital investments include building improvements, suite upgrades, technology initiatives, and other investments which support NOI growth. Building improvements include investments which improve energy efficiency, enhance building envelopes, increase curb appeal of the property, as well as renovations of common areas and amenity spaces. Suite upgrades included in value-add capital result in revenue growth above market growth. In addition, internal capital required to complete building improvements and suite upgrades is considered value-add capital.

Maintenance CAPEX are expenditures which relate to sustaining and maintaining the existing asset. Boardwalk's determination of Maintenance CAPEX is based on an estimated reserve amount per suite based on a three-year average of the capital invested to maintain and sustain the existing properties. The allocations below were the result of a detailed review of the Trust's historical capital investment. As previously discussed, significant judgement was required to allocate capital between value-add and Maintenance CAPEX. Capital budget amounts for 2023, revised, if necessary, based on actual expenditures for the year, are initially used to calculate Maintenance CAPEX for the three-year rolling average. For 2022, the three-year rolling average is based on actual expenditures invested from 2020 to 2022.

The Trust's calculation of standardized Maintenance CAPEX per suite is outlined in the following table:

| Category | 2023 Capital Expenditures ($000's) | 2022 Capital Expenditures ($000's) | 2021 Capital Expenditures ($000's) | 2020 Capital Expenditures ($000's) |
|---|---|---|---|---|
| Building Exterior, Grounds & Parking | $ 36,136 | $ 40,794 | $ 26,151 | $ 20,990 |
| Hallways & Lobbies | 8,999 | 6,628 | 8,093 | 6,816 |
| Elevators | 3,605 | 2,160 | 2,826 | 2,653 |
| Mechanical & Electrical | 9,023 | 6,086 | 6,901 | 5,134 |
| Other – Information Technology | 3,978 | 3,707 | 4,428 | 4,422 |
| Site Equipment & Vehicles | 2,204 | 1,342 | 1,636 | 1,412 |
| Total Common Area | $ 63,945 | $ 60,717 | $ 50,035 | $ 41,427 |
| Paint & General | $ 6,575 | $ 8,891 | $ 13,072 | $ 10,446 |
| Flooring | 8,512 | 10,823 | 12,824 | 11,959 |
| Cabinets & Counters | 5,495 | 6,760 | 7,957 | 7,348 |
| Appliances | 4,419 | 4,799 | 5,145 | 5,523 |
| Suite Mechanical | 1,287 | 1,549 | 1,659 | 1,738 |
| Furniture, Fixtures & Equipment | 980 | 771 | 1,198 | 971 |
| Total Suites | $ 27,268 | $ 33,593 | $ 41,855 | $ 37,985 |
| Internal Capital Program | $ 33,810 | $ 34,435 | $ 34,237 | $ 33,658 |
| Subtotal | $ 125,023 | $ 128,745 | $ 126,127 | $ 113,070 |
| Corporate Capital Expenditures | 949 | 607 | 876 | 546 |
| Investment in capital assets | $ 125,972 | $ 129,352 | $ 127,003 | $ 113,616 |
| | | | | |
| **Cash Flow from Investing Activities** | | | | |
| Improvements to Investment Properties | $ 119,012 | $ 123,885 | $ 121,492 | $ 108,653 |
| Additions to Property, Plant & Equipment | 6,960 | 5,467 | 5,511 | 4,963 |
| Investment in capital assets | $ 125,972 | $ 129,352 | $ 127,003 | $ 113,616 |
| | | | | |
| Number of suites | 33,846 | 33,722 | 33,264 | 33,396 |
| | | | | |
| **Value-add Capital Investment** | | | | |
| Building Improvements | $ 34,786 | $ 34,443 | $ 25,194 | $ 19,474 |
| Common Area Renovations | 8,999 | 6,628 | 8,093 | 6,816 |
| Suite Upgrades | 20,749 | 25,999 | 33,493 | 29,104 |
| Internal Capital | 27,873 | 28,289 | 28,664 | 27,195 |
| Other – Information Technology | 996 | 927 | 1,107 | 1,106 |
| | $ 93,403 | $ 96,286 | $ 96,551 | $ 83,695 |
| **Maintenance CAPEX** | 32,569 | 33,066 | 30,452 | 29,921 |
| Investment in capital assets | $ 125,972 | $ 129,352 | $ 127,003 | $ 113,616 |
| | | | | |
| Maintenance CAPEX per Suite | $ 962 | $ 981 | $ 915 | $ 896 |
| | | | | |
| **Three-year Rolling Average Reserve** | | | | |
| 2021 | | | $ 915 | |
| 2022 | | | $ 981 | |
| 2023 | | | $ 962 | |
| **2023 Maintenance CAPEX Per Suite** | | | **$ 953** | |
| | | | | |
| **Three-year Rolling Average Reserve** | | | | |
| 2020 | | | | $ 896 |
| 2021 | | | | $ 915 |
| 2022 | | | | $ 981 |
| **2022 Maintenance CAPEX Per Suite** | | | | **$ 931** |

Using the three-year rolling average reserve, Boardwalk's 2023 estimate of Maintenance CAPEX is $32.3 million, or $953 per suite, for the year. For 2022, Boardwalk's estimate of Maintenance CAPEX, using the three-year average reserve, was $31.3 million, or $931 per suite, for the year. The increase in the three-year rolling average reserve of $931 per suite in 2022 to $953 per suite in 2023 is due to a higher Maintenance CAPEX per suite in part due to rising costs from inflationary increases experienced over the past year.

The following table provides management of the Trust's estimate of these expenditure categories for the three and 12 months ended December 31, 2023 and 2022.

| *(In $000's, except for per suite amounts)* | **3 Months Dec. 31, 2023** | **Per Suite** | 3 Months Dec. 31, 2022 | Per Suite | **12 Months Dec. 31, 2023** | **Per Suite** | 12 Months Dec. 31, 2022 | Per Suite |
|---|---|---|---|---|---|---|---|---|
| Maintenance Capital Expenditures | **$ 8,651** | **$ 255** | $ 6,994 | $ 207 | **$ 32,255** | **$ 953** | $ 31,263 | $ 931 |
| Value-add Capital | **30,418** | **895** | 30,426 | 902 | **93,717** | **2,769** | 98,089 | 2,921 |
| Investment in capital assets | **$ 39,069** | **$ 1,150** | $ 37,420 | $ 1,109 | **$ 125,972** | **$ 3,722** | $ 129,352 | $ 3,852 |

Management of the Trust has estimated that for the fourth quarter of fiscals 2023 and 2022, the amount allocated to maintenance capital was approximately $8.7 million, or $255 per suite, and $7.0 million, or $207 per suite, respectively, with investment in value-add capital expenditures to its investment properties totaling $30.4 million and $30.4 million, respectively, or $895 and $902 per suite, respectively.

For the years ended December 31, 2023 and 2022, the amount allocated to maintenance capital was approximately $32.3 million, or $953 per suite, and $31.3 million, or $931 per suite, respectively, with investment in value-add capital expenditures to its investment properties totaling $93.7 million and $98.1 million, respectively, or $2,769 and $2,921 per suite, respectively.

### Investment Properties

The Trust has elected to use the fair value model in accordance with IAS 40 – Investment Properties ("IAS 40") 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. Appraisals were obtained as follows:

| Date | Number of Properties | Aggregate Fair Value | Percentage of Portfolio as of that Date |
|---|---|---|---|
| **December 31, 2023** | **6** | **$ 874,525** | **11.4%** |
| September 30, 2023 | 6 | $ 196,708 | 2.6% |
| June 30, 2023 | 4 | $ 210,300 | 2.8% |
| March 31, 2023 | 4 | $ 100,235 | 1.4% |
| December 31, 2022 | 5 | $ 879,913 | 12.8% |
| September 30, 2022 | 4 | $ 160,628 | 2.3% |
| June 30, 2022 | 6 | $ 176,883 | 2.6% |
| March 31, 2022 | 5 | $ 175,019 | 2.6% |

The fair value of the Trust's investment property portfolio was determined internally by the Trust using the same assumptions and valuation techniques used by the Appraisers. In addition to performing a valuation on a selection of the 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 using the stabilized approach are set out in the following table:

| As at | Dec. 31, 2023 | | Dec. 31, 2022 | |
|---|---|---|---|---|
| | **Capitalization Rate Weighted Average** | **Forecasted Total Stabilized Net Operating Income** | Capitalization Rate Weighted Average | Forecasted Total Stabilized Net Operating Income |
| Alberta | **5.13%** | **$ 247,297** | 5.01% | $ 206,176 |
| British Columbia | **4.30%** | **5,518** | 4.25% | 2,350 |
| Saskatchewan | **5.67%** | **39,326** | 5.67% | 35,049 |
| Ontario | **4.27%** | **30,922** | 4.01% | 27,354 |
| Quebec | **4.94%** | **18,944** | 4.81% | 17,965 |
| | **5.06%** | **$ 342,007** | 4.95% | $ 288,894 |
| Land Leases | **4.96%** | **39,807** | 4.69% | 36,198 |
| Total | **5.05%** | **$ 381,814** | 4.92% | $ 325,092 |

Overall portfolio weighted average stabilized capitalization rate ("Cap Rate") was 5.05% as at December 31, 2023 and 4.92% as at December 31, 2022, using a forecasted stabilized NOI.

The "Overall Capitalization Rate" method requires a forecasted stabilized NOI be divided by a Cap Rate to determine a fair value. As such, fluctuations in both NOI and Cap Rates could significantly alter the fair value. Generally, an increase in NOI will result in an increase to the fair value of an investment property. An increase in Cap Rate will result in a decrease to the fair value of an investment property. When the Cap Rate is applied to NOI to calculate fair value, there is a significant impact whereby the lower the Cap Rate, the larger the impact. The tables below summarize the sensitivity impact of changes in both Cap Rates and forecasted stabilized NOI on the Trust's fair value of its investment properties (excluding building acquisitions valued at Level 2 inputs, developments, and the right-of-use assets related to lease liabilities) as at December 31, 2023 and December 31, 2022:

| **As at December 31, 2023** | | **Stabilized Net Operating Income** | | | | |
|---|---|---|---|---|---|---|
| | | **-3%** | **-1%** | **As Forecasted** | **+1%** | **+3%** |
| Cap Rate | | **$ 370,360** | **$ 377,996** | **$ 381,814** | **$ 385,632** | **$ 393,268** |
| -0.25% | 4.80% | **$ 154,907** | **$ 313,923** | **$ 393,431** | **$ 472,939** | **$ 631,955** |
| Cap Rate As Reported | 5.05% | **(226,721)** | **(75,574)** | **7,557,359** | **75,574** | **226,721** |
| +0.25% | 5.30% | **(572,361)** | **(428,341)** | **(356,330)** | **(284,320)** | **(140,299)** |

| As at December 31, 2022 | | Stabilized Net Operating Income | | | | |
|---|---|---|---|---|---|---|
| | | -3% | -1% | As Forecasted | +1% | +3% |
| Cap Rate | | $ 315,339 | $ 321,841 | $ 325,092 | $ 328,343 | $ 334,845 |
| -0.25% | 4.67% | $ 145,324 | $ 284,676 | $ 354,353 | $ 424,029 | $ 563,382 |
| Cap Rate As Reported | 4.92% | (198,398) | (66,133) | 6,613,279 | 66,133 | 198,398 |
| +0.25% | 5.17% | (508,851) | (382,987) | (320,054) | (257,122) | (131,258) |

Investment properties with a fair value of $802.0 million as at December 31, 2023 (December 31, 2022 – $772.5 million) are situated on land held under ground (or land) leases.

Investment properties with a fair value of $1.0 billion as at December 31, 2023 (December 31, 2022 – $808.6 million) are pledged as security against the Trust's committed revolving credit facility. In addition, investment properties with a fair value of $7.4 billion as at December 31, 2023 (December 31, 2022 – $6.6 billion) are pledged as security against the Trust's mortgages payable.

For the year ended December 31, 2023, the Trust capitalized $119.0 million in improvements to investment properties (and $23.3 million in development of investment properties) and recorded a fair value gain of $598.8 million on its financial statements as a result of changes in the fair value of investment properties. For the year ended December 31, 2022, the Trust capitalized $123.9 million in improvements to investment properties (and $17.7 million in development of investment properties) and recorded a fair value gain of $106.4 million. Capitalized building improvements represent expenditures that provide future benefits to the Trust for a period greater than 12 months, some of which may not be immediately reflected in the fair value of the investment properties, under IFRS, for the current reporting period.

### Joint Arrangements

Boardwalk and RioCan Real Estate Investment Trust (“RioCan”) completed their first joint operation development project known as BRIO, located in Calgary, Alberta, in February 2020. The joint operation is an equal 50% interest between the parties, with RioCan managing the retail component and Boardwalk managing the residential component, each on a cost basis.

Boardwalk continues to move forward with its 50:50 joint venture partnership, with a private partner, to develop a 365-suite multi-residential, purpose-built rental complex, located near downtown Brampton, Ontario. It is estimated that total development costs for the project are approximately $200 to $215 million. The project is a rental complex with approximately 10,700 square feet of retail space, above and underground parking, and 380,000 square feet of residential space over two concrete high-rise towers. For the years ended December 31, 2023 and 2022, the Trust invested $nil in capital contributions in equity accounted investment to this limited partnership. The project is substantially tracking on time and on budget. During the fourth quarter of 2022, one of the high-rise towers, which includes 176 residential suites, was substantially completed and as of December 31, 2023, the tower was 99% leased. During the fourth quarter of 2023, the second high-rise tower, which includes 189 residential suites, was substantially completed and as of December 31, 2023, the tower was 33% leased. The partnership has committed to a construction facility loan for 60% of the budgeted costs to construct. As at December 31, 2023, $112.6 million has been drawn on this loan, of which Boardwalk’s portion is $56.3 million. On January 12, 2024, the Trust made a loan to the joint venture for $57.2 million with the proceeds used by the joint venture to repay 50% of the revolving construction facility loan payable. The loan made by the Trust to the joint venture was made on the same terms as the revolving construction facility loan.

### Development

Boardwalk’s development opportunities include additional projects to be built on the Trust’s excess land density, as well as new land that was acquired in Victoria, British Columbia. These developments are in various stages of market analysis, planning and approval, and will further add newly constructed assets to the Trust’s portfolio.

For the year ended December 31, 2023, the Trust expended $23.3 million on development of investment properties compared to $17.7 million for the prior year. Interest costs of $1.5 million were capitalized to properties under development for the year ended December 31, 2023 (December 31, 2022 – $1.7 million).

On June 1, 2022, the Trust purchased three adjacent parcels of land in Victoria, British Columbia, in the community of View Royal, for a purchase price of $12.0 million (excluding transaction costs).

It is our intention to continue to investigate further development opportunities; however, each future opportunity will require a separate analysis and, depending on the analysis and economic conditions, Boardwalk REIT will determine if additional development projects are warranted. Historically, one of the biggest risks to real estate valuations is the building of oversupply in a particular market, which results in significant corrections of property values market-wide.

### Property Acquisitions and Dispositions

On January 24, 2024, the Trust closed on the purchase of one property, The Circle, in Calgary, Alberta. The property, totaling 295 suites, was purchased for $77.8 million and was financed with proceeds from the Offering. Please refer to the section titled “Capital Structure and Liquidity – Unitholders’ Equity”.

On April 25, 2023, the Trust acquired a property in Victoria, British Columbia. The property is comprised of 124 suites and had a purchase price of $60.3 million (including transaction costs).

On August 8, 2022, the Trust acquired a property in Calgary, Alberta. The property is comprised of 158 suites and had a purchase price of $40.9 million (including transaction costs).

On March 30, 2022, the Trust acquired a property in Brampton, Ontario comprised of 152 suites and a property in Canmore, Alberta comprised of 148 suites. The combined purchase price for these two properties was $118.8 million (including transaction costs).

## Financing Activities

### Distributions

Boardwalk distributes payments monthly to its Unitholders and holders of LP Class B Units. These payments are referred to as regular distributions. The distinct nature and classification of these payments are unique to each real estate investment trust and the components of these distributions may have differing tax treatments. For the year ended December 31, 2023, the Trust declared regular distributions of $58.3 million, a slight increase from the $53.7 million declared in 2022. The increase is due to the increased distribution rate to $1.17 per Trust Unit as previously noted. Regular distributions declared for both the twelve months ended December 31, 2023 and 2022, represent an FFO payout ratio of 32.2% and 34.1%, respectively. For the year ended December 31, 2023, the Trust recorded profit of $666.1 million (year ended December 31, 2022 – profit of $283.1 million).

### Financing of Revenue Producing Properties

During the 12 months ended December 31, 2023, proceeds from mortgage financings, excluding mortgages assumed on new acquisitions, totaled $236.6 million (year ended December 31, 2022 - $352.7 million). During the financing and refinancing process, the weighted average interest rate on its mortgage portfolio increased from 2.72% at December 31, 2022, to 3.00% at December 31, 2023.

Due to the nature of multi-family residential real estate, the amount paid for apartments may vary dramatically based on a number of parameters, including location, type of ownership (free hold versus land lease), and type of construction. As required under IFRS, on acquisition, an analysis is performed on the mortgage debt assumed, if any. The analysis focuses on the interest rates of the debt assumed. If it is determined that the in-place rates are materially below or above market rates, an adjustment is made to the book cost of the recorded asset. During the third quarter of 2022, $29.2 million of mortgage financing was assumed on an acquisition. The mortgage had an in-place rate below market rates, resulting in a market debt adjustment totaling $1.0 million that was made to the book cost of the corresponding asset.

# CAPITAL STRUCTURE AND LIQUIDITY

Liquidity refers to the Trust's ability to generate, and have available, sufficient cash to fund its ongoing operations and capital commitments as well as its distributions to Unitholders. Generally, distributions are funded from ACFO, a non-GAAP financial measure cash flow metric as previously defined. In addition to ACFO, the Trust relies on a combination of debt capital and equity to fund a portion of its capital expenditures, acquisitions, development, and other uses of capital. As previously mentioned, the DOT outlines the investment and operating policies of the Trust, however, the Trust has no specific working capital requirements. Over the past number of years, Boardwalk has observed a significant increase in borrowing standards of many of our key lending partners as a result of heightened sensitivity to possible weaknesses in the economy. To mitigate the risk of renewal, the Trust utilizes NHA mortgage insurance, the benefits of which are discussed in detail in this MD&A. Approximately 96% of Boardwalk REIT's secured mortgages carry NHA insurance. In volatile times, the ability to access this product is very beneficial to the Trust as a whole.

The access to liquidity is an important element of the Trust as it allows the Trust to implement its overall strategy. The previous low interest rate environment had allowed Boardwalk to renew its existing maturing mortgages at favourable 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 provides mortgage financing at attractive rates. During the early part of the COVID-19 pandemic we had seen declining interest rates, however, as a result of inflation, global conflicts, and various other economic factors, interest rates have dramatically increased from where they previously were during 2021 and at the beginning of 2022. As such, financing costs over the near to medium term are expected to increase, as compared to maturing rates.

Boardwalk defines total available liquidity to include cash and cash equivalents on hand and any unused committed revolving credit facility, plus any subsequent committed/funded financing. The Trust's cash and cash equivalents was $331.2 million at December 31, 2023, compared to $52.8 million reported on December 31, 2022. As at December 31, 2023, the Trust also had $195.8 million of unused committed revolving credit facility (December 31, 2022 – $196.1 million) and subsequent committed/funded financing of $nil (December 31, 2022 – $7.4 million), bringing total available liquidity to $527.0 million (December 31, 2022 – $256.3 million).

The Trust's liquidity position as at December 31, 2023 remains stable as the following table highlights:

| *($000)* | | |
|---|---|---|
| Cash and cash equivalents | $ | 331,204 |
| Unused committed revolving credit facility available | | 195,800 |
| Total available liquidity | $ | 527,004 |

In addition to this, the Trust currently has 866 rental suites of unencumbered assets. It is estimated that, under current CMHC underwriting criteria, the Trust could obtain an additional $97.2 million of new proceeds from the financing of its currently unencumbered assets.

Of the $439.6 million of secured mortgages coming due in 2024 (as shown in the following table), approximately 100% have NHA insurance, and represent in aggregate approximately 40% of current estimated "underwriting" values on those individual secured assets. Interest rates on both five and 10-year NHA-insured mortgages as of February 2024 were 4.45%. These rates do fluctuate and, by the time these maturing mortgages are set for renewal, with or without additional financing, interest rates may have changed materially. Even with the NHA insurance program attached to its secured mortgages, the Trust is still susceptible to changes in market interest rates. To address a portion of this risk, the Trust has forward locked or renewed $26.9 million, or 6.1%, of its $439.6 million of 2024 mortgage maturities. The weighted average contracted interest rate on these renewals is 4.36%, for an average term of five years.

## Mortgage 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.

Mortgages payable as at December 31, 2023, were $3.3 billion, compared to $3.2 billion as at December 31, 2022.

Boardwalk REIT's overall weighted average interest rate on its long-term debt has decreased from the prior year. The weighted average interest rate as at December 31, 2023, was 3.00% compared to 2.72% as at December 31, 2022. To better maintain cost effectiveness and flexibility of capital, Boardwalk REIT continuously monitors short and long-term interest rates. If the environment warrants, the Trust will convert short-term, floating rate debt, if any, to longer term, fixed rate mortgages to reduce interest rate renewal risk.

| Year of Maturity | | Principal Outstanding as at Dec. 31, 2023 | Weighted Average Interest Rate By Maturity | % of Total |
|---|---|---|---|---|
| 2024 | $ | 439,606 | 2.92% | 12.8% |
| 2025 | | 580,381 | 2.44% | 16.8% |
| 2026 | | 620,466 | 2.33% | 18.0% |
| 2027 | | 623,596 | 3.16% | 18.1% |
| 2028 | | 355,013 | 3.66% | 10.3% |
| 2029 | | 288,901 | 3.11% | 8.4% |
| 2030 | | 157,795 | 2.55% | 4.6% |
| 2031 | | 23,179 | 2.71% | 0.7% |
| 2032 | | 80,544 | 4.13% | 2.3% |
| 2033 | | 76,211 | 4.09% | 2.2% |
| 2034 | | 201,109 | 4.68% | 5.8% |
| Total mortgage principal outstanding | | 3,446,801 | 3.00% | 100.0% |
| Unamortized deferred financing costs | | (127,774) | | |
| Unamortized market debt adjustments | | (610) | | |
| Mortgages payable | $ | 3,318,417 | | |

Other contractual obligations of the Trust include lease obligations (see NOTE 22(c) to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022).

## Interest Coverage

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

The following table sets out the Trust's interest coverage ratio calculation as at December 31, 2023, and December 31, 2022, based on the most recently completed four fiscal quarters.

| As at | | **Dec. 31, 2023** | | Dec. 31, 2022 |
|---|---|---|---|---|
| Net operating income | **$** | **332,989** | $ | 288,660 |
| Administration | | **(41,172)** | | (33,859) |
| Deferred unit-based compensation | | **(3,328)** | | (2,556) |
| EBITDA [(1)] from equity accounted investment | | **929** | | (70) |
| Consolidated EBITDA (12 months ended) | **$** | **289,418** | $ | 252,175 |
| Interest expense | **$** | **100,354** | $ | 86,759 |
| Interest expense from equity accounted investment | | **2,033** | | 176 |
| Consolidated interest expense (12 months ended) | **$** | **102,387** | $ | 86,935 |
| Interest coverage ratio | | **2.83** | | 2.90 |
| Minimum threshold | | **1.50** | | 1.50 |

(1) Earnings before interest, taxes, depreciation and amortization.

For the year ended December 31, 2023, Boardwalk REIT's overall interest coverage ratio of consolidated EBITDA to consolidated interest expense, excluding distributions on LP Class B Units and fair value adjustments, was 2.83, compared to 2.90 for the year ended December 31, 2022. Under IFRS, the distributions made to the holders of LP Class B Units are considered financing costs and are the result of the reclassification of the LP Class B Units as financial liabilities. The calculation of the interest coverage ratio above does not include these distribution payments in the calculation of consolidated interest expense.

## Unitholders' Equity

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

| **Summary of Unitholders' Capital Contributions** | Trust Units |
|---|---|
| December 31, 2021 | 46,137,112 |
| Trust Units issued for vested deferred units | 25,810 |
| Trust Units purchased and cancelled | (440,000) |
| December 31, 2022 | 45,722,922 |
| Trust Units issued under equity offering | 3,662,750 |
| Trust Units issued for vested deferred units | 2,502 |
| **December 31, 2023** | **49,388,174** |

Boardwalk REIT has one class of publicly traded voting securities, being the Trust Units. As at December 31, 2023, there were 49,388,174 Trust Units issued and outstanding. In addition, there were 4,475,000 LP Class B Units, each of which also has a special voting unit in the REIT. Each LP Class B Unit is exchangeable for a Trust Unit on a one-for-one basis at the option of the holder. Each LP Class B Unit, through the special voting unit, entitles the holder to one vote at any meeting of Unitholders. Accordingly, if all of the LP Class B Units were exchanged for Trust Units, the total issued and outstanding Trust Units would be 53,863,174. 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 as at December 31, 2023 and 2022.

On December 14, 2023, the Trust entered into an agreement to issue 2,190,000 Trust Units on a bought deal basis at a price of $68.50 per Trust Unit for aggregate gross proceeds of $150.0 million to a syndicate of underwriters (the "Offering"). On December 15, 2023, the Trust agreed to increase the total size of the Offering to 3,185,000 Trust Units. The Trust also granted the underwriters an over-allotment option to purchase up to an additional 477,750 Trust Units, which was exercised in full. On December 22, 2023, the Offering closed and the Trust issued 3,662,750 Trust Units at a price of $68.50 per Trust Unit for total gross proceeds of $250.9 million. Transaction costs for Offering totaled $10.9 million resulting in net proceeds to the Trust of $240.0 million. In January 2024, the Trust used a portion of the net proceeds to finance the purchase price for The Circle, a 295-suite newly built construction apartment complex in Calgary, Alberta, to repay its portion of a floating rate construction loan facility on the joint venture partnership in Brampton, Ontario. The Trust intends to use the remainder of the net proceeds to fund future acquisition and development opportunities in its existing pipeline.

On November 17, 2022, the Trust received regulatory approval for the renewal of its Normal Course Issuer Bid ("Bid") to purchase and cancel up to 3,693,497 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced on November 22, 2022, and terminated on November 21, 2023. The Trust's daily purchases pursuant to the Bid was limited to 30,116 Trust Units. The Bid was renewed effective November 22, 2023 and terminates on November 21, 2024, or when the maximum number of Trust Units have been purchased, and allows the REIT to purchase up to 3,696,000 Trust Units, representing approximately 10% of its public float, as of that date, over the next 12 months. The Trust's daily purchases under this Bid are limited to 98,985 Trust Units.

During 2023, the Trust did not purchase any Trust Units under the Bid. During 2022, the Trust purchased and cancelled 440,000 Trust Units at an average purchase cost of $49.25 per Trust Unit under the NCIB.

## Equity

Boardwalk has an equity market capitalization of $3.8 billion based on the Trust Unit closing price of $71.34 on the TSX on December 31, 2023.

With an enterprise value of approximately $7.2 billion (comprised of total mortgage principal outstanding of $3.4 billion and equity market capitalization of $3.8 billion) as at December 31, 2023, Boardwalk's total mortgage principal outstanding is approximately 47% enterprise value.

## Net Asset Value per Unit

The Trust's NAV per Unit is calculated below:

| | | **Dec. 31, 2023** | | Dec. 31, 2022 |
|---|---|---|---|---|
| Investment properties | **$** | **7,702,214** | $ | 6,900,745 |
| Equity accounted investment | | **39,758** | | 40,871 |
| Cash and cash equivalents | | **331,204** | | 52,816 |
| Adjusted Real Estate Assets (1)(2) | **$** | **8,073,176** | $ | 6,994,432 |
| | | | | |
| Total mortgage principal outstanding | **$** | **(3,446,801)** | $ | (3,336,026) |
| Total lease liabilities attributable to land leases (3) | | **(72,860)** | | (74,502) |
| Adjusted Real Estate Debt (1)(2) | **$** | **(3,519,661)** | $ | (3,410,528) |
| | | | | |
| Net Asset Value (1)(2) | **$** | **4,553,515** | $ | 3,583,904 |
| Net Asset Value per Unit (2) | **$** | **84.41** | $ | 71.35 |

| **Reconciliation of Unitholders' Equity to Net Asset Value** | | **Dec. 31, 2023** | | Dec. 31, 2022 |
|---|---|---|---|---|
| Unitholders' Equity | **$** | **4,320,072** | $ | 3,466,998 |
| Total Assets | | **(8,141,876)** | | (7,067,275) |
| Investment properties | | **7,702,214** | | 6,900,745 |
| Equity accounted investment | | **39,758** | | 40,871 |
| Cash and cash equivalents | | **331,204** | | 52,816 |
| Total Liabilities | | **3,821,804** | | 3,600,277 |
| Total mortgage principal outstanding | | **(3,446,801)** | | (3,336,026) |
| Total lease liabilities attributable to land leases (3) | | **(72,860)** | | (74,502) |
| Net Asset Value (1)(2) | **$** | **4,553,515** | $ | 3,583,904 |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information.
(3) Total lease liabilities attributable to land leases is a component of lease liabilities as calculated in accordance with IFRS.

Overall NAV per Unit has increased 18.3% to $84.41 as at December 31, 2023, compared to $71.35 as at December 31, 2022, due to an increase in investment properties. NAV is a key metric used by real estate entities to measure the value of an organization.

# Risks and Risk Management

Boardwalk REIT, like most other real estate rental entities, is exposed to a variety of risk areas. These areas are categorized between general and specific risks. General risks are the risks associated with general conditions in the real estate sector and consist mainly of commonly exposed risks that affect the real estate industry. Specific risks focus more on risks uniquely identified with the Trust, such as credit, market, liquidity, and operational risks. The following will address each of these risks. In addition, this section should be read in conjunction with the AIF, which is available under the Trust's profile at www.sedarplus.ca, where additional risks are discussed.

## GENERAL RISKS

***Real Estate Industry Risk:*** Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations (such as new or revised residential tenant legislation), the attractiveness of the properties to tenants, competition from others with available space, and the ability of the owner to provide adequate maintenance at an economic cost. Because real estate, like many other types of long-term investment, experiences significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in value of Boardwalk REIT's portfolio. Furthermore, the Trust may buy and/or sell properties at less than optimal times. As interest rates fluctuate in the lending market, in general, so do capitalization rates, which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Currently, we operate in Canada, in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Quebec. Neither of Alberta nor Saskatchewan is subject to rent control legislation; however, under Alberta legislation, a landlord is only entitled to increase rents once every 12 months. Please refer to the section titled "Risks and Risk Management – Specific Risks – Rent Control Risk" in this MD&A for a more detailed discussion on rent controls. Boardwalk REIT is not widely diversified either by asset class or geographic location. By focusing on the multi-residential sector and having a majority of its apartments located in Western Canada, Boardwalk is exposed to adverse effects on that segment of the real estate market and/or for that geographic region and does not benefit from a diversification of its portfolio by property type and, to a lesser extent, geographic location. The marketability and value of the Trust's portfolio as well as the REIT's revenues will depend on many factors beyond the control of Boardwalk REIT.

Certain significant expenditures, including property taxes, utilities, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. Boardwalk REIT's properties are subject to mortgages, which require significant debt service payments. If the Trust were unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale. Real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In addition, financial difficulties of other property owners resulting in distress sales may depress real estate values in the markets in which the Trust operates.

***Multi-Family Residential Sector Risk***: Income producing properties generate income through rent payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable than the existing lease. To mitigate this risk, the Trust does not have any one or small group of significant tenants. The majority of operating leases signed are for a period of 12 months or less. The Trust is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new tenants are found to fill vacancies. More recently, the markets in which the Trust operates have had job growth in various industries, however, a disruption in the economy could still have an impact on how much space tenants will lease, and the rental rates paid by tenants. This would affect the income produced by our properties as a result of downward pressure on rents.

***Regulation and Changes in Applicable Laws***: Boardwalk REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting Boardwalk (including with retroactive effect). Any changes in the laws to which Boardwalk REIT is subject could materially adversely affect the Trust's rights and title to its assets. It is not possible to predict whether there will be any further changes in the regulatory regimes to which Boardwalk REIT is subject or the effect of any such changes on its investments. Lower revenue growth or significant unanticipated expenditures may result from Boardwalk's need to comply with changes in applicable laws or the enactment of new laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other residential landlord/tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the REIT's properties, including changes to building codes and fire and life-safety codes. Further, residential landlord/tenant laws in certain provinces may provide tenants with the right to bring certain claims to the applicable judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, Boardwalk may, in the future, incur capital expenditures, which may not be fully recoverable from tenants, which could further have a material adverse effect on our business, financial condition, or results of operations.

***Development Risk***: Development risk arises from the possibility that completed developments will not be leased on a timely basis or that costs of development will exceed original estimates, resulting in an uneconomic return from the leasing of such space. Boardwalk's construction commitments are subject to those risks usually attributable to construction projects, which include: (i) construction or other unforeseen delays including municipal approvals; (ii) cost overruns; and (iii) the failure of tenants to occupy and pay rent in accordance with existing lease agreements. Construction risks are minimized by utilizing established developers and knowledgeable third-party consultants.

***Environmental Risks***: As an owner and manager of real property, Boardwalk REIT is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. These laws could encumber us with liability for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect Boardwalk's ability to sell its real estate, or to borrow using real estate as collateral, and could also result in claims or other proceedings against Boardwalk REIT. Boardwalk REIT is not aware of any material non-compliance with environmental laws at any of its properties. The Trust is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. Boardwalk REIT has formal policies and procedures to review and monitor environmental exposure. The Trust has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and may become more stringent in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on our business, financial condition, or results of operations.

***Climate-related Risks***: As outlined by the Task Force on Climate-related Financial Disclosures, climate related risks can be divided into two major categories: (i) risks related to the transition to a lower-carbon economy; and (ii) risks related to the physical impacts of climate change. As it relates to the Trust and transition risks, the Trust focuses on implementing policies which promote the adaptation to climate change and includes elements such as implementing ways to reduce greenhouse gas emissions, adopting energy efficient solutions, encouraging greater water efficiency, etc., however each of these policies have a financial impact. As it relates to physical risks resulting from climate change it can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications such as direct damage to assets or indirect impacts.

***Ground Lease Risk***: Five of our properties, two located in Banff, Alberta, one in Edmonton, Alberta, and two in Montreal, Quebec, are subject to long-term ground (or land) leases and similar arrangements; in each instance, the underlying land is owned by a third party and leased to the Trust. Under the terms of a typical ground lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. These leases are set to expire between 2029 and 2095. Approximately 10% of the Trust's FFO derives from these properties in its portfolio that are held as long-term ground leases. The Trust intends to actively seek to either renew the terms of such leases or purchase the freehold interest in the lands forming the subject matter of such leases prior to the expiry of their terms. However, if the Trust cannot or chooses not to renew such leases or buy the land of which they form the subject matter, as the case may be, the net operating income and cash flow associated with such properties would no longer contribute to Boardwalk's results of operations and could adversely impact its ability to make distributions to Unitholders. The ground lease for the largest Montreal property, known as the Nuns' Island portfolio, was also subject to a rent revision clause which commenced on December 1, 2008 (based on a valuation date of March 16, 2008). The rent increases were phased in on a property-by-property basis through to 2018 and were based on 75% of the land value in its current use. After that revision, the land rent remains constant through to 2064. An event of default by us, under the terms of a ground lease, could also result in a loss of the property, subject to such ground lease, should the default not be rectified in a reasonable period of time. The Trust is not aware of any default under the terms of the ground leases.

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

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

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

***Liquidity Risk***: An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity will tend to limit Boardwalk's ability to vary its portfolio of properties promptly in response to changing economic, investment or other conditions. If Boardwalk were required to quickly liquidate its real property investments, the proceeds to the Trust might be significantly less than the aggregate carrying or net asset value of its properties or less than what would be expected to be received under normal circumstances, which could have an adverse effect on Boardwalk's financial condition and financial performance and decrease the amount of cash available for distribution. Illiquidity may result from the absence of an established market for real property investments, as well as from legal or contractual restrictions on their resale. In addition, in recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and, during an economic recession, Boardwalk REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for Boardwalk REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions. There can be no assurance that the fair market value of any properties held by the REIT will not decrease in the future.

***Access to Capital Risk***: The real estate industry is highly capital intensive. Boardwalk REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and certain capital expenditures from time to time. There can be no assurances that Boardwalk REIT will have access to sufficient capital or access to capital on terms favourable to the Trust for future property acquisitions, development, financing or refinancing of properties, funding operating expenses or other purposes. Furthermore, in certain circumstances, Boardwalk REIT may not be able to borrow funds due to the limitations set forth in its Declaration of Trust and/or other loan agreements. Market conditions and unexpected volatility or illiquidity in financial markets may inhibit Boardwalk REIT's access to long-term financing in the capital markets. As a result, it is possible that financing, which the Trust may require in order to grow and expand its operations, upon the expiry of the term of financing, upon refinancing any particular property owned by Boardwalk REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the Trust. Failure by Boardwalk to access required capital could have a material adverse effect on our business, financial condition, or results of operations.

***Cybersecurity Risk***: A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of Boardwalk REIT's information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. As Boardwalk REIT's reliance on technology has increased, so have the risks posed to its systems. Boardwalk REIT's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to Boardwalk's business relationships with its Resident Members and disclosure of confidential information regarding its Resident Members and Associates. Boardwalk REIT has implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

***Workforce Availability and Talent Management***: Boardwalk's ability to provide services to its existing Resident Members is somewhat dependent on the availability of well-trained Associates and contractors to service our Resident Members as well as complete required maintenance and capital upgrades on our buildings. The Trust must also balance requirements to maintain adequate staffing levels while balancing the overall cost to the Trust.

Within Boardwalk, our most experienced Associates are employed full-time; this full-time force is supplemented by additional part-time Associates as well as specific contract services needed by the Trust. We are constantly reviewing existing overall market factors to ensure that our existing compensation program is in-line with existing levels of responsibility and, if warranted, we adjust the program accordingly. We also encourage Associate feedback in these areas to ensure the existing programs are meeting their personal needs.

## SPECIFIC RISKS

***Credit Risk*** is the risk of loss due to failure of a contracted customer to fulfill the obligation of required payments.

One of the key credit risks involves the possibility that our Resident Members will be unable or unwilling to fulfill their lease term commitments. Due to the very nature of the multi-family business, credit risk is not deemed to be very high. The Trust currently has 34,029 rental suites. As a result, we are not unduly reliant on any one Resident Member or lease. To further mitigate this risk, Boardwalk REIT continues to diversify its portfolio to various major centers across Canada. Further, each of our rental suites has its own individual lease agreement, thus Boardwalk REIT has no material financial exposure to any particular Resident Member or group of Resident Members. The Trust continues to utilize extensive screening processes for all potential Resident Members including, but not limited to, detailed credit checks.

***Market Risk*** is the risk that the Trust could be adversely affected due to market changes in product supply, interest rates, and regional rent controls.

Our principal exposures to market risk are in the areas of new multi-family housing supply, changes to rent controls, supply chain price increases, utility price increases, property tax increases, higher interest rates, and mortgage renewal risk.

***Supply Risk*** is the risk that the Trust would be negatively affected by the new supply of, and demand for, multi-family residential suites in its major market areas.

Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. Any significant amount of new construction will typically result in an imbalance in supply and cause downward price pressure on rents. While there has been some new rental construction in our existing markets, total housing completions are expected to fall short of household formation over the medium term. Past studies have shown that in order to economically justify new rental construction in Boardwalk REIT's major markets, an increase in existing rental rates of hundreds of dollars will be necessary. In recent years, however, there has been a change in the multi-family apartment environment in Canada. During this period, we have witnessed a significant increase in the market value of rental apartments. This increase, although somewhat helped by a steady increase in reported market rental rates, has been mainly driven by a significant compression in market capitalization rates, which in turn has been the result of a prolonged low interest rate environment here in Canada. With this increase in the market value of apartments, there has been a significant decrease in the expected returns from the acquisition of existing multi-family rental properties to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land Boardwalk REIT currently owns. Accordingly, the Trust has pursued new apartment development on some of its excess density or newly acquired land. Despite a rise in interest rates, market value of apartments has remained consistent as the increased demand for rental housing has led to NOI growth.

The balance of housing supply relative to demand is a risk factor for operating and financial performance. The potential for reduced rental revenue exists in the event that Boardwalk REIT is not able to competitively optimize occupancy levels or rental rates in an increased competitive housing environment. Boardwalk REIT attempts to minimize these risks by:

- Increasing Resident Members' satisfaction;
- Diversifying its portfolio across Canada, thus lowering its exposure to regional economic swings;
- Acquiring properties in desirable locations, where vacancy rates for properties are higher than city-wide averages but can be reduced by repositioning the properties through better management and selective upgrades;
- Holding a balanced portfolio which includes a variety of multi-family building types including high-rise, townhouse, garden and walkups, each with its own market niche;
- Maintaining a wide variety of suite mix, including bachelor suites, one, two, three, and four-bedroom suites;
- Building a broad and varied Resident Member base, thereby avoiding economic dependence on larger-scale tenants;
- Focusing on affordable multi-family housing, which is considered a stable commodity;
- Developing a specific rental program characterized by rental adjustments that are the result of enhanced service and superior product; and
- Developing regional management teams with significant experience in the local marketplace, and combining this experience with our existing operations and management expertise.

***Interest Risk*** is the combined risk that the Trust would experience a loss as a result of its exposure to a higher interest rate environment (Interest Rate Risk) and the possibility that at the term end of a mortgage the Trust would be unable to renew the maturing debt with either the existing or an additional lender (Renewal Risk).

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

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

To date, the Trust has had no problem obtaining mortgage renewals on term maturing loans, and additional funds, if needed, continue to be available on its investment properties. The previous low interest rate environment had allowed the Trust to renew its existing maturing mortgages at favourable interest rates, however, as a result of inflation, interest rates have dramatically increased from where they previously were during 2021 and at the beginning of 2022. As such, financing costs over the near to medium term are expected to increase.

Currently, the Canadian government has capped the total amount of insurance that CMHC can have in force at $750 billion. This primarily affects the amount of portfolio or bulk insurance CMHC offers to banks, and, to date, has had a minimal impact on the renewal of Boardwalk's mortgages, or the cost of secured debt capital. However, there is no assurance the cap on the amount of CMHC insurance will not affect mortgages for multi-family residential properties in future periods.

If any changes are made by the Government of Canada on the NHA insurance product, such changes could have a negative impact on the Trust. However, it is management of the Trust's understanding that any change to the cap would not affect any pre-existing insurance agreements. Over 96% of Boardwalk's secured debt has this insurance on it with an average of 32 years of amortization remaining. The larger risk to the Trust may be the ability to issue new secured debt under this program at a much lower cost due to the use of this insurance, the proceeds of which the Trust uses to assist in the execution of its overall strategy.

## Property Redevelopment, Repositioning and Renovations

Property redevelopment, re-positioning and major renovation work are subject to a number of risks, including:

(a) the potential that Boardwalk REIT may fail to recover expenses already incurred if it abandons redevelopment/re-positioning/renovation opportunities after commencing to explore them;

(b) the potential that Boardwalk REIT may expend funds on and devote management time to projects, which it does not complete;

(c) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;

(d) the time required to complete the construction, redevelopment or renovation of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting Boardwalk REIT's cash flow and liquidity;

(e) the cost and timely completion of construction or renovations (including risks beyond Boardwalk REIT's control, such as weather, labour conditions or material shortages);

(f) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions;

(g) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all;

(h) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws;

(i) occupancy rates and rents of a completed project or renovation may not be sufficient to make the project or initiative profitable;

(j) Boardwalk REIT's ability to dispose of properties redeveloped or renovated with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and

(k) the availability and pricing of financing to fund Boardwalk REIT's development or renovation activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment or renovation activities or the completion of redevelopment or renovation activities once undertaken. In addition, redevelopment and renovation projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners, and others. Any of these risks could have an adverse effect on Boardwalk REIT's financial condition, financial performance, cash flow, per unit trading price of its Trust Units, distributions to Unitholders and ability to satisfy Boardwalk REIT's principal and interest obligations. Also, it is anticipated that the Trust would be required to execute a guarantee in connection with construction financing for redevelopments, which would subject Boardwalk REIT to recourse for construction completion risks and repayment of the construction indebtedness.

## Joint Arrangements and Co-ownerships

Boardwalk participates in joint arrangements and partnerships that may involve risks and uncertainties associated with third-party involvement, including, but not limited to, Boardwalk's dependency on partners, co-tenants or co-venturers that are not under our control and that might compete with Boardwalk for opportunities, become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on the Trust. Additionally, our partners might at any time have economic or other business interests or goals that are different than or inconsistent with those of the Trust and may require Boardwalk to take actions that are in the interest of the partners collectively, but not in Boardwalk's sole best interests. Accordingly, Boardwalk may not be able to favourably resolve issues with respect to such decisions, or the Trust could become engaged in a dispute with any of them that might affect its ability to operate the business or assets in question.

## Structural Subordination

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

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

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

Under Ontario's rent control legislation, commonly known as "rent de-control", a landlord is entitled to increase the rent for existing tenants once every 12 months by no more than the "guideline amount" established by regulation. For the calendar years 2022 and 2023, the guideline amounts have been established at 1.2% and 2.5%, respectively, and for 2024 the guideline amount has been set at 2.5%. Further details on Ontario's Annual Rental Increase Guidelines can be found at https://www.ontario.ca/page/residential-rent-increases. This adjustment is meant to take into account the income of the building, the municipal and school taxes, the insurance bills, the energy costs, maintenance, and service costs. Landlords may apply to the Ontario Rental Housing Tribunal for an increase above the guideline amounts if annual costs for heat, hydro, water, or municipal taxes have increased significantly, or if building security costs have increased. In April 2017, the Ontario Government introduced legislation that would expand rent control to all rental suites. Previously, rent control in Ontario applied only to rental suites constructed before November 1, 1991. The new legislation did not have a material impact on Boardwalk, as almost all of its Ontario properties were built prior to November 1, 1991. When a suite is vacated, however, the landlord is entitled to lease the suite to a new tenant at any rental amount, after which annual increases are limited to the applicable guideline amount. The landlord may also be entitled to a greater increase in rent for a suite under certain circumstances, including, for example, where extra expenses have been incurred as a result of a renovation of that suite. In November 2018, the Ontario Government removed such rent control for new residential suites that were not previously occupied before November 15, 2018.

Under Quebec's rent control legislation, a landlord is entitled to increase the rent for existing tenants once a year for the rent period starting after April 1st of the year but before April 1st of the following year. There is no fixed rate increase specified by the regulation. Rent increases also take into account a return on capital expenditures (for 2023 this return is 3.8% compared to 2.0% for 2022 and compared to 2.3% for 2021), if such expenditures were incurred, and an indexing of the net income of the building. Average rent increase estimates for the period starting after April 1, 2023, and before April 2, 2024, before any consideration for increases to municipal and school taxes as well as capital expenditures, are: 2.3% for electricity heated dwellings, 26.2% for gas heated dwellings, and 40.1% for oil heated dwellings, plus 5.7%, 4.6%, and 3.5% to cover the cost of maintenance, service, and management contracts, respectively. Tools to calculate the Quebec rent increase can be found at https://www.rdl.gouv.qc.ca/en/calculation-for-the-fixing-of-rent.

Presently, rent control legislation does not exist in, and, to the knowledge of management of the Trust, is not planned for, Alberta or Saskatchewan.

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

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

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

Utility expenses, mainly consisting of water, natural gas and electricity charges, have been subject to considerable price fluctuations over the past several years. In recent years, water and sewer costs have increased significantly as another form of "taxes" imposed by various municipalities. In addition, the Alberta Carbon Tax increased the costs associated with natural gas usage. Beginning in 2020, Alberta began to participate in the federal carbon levy, which currently is at a price of $3.42/gigajoule and expected to increase to $4.21/gigajoule on April 1, 2024. Any significant increase in these resource costs that Boardwalk REIT cannot pass on to the Resident Member may have a negative material impact on the Trust. To mitigate this risk, the Trust has begun to play a more active role in controlling the fluctuation and predictability of this risk. Through the combined use of financial instruments and resource contracts with varying maturity dates, exposure to these fluctuations has been reduced. In addition to this, the following steps have been implemented:

- Where possible, economical electrical sub-metering devices are being installed, passing on the responsibility for electricity charges to the end Resident Member; and
- In other cases, rents have been, or will be, adjusted upward to cover these increased costs.

***Operational Risk*** is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process, or from external events. The impact of this loss may be financial loss, loss of reputation, or legal and regulatory proceedings.

The Trust endeavors to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and improvements are implemented, if deemed necessary.

***Aging Portfolio Risk*** relates to the decrease in demand for Boardwalk's asset portfolio due to the age of the asset.

Boardwalk's primary exposure to aging portfolio risk relates to an increase in demand for new product.

# CERTAIN TAX RISKS

## SIFT Legislation

Management of the Trust believe the Trust currently qualifies as a “mutual fund trust” and a “real estate investment trust” for Canadian income tax purposes. If the Trust were not to qualify the consequences could be material and adverse. The Tax Act contains the SIFT Legislation, which tax certain publicly traded or listed trusts in a manner similar to corporations and tax certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. The SIFT Legislation applies to a trust that is a “SIFT trust” and a partnership that is a “SIFT partnership”, each as defined in the Tax Act. Distributions paid by a specified investment flow-through (“SIFT”) trust as return of capital will generally not be subject to the tax. The SIFT Legislation is not applicable to a real estate investment trust that meets the REIT Exemption conditions relating to the nature of its assets and revenue. Unless the Trust qualifies for exclusion from the definition of “SIFT trust” in the Tax Act (i.e., REIT Exemption), the SIFT Legislation could impact the level of cash distributions which would otherwise be made by the Trust and the taxation of such distributions to Unitholders. If the Trust were to no longer qualify for the REIT Exemption, it would not be able to flow through all of its taxable income to Unitholders and the Trust would therefore be subject to tax. The REIT Exemption is applied on an annual basis. As such, it will not be possible to determine if the Trust will satisfy the conditions of the REIT Exemption for 2024 or any subsequent year until the end of the particular year.

Management of the Trust believes that each direct or indirect subsidiary of the Trust that is a partnership or trust currently qualifies as an excluded subsidiary entity (as defined in the Tax Act) for Canadian income tax purposes. If any subsidiary were to not so qualify, the SIFT Legislation could apply to such entities. The SIFT Legislation (if such rules were to apply) may have an adverse impact on the Trust, on the Unitholders, on the value of the Trust Units and on the ability of the Trust to undertake financings and acquisitions, and if the SIFT Legislation were to apply, the distributable cash of the Trust may be materially reduced. The effect of the SIFT Legislation, if such rules were to apply, on the market for the Trust Units is uncertain. The Declaration of Trust provides that a sufficient amount of Boardwalk REIT's net income and net realized capital gains will be distributed each year to Unitholders, in cash or otherwise, in order to eliminate Boardwalk REIT's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains of Boardwalk REIT in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Trust Units. Unitholders will generally be required to include an amount equal to the fair market value of those Trust Units in their taxable income, in circumstances where they do not directly receive a cash Distribution.

## Limits on Interest Deductibility

The Department of Finance (Canada) proposals to amend the Tax Act that are intended, where applicable, to limit the deductibility of certain interest and financing expenses (the “EIFEL Proposals”). Under the EIFEL Proposals, for taxation years beginning on or after October 1, 2023, the amount of net interest and financing expenses incurred by a corporation or trust, whether incurred directly or through a partnership, that may be deducted in computing its income for Canadian income tax purposes will generally be limited to no more than a fixed ratio of its adjusted taxable income, which is intended to reflect the taxable income generated by its activities in Canada. If the EIFEL Proposals are enacted as proposed, the income of the REIT for Canadian income tax purposes may be increased which could change the taxable component of Distributions to Unitholders and have an adverse impact on the after tax return of a Unitholder and on the value of Units in the REIT. The EIFEL Proposals may also apply to a corporation or trust held directly or indirectly by the REIT. Further, a Unitholder who makes a leveraged investment in Units of the REIT may be adversely affected.

## Change of Tax Laws

There can be no assurance that Canadian tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the Trust or its affiliates or the administrative policies and assessing practices of the CRA will not change in a manner that adversely affects the Trust, its affiliates or Unitholders. Any such change could affect the Trust’s eligibility for the REIT Exemption, increase the amount of tax payable by the Trust or its affiliates, or otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

In addition, tax authorities having jurisdiction over the Trust, its affiliates or Unitholders may disagree with the manner in which the Trust calculates its income for tax purposes or could change their administrative practices to the Trust’s detriment or the detriment of Unitholders. Boardwalk files all required income tax returns and believes that it is in full compliance with the applicable tax legislation. However, such returns are subject to audit and reassessment by the applicable taxation authority. Any such reassessment may have an impact on current and future taxes payable and incur penalties and interest on such amounts payable which could be material.

In December 2023, the CRA notified the Trust that the CRA will be issuing notices of reassessment of tax for the Trust's taxation years ended December 31, 2011, 2012, 2013 and 2014. While the Trust intends to file a notice of objection to each proposed reassessment as it disagrees with the CRA's position, there can be no assurance that such objection will be successful. Further, the position adopted by the CRA in its expected reassessment may have implications for other taxation years resulting in additional taxes, penalties and interest payable which, in aggregate, could be material. Any reassessment that cannot be successfully challenged could increase the amount of tax payable by the Trust, its affiliates or any Unitholders during the applicable taxation years of the Trust, adversely affect Unitholders by reducing the amount available to pay distributions, or otherwise adversely affect the Trust or the Unitholders. Please refer to the section titled "Other Income and Expenses – Income Tax Expense" in this MD&A for more information.

## RISKS ASSOCIATED WITH DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures ("DC&P") or internal control over financial reporting ("ICFR").

The design and effectiveness of our DC&P and ICFR may not prevent all errors, misstatements, or misrepresentations. While management continues to review the design and effectiveness of our DC&P and ICFR, we cannot assure you that our DC&P or ICFR will be effective in accomplishing all control objectives all of the time. Deficiencies, particularly material weaknesses, in ICFR which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our Trust Unit price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition, or liquidity. Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# Accounting and Control Matters

## CRITICAL ACCOUNTING POLICIES

The Trust adopted IFRS as its basis of financial reporting, effective January 1, 2011. The material accounting policies adopted by the Trust are included in NOTE 2 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

The preparation of the audited annual consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates under different assumptions and conditions. In determining estimates, management uses the information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness. Any change to these estimates is applied prospectively in compliance with IFRS. We believe that the application of judgements and assessments is consistently applied and produces financial information that fairly depicts the results of operations for all periods presented. Boardwalk REIT considers the following policies to be critical in determining the judgements that are involved in the preparation of the audited annual consolidated financial statements and the uncertainties that could affect the reported results.

### (a) Investment Properties

Investment properties consist of multi-family residential properties held to earn rental income and properties being constructed or developed for future use to earn rental income, and include interests held under long-term operating land leases. Investment properties are measured initially at cost (which is equivalent to fair value). Cost includes all amounts relating to the acquisition (excluding transaction costs related to a business combination) and improvement of the properties. All costs associated with upgrading and extending the economic life of the existing facilities, other than ordinary repairs and maintenance, are capitalized to investment property. Included in these costs are internal amounts that are directly attributable to a specific investment property, which are capitalized to the extent that they upgrade or extend the economic life of the asset.

Subsequent to initial recognition, investment properties are recorded at fair value, in accordance with IAS 40. Fair value is determined based on a combination of internal and external processes and valuation techniques. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs as described above are recorded in profit or loss in the period in which they arise. The fair value of an investment property held by a lessee as a right-of-use asset reflects expected cash flows (including variable lease payments) that are expected to become payable. Accordingly, if the valuation obtained for an investment property is net of all payments expected to be made, it will be necessary to add back any recognized lease liability, to arrive at the carrying amount of the investment property using the fair value model.

Properties owned by the Trust where a significant portion of the property is used for administrative purposes by the Trust are considered "Property, Plant and Equipment" and, therefore, fall within the scope of IAS 16 and are recorded in accordance with that standard. Where part of a building is used for administrative purposes by the Trust, but this portion is considered insignificant, this space is included as part of Investment Property under IAS 40.

Investment properties are reclassified to "Assets Held for Sale" when the criteria set out in IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5") are met to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022).

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value as outlined in the purchase and sale agreement (as the purchase and sale agreement is the best evidence of fair value). This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Excess land represents land owned by the Trust located contiguous to land included as investment property. For some of the Trust's excess land, the Trust has the ability to develop additional multi-family residential buildings on this land or sell it separately from the investment property at a later date. Excess land is held for capital appreciation and, therefore, is treated as Investment Property and recorded in accordance with IAS 40 as outlined above. When determining the fair value of a project with excess land, the capitalization rate used in determining the value is adjusted accordingly.

## (b) Properties Under Development

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

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

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

## (c) Property, Plant and Equipment

Tangible assets that are held for use in the production or supply of goods and services, or for administrative purposes, and are expected to be used during more than one period, except when another accounting standard requires or permits a different accounting treatment, are recorded in accordance with IAS 16 using the cost model. IAS 16, therefore, excludes tangible assets that are accounted for in accordance with IFRS 5 and IAS 40 (see NOTE 2(f) to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022).

In accordance with IAS 16, the cost model, after initial recognition of the property, plant and equipment, requires the tangible asset to be carried at its cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in a manner that reflects the pattern in which the future economic benefits of the tangible asset are expected to be consumed and realized by the Trust. The amount of depreciation will be charged systematically to the consolidated statement of comprehensive income and is the cost less residual value of the asset over its useful economic life. IAS 16 also requires that the cost and useful economic life of each significant component of a tangible asset be determined based on the circumstances of each tangible asset. The method of depreciation, residual values, and estimates of the useful economic life of a tangible asset, or other property, plant and equipment, are reviewed at each financial year-end and any changes are accounted for as a change in accounting estimate in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").

Property, Plant and Equipment ("PP&E") is valued using the cost model under IAS 16. PP&E is categorized into the following classes and their respective useful economic life is used to calculate the amount of depreciation or amortization for each period. Categories of PP&E with the same or similar useful lives are included in the same class.

| PP&E Class | PP&E Category | Useful Life / Depreciation Rate | Depreciation Method Used |
|---|---|---|---|
| Administrative building | Administrative building | 40 years | Straight-line |
| Site equipment | Site equipment and other assets | 15% | Declining balance |
| Automobiles | Site equipment and other assets | 20% | Declining balance |
| Warehouse and corporate assets | Site equipment and other assets | 10% to 20% | Declining balance |
| Computer hardware | Corporate technology assets | 35% | Declining balance |
| Computer software (1) | Corporate technology assets | 35% | Declining balance |

(1) In addition to the purchase of software from external sources, the Trust capitalizes certain programmers' salaries related to internally developed software applications used in the normal course of operations of Boardwalk REIT. The programmers' work is directly attributable to software development.

## (d) Leases

### The Trust as a Lessee

The Trust assesses whether a contract is, or contains, a lease at inception of the contract. The Trust recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Trust uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made (see NOTE 2(n) to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022 for definition of effective interest method).

The Trust remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured either at fair value (in the case of right-of-use assets which are considered part of investment properties) or at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Trust applied IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Trust has used this practical expedient on those contracts (warehouse space and office space) which contain both lease and non-lease components.

### The Trust as a Lessor

The Trust enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Trust is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Trust has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. As operating leases, lease payments are recognized as revenue when the tenant has a right to use the leased asset. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

## (e) Taxation

For fiscal 2023 and 2022, Boardwalk REIT qualified as a “mutual fund trust” as defined under the Tax Act and as a real estate investment trust eligible for the REIT Exemption in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided that all of its taxable income is distributed to its Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax. The Trust establishes provisions for taxes when, despite the belief that its tax positions are fully supportable, it is probable that its positions may be challenged and disallowed by the relevant tax authorities. The consolidated tax expense (recovery) and related accruals include the impact of such reasonably estimated disallowances as deemed appropriate. To the extent that the probable tax outcome of these matters changes, such changes in estimates will impact the income tax expense (recovery) in the period in which such determination is made.

### Current Tax

The tax currently payable, if any, is based on taxable profit for the year for certain corporate subsidiaries of the Trust. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the audited annual consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits, and unused tax losses, to the extent that it is probable that deductions, tax credits, and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates and laws that have been enacted or substantively enacted at the reporting date. In addition, deferred income tax assets and liabilities are measured using the rate that is consistent with the expected manner of recovery (i.e. using the asset versus selling the asset). Where applicable, current and deferred income taxes relating to items recognized directly in equity or comprehensive income are also recognized directly in equity or comprehensive income, respectively.

## (f) Provisions

In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, a provision is a liability of uncertain timing or amount. Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation. Provisions are remeasured at each reporting date using the current discount rate. The increase in the provision due to the passage of time is recognized as a financing cost.

## (g) Unit-based Payments

Deferred unit-based payments to employees and Board of Trustees are measured at the fair value of the deferred unit at the grant date and expensed over the vesting period based on the Trust's estimate of the deferred units that will actually vest. At the end of each reporting period, the Trust revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss prospectively such that the cumulative expense reflects the revised estimate. In accordance with IFRS 2 – Share-based payments ("IFRS 2"), the deferred units are presented as a liability on the consolidated statement of financial position as the Trust is obliged to provide the holder with Trust Units once the deferred units vest. Under IFRS 2, the deferred units are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Fair value of the deferred units is calculated based on the observable market price of the Trust Units.

## (h) Revenue Recognition

### (i) Rental Revenue

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties, and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease, which is generally not more than 12 months. Any suite specific incentives offered or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease.

Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16. In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). Non-lease revenue includes parking revenue, other service revenue and fees, and recovery of certain operating costs, including retirement services and cable (internet and television). These revenues are recognized when earned.

IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (NOTE 16 and NOTE 26 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022).

### (ii) Building Sales

The gain or loss from the sale of an investment property is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

### (iii) Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is accrued on a time basis when earned, by reference to the principal outstanding and at the effective interest rate applicable.

## (i) Financial Instruments and Derivatives

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures, IFRS 9 and IAS 32. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### Financial Assets

Financial assets are classified and measured on the basis of the Trust's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. As such, after initial recognition, financial assets are classified and measured based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income (FVTOCI), or (iii) fair value through profit and loss (FVTPL). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Financial assets are classified as at FVTPL when the financial asset either is held for trading or is designated as at FVTPL. Financial assets categories are defined and measured as follows:

| Classification | Definition | Measurement |
|---|---|---|
| Amortized cost | Debt instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. | Measured at amortized cost using the effective interest rate method less any expected credit loss. (1)(2) |
| FVTOCI | Debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. | Stated at fair value, with gains or losses arising on measurement recognized in other comprehensive income. |
| FVTPL | Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments or debt instruments which do not meet the amortized cost or FVTOCI definitions. | Measured at fair value, with gains or losses recognized in profit or loss. |

(1) The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(2) Financial assets, other than those at FVTPL, are required to use an expected credit loss impairment model. The expected credit loss model requires the Trust to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for estimated credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

Boardwalk REIT's financial assets are as follows:

| Financial Asset | Classification and Measurement |
|---|---|
| Investment in private technology venture fund | FVTPL |
| Trade and other receivables | Amortized cost |
| Segregated tenants' security deposits | Amortized cost |
| Cash and cash equivalents | Amortized cost |

The Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### Financial Liabilities and Equity

Debt and equity instruments issued are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs. Repurchase of Boardwalk REIT's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Trust's own equity instruments. Distributions paid on the Trust's equity instruments subsequent to, declared prior to, and with a record date at or prior to, the reporting date, are recorded as a liability.

Financial liabilities are classified and measured as either amortized cost or FVTPL. Financial liabilities categories are defined and measured as follows:

| Classification | Definition | Measurement |
|---|---|---|
| FVTPL | Classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL as discussed below: | |
| | Classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit taking; or, it is a derivative that is not designated and effective as a hedging instrument. | Stated at fair value, with gains or losses arising on measurement recognized in profit or loss. |
| | Classified as FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group which is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives. | Stated at fair value, with gains or losses arising on measurement recognized in profit or loss. |
| Amortized cost | All other liabilities. | Measured at amortized cost using the effective interest method. (1) |

(1) The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Boardwalk REIT's financial liabilities are as follows:

| Financial Liability | Classification and Measurement |
|---|---|
| Mortgages payable | Amortized cost |
| LP Class B Units | FVTPL |
| Refundable tenants' security deposits | Amortized cost |
| Trade and other payables | Amortized cost |

The Trust derecognizes a financial liability when, and only when, the Trust's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

#### Derivatives

The Trust may enter into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps and bond forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to the host contracts and the host contracts are not measured at FVTPL. For the years ended December 31, 2023 and 2022, the Trust had no embedded derivatives requiring separate recognition.

## (j) Cash and Cash Equivalents

Cash is comprised of bank balances, interest-earning bank accounts, and term deposits with maturities of 90 days or less.

## (k) Critical Judgment in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see NOTE 2(q) to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022), that have been made in applying the Trust's accounting policies and that have the most significant effect on the reported amounts in the audited annual consolidated financial statements:

### (i) Investment Property and Internal Capital Program

The Trust's accounting policy relating to investment property is described in NOTE 2(f) to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022. In applying this policy, judgment is applied in determining the appropriate classes of investment properties in order to measure fair value. The Trust also undertakes internal capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgment in the estimated amount of directly attributable on-site wages to be allocated to capital improvements and upgrades of its real estate assets.

### (ii) Interest in Joint Operations, Associates and Joint Ventures

When determining the appropriate basis of accounting for the Trust's investees, the Trust makes judgement about the degree of influence that Boardwalk REIT exerts directly or through an arrangement over the investee's relevant activities. This may include the ability to elect investee directors, appoint management, or influence key decisions. Judgement is also required in determining whether or not an arrangement is a joint operation or joint venture.

### (iii) Taxation Provisions

The Trust's accounting policy relating to provisions is described in (f) above. In applying this policy, judgement is applied in determining if the Trust has a present legal or constructive obligation as a result of past events and if it is probable that an outflow of resources will be required to settle the obligation and if the amount can be reliably estimated. For uncertain tax items no provision has been recorded based on the interpretation of tax legislation. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open matters at a future date, the final outcome may differ significantly from the Trust's judgements or estimates. Please refer to NOTE 19 for additional details.

## (l) Material Accounting Estimates and Assumptions

Below are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results could differ from estimates.

### (i) Investment Properties

The choice of valuation method for fair valuing and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in NOTE 4 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022. Significant estimates used in determining the fair value of the Trust's investment properties includes capitalization rates and net operating income (which is influenced by market rents, vacancy rates, and standard costs) used in the overall capitalization rate valuation method as well as discount rates and forecasted cash flows used in the discounted cash flow valuation method. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to NOTE 4 to the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022 for sensitivity analysis.

### (ii) Internal Capital Program

The Trust's internal capital program is based on internal allocations, including parts, supplies, and on-site wages identified as part of a specific upgrade or capital improvement. Elements included under the internal capital program are capitalized to investment properties.

# APPLICATION OF NEW AND REVISED IFRS AND FUTURE ACCOUNTING POLICIES

Boardwalk REIT monitors new IFRS accounting pronouncements to assess the applicability and impact, if any, these new pronouncements may have on the audited annual consolidated financial statements and note disclosures.

## (a) Application of New and Revised IFRS

For the year ended December 31, 2023, the Trust has applied a number of revised IFRS issued by the IASB and incorporated in the Chartered Professional Accountants of Canada Handbook. The following highlights these changes and the effect, if any, on the Trust's consolidated financial statements.

| New or Amended Standards | Summary of Requirements | Impact on Consolidated Financial Statements |
|---|---|---|
| IAS 1 – Presentation of Financial Statements | The amendment deals with the disclosure of material accounting policy information. Specifically, the amendment specifies the requirement to disclose material accounting policy information rather than significant accounting policies and provides guidance on when accounting policy information is likely to be considered material. | This amendment was applied prospectively on January 1, 2023 and there was no material impact on the consolidated financial statements. |
| IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors | The amendment deals with the definition of accounting estimates. Specifically, the amendment adds a definition of an accounting estimate and provides clarification on the relationship between accounting policy and an accounting estimate as well as on use of inputs or measurement techniques and treatment in case of changes therein. | This amendment was applied prospectively on January 1, 2023 and there was no impact on the consolidated financial statements. |

## (b) Future Accounting Policies

The following accounting standards under IFRS have been issued or revised; however, they were not yet effective for the years ended December 31, 2023 and 2022, and, as such, have not been applied to the audited annual consolidated financial statements:

| New or Amended Standards | Summary of Requirements | Possible Impact on Consolidated Financial Statements |
|---|---|---|
| Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investor's interests in that associate or joint venture. The effective date of the amendments has yet to be set, however, earlier application is permitted. | The Trust is assessing the potential impact but does not expect any significant impact. |
| IAS 1 – Presentation of Financial Statements | The amendment deals with the presentation of liabilities, not the amount or timing of recognition, or disclosure. Specifically, the amendment clarifies the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.<br>In addition, a second amendment deals with non-current liabilities with covenants. Specifically, the amendment clarifies how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.<br>Both amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively, with earlier application permitted. | The Trust is currently evaluating the impact of the amendments. The Trust expects that the LP Class B Units will be required to be presented as a current liability as a result of this amendment. |
| IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures | The amendments deal with the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.<br>The effective date of the amendments is for annual reporting periods beginning on or after January 1, 2024, however, earlier application is permitted. | The Trust is assessing the potential impact but does not expect any significant impact. |
| IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information | The standard sets out general requirements for the disclosure of material information about sustainability-related financial risks and opportunities and other general reporting requirements. | The Trust is currently evaluating the impact of the new standards. Currently, the Canadian Sustainability Standards Board has not set an effective date. These new standards will not impact accounting policies. |
| IFRS S2 – Climate-related Disclosures | The standard sets out disclosure requirements that are specific to climate-related matters. Specifically, the objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.<br>The effective date for these new standards is the later of annual reporting periods beginning on or after January 1, 2024 or upon jurisdiction endorsement effective date which has yet to be set. | |

In addition to those referenced, the following amendments are not expected to have any impact on the Trust's annual audited consolidated financial statements:

- IFRS 16 – Leases
- IAS 21 – The Effects of Changes in Foreign Exchange Rates

## INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Trust's audited annual consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

## DISCLOSURE CONTROLS AND PROCEDURES ("DC&P") & INTERNAL CONTROL OVER FINANCIAL REPORTING

DC&P are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as applicable, on a timely basis so appropriate decisions can be made regarding public disclosure.

The preparation of this information is supported by a set of DC&P implemented by management. In fiscal 2023, these controls and procedures were reviewed and the effectiveness of their design and operation was evaluated. This evaluation confirmed the effectiveness of both the design and the operation of DC&P as at December 31, 2023. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission control framework adopted by the Trust and the requirements of National Instrument 52-109 of the Canadian Securities Administrators titled, *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

There were no changes made to our DC&P during the year ended December 31, 2023. Boardwalk REIT continues to review the design of DC&P to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining DC&P, as those terms are defined in NI 52-109.

As at December 31, 2023, Boardwalk REIT can confirm the effectiveness of both the design and the operation of its ICFR to provide reasonable assurance regarding the reliability of financial statements and information. Boardwalk REIT may, from time to time, make changes aimed at enhancing their effectiveness and ensuring that our systems evolve with our business. There were no changes made in our ICFR during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our ICFR, which have been designed using the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

# 2024 Financial Outlook and Market Guidance

As is customary, the Trust is providing its outlook and financial guidance for the upcoming 2024 fiscal year as part of its year end results. The Trust's 2024 objectives are as follows:

| Description | 2024 Guidance | 2023 Actual |
|---|---|---|
| Same Property NOI Growth | 10.0% to 14.0% | 13.7% |
| Profit | N/A | $666,099 |
| FFO (1)(2) | N/A | $181,353 |
| AFFO (1)(2) | N/A | $149,098 |
| FFO Per Unit (2) | $3.93 to $4.18 | $3.60 |
| AFFO Per Unit (2) | $3.30 to $3.55 utilizing a Maintenance CAPEX of $1,003/suite/year | $2.96 utilizing a Maintenance CAPEX of $953/suite/year |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information.

In deriving these forecasts, the Trust has adjusted for the treatment of the LP Class B Units to be treated as equity (versus debt under IFRS) and their related treatment of the distributions paid (which are classified as financing costs under IFRS).

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 same properties. Any significant change in assumptions deriving "Same property 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 on a going-forward basis. Please refer to the section titled "General and Forward-Looking Statements Advisory – Forward-Looking Statements Advisory" in this MD&A.

In addition to the above financial guidance for 2024, the Board of Trustees approved the 2024 Capital Budget as follows:

| **Capital Budget** *($000's)* | 2024 Budget | Per Suite | 2023 Actual | Per Suite |
|---|---|---|---|---|
| Maintenance Capital Expenditures | $ 34,131 | $ 1,003 | $ 32,255 | $ 953 |
| Value-add Capital | 105,019 | 3,086 | 93,717 | 2,769 |
| Investment in capital assets | $ 139,150 | $ 4,089 | $ 125,972 | $ 3,722 |
| Development of investment properties | $ 72,760 | | $ 23,325 | |

In total, the Trust expects to invest $139.2 million (or $4,089 per suite) in capital assets in 2024, compared to $126.0 million (or $3,722 per suite) actually spent in 2023. The Trust has estimated its Maintenance Capital Expenditures for 2024 at $1,003 per suite per year, compared to $953 per suite per year in 2023, using a three-year rolling average. Additionally, for 2024, Boardwalk is estimating $72.8 million will be spent on development of investment properties.

# SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with this MD&A and the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, and the applicable unaudited condensed consolidated interim financial statements of the Trust for the various quarterly interim periods, which are available under the Trust's profile at www.sedarplus.ca.

The consolidated statements of comprehensive income and consolidated statements of financial position information set forth in the following tables has been derived from the audited annual consolidated financial statements referred to above and the unaudited condensed consolidated interim financial statements of the Trust for various quarterly interim periods.

| **Annual Comparative**<br>*(Cdn$ Thousands, except per Unit amount)* | Twelve Months Ended<br>**Dec. 31, 2023** | <br>Dec. 31, 2022 | <br>Dec. 31, 2021 |
|---|---|---|---|
| Rental revenue | **$ 545,658** | $ 496,360 | $ 472,312 |
| Profit | **666,099** | 283,096 | 446,267 |
| FFO (1)(2) | **181,353** | 157,444 | 150,207 |
| Profit per Trust Unit | | | |
| – Basic | **$ 14.54** | $ 6.17 | $ 9.59 |
| – Diluted | **$ 14.54** | $ 5.23 | $ 9.59 |
| FFO per Unit (2) | | | |
| – Basic | **$ 3.96** | $ 3.43 | $ 3.00 |
| – Diluted | **$ 3.60** | $ 3.13 | $ 2.94 |
| Mortgages payable | **3,318,417** | 3,214,554 | 2,978,437 |
| Total assets | **8,141,876** | 7,067,275 | 6,660,653 |
| Number of suites (1) | **34,029** | 33,722 | 33,264 |
| Rentable square feet (000's) | **29,515** | 29,310 | 28,888 |

(1) Includes 183 suites related to the Trust's joint venture in Brampton, Ontario.

Variations on an annual basis are primarily attributable to reported fair value gains/losses. Please refer to the section titled "Executive Summary – Financial Performance Summary" for additional details.

| **Quarterly Comparative**<br>*(Cdn$ Thousands, except per Unit amount)* | Three Months Ended<br>**Dec. 31, 2023** | <br>Sep. 30, 2023 | <br>Jun. 30, 2023 | <br>Mar. 31, 2023 | <br>Dec. 31, 2022 | <br>Sep. 30, 2022 | <br>Jun. 30, 2022 | <br>Mar. 31, 2022 |
|---|---|---|---|---|---|---|---|---|
| Rental revenue | **$ 141,907** | $ 138,268 | $ 134,553 | $ 130,931 | $ 129,171 | $ 125,849 | $ 122,667 | $ 118,673 |
| Profit | **173,130** | 39,417 | 232,163 | 221,389 | 14,137 | 47,043 | 152,488 | 69,428 |
| FFO (1)(2) | **48,897** | 48,266 | 44,595 | 39,595 | 39,973 | 42,705 | 40,281 | 34,488 |
| Profit per Trust Unit | | | | | | | | |
| – Basic | **$ 3.75** | $ 0.86 | $ 5.08 | $ 4.84 | $ 0.31 | $ 1.03 | $ 3.32 | $ 1.51 |
| – Diluted | **$ 3.75** | $ 0.86 | $ 5.08 | $ 4.84 | $ 0.31 | $ 1.02 | $ 1.54 | $ 1.51 |
| FFO per Unit (2) | **$ 0.96** | $ 0.96 | $ 0.89 | $ 0.79 | $ 0.80 | $ 0.85 | $ 0.80 | $ 0.68 |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information.

Variations in the quarterly comparative results presented above are primarily attributable to reported fair value gains/losses and from seasonality in total rental expenses in the first and fourth quarters when demand for natural gas is at the highest. Please refer to the section titled "Executive Summary – Financial Performance Summary" for additional details.

## Additional Information

Additional information relating to Boardwalk Equities Inc. and Boardwalk REIT, including the AIF, is available under the Trust's profile on SEDAR+ at www.sedarplus.ca.

# Independent Auditor's Report

To the Unitholders and the Board of Trustees of Boardwalk Real Estate Investment Trust

## OPINION

We have audited the consolidated financial statements of Boardwalk Real Estate Investment Trust (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in unitholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTER

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statement for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Fair Value of Investment Properties – Refer to Notes 2(f) and 4 of the Financial Statements

#### Key Audit Matter Description

The Trust has elected the fair value model for all investment properties and accordingly measures all investment properties at fair value subsequent to initial recognition on the statement of financial position. The Trust uses a combination of internal and external processes and valuation techniques to estimate fair value based on a number of inputs.

While several inputs are required to determine the fair value of the investment properties, the assumptions with the highest degree of subjectivity and impact on fair values are the forecast of rental income and capitalization rates. Auditing these assumptions required a high degree of auditor judgment as the estimations made by management are subject to a high degree of estimation uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

#### How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecast of rental income and capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the effectiveness of controls over determination of investment properties' fair value, including those over the determination of the forecast of rental income and capitalization rates.
- Evaluated the reasonableness of management's forecast of rental income by comparing management's forecast with historical results, internal communications to management and the Board of Trustees, contractual information and market rents at the valuation date, where applicable.

- With the assistance of fair value specialists, evaluated the reasonableness of capitalization rates by developing a range of estimates based on recent market transactions and industry surveys and comparing them to the capitalization rates selected by management.

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Coutts.

/s/ Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta
February 21, 2024

# Consolidated Statements of Financial Position

*(CDN $ THOUSANDS)*

| As at | Note | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment properties | 4 | $ 7,702,214 | $ 6,900,745 |
| Equity accounted investment | 5 | 39,758 | 40,871 |
| Other | 6 | 31,367 | 35,514 |
| | | 7,773,339 | 6,977,130 |
| **Current assets** | | | |
| Other | 6 | 37,333 | 37,329 |
| Cash and cash equivalents | 8 | 331,204 | 52,816 |
| | | 368,537 | 90,145 |
| **Total Assets** | | $ 8,141,876 | $ 7,067,275 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Mortgages payable | 9 | $ 2,818,045 | $ 2,709,601 |
| Lease liabilities | 10 | 73,818 | 76,602 |
| LP Class B Units | 11 | 319,247 | 221,199 |
| Other | 12 | 10,173 | 7,933 |
| | | 3,221,283 | 3,015,335 |
| **Current liabilities** | | | |
| Mortgages payable | 9 | 500,372 | 504,953 |
| Lease liabilities | 10 | 2,978 | 3,396 |
| Other | 12 | 97,171 | 76,593 |
| | | 600,521 | 584,942 |
| **Total Liabilities** | | 3,821,804 | 3,600,277 |
| **Equity** | | | |
| Unitholders' equity | 15 | 4,320,072 | 3,466,998 |
| **Total Equity** | | 4,320,072 | 3,466,998 |
| **Total Liabilities and Equity** | | $ 8,141,876 | $ 7,067,275 |

See accompanying notes to these consolidated financial statements.

On behalf of the Trust:

[signed]

**SAM KOLIAS**
Trustee

[signed]

**GARY GOODMAN**
Trustee

# Consolidated Statements of Comprehensive Income

*(CDN $ THOUSANDS)*

| | Note | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|---|
| **Rental revenue** | 16 | $ 545,658 | $ 496,360 |
| **Rental expenses** | | | |
| Operating expenses | | 106,190 | 104,081 |
| Utilities | | 53,392 | 52,572 |
| Property taxes | | 53,087 | 51,047 |
| Total rental expenses | | 212,669 | 207,700 |
| **Net operating income** | | 332,989 | 288,660 |
| Financing costs | 17 | 111,172 | 97,021 |
| Administration | | 41,172 | 33,859 |
| Deferred unit-based compensation | 13 | 3,328 | 2,556 |
| Depreciation | | 7,921 | 7,782 |
| **Profit before the undernoted** | | 169,396 | 147,442 |
| Loss from equity accounted investment | 5 | (1,113) | (247) |
| Loss on sale of asset | 6 | (928) | - |
| Fair value gains | 18 | 494,877 | 132,256 |
| Interest income | | 3,059 | 935 |
| Other income | | 886 | 2,788 |
| **Profit before income tax** | | 666,177 | 283,174 |
| Income tax expense | 14 | (78) | (78) |
| **Profit** | | 666,099 | 283,096 |
| Other comprehensive income | | - | - |
| **Total comprehensive income** | | $ 666,099 | $ 283,096 |

See accompanying notes to these consolidated financial statements.

# Consolidated Statements of Changes in Unitholders' Equity

*(CDN $ THOUSANDS)*

| | Trust Units | Cumulative Profit (Loss) | Cumulative Distributions to Unitholders | Retained Earnings | Total Unitholders' Equity |
|---|---|---|---|---|---|
| Balance, December 31, 2021 | $ 214,689 | $ 4,581,580 | $ (1,543,091) | $ 3,038,489 | $ 3,253,178 |
| Units issued for vested deferred units | 1,293 | - | - | - | 1,293 |
| Units purchased and cancelled | (4,083) | (17,588) | - | (17,588) | (21,671) |
| Profit | - | 283,096 | - | 283,096 | 283,096 |
| Total comprehensive income | - | 283,096 | - | 283,096 | 283,096 |
| Distributions | - | - | (48,898) | (48,898) | (48,898) |
| Balance, December 31, 2022 | $ 211,899 | $ 4,847,088 | $ (1,591,989) | $ 3,255,099 | $ 3,466,998 |
| Units issued under equity offering, net of issue costs | 239,992 | - | - | - | 239,992 |
| Units issued for vested deferred units | 152 | - | - | - | 152 |
| Profit | - | 666,099 | - | 666,099 | 666,099 |
| Total comprehensive income | - | 666,099 | - | 666,099 | 666,099 |
| Distributions | - | - | (53,169) | (53,169) | (53,169) |
| **Balance, December 31, 2023** | **$ 452,043** | **$ 5,513,187** | **$(1,645,158)** | **$ 3,868,029** | **$ 4,320,072** |

See accompanying notes to these consolidated financial statements.

# Consolidated Statements of Cash Flows

*(CDN $ THOUSANDS)*

| | Note | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit | | $ 666,099 | $ 283,096 |
| Loss on sale of asset | 6 | 928 | - |
| Other income | | (886) | (2,788) |
| Financing costs | 17 | 111,172 | 97,021 |
| Interest paid | | (103,084) | (88,574) |
| Deferred unit-based compensation | 13 | 3,328 | 2,556 |
| Loss from equity accounted investment | 5 | 1,113 | 247 |
| Fair value gains | 18 | (494,877) | (132,256) |
| Income tax expense | 14 | 78 | 78 |
| Income tax paid | | (3) | (2) |
| Government grant amortization | | (378) | (378) |
| Depreciation | | 7,921 | 7,782 |
| | | 191,411 | 166,782 |
| Net change in operating working capital | 25 | 8,385 | (5,878) |
| Cash flow from operating activities | | 199,796 | 160,904 |
| **Investing activities** | | | |
| Purchase of investment properties, net of financing | 4 | (13,782) | (52,159) |
| Investment in capital assets | 25 | (125,972) | (129,352) |
| Development of investment properties | 4 | (23,325) | (17,747) |
| Proceeds from sale of investment in private technology venture fund | 6 | 929 | - |
| Distributions from investment in private technology venture fund, net of capital contribution | | 990 | 2,994 |
| Principal repayments on lease receivable | | 321 | 725 |
| Net change in investing working capital | 25 | 6,005 | (1,519) |
| Cash flow used in investing activities | | (154,834) | (197,058) |
| **Financing activities** | | | |
| Issuance of Trust Units, net of issue costs | 15 | 239,992 | - |
| Distributions paid | 25 | (52,469) | (48,631) |
| Unit repurchase program | 15 | - | (21,671) |
| Proceeds from mortgage financings | | 236,627 | 352,712 |
| Mortgage payments upon refinancing | | (97,912) | (139,665) |
| Scheduled mortgage principal repayments | | (74,448) | (74,588) |
| Repayment of construction loan financing | | - | (21,187) |
| Deferred financing costs incurred | | (14,234) | (17,076) |
| Principal repayments on lease liabilities | | (3,397) | (3,965) |
| Net change in financing working capital | 25 | (733) | (1,259) |
| Cash flow from financing activities | | 233,426 | 24,670 |
| Net increase (decrease) in cash | | 278,388 | (11,484) |
| Cash and cash equivalents, beginning of year | | 52,816 | 64,300 |
| **Cash and cash equivalents, end of year** | 8 | $ 331,204 | $ 52,816 |

See accompanying notes to these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Years Ended, December 31, 2023 and 2022

*(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") 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 15, 2018, 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 (or "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: MATERIAL ACCOUNTING POLICIES

### (a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

### (b) Basis of Presentation

The Trust's consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. These consolidated financial statements were prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand. The accounting policies set out below have been applied consistently in all material respects. Standards and guidelines not effective for the current accounting period are described in NOTE 3(b).

Certain comparative figures have been reclassified to conform to the presentation of the current year. Specifically, the rental revenue note as presented in NOTE 16 has been updated to present revenue in appropriate categories when considering the definitions of lease revenue and non-lease revenue. In addition, non-lease revenue from the Trust's retirement communities that was netted against retirement service costs has been reclassified from operating expenses to rental revenue. Lastly, interest income that was previously included in financing costs has been presented separately.

### (c) Basis of Consolidation

These consolidated financial statements include the accounts of the Trust and its consolidated subsidiaries which are the entities over which Boardwalk REIT has control. Control is achieved when the entity has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Trust reassesses whether or not it controls an investee if facts, circumstances, and events indicate that there are changes to one or more of the three elements of control listed above.

In accordance with IFRS 10 – Consolidated Financial Statements ("IFRS 10"), an entity can exercise control on a basis other than ownership of voting interests. When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power. These facts and circumstances can include: the size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Trust, other vote holders or other parties; rights arising from contractual arrangements; and any other additional facts or circumstances.

Currently, the Trust has control over all of the subsidiaries reported in the consolidated financial statements (either directly or indirectly) and non-controlling interests either do not exist or are immaterial for the Trust at this time. All intra-group transactions, balances, revenues and expenses eliminate on consolidation.

## (d) Interest in Joint Operations

In accordance with IFRS 11 – Joint Arrangements ("IFRS 11"), a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Trust records only its share of the assets, liabilities, and share of the revenue and expenses of the joint operation. The assets, liabilities, revenue and expenses of joint operations are included within the respective line items of the consolidated statements of financial position and consolidated statements of comprehensive income.

## (e) Interest in Associates and Joint Ventures

In accordance with International Accounting Standard ("IAS") 28 – Investments in associates and joint ventures ("IAS 28"), an associate is defined as an entity over which the investor has significant influence, however the investor does not have control or joint control. Significant influence generally arises when an entity holds, directly or indirectly, 20% or more of the voting power of the investee. Significant influence is usually evidenced by representation on the board of directors or equivalent of the investee, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel, or provision of essential technical information.

In accordance with IFRS 11, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost, and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition. The Trust's share of the investee's profit or loss is recognized in the Trust's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

## (f) Investment Properties

Investment properties consist of multi-family residential properties held to earn rental income and properties being constructed or developed for future use to earn rental income, and include interests held under long-term operating land leases. Investment properties are measured initially at cost (which is equivalent to fair value). Cost includes all amounts relating to the acquisition (excluding transaction costs related to a business combination) and improvement of the properties. All costs associated with upgrading and extending the economic life of the existing facilities, other than ordinary repairs and maintenance, are capitalized to investment property. Included in these costs are internal amounts that are directly attributable to a specific investment property, which are capitalized to the extent that they upgrade or extend the economic life of the asset.

Subsequent to initial recognition, investment properties are recorded at fair value, in accordance with IAS 40 – Investment Property ("IAS 40"). Fair value is determined based on a combination of internal and external processes and valuation techniques. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs as described above are recorded in profit or loss in the period in which they arise. The fair value of an investment property held by a lessee as a right-of-use asset reflects expected cash flows (including variable lease payments) that are expected to become payable. Accordingly, if the valuation obtained for an investment property is net of all payments expected to be made, it will be necessary to add back any recognized lease liability, to arrive at the carrying amount of the investment property using the fair value model.

Properties owned by the Trust where a significant portion of the property is used for administrative purposes by the Trust are considered “Property, Plant and Equipment” and, therefore, fall within the scope of IAS 16 – Property, Plant and Equipment (“IAS 16”) and are recorded in accordance with that standard. Where part of a building is used for administrative purposes by the Trust, but this portion is considered insignificant, this space is included as part of Investment Property under IAS 40.

Investment properties are reclassified to “Assets Held for Sale” when the criteria set out in IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations (“IFRS 5”) are met.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value as outlined in the purchase and sale agreement (as the purchase and sale agreement is the best evidence of fair value). This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Excess land represents land owned by the Trust located contiguous to land included as investment property. For some of the Trust's excess land, the Trust has the ability to develop additional multi-family residential buildings on this land or sell it separately from the investment property at a later date. Excess land is held for capital appreciation and, therefore, is treated as investment property and recorded in accordance with IAS 40 as outlined above. When determining the fair value of a project with excess land, the capitalization rate used in determining the value is adjusted accordingly.

## (g) Properties Under Development

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

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

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

## (h) Property, Plant and Equipment

Tangible assets that are held for use in the production or supply of goods and services, or for administrative purposes, and are expected to be used during more than one period, except when another accounting standard requires or permits a different accounting treatment, are recorded in accordance with IAS 16 using the cost model. IAS 16, therefore, excludes tangible assets that are accounted for in accordance with IFRS 5 and IAS 40 (see NOTE 2(f)).

In accordance with IAS 16, the cost model, after initial recognition of the property, plant and equipment, requires the tangible asset to be carried at its cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in a manner that reflects the pattern in which the future economic benefits of the tangible asset are expected to be consumed and realized by the Trust. The amount of depreciation will be charged systematically to the consolidated statement of comprehensive income and is the cost less residual value of the asset over its useful economic life. IAS 16 also requires that the cost and useful economic life of each significant component of a tangible asset be determined based on the circumstances of each tangible asset. The method of depreciation, residual values, and estimates of the useful economic life of a tangible asset, or other property, plant and equipment, are reviewed at each financial year-end and any changes are accounted for as a change in accounting estimate in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Property, Plant and Equipment ("PP&E") is valued using the cost model under IAS 16. PP&E is categorized into the following classes and their respective useful economic life is used to calculate the amount of depreciation or amortization for each period. Categories of PP&E with the same or similar useful lives are included in the same class.

| PP&E Class | PP&E Category (NOTE 7) | Useful Life / Depreciation Rate | Depreciation Method Used |
|---|---|---|---|
| Administrative building | Administrative building | 40 years | Straight-line |
| Site equipment | Site equipment and other assets | 15% | Declining balance |
| Automobiles | Site equipment and other assets | 20% | Declining balance |
| Warehouse and corporate assets | Site equipment and other assets | 10% to 20% | Declining balance |
| Computer hardware | Corporate technology assets | 35% | Declining balance |
| Computer software (1) | Corporate technology assets | 35% | Declining balance |

(1) In addition to the purchase of software from external sources, the Trust capitalizes certain programmers' salaries related to internally developed software applications used in the normal course of operations of Boardwalk REIT. The programmers' work is directly attributable to software development.

## (i) Leases

### The Trust as a Lessee

The Trust assesses whether a contract is, or contains, a lease at inception of the contract. The Trust recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Trust uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made (see NOTE 2(n) for definition of effective interest method).

The Trust remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured either at fair value (in the case of right-of-use assets which are considered part of investment properties) or at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Trust applied IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Trust has used this practical expedient on those contracts (warehouse space and office space) which contain both lease and non-lease components.

#### The Trust as a Lessor

The Trust enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Trust is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Trust has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. As operating leases, lease payments are recognized as revenue when the tenant has a right to use the leased asset. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

### (j) Taxation

For fiscal 2023 and 2022, Boardwalk REIT qualified as a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") eligible for the 'REIT Exemption' in accordance with the rules affecting the tax treatment of publicly traded trusts. Accordingly, the Trust is not taxable on its income provided that all of its taxable income is distributed to Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax. The Trust establishes provisions for taxes when, despite the belief that its tax positions are fully supportable, it is probable that its positions may be challenged and disallowed by the relevant tax authorities. The consolidated tax expense (recovery) and related accruals include the impact of such reasonably estimated disallowances as deemed appropriate. To the extent that the probable tax outcome of these matters changes, such changes in estimates will impact the income tax expense (recovery) in the period in which such determination is made.

#### Current Tax

The tax currently payable, if any, is based on taxable profit for the year for certain corporate subsidiaries of the Trust. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits, and unused tax losses, to the extent that it is probable that deductions, tax credits, and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates and laws that have been enacted or substantively enacted at the reporting date. In addition, deferred income tax assets and liabilities are measured using the rate that is consistent with the expected manner of recovery (i.e. using the asset versus selling the asset). Where applicable, current and deferred income taxes relating to items recognized directly in equity or comprehensive income are also recognized directly in equity or comprehensive income, respectively.

## (k) Provisions

In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets (“IAS 37”), a provision is a liability of uncertain timing or amount. Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discounted rate that reflects current market assessment of the time value of money and the risks and uncertainties specific to the obligation. Provisions are remeasured at each reporting date using the current discount rate. The increase in the provision due to the passage of time is recognized as a financing cost.

## (l) Unit-based Payments

Deferred unit-based payments to employees and Board of Trustees are measured at the fair value of the deferred unit at the grant date and expensed over the vesting period based on the Trust’s estimate of the deferred units that will actually vest. At the end of each reporting period, the Trust revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss prospectively such that the cumulative expense reflects the revised estimate. In accordance with IFRS 2 – Share-based payments (“IFRS 2”), the deferred units are presented as a liability on the consolidated statement of financial position as the Trust is obliged to provide the holder with Trust Units once the deferred units vest. Under IFRS 2, the deferred units are measured at each reporting period at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Fair value of the deferred units is calculated based on the observable market price of Boardwalk REIT’s Trust Units.

## (m) Revenue Recognition

### (i) Rental Revenue

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties, and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease, which is generally not more than 12 months. Any suite specific incentives offered or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease.

Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16. In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). Non-lease revenue includes parking revenue, other service revenue and fees, and recovery of certain operating costs, including retirement services and cable (internet and television). These revenues are recognized when earned.

IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (NOTE 16 and NOTE 26).

### (ii) Building Sales

The gain or loss from the sale of an investment property is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

### (iii) Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is accrued on a time basis when earned, by reference to the principal outstanding and at the effective interest rate applicable.

## (n) Financial Instruments and Derivatives

Financial instruments and derivatives are accounted for, presented, and disclosed in accordance with IFRS 7 – Financial Instruments: Disclosures, IFRS 9 and IAS 32. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### Financial Assets

Financial assets are classified and measured on the basis of the Trust's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. As such, after initial recognition, financial assets are classified and measured based on three categories: (i) amortized cost, (ii) fair value through other comprehensive income (FVTOCI), or (iii) fair value through profit and loss (FVTPL). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Financial assets are classified as at FVTPL when the financial asset either is held for trading or is designated as at FVTPL. Financial assets categories are defined and measured as follows:

| Classification | Definition | Measurement |
|---|---|---|
| Amortized cost | Debt instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. | Measured at amortized cost using the effective interest rate method less any expected credit loss. (1)(2) |
| FVTOCI | Debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. | Stated at fair value, with gains or losses arising on measurement recognized in other comprehensive income. |
| FVTPL | Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments or debt instruments which do not meet the amortized cost or FVTOCI definitions. | Measured at fair value, with gains or losses recognized in profit or loss. |

(1) The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(2) Financial assets, other than those at FVTPL, are required to use an expected credit loss impairment model. The expected credit loss model requires the Trust to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for estimated credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

Boardwalk REIT's financial assets are as follows:

| Financial Asset | Classification and Measurement |
|---|---|
| Investment in private technology venture fund | FVTPL |
| Trade and other receivables | Amortized cost |
| Segregated tenants' security deposits | Amortized cost |
| Cash and cash equivalents | Amortized cost |

The Trust derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### Financial Liabilities and Equity

Debt and equity instruments issued are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs. Repurchase of Boardwalk REIT's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Trust's own equity instruments. Distributions paid on the Trust's equity instruments subsequent to, declared prior to, and with a record date at or prior to, the reporting date, are recorded as a liability.

Financial liabilities are classified and measured as either amortized cost or FVTPL. Financial liabilities categories are defined and measured as follows:

| Classification | Definition | Measurement |
|---|---|---|
| FVTPL | Classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL as discussed below: | |
| | Classified as held for trading if: it has been acquired principally for the purpose of repurchasing it in the near term; or, on initial recognition, it is part of a portfolio of identified financial instruments that the Trust manages together and has a recent actual pattern of short-term profit taking; or, it is a derivative that is not designated and effective as a hedging instrument. | Stated at fair value, with gains or losses arising on measurement recognized in profit or loss. |
| | Classified as FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group which is managed and its performance is evaluated on a fair value basis; or it forms part of a contract containing one or more embedded derivatives. | Stated at fair value, with gains or losses arising on measurement recognized in profit or loss. |
| Amortized cost | All other liabilities. | Measured at amortized cost using the effective interest method. (1) |

(1) The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Boardwalk REIT's financial liabilities are as follows:

| Financial Liability | Classification and Measurement |
|---|---|
| Mortgages payable | Amortized cost |
| LP Class B Units | FVTPL |
| Refundable tenants' security deposits | Amortized cost |
| Trade and other payables | Amortized cost |

The Trust derecognizes a financial liability when, and only when, the Trust's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### Derivatives

The Trust may enter into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps and bond forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to the host contracts and the host contracts are not measured at FVTPL. For the years ended December 31, 2023 and 2022, the Trust had no embedded derivatives requiring separate recognition.

## (o) Cash and Cash Equivalents

Cash is comprised of bank balances, interest-earning bank accounts, and term deposits with maturities of 90 days or less.

## (p) Critical Judgement in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see NOTE 2(q) below), that have been made in applying the Trust's accounting policies and that have the most significant effect on the reported amounts in the consolidated financial statements:

### (i) Investment Property and Internal Capital Program

The Trust's accounting policy relating to investment property is described in NOTE 2(f) above. In applying this policy, judgement is applied in determining the appropriate classes of investment properties in order to measure fair value. The Trust also undertakes internal capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgement in the estimated amount of directly attributable on-site wages to be allocated to capital improvements and upgrades of its real estate assets.

### (ii) Interest in Joint Operations, Associates, and Joint Ventures

When determining the appropriate basis of accounting for the Trust's investees, the Trust makes judgement about the degree of influence that Boardwalk REIT exerts directly or through an arrangement over the investee's relevant activities. This may include the ability to elect investee directors, appoint management, or influence key decisions. Judgement is also required in determining whether or not an arrangement is a joint operation or joint venture.

### (iii) Taxation Provisions

The Trust's accounting policy relating to provisions is described in NOTE 2(k) above. In applying this policy, judgement is applied in determining if the Trust has a present legal or constructive obligation as a result of past events and if it is probable that an outflow of resources will be required to settle the obligation and if the amount can be reliably estimated. For uncertain tax items no provision has been recorded based on the interpretation of tax legislation. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open matters at a future date, the final outcome may differ significantly from the Trust's judgements or estimates. Please refer to NOTE 19 for additional details.

## (q) Material Accounting Estimates and Assumptions

Below are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results could differ from estimates.

### (i) Investment Properties

The choice of valuation method for fair valuing and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in NOTE 4. Significant estimates used in determining the fair value of the Trust's investment properties includes capitalization rates and net operating income (which is influenced by market rents, vacancy rates, and standard costs) used in the overall capitalization rate valuation method as well as discount rates and forecasted cash flows used in the discounted cash flow valuation method. A change to any one of these inputs could materially alter the fair value of an investment property. Please refer to NOTE 4 for sensitivity analysis.

### (ii) Internal Capital Program

The Trust's internal capital program is based on internal allocations, including parts, supplies, and on-site wages identified as part of a specific upgrade or capital improvement. Elements included under the internal capital program are capitalized to investment properties.

# NOTE 3: APPLICATION OF NEW AND REVISED IFRS AND FUTURE ACCOUNTING POLICIES

## (a) Application of New and Revised IFRS

In the current year, the Trust has applied a number of revised IFRS issued by the IASB and incorporated in the Chartered Professional Accountants of Canada Handbook. The following highlights these changes and the effect, if any, on the Trust's consolidated financial statements.

| New or Amended Standards | Summary of Requirements | Impact on Consolidated Financial Statements |
|---|---|---|
| IAS 1 – Presentation of Financial Statements | The amendment deals with the disclosure of material accounting policy information. Specifically, the amendment specifies the requirement to disclose material accounting policy information rather than significant accounting policies and provides guidance on when accounting policy information is likely to be considered material. | This amendment was applied prospectively on January 1, 2023 and there was no material impact on the consolidated financial statements. |
| IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors | The amendment deals with the definition of accounting estimates. Specifically, the amendment adds a definition of an accounting estimate and provides clarification on the relationship between accounting policy and an accounting estimate as well as on use of inputs or measurement techniques and treatment in case of changes therein. | This amendment was applied prospectively on January 1, 2023 and there was no impact on the consolidated financial statements. |

## b) Future Accounting Policies

The following accounting standards under IFRS have been issued or revised; however, they are not yet effective, and, as such, have not been applied to these consolidated financial statements:

| New or Amended Standards | Summary of Requirements | Possible Impact on Consolidated Financial Statements |
| --- | --- | --- |
| Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investor's interests in that associate or joint venture. The effective date of the amendments has yet to be set, however, earlier application is permitted. | The Trust is assessing the potential impact but does not expect any significant impact. |
| IAS 1 – Presentation of Financial Statements | The amendment deals with the presentation of liabilities, not the amount or timing of recognition, or disclosure. Specifically, the amendment clarifies the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.<br>In addition, a second amendment deals with non-current liabilities with covenants. Specifically, the amendment clarifies how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.<br>Both amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively, with earlier application permitted. | The Trust is currently evaluating the impact of the amendments. The Trust expects that the LP Class B Units will be required to be presented as a current liability as a result of this amendment. |
| IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures | The amendments deal with the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.<br>The effective date of the amendments is for annual reporting periods beginning on or after January 1, 2024, however, earlier application is permitted. | The Trust is assessing the potential impact but does not expect any significant impact. |

In addition to those referenced, the following amendments are not expected to have any impact on the Trust's consolidated financial statements:

- IFRS 16 – Leases
- IAS 21 – The Effects of Changes in Foreign Exchange Rates

## NOTE 4: INVESTMENT PROPERTIES

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Balance, beginning of year | $ 6,900,745 | $ 6,492,969 |
| Additions | | |
| Building acquisitions | 60,290 | 159,735 |
| Building improvements (incl. internal capital program) | 119,012 | 123,885 |
| Development of investment properties (1) | 23,325 | 17,747 |
| Fair value gains, unrealized | 598,842 | 106,409 |
| Balance, end of year | $ 7,702,214 | $ 6,900,745 |

| As at | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Fair value of investment properties, before buildings valued at Level 2 inputs, right-of-use assets, and developments | $ 7,557,359 | $ 6,613,279 |
| Buildings valued at Level 2 inputs | - | 159,735 |
| Fair value, right-of-use assets (IFRS 16 – Leases) | 72,860 | 74,502 |
| Revenue producing properties | 7,630,219 | 6,847,516 |
| Properties under development | 71,995 | 53,229 |
| Total | $ 7,702,214 | $ 6,900,745 |

(1) On June 1, 2022, the Trust purchased three adjacent parcels of land in Victoria, British Columbia for a purchase price of $12.0 million. The acquisition was funded with cash on hand for a planned development of new rental suites.

On April 25, 2023, the Trust acquired a property in Victoria, British Columbia. The property is comprised of 124 suites and was purchased for $60.3 million. The acquisition was funded with mortgage financing of $46.5 million and cash on hand of $13.8 million.

On August 8, 2022, the Trust acquired a property in Calgary, Alberta. The property is comprised of 158 suites and was purchased for $41.9 million. The acquisition was funded with cash on hand of $12.7 million and the assumption of a mortgage for $29.2 million. The mortgage assumed had an in-place interest rate below market rate, resulting in a market debt adjustment totaling $1.0 million that was made to the cost of the acquisition.

On March 30, 2022, the Trust acquired a property in Brampton, Ontario and a property in Canmore, Alberta. The properties are comprised of 152 suites and 148 suites, respectively, and were purchased for $118.8 million. The acquisition was funded with mortgage financing of $79.4 million and cash on hand of $39.4 million.

| Building Acquisitions | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Purchase price | $ 60,000 | $ 159,370 |
| Transaction costs | 290 | 1,378 |
| Market debt adjustment | - | (1,013) |
| Total | $ 60,290 | $ 159,735 |
| Multi-family suites acquired | 124 | 458 |

| | | |
|---|---|---|
| Purchase price | $ 60,000 | $ 159,370 |
| Transaction costs | 290 | 1,378 |
| Proceeds from mortgage financing | (46,508) | (108,589) |
| Net cash paid | $ 13,782 | $ 52,159 |

Subsequent to initial recognition at cost, investment properties are recorded at fair value in accordance with IAS 40. Fair value is determined based on a combination of internal and external processes and valuation techniques. Fair value under IFRS is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment properties are valued on a highest and best use basis. For all of the Trust's investment properties, the current use is considered to be the highest and best use. For the year ended December 31, 2023, there has been no change to the valuation techniques.

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

| | Year Ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Balance, Beginning of Year | Building Acquisitions | Improvements to Investment Properties | Development of Investment Properties | Fair Value Gains (Losses) | Balance, End of Year |
| **Recurring measurements** | | | | | | |
| **Investment properties** | | | | | | |
| Alberta | $4,217,249 | $ - | $ 73,964 | $ 23 | $ 536,678 | $4,827,914 |
| British Columbia | 102,685 | 60,290 | 213 | 22,887 | 12,422 | 198,497 |
| Saskatchewan | 618,172 | - | 14,944 | 5 | 60,232 | 693,353 |
| Ontario | 742,267 | - | 9,606 | 410 | (28,513) | 723,770 |
| Quebec | 373,367 | - | 5,320 | - | 5,123 | 383,810 |
| Land leases | 847,005 | - | 14,965 | - | 12,900 | 874,870 |
| **Total** | $6,900,745 | $ 60,290 | $ 119,012 | $ 23,325 | $ 598,842 | $7,702,214 |

| | Year Ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Balance, Beginning of Year | Building Acquisitions | Improvements to Investment Properties | Development of Investment Properties | Fair Value Gains (Losses) | Balance, End of Year |
| Recurring measurements | | | | | | |
| Investment properties | | | | | | |
| Alberta | $ 3,962,993 | $ 104,518 | $ 80,325 | $ 9 | $ 69,404 | $ 4,217,249 |
| British Columbia | 78,914 | - | 103 | 16,670 | 6,998 | 102,685 |
| Saskatchewan | 600,261 | - | 14,119 | 5 | 3,787 | 618,172 |
| Ontario | 653,353 | 55,217 | 10,611 | 1,063 | 22,023 | 742,267 |
| Quebec | 372,892 | - | 7,719 | - | (7,244) | 373,367 |
| Land leases | 824,556 | - | 11,008 | - | 11,441 | 847,005 |
| Total | $ 6,492,969 | $ 159,735 | $ 123,885 | $ 17,747 | $ 106,409 | $ 6,900,745 |

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

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

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

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

The Trust's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at December 31, 2023, all of the Trust's investment properties were Level 3 inputs, including the current year building acquisition which was valued at Level 3 based on a third-party external valuation obtained for financing purposes as this was more appropriate in the circumstances given underwriting considerations at the time of purchase. For investment properties measured at fair value as at December 31, 2023 and December 31, 2022, transfers into Level 3 fair value measurements include the following:

**(i)** There were three investment properties transferred during the year ended December 31, 2023 from Level 2 into Level 3 fair value measurements. The fair value of these three investment properties as at December 31, 2023, using Level 3 inputs totaled $189.9 million (December 31, 2022 – $159.7 million valued using Level 2 inputs).

**(ii)** There were two investment properties transferred during the year ended December 31, 2022 from Level 2 into Level 3 fair value measurements. The fair value of these two investment properties as at December 31, 2022, using Level 3 inputs totaled $82.7 million (December 31, 2021 – $72.3 million valued using Level 2 inputs) .

These five investment properties were previously valued at Level 2 because they were newly acquired buildings and used inputs which were directly observable for these assets, as the fair value was based on a purchase and sale agreement between two willing market participants. Other than these five investment properties, there were no other transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2023 and December 31, 2022.

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 and approved by the Trust's Board of Trustees. The Appraisers are an independent valuation firm not related to the Trust and employ valuation professionals who are members of the Appraisal Institute of Canada and the Ordre des Evaluateurs Agrees du Quebec who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. External appraisals were obtained as follows:

| Date | Number of Properties | | Aggregate Fair Value | Percentage of Portfolio as of that Date |
|---|---|---|---|---|
| **December 31, 2023** | **6** | **$** | **874,525** | **11.4%** |
| September 30, 2023 | 6 | $ | 196,708 | 2.6% |
| June 30, 2023 | 4 | $ | 210,300 | 2.8% |
| March 31, 2023 | 4 | $ | 100,235 | 1.4% |
| December 31, 2022 | 5 | $ | 879,913 | 12.8% |
| September 30, 2022 | 4 | $ | 160,628 | 2.3% |
| June 30, 2022 | 6 | $ | 176,883 | 2.6% |
| March 31, 2022 | 5 | $ | 175,019 | 2.6% |

The fair value of the remainder of the Trust's investment property portfolio was determined internally by the Trust using the same assumptions and valuation techniques used by the Appraisers. 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. This summary includes the Appraisers' estimates of Capitalization Rates ("Cap Rate") for each region (city) as well as confirmation of the reasonableness of the assumptions used in determining stabilized net operating income ("NOI") used in calculating fair values.

The third-party valuation technique of the Trust's investment property portfolio primarily utilizes the "Overall Capitalization Rate" method. This method requires that a forecasted stabilized NOI for each individual property be divided by a Cap Rate to determine a property's 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. Fair value also considers any forecasted capital expenditures within the year to maintain the property in good condition. Given the short-term nature of residential leases (typically one year), revenue and costs are not discounted. A Cap 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: two in Banff, Alberta, one in Edmonton, Alberta, and two in Montreal, Quebec, 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 2029), this property utilized the Discounted Cash Flow ("DCF") approach to derive the fair value. The DCF Method calculates the present value of the future cash flows over a specified time period to determine the fair value for each property at each reporting date. The most significant assumption using the DCF method is the discount rate applied over the term of the lease. The discount rate reflects 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. For the other land lease in Montreal, which has an expiry date of 2064, a DCF approach was prepared to substantiate the income approach that was used to derive fair value, with no significant differences between the two methods.

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

| As at | Dec. 31, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Capitalization Rate Weighted Average | | Forecasted Total Stabilized Net Operating Income | Capitalization Rate Weighted Average | | Forecasted Total Stabilized Net Operating Income |
| Alberta | **5.13%** | **$** | **247,297** | 5.01% | $ | 206,176 |
| British Columbia | **4.30%** | | **5,518** | 4.25% | | 2,350 |
| Saskatchewan | **5.67%** | | **39,326** | 5.67% | | 35,049 |
| Ontario | **4.27%** | | **30,922** | 4.01% | | 27,354 |
| Quebec | **4.94%** | | **18,944** | 4.81% | | 17,965 |
| | **5.06%** | **$** | **342,007** | 4.95% | $ | 288,894 |
| Land Leases | **4.96%** | | **39,807** | 4.69% | | 36,198 |
| Total | **5.05%** | **$** | **381,814** | 4.92% | $ | 325,092 |

The overall weighted average stabilized Cap Rates for measuring the Trust's investment properties at fair value using a forecasted stabilized NOI as at December 31, 2023 and 2022, was 5.05% and 4.92%, respectively.

The Overall Capitalization Rate method requires inputs of both stabilized NOI and Cap Rate to determine a fair value. As such, fluctuations in both NOI and Cap Rates could materially 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 Cap Rate will result in a decrease to the fair value of an investment property. When the Cap Rate is applied to NOI to calculate fair value, there is a significant impact as the lower the Cap Rate, the larger the impact. The following tables summarize the impact of changes in both the Cap Rates and forecasted stabilized NOI on the Trust's fair value of investment properties (excluding building acquisitions valued at Level 2 inputs, right-of-use assets, and developments):

| **As at December 31, 2023** | | **Stabilized Net Operating Income** | | | | |
|---|---|---|---|---|---|---|
| | | **-3%** | **-1%** | **As Forecasted** | **+1%** | **+3%** |
| Cap Rate | | **$ 370,360** | **$ 377,996** | **$ 381,814** | **$ 385,632** | **$ 393,268** |
| -0.25% | 4.80% | **$ 154,907** | **$ 313,923** | **$ 393,431** | **$ 472,939** | **$ 631,955** |
| Cap Rate As Reported | 5.05% | **(226,721)** | **(75,574)** | **7,557,359** | **75,574** | **226,721** |
| +0.25% | 5.30% | **(572,361)** | **(428,341)** | **(356,330)** | **(284,320)** | **(140,299)** |

| As at December 31, 2022 | | Stabilized Net Operating Income | | | | |
|---|---|---|---|---|---|---|
| | | -3% | -1% | As Forecasted | +1% | +3% |
| Cap Rate | | $ 315,339 | $ 321,841 | $ 325,092 | $ 328,343 | $ 334,845 |
| -0.25% | 4.67% | $ 145,324 | $ 284,676 | $ 354,353 | $ 424,029 | $ 563,382 |
| Cap Rate As Reported | 4.92% | (198,398) | (66,133) | 6,613,279 | 66,133 | 198,398 |
| +0.25% | 5.17% | (508,851) | (382,987) | (320,054) | (257,122) | (131,258) |

Investment properties with a fair value of $802.0 million (December 31, 2022 – $772.5 million) are situated on land held under land leases.

Investment properties with a fair value of $1.0 billion (December 31, 2022 – $808.6 million) are pledged as security against the Trust's committed revolving credit facility. Assets pledged as security for the committed revolving credit facility may also be pledged as security on mortgages. In addition, investment properties with a fair value of $7.4 billion (December 31, 2022 – $6.6 billion) are pledged as security against the Trust's mortgages payable. As at December 31, 2023, there are no contractual obligations to purchase, construct, or develop investment properties, or for repairs, maintenance, and enhancements, except for the fixed-price contract in place related to the construction of the new development project in Victoria, British Columbia.

For the years ended December 31, 2023 and 2022, investment properties earned rental revenue (including ancillary rental income) of $545.7 million and $496.4 million, respectively. Total rental expenses in relation to investment properties were $212.7 million and $207.7 million for the years ended December 31, 2023 and 2022, respectively.

## NOTE 5: EQUITY ACCOUNTED INVESTMENT

The Trust is a participant in a joint venture with the principal activity to develop and operate a mixed-use property in Brampton, Ontario. The mixed-use property includes residential space over two concrete high-rise towers, with one tower leased-up and the other tower completing development in November 2023 and beginning the lease-up stage.

The following table shows the changes in the carrying value of the investment in the partnership:

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Balance, beginning of year | $ 40,871 | $ 41,118 |
| Share of loss | (1,113) | (247) |
| Balance, end of year | $ 39,758 | $ 40,871 |

The following tables present the Trust's share of the summarized financial information of the partnership:

| As at | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Non-current assets | $ 194,521 | $ 171,549 |
| Current assets | 970 | 871 |
| Non-current liabilities | (112,655) | (80,539) |
| Current liabilities | (3,321) | (10,140) |
| **Net assets** | $ 79,515 | $ 81,741 |
| **Trust's share** | $ 39,758 | $ 40,871 |

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Revenue | $ 4,519 | $ 232 |
| Expenses | 6,745 | 726 |
| **Loss** | (2,226) | (494) |
| **Trust's share** | $ (1,113) | $ (247) |

During 2021, the Trust, in conjunction with its joint venture partner, entered into a $122 million revolving construction facility loan with a third-party financial institution. As at December 31, 2023, $112.6 million has been drawn on this loan (December 31, 2022 – $80.5 million), of which Boardwalk's portion is $56.3 million (December 31, 2022 – $40.3 million). The facility is interest payable only and has a maturity date of January 31, 2025. The facility bears interest at prime plus 0.25%, or a Bankers' Acceptance stamping fee of 1.23% and a standby fee of 0.15%. Subsequent to December 31, 2023, the joint venture repaid 50% of the outstanding loan balance (NOTE 27).

The revolving construction facility loan contains three financial covenants. These covenants are consistent with those found in the credit facility outlined in NOTE 22(d). As at December 31, 2023, the Trust was in compliance with these covenants.

# NOTE 6: OTHER ASSETS

| As at | Note | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Other non-current assets | | | |
| Property, plant and equipment | 7 | $ 30,585 | $ 31,352 |
| Investment in private technology venture fund | | - | 3,303 |
| Deferred tax assets | 14 | 782 | 859 |
| | | $ 31,367 | $ 35,514 |

| As at | Note | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Other current assets | | | |
| Inventories | | $ 6,875 | $ 7,765 |
| Prepaid expenses and other | | 15,697 | 15,979 |
| Lease receivable | | - | 321 |
| Trade and other receivables | | 4,940 | 4,641 |
| Segregated tenants' security deposits | | 9,821 | 8,623 |
| | | $ 37,333 | $ 37,329 |

## Investment in Private Technology Venture Fund

On December 31, 2023, the Trust disposed of the investment in the private real estate technology venture fund for the price of $0.9 million. The cost of the investment was $1.8 million resulting in a loss on sale of asset of $0.9 million.

## Prepaid Expenses and Other

The major components of prepaid expenses and other relate to property taxes, land leases, prepaid expenses, and deposits.

## Trade and Other Receivables

Trade and other receivables consist mainly of mortgage holdbacks, refundable mortgage fees, and amounts owed to Boardwalk REIT by tenants, insurers, and revenue-sharing business partners. Refer to NOTE 22(b) for the Trust's exposure to credit risk in relation to its trade and other receivables and how the Trust accounts for past due balances.

## Segregated Tenants' Security Deposits

Segregated tenants' security deposits are considered restricted cash as they are held in trust bank accounts and subject to the contingent rights of third parties.

# NOTE 7: PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of PP&E were as follows:

| As at | Dec. 31, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Carrying Amount | Cost | Accumulated Depreciation | Carrying Amount |
| Administration building | $ 7,163 | $ (4,694) | $ 2,469 | $ 6,990 | $ (4,480) | $ 2,510 |
| Site equipment and other | 73,010 | (53,554) | 19,456 | 70,164 | (49,403) | 20,761 |
| Corporate technology assets | 56,860 | (48,200) | 8,660 | 52,725 | (44,644) | 8,081 |
| Total | $ 137,033 | $ (106,448) | $ 30,585 | $ 129,879 | $ (98,527) | $ 31,352 |

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2023:

| | Balance, Beginning of Year | Additions to PP&E | Depreciation | Balance End of Year |
|---|---|---|---|---|
| Administration building | $ 2,510 | $ 172 | $ (213) | $ 2,469 |
| Site equipment and other | 20,761 | 2,846 | (4,151) | 19,456 |
| Corporate technology assets [1] | 8,081 | 4,136 | (3,557) | 8,660 |
| Total | $ 31,352 | $ 7,154 | $ (7,921) | $ 30,585 |

(1) Included in corporate technology assets for the year ended December 31, 2023, was $1.4 million of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations.

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2022:

| | Balance, Beginning of Year | Additions to PP&E | Depreciation | Balance End of Year |
|---|---|---|---|---|
| Administration building | $ 2,586 | $ 139 | $ (215) | $ 2,510 |
| Site equipment and other | 19,444 | 5,498 | (4,181) | 20,761 |
| Corporate technology assets [1] | 7,847 | 3,620 | (3,386) | 8,081 |
| Total | $ 29,877 | $ 9,257 | $ (7,782) | $ 31,352 |

(1) Included in corporate technology assets for the year ended December 31, 2022, was $1.2 million of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations.

## NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash of $100.8 million and term deposits with maturities of 90 days or less of $230.4 million (December 31, 2022 – cash of $52.8 million and term deposits of $nil).

## NOTE 9: MORTGAGES PAYABLE

| As at | **Dec. 31, 2023** | | Dec. 31, 2022 | |
|---|---|---|---|---|
| | **Weighted Average Interest** | **Debt Balance** | Weighted Average Interest | Debt Balance |
| Mortgages payable | | | | |
| Fixed rate | **3.00%** | **$ 3,318,417** | 2.72% | $ 3,214,554 |
| Total | | **$ 3,318,417** | | $ 3,214,554 |
| Current | | **$ 500,372** | | $ 504,953 |
| Non-current | | **2,818,045** | | 2,709,601 |
| | | **$ 3,318,417** | | $ 3,214,554 |

Estimated future principal payments required to meet mortgage obligations as at December 31, 2023 are as follows:

| | Secured By Investment Properties |
|---|---|
| 12 months ending December 31, 2024 | $ 500,372 |
| 12 months ending December 31, 2025 | 612,714 |
| 12 months ending December 31, 2026 | 620,788 |
| 12 months ending December 31, 2027 | 606,070 |
| 12 months ending December 31, 2028 | 348,259 |
| Subsequent | 758,598 |
| Total mortgage principal outstanding | 3,446,801 |
| Unamortized deferred financing costs | (127,774) |
| Unamortized market debt adjustments | (610) |
| | $ 3,318,417 |

Canada Mortgage and Housing Corporation ("CMHC") provides mortgage loan insurance in connection with mortgages made to Boardwalk REIT. In an agreement dated September 13, 2002, and as amended and restated on various dates between January 19, 2005 and April 22, 2021, the Trust agreed to provide certain financial information to CMHC and be subject to certain restrictive covenants, including limitation on additional debt, payment of distributions in respect of Unitholders' capital in the event of default, and maintenance of certain financial ratios. In the event of default, the Trust's total financial liability under this Agreement is limited to a one-time penalty payment of $0.25 million under a Letter of Credit issued in favor of CMHC. This agreement matured on April 25, 2023 and the Letter of Credit was released.

During the years ended December 31, 2023 and 2022, the Trust had a committed revolving credit facility with a major financial institution. This credit facility is secured by a first or second mortgage charge on specific real estate assets. The maximum amount available varies with the value of pledged assets to a maximum not to exceed $200 million and an available limit of $200 million as at December 31, 2023 (December 31, 2022 – $200 million). The credit facility requires monthly interest payments and is renewable annually subject to the mutual consent of the lender and the Trust. This credit facility currently has a maturity date of July 25, 2028. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due on the maturity date of the credit agreement.

There was no amount outstanding at December 31, 2023 (December 31, 2022 – $nil) under this facility, except for Letters of Credit ("LCs") issued and outstanding. The LCs totaled $4.2 million as at December 31, 2023 (December 31, 2022 – $3.9 million). As such, approximately $195.8 million was unused and available from this facility on December 31, 2023 (December 31, 2022 – $196.1 million). The credit facility carries interest rates ranging from prime to prime plus 1.0% per annum and has no fixed terms of repayment. The covenants in relation to the credit facility are discussed in NOTE 22(d).

# NOTE 10: LEASE LIABILITIES

As lessee, the Trust leases several assets which are secured by the lessor's title to the leased assets for such leases. The following represents the major type of leases the Trust maintains as lessee:

### (i) Land Leases

The Trust has entered into non-cancellable land leases for land related to five of its properties, which sit on land that is not owned by the Trust. Approximate remaining terms of the Trust's land leases range from five to 72 years as at December 31, 2023. Two of the land leases provide for annual rent.

### (ii) Warehouse and Office Space Leases

The Trust has entered into lease agreements for warehouse and some office and data centre space it utilizes but does not own. All of the leasing arrangements related to warehouse space are for one to four years.

| As at | Dec. 31, 2023 | | Dec. 31, 2022 | |
|---|---|---|---|---|
| | **Weighted Average Interest** | **Lease Balance** | Weighted Average Interest | Lease Balance |
| Lease liabilities | | | | |
| Fixed rate | **3.30%** | **$ 76,796** | 3.32% | $ 79,998 |
| Total | | **$ 76,796** | | $ 79,998 |
| Current | | **$ 2,978** | | $ 3,396 |
| Non-current | | **73,818** | | 76,602 |
| | | **$ 76,796** | | $ 79,998 |

Estimated future principal payments required to meet lease liabilities as at December 31, 2023 are as follows:

| | Amount |
|---|---|
| 12 months ending December 31, 2024 | $ 2,978 |
| 12 months ending December 31, 2025 | 2,743 |
| 12 months ending December 31, 2026 | 2,674 |
| 12 months ending December 31, 2027 | 2,606 |
| 12 months ending December 31, 2028 | 1,882 |
| Subsequent | 63,913 |
| Total lease liabilities | $ 76,796 |

The Trust has short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognizes the lease payments as an operating expense or applied against ancillary revenue. For the year ended December 31, 2023, lease payments on short-term leases or leases of low value assets totaled $1.9 million (year ended December 31, 2022 – $2.0 million).

# NOTE 11: LP CLASS B UNITS

The Class B Limited Partnership Units ("LP Class B Units"), as defined in NOTE 15, representing an aggregate fair value of $319.2 million at December 31, 2023 (December 31, 2022 – $221.2 million), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Trust 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 Trust Units. Each LP Class B Unit is accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend, and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The LP Class B Units have been classified as "FVTPL" financial liabilities in accordance with IFRS 9. Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income and are included in NOTE 18.

As at December 31, 2023 and December 31, 2022, there were 4,475,000 LP Class B Units issued and outstanding.

# NOTE 12: OTHER LIABILITIES

| As at | Note | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Other non-current liabilities | | | |
| Deferred unit-based compensation | 13 | $ 6,801 | $ 4,181 |
| Deferred tax liabilities | 14 | - | 2 |
| Deferred government grant | | 3,372 | 3,750 |
| | | $ 10,173 | $ 7,933 |

| As at | Note | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Other current liabilities | | | |
| Deferred unit-based compensation | 13 | $ 9,007 | $ 3,878 |
| Deferred government grant | | 378 | 378 |
| Refundable tenants' security deposits | | 13,732 | 12,363 |
| Trade and other payables | | 74,054 | 59,974 |
| | | $ 97,171 | $ 76,593 |

## Trade and Other Payables

Trade and other payables are comprised of trade payables, accrued liabilities, distribution payable, and provisions. As at December 31, 2023, the Trust's most significant provision relates to vacation payable to its employees within each employee's individual employment agreement totaled $6.2 million (December 31, 2022 – $5.7 million).

# NOTE 13: DEFERRED UNIT-BASED COMPENSATION

| As at | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Current | $ 9,007 | $ 3,878 |
| Non-current | 6,801 | 4,181 |
| | $ 15,808 | $ 8,059 |

The total of $15.8 million represents the fair value of the underlying deferred units at December 31, 2023 (December 31, 2022 – $8.1 million). Gains or losses resulting from changes in the fair value at each reporting date are recorded in the consolidated statement of comprehensive income and are included in NOTE 18.

## Details of the Deferred Unit-based Compensation Plan

During 2006, the Trust implemented a deferred unit-based compensation plan. The plan entitles executives, leaders, and the Board of Trustees at the participant's option, to receive deferred units in consideration for trustee fees or a portion of executive cash bonuses, respectively, with the Trust matching the number of units received. The deferred units in consideration for trustee fees or a portion of executive cash bonuses vest immediately while the matching number of units received vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries, subject to provisions for earlier vesting in certain events. The deferred units earn additional deferred units for the distributions that would otherwise have been paid on the deferred units (i.e. had they instead been issued as Trust Units on the date of grant). Once vested, participants are entitled to receive an equivalent number of Trust Units representing the vesting deferred units and the corresponding additional deferred units. Cash is granted for any fractional units. The deferred unit plan was approved by Unitholders on May 10, 2006 and was most recently amended on June 9, 2021.

As at December 31, 2023 and 2022, the deferred units outstanding, in whole or in part, were granted as follows:

| Deferred Units Granted in | Number | Grant Date | Fair Value at Grant Date | Vesting Date | Deferred Units Outstanding |
|---|---|---|---|---|---|
| 2015 | 55,236 | February, June & December 2015 | $ 3,094 | February, June & December 2020 | 1,345 |
| 2016 | 63,697 | February, June & December 2016 | 3,065 | February, June & December 2021 | 3,252 |
| 2017 | 34,858 | June & December 2017 | 1,614 | June & December 2022 | 6,620 |
| 2018 | 41,238 | June & December 2018 | 1,771 | June & December 2023 | 12,430 |
| 2019 | 51,692 | March, June & December 2019 | 2,188 | March, June & December 2024 | 20,266 |
| 2020 | 99,357 | March, June & December 2020 | 3,710 | March, June & December 2025 | 74,784 |
| 2021 | 65,270 | March, June & December 2021 | 2,676 | March, June & December 2026 | 52,824 |
| 2022 | 77,908 | March, June & December 2022 | 3,966 | March, June & December 2027 | 73,724 |
| 2023 | 75,940 | March, June & December 2023 | 4,627 | March, June & December 2028 | 74,290 |
| | | | $ 26,711 | | 319,535 |
| Additional deferred units earned on units | | | | | 18,550 |
| | | | | | 338,085 |

The initial cost of the deferred unit-based transactions is determined, in accordance with IFRS 2 – Share-based Payments, as the fair value of the units on the grant date. The fair value of each unit granted is determined based on the weighted average observable closing market prices of Boardwalk REIT's Trusts Units ten trading days preceding the grant date. This initial cost of deferred units in consideration for trustee fees or a portion of executive cash bonuses is expensed immediately while the cost of the matching deferred units is generally expensed over the vesting period as follows, unless earlier vesting is triggered in certain events:

One third of the 50%, which vests in year 3, is recognized in each of years 1, 2, and 3.

One quarter of the 25%, which vests in year 4, is recognized in each of years 1, 2, 3, and 4.

One fifth of the 25%, which vests in year 5, is recognized in each of years 1, 2, 3, 4, and 5.

The status of the outstanding deferred units was as follows:

| | # of Units Outstanding | # of Units Vested |
|---|---|---|
| Balance, December 31, 2021 | 216,754 | 26,524 |
| Deferred units granted | 77,908 | 28,540 |
| Additional deferred units earned on units | 5,208 | 5,911 |
| Deferred units forfeited | (8,074) | - |
| Deferred units converted to Trust Units | (25,824) | (25,824) |
| Balance, December 31, 2022 | 265,972 | 35,151 |
| Deferred units granted | 75,940 | 44,651 |
| Additional deferred units earned on units | 5,686 | 7,257 |
| Deferred units forfeited | (7,011) | - |
| Deferred units converted to Trust Units | (2,502) | (2,502) |
| **Balance, December 31, 2023** | **338,085** | **84,557** |

For the year ended December 31, 2023, total costs of $3.3 million (year ended December 31, 2022 – $2.6 million) were recorded in expenses related to executive bonuses, leader bonuses, and trustee fees under the deferred unit plan.

# NOTE 14: INCOME TAXES

## Current Income Tax

For the years ended December 31, 2023 and 2022, none of the Trust's corporate entities had current tax expense. The Trust's partnerships had a tax expense from the 2023 Underused Housing Tax filings. The Trust had a tax expense from the 2022 annual tax filing. As such, $3,000 of current income tax expense was recorded for the Trust for the year ended December 31, 2023 (year ended December 31, 2022 – $2,000). All other corporate entities either have sufficient tax deductions to offset any taxable income or have operating losses from previous years to apply against any taxable income.

## Deferred Income Tax

For fiscal 2023 and 2022, Boardwalk REIT is a "mutual fund trust" as defined under the Tax Act and as a REIT is 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 Unitholders. This exemption, however, does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax.

The sources of deferred tax balances and movements were as follows:

| As at | Dec. 31, 2022 | Recognized in Profit | **Dec. 31, 2023** |
|---|---|---|---|
| Deferred tax assets (liabilities) related to: | | | |
| Operating losses | $ 859 | $ (77) | **$ 782** |
| Other | (2) | 2 | **-** |
| **Net deferred tax assets** | $ 857 | $ (75) | **$ 782** |
| Deferred tax assets | $ 859 | $ (77) | **$ 782** |
| Deferred tax liabilities | (2) | 2 | **-** |
| **Net deferred tax assets** | $ 857 | $ (75) | **$ 782** |

| As at | Dec. 31, 2021 | Recognized in Profit | Dec. 31, 2022 |
|---|---|---|---|
| Deferred tax assets (liabilities) related to: | | | |
| Operating losses | $ 933 | $ (74) | $ 859 |
| Other | - | (2) | (2) |
| **Net deferred tax assets** | $ 933 | $ (76) | $ 857 |
| Deferred tax assets | $ 933 | $ (74) | $ 859 |
| Deferred tax liabilities | - | (2) | (2) |
| **Net deferred tax assets** | $ 933 | $ (76) | $ 857 |

No current income taxes or deferred income taxes were recognized in equity, other than through profit or other comprehensive income, for the years ended December 31, 2023 and 2022.

As at December 31, 2023, wholly-owned Canadian corporate subsidiaries have deferred tax assets of $0.8 million (December 31, 2022 – $0.9 million) related to operating losses, which expire over the next eight to 19 years. The Trust believes that the future income of these entities will be sufficient to utilize these deferred tax assets prior to their expiration.

The major components of income tax expense include the following:

| | **Year Ended Dec. 31, 2023** | Year Ended Dec. 31, 2022 |
|---|---|---|
| Current tax expense | **$ 3** | $ 2 |
| Deferred tax expense | **75** | 76 |
| Total income tax expense | **$ 78** | $ 78 |

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

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Profit before income tax | $ 666,177 | $ 283,174 |
| Remove (profit) from non-taxable entities | (611,654) | (232,048) |
| Accounting profit subject to tax | 54,523 | 51,126 |
| Deduct management fee charged to corporate entities | (54,468) | (51,122) |
| Taxable profit | 55 | 4 |
| Weighted average substantively enacted tax rate | 26.50% | 26.51% |
| Calculated income tax expense | 15 | 1 |
| Changes to other deferred tax balances | 63 | 77 |
| Total income tax expense | $ 78 | $ 78 |

# NOTE 15: UNITHOLDERS' EQUITY

The Plan of Arrangement (the "Arrangement") converting the Corporation to a real estate investment trust was completed on May 3, 2004. Under the Arrangement, the former shareholders of the Corporation received Boardwalk REIT Trust Units or 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 "Trust Units" and a class described and designated as "Special Voting Units". The LP Class B Units are classified as a financial liability and are discussed in NOTE 11.

## (a) Trust Units

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

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

**(i)** 90% of the "market price" of the Trust Units on the principal market on which the Trust Units are quoted for trading during the 20-day period ending on the trading day prior to the day on which the Trust Units were surrendered to Boardwalk REIT for redemption; and,

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

By virtue of Boardwalk REIT being an open-ended mutual fund trust, Unitholders of Trust Units are entitled to redeem their Trust Units at any time at prices determined and payable in accordance with the conditions specified in the DOT. As a result, under IFRS, Trust Units are defined as financial liabilities; however, the Trust Units meet the limited exemption conditions set out in IAS 32 and are therefore presented as equity in the consolidated statements of financial position.

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

The Trust has the following capital securities outstanding:

| As at | Dec. 31, 2023 | | Dec. 31, 2022 | |
|---|---|---|---|---|
| | **Trust Units** | **Amount** | Trust Units | Amount |
| Trust Units outstanding, beginning of year | **45,722,922** | **$ 211,899** | 46,137,112 | $ 214,689 |
| Trust Units issued under equity offering, net of issue costs | **3,662,750** | **239,992** | - | - |
| Trust Units issued for vested deferred units | **2,502** | **152** | 25,810 | 1,293 |
| Trust Units purchased and cancelled | **-** | **-** | (440,000) | (4,083) |
| Trust Units outstanding, end of year | **49,388,174** | **$ 452,043** | 45,722,922 | $ 211,899 |

On December 22, 2023, Boardwalk REIT issued 3,662,750 Trust Units under a bought-deal equity offering at a price of $68.50 per Trust Unit for total gross proceeds of $250.9 million. Transaction costs for this equity offering totaled $10.9 million resulting in net proceeds to the Trust of $240.0 million.

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

On November 14, 2023, Boardwalk REIT requested and received regulatory approval for a Normal Course Issuer Bid (a “Bid”), which commenced on November 22, 2023 and terminates on November 21, 2024. The Bid allows Boardwalk REIT to purchase and cancel up to 3,696,997 Trust Units.

On November 17, 2022, Boardwalk REIT requested and received regulatory approval for a Bid, which commenced on November 22, 2022 and terminated on November 21, 2023. The Bid allowed Boardwalk REIT to purchase and cancel up to 3,693,497 Trust Units.

On November 18, 2021, Boardwalk REIT requested and received regulatory approval for a Bid, which commenced on November 22, 2021 and terminated on November 21, 2022. The Bid allowed Boardwalk REIT to purchase and cancel up to 3,780,351 Trust Units.

For the year ended December 31, 2023, Boardwalk REIT did not purchase and cancel any Trust Units.

For the year ended December 31, 2022, Boardwalk REIT purchased and cancelled the following Trust Units:

| Year Ended December 31, 2022 | | |
|---|---|---|
| Number of Trust Units Purchased and Cancelled | Purchase Cost | Cost per Trust Unit |
| 440,000 | $ 21,671 | $ 49.25 |

Since the Trust began utilizing normal course issuer bids in 2007, Boardwalk REIT has purchased and cancelled 7,300,047 Trust Units at a total purchase cost of $317.6 million, or an average cost of $43.51 per Trust Unit.

## (b) Special Voting Units

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

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

| | **Units Outstanding Dec. 31, 2023** | **Monthly Distribution** | Units Outstanding Dec. 31, 2022 | Monthly Distribution |
|---|---|---|---|---|
| Boardwalk REIT Trust Units | **49,388,174** | **$0.0975/unit** | 45,722,922 | $0.0900/unit |
| Special Voting Units | **4,475,000** | **N/A** | 4,475,000 | N/A |

### Distributions

Monthly distributions and special distributions are determined at the discretion of the Board of Trustees, however the total income distributed will not be less than the amount necessary to ensure the Trust will not be liable to pay income taxes under the Tax Act. The taxable income allocated to the Unitholders and holders of LP Class B Units may vary in certain taxation years. Over time, such differences, in aggregate, are expected to be minimal.

The Trust increased cash distributions from $0.0900 per Trust Unit on a monthly basis ($1.08 on an annualized basis) in January and February 2023, to $0.0975 per Trust Unit on a monthly basis ($1.17 on an annualized basis) beginning March 2023, for total declared cash distributions for the year ended December 31, 2023 of $53.2 million (year ended December 31, 2022 – $1.08 per Unit or $48.9 million). 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 Trust Units with a record date of January 31, 2024 (to be paid on February 15, 2024) totaled $4.8 million ($0.0975 per unit) and have not been included as a liability in the consolidated statement of financial position as at December 31, 2023.

## (c) Profit per Trust Unit

| | **Year Ended Dec. 31, 2023** | Year Ended Dec. 31, 2022 |
|---|---|---|
| **Numerator** | | |
| Profit – basic | **$ 666,099** | $ 283,096 |
| Distribution declared on LP Class B Units | **-** | 4,774 |
| Gain on fair value adjustments on LP Class B Units | **-** | (24,165) |
| Gain on fair value adjustment to unexercised deferred units | **-** | (190) |
| **Profit – diluted** | **$ 666,099** | $ 263,515 |
| **Denominator** | | |
| Weighted average Trust Units outstanding – basic | **45,824,819** | 45,856,070 |
| Conversion of LP Class B Units | **-** | 4,475,000 |
| Unexercised deferred units | **-** | 25,718 |
| Weighted average Trust Units outstanding – diluted | **45,824,819** | 50,356,788 |
| Profit per Trust Unit | | |
| – basic | **$ 14.54** | $ 6.17 |
| – diluted | **$ 14.54** | $ 5.23 |

All dilutive elements were included in the calculation of diluted per Trust Unit amounts. For the year ended December 31, 2023, all items were anti-dilutive as the conversion of the LP Class B Units and the exercise of deferred units would have increased profit per Trust Unit. As such, they were excluded in the calculation of diluted profit per Trust Unit. For the year ended December 31, 2022, both the conversion of the LP Class B Units and the exercise of the deferred units were dilutive and were included in the calculation of diluted profit per Trust Unit.

## NOTE 16: RENTAL REVENUE

As lessor, the Trust leases residential rental properties under operating leases generally with a term of not more than 12 months and in many cases tenants lease rental space on a month-to-month basis. Rental incentives may be offered as part of a rental agreement and the costs associated with these incentives are amortized over the term of the lease and netted against residential rental revenue. Rental revenue represents all revenue earned from the Trust's operating leases, as well as ancillary rental income earned from revenue share service agreements with third parties, and totaled $545.7 million for the year ended December 31, 2023 (year ended December 31, 2022 – $496.4 million).

Rental revenue is comprised of the following:

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Lease revenue | $ 520,918 | $ 472,852 |
| Parking revenue | 9,601 | 8,838 |
| Recoveries (cable, retirement) and revenue from telephone and cable providers | 7,327 | 7,114 |
| Revenue from coin laundry machines | 4,613 | 4,193 |
| Other | 3,199 | 3,363 |
| Total | $ 545,658 | $ 496,360 |

As at December 31, 2023, under its non-cancellable operating leases, Boardwalk REIT was entitled to the following minimum future payments:

| | Within 12 months | 2 to 5 years | Over 5 years |
|---|---|---|---|
| Operating leases | $ 282,145 | $ 19,125 | $ 2,312 |

## NOTE 17: FINANCING COSTS

Financing costs are comprised of interest on mortgages payable, distributions paid to the holders of LP Class B Units, other interest charges, interest on lease liabilities under IFRS 16, and the amortization of deferred financing costs. Financing costs total $111.2 million for the year ended December 31, 2023 (year ended December 31, 2022 – $97.0 million) and can be summarized as follows:

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Interest on secured debt (mortgages payable) | $ 95,928 | $ 82,312 |
| Interest capitalized to properties under development | (1,549) | (1,704) |
| LP Class B Unit distributions | 5,169 | 4,774 |
| Other interest charges | 1,831 | 1,902 |
| Interest on lease liabilities | 2,594 | 2,545 |
| Amortization of deferred financing costs | 7,199 | 7,192 |
| Total | $ 111,172 | $ 97,021 |

For the year ended December 31, 2023, interest was capitalized to properties under development at a weighted average effective interest rate of 4.02% (year ended December 31, 2022 – 3.06%).

## NOTE 18: FAIR VALUE GAINS (LOSSES)

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Investment properties (NOTE 4) | **$ 598,842** | $ 106,409 |
| Financial asset designated as FVTPL | | |
| Investment in private technology venture fund | **(1,344)** | 1,490 |
| Financial liability designated as FVTPL | | |
| LP Class B Units | **(98,048)** | 24,165 |
| Deferred unit-based compensation | **(4,573)** | 192 |
| Total fair value gains | **$ 494,877** | $ 132,256 |

## NOTE 19: GUARANTEES, CONTINGENCIES, COMMITMENTS AND OTHER

As discussed in NOTE 10, the Trust has five properties that are situated on land leases. One of the land leases situated in Montreal, Quebec is set to expire in 2029. The Trust is seeking to either renew the term of this lease or purchase the freehold interest in the land prior to the expiry of the lease term. However, if the Trust cannot or chooses not to renew the lease, or buy the land, as the case may be, the net operating income and cash flow associated with the property would no longer contribute to Boardwalk's results of operations.

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

### Natural Gas:

| Area | Estimated Usage Coverage | Term | Cost |
|---|---|---|---|
| Alberta | 25% | November 1, 2018 to October 31, 2023 | $2.08/Gigajoule ("GJ") |
| Alberta | 25% | November 1, 2019 to October 31, 2024 | $2.21/GJ |
| Alberta | 25% | November 1, 2020 to October 31, 2025 | $2.78/GJ |
| Alberta | 23% | November 1, 2023 to October 31, 2026 | $3.83/GJ |
| Saskatchewan | 60% | November 1, 2018 to October 31, 2022 | $2.56/GJ |
| Saskatchewan | 40% | November 1, 2020 to October 31, 2025 | $2.99/GJ |
| Verdun, Quebec | 74% | November 1, 2021 to October 31, 2025 | $4.29/GJ |
| London, Ontario | 69% | November 1, 2021 to October 31, 2024 | $4.52/GJ |

### Electrical:

| Area | Estimated Usage Coverage | Term | Cost |
|---|---|---|---|
| Alberta | 49% | October 1, 2017 to September 30, 2022 | $0.05/Kilowatt-hour ("kWh") |
| Alberta | 45% | November 1, 2020 to October 31, 2024 | $0.06/kWh |
| Alberta | 53% | October 1, 2022 to September 30, 2027 | $0.10/kWh |

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust, most of which are minor in nature. Management and the Trust's legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the estimated costs to satisfy such claims. Management believes the outcome of claims of this nature at December 31, 2023 will not have a material impact on the Trust.

Boardwalk REIT has received a letter from the Canada Revenue Agency ("CRA") informing the Trust that the CRA will be issuing notices of reassessment of tax ("CRA Letter"). The CRA Letter outlines that when issuing its notices of reassessment, the CRA will be increasing the Trust's taxable income by $5.6 million, $20.6 million, $14.1 million, and $0.06 million for its taxation years ended December 31, 2011, 2012, 2013, and 2014, respectively, on the basis that the Trust did not report deemed taxable capital gains in each of those taxation years resulting from alleged negative adjusted cost base in the Trust's units of Top Hat Operating Trust, a Trust 100% owned by Boardwalk REIT. Management of the Trust is assessing the implications of the CRA Letter and once it receives the notices of reassessment, the Trust has 90 days to file a notice of objection to the expected reassessments. The Trust intends to file an objection with the CRA Appeals Division as it disagrees with the CRA's proposed assessment. The Trust will not be required to pay any amount to the CRA in order to dispute this matter. It is difficult to estimate the amount of time it could take to resolve the dispute with the CRA Appeals Division and it is possible that an appeal to the Tax Court of Canada could be required in order to resolve this dispute.

## NOTE 20: CAPITAL MANAGEMENT AND LIQUIDITY

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

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

| As at | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Net operating income | $ 332,989 | $ 288,660 |
| Administration | (41,172) | (33,859) |
| Deferred unit-based compensation | (3,328) | (2,556) |
| EBITDA (1) from equity accounted investment | 929 | (70) |
| Consolidated EBITDA (12 months ended) | 289,418 | 252,175 |
| Interest expense | 100,354 | 86,759 |
| Interest expense from equity accounted investment | 2,033 | 176 |
| Consolidated interest expense (12 months ended) | 102,387 | 86,935 |
| Interest coverage ratio | 2.83 | 2.90 |
| Minimum threshold | 1.50 | 1.50 |

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

The Trust employs a broad range of financing strategies to facilitate growth and manage financial risk. The Trust's objective is to reduce its weighted average cost of capital and improve Unitholder distributions through value enhancement initiatives and consistent monitoring of the balance between debt and equity financing. As at December 31, 2023, the Trust's weighted average cost of capital was calculated to be 3.63%.

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

| As at | Dec. 31, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Cost of Capital (1) | Underlying Value (2) | | Cost of Capital (1) | Underlying Value (2) | |
| **Liabilities** | | | | | | |
| Mortgages payable | 3.00% | $ | 3,200,899 | 2.72% | $ | 3,035,528 |
| LP Class B Units | 4.15% | | 319,247 | 5.08% | | 221,199 |
| Deferred unit-based compensation | 4.15% | | 15,808 | 5.08% | | 8,059 |
| **Unitholders' equity** | | | | | | |
| Boardwalk REIT Trust Units | 4.15% | | 3,523,352 | 5.08% | | 2,260,084 |
| Total | 3.63% | $ | 7,059,306 | 3.78% | $ | 5,524,870 |

(1) As a percentage of average carrying value unless otherwise noted.
(2) Underlying value of liabilities represents carrying value or the cost to retire on maturity. Underlying value of equity is based on the closing stock price of the Trust Units.

***Mortgages payable*** – The debt is primarily fixed rate debt and approximately 96% of this debt at December 31, 2023 is insured under the National Housing Act ("NHA") and administered by CMHC (December 31, 2022 – approximately 96%). These financings can be structured on a loan to CMHC appraised value basis of between 75-80%. The Trust currently has a level of indebtedness of approximately 43% of the fair value of the Trust's investment properties (December 31, 2022 – approximately 47%). 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 Trust 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 Trust Units of Boardwalk REIT been issued. Each LP Class B Unit was accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend, and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The LP Class B Units have been classified as FVTPL financial liabilities in accordance with IFRS 9. 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 22(d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

The Trust had $527.0 million in total available liquidity as at December 31, 2023 (December 31, 2022 – $256.3 million), consisting of cash and cash equivalents on hand of $331.2 million (December 31, 2022 – $52.8 million), subsequent committed/funded financing of $nil (December 31, 2022 – $7.4 million), as well as an unused committed revolving credit facility of $195.8 million (December 31, 2022 – $196.1 million). The Trust monitors its ratios and as at December 31, 2023 and December 31, 2022, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

# NOTE 21: FAIR VALUE MEASUREMENT

## (a) Fair Value of Financial Instruments

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

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

**(ii)** the fair value of the Trust's investment in private technology venture fund was based on information provided from the organization managing the investments.

**(iii)** the fair value of the Trust's mortgages payable is an estimate made at a specific point in time, based on relevant market information. These estimates is 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.

**(iv)** the fair value of the LP Class B Units are estimates at a specific point in time, based on the closing market price of the Trust Units listed on the Toronto Stock Exchange.

These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in estimates could materially affect fair values. The significant financial instruments of Boardwalk REIT and their carrying values as at December 31, 2023 and December 31, 2022 are as follows:

| As at | **Dec. 31, 2023** | | Dec. 31, 2022 | |
|---|---|---|---|---|
| | **Carrying Value** | **Fair Value** | Carrying Value | Fair Value |
| **Financial asset carried at FVTPL** | | | | |
| Investment in private technology venture fund | **$ -** | **$ -** | $ 3,303 | $ 3,303 |
| **Financial liability carried at amortized cost** | | | | |
| Mortgages payable | **3,318,417** | **3,200,899** | 3,214,554 | 3,035,528 |
| **Financial liability carried at FVTPL** | | | | |
| LP Class B Units | **319,247** | **319,247** | 221,199 | 221,199 |

The fair value of the Trust's mortgages payable was lower than the recorded value by approximately $117.5 million at December 31, 2023 (December 31, 2022 – lower by $179.0 million), due to changes in interest rates since the dates on which the individual mortgages were last contracted. The fair values of the mortgages payable have been estimated based on the current market rates for mortgages with similar terms and conditions. The fair value of the Trust's mortgages payable is an amount computed based on the interest rate environment prevailing at December 31, 2023 and December 31, 2022, respectively; the amount is subject to change and the future amounts will converge. There are no additional costs or penalties to Boardwalk REIT if the mortgages are held to maturity.

As at December 31, 2023 and December 31, 2022, 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 22.

## (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 statements of financial position is as follows:

| As at | **Dec. 31, 2023** | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | | | |
| Investment properties | **$ -** | **$ -** | **$ 7,702,214** | $ - | $ 159,735 | $ 6,741,010 |
| Investment in private technology venture fund | **-** | **-** | **-** | - | - | 3,303 |
| **Liabilities** | | | | | | |
| LP Class B Units | **319,247** | **-** | **-** | 221,199 | - | - |
| Deferred unit-based compensation | **15,808** | **-** | **-** | 8,059 | - | - |

The three levels of the fair value hierarchy are described in NOTE 4.

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For assets and liabilities measured at fair value as at December 31, 2023 and December 31, 2022, transfers into Level 3 fair value measurements are discussed in NOTE 4. Other than those discussed in NOTE 4, there were no other transfers between Level 1, Level 2, and Level 3 assets and liabilities.

# NOTE 22: RISK MANAGEMENT

## (a) Interest Rate Risk

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

As at December 31, 2023, the Trust had no amount outstanding on its committed revolving credit facility and its mortgages payable are fixed-rate debt. However, the Trust's equity accounted investment has a revolving construction facility loan which is carried at variable-rate interest with $112.6 million outstanding, of which Boardwalk's portion is $56.3 million, that is exposed to interest rate risk (NOTE 5). As such, for the year ended December 31, 2023, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $0.5 million (year ended December 31, 2022 – $0.4 million). For the mortgages payable that have fixed-rate debt, the Trust is exposed to interest rate risk on renewals. Please refer to NOTE 22(c) for details on the Trust's remaining contractual maturity for its mortgages payable listed by year of maturity date.

## (b) Credit Risk

The Trust is exposed to credit risk as a result of its trade and other receivables. The trade and other receivables balance is comprised of mortgage holdbacks and refundable mortgage fees, accounts receivable from significant customers and insurers, and tenant receivables. As at December 31, 2023 and December 31, 2022, no balance relating to mortgage holdbacks, refundable mortgage fees, or accounts receivable from significant customers and insurers was past due.

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

Similar to mortgage holdbacks and refundable mortgage fees, the Trust assesses the credit risk on accounts receivable to be low due to the assured collection of these balances. The majority of the balance relates to money owing from the Trust's revenue sharing initiatives. Given the Trust's collection history and the nature of these customers, credit risk is assessed as low. Additionally, an amount is owed by insurance companies in relation to current outstanding claims (NOTE 6). In all circumstances, the insurance deductible has been paid and amounts incurred and owing for reimbursement are due to an insurable event. Recoverability may differ from the amount owing solely due to discrepancies between the Trust and the insurance provider regarding the value of replacement costs.

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

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

Past due receivables (receivables which are greater than 30 days) are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness, and the current economic environment; however, tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for estimated credit losses. The amount of the loss is recognized in the consolidated statement of comprehensive income as part of operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses during the period of settlement. As tenant receivables are typically written off after 60 days, none of the balance is considered to be past due by the Trust. For the year ended December 31, 2023, bad debt expense totaled $3.5 million (year ended December 31, 2022 – $4.9 million).

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

## (c) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust maintains what it believes to be conservatively leveraged assets and can finance any future growth through one or a combination of internally generated cash flows, borrowing under an existing committed revolving credit facility, the issuance of debt, or the issuance of equity, according to its capital management objectives. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to liquidity risk in any one year. In addition, cash flow projections are completed and reviewed on a regular basis to ensure the Trust has sufficient cash flows to make its monthly distributions to Unitholders. Finally, financial assets, such as cash and trade and other receivables, will be realized within the next 12 months and can be utilized to satisfy the Trust's financial liabilities. Given the Trust's currently available liquid resources (from both financial assets and on-going operations) as compared to its contractual obligations, Management assesses the Trust's liquidity risk to be low.

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

| Year of Maturity | Weighted Average Interest Rate | Mortgage Principal Outstanding | Mortgage Interest (1) | Lease Liabilities Principal Outstanding | Tenants' Security Deposits | Distribution Payable (2) | Trades and Other Payables | Total |
|---|---|---|---|---|---|---|---|---|
| 2024 | 2.92% | $ 439,606 | $ 95,857 | $ 128 | $ 13,732 | $ 5,252 | $ 68,802 | $ 623,377 |
| 2025 | 2.44% | 580,381 | 81,516 | 586 | - | - | - | 662,483 |
| 2026 | 2.33% | 620,466 | 66,390 | - | - | - | - | 686,856 |
| 2027 | 3.16% | 623,596 | 51,184 | 3,222 | - | - | - | 678,002 |
| 2028 | 3.66% | 355,013 | 34,657 | - | - | - | - | 389,670 |
| Subsequent | 3.56% | 827,739 | 75,881 | 72,860 | - | - | - | 976,480 |
| | 3.00% | 3,446,801 | 405,485 | 76,796 | 13,732 | 5,252 | 68,802 | 4,016,868 |
| Unamortized deferred financing costs | | (127,774) | - | - | - | - | - | (127,774) |
| Unamortized market debt adjustments | | (610) | - | - | - | - | - | (610) |
| | | $ 3,318,417 | $ 405,485 | $ 76,796 | $ 13,732 | $ 5,252 | $ 68,802 | $3,888,484 |

(1) Based on current in-place interest rates for the remaining term to maturity.
(2) Distribution payable includes distributions owed on the Boardwalk REIT Trust Units and the LP Class B Units.

## (d) Debt Covenants

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

CMHC provides mortgage loan insurance in connection with mortgages made to Boardwalk REIT. In an agreement dated September 13, 2002, and as amended and restated on January 19, 2005, April 25, 2006, and April 22, 2021, the Trust agreed to provide certain financial information to the CMHC and be subject to certain restrictive covenants, including limitation on additional debt, payment of distributions in respect to Unitholders' capital in the event of default, and maintenance of certain financial ratios. In the event of default, the Trust's total financial liability under this agreement is limited to a one-time penalty payment of $250,000 under a Letter of Credit issued in favor of CMHC. This agreement matured on April 25, 2023 and the Letter of Credit was released.

The Trust has a committed revolving credit facility with a major financial institution. This credit facility is secured by a pledge of a group of specific real estate assets (fair value at December 31, 2023 of approximately $1.0 billion). 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 December 31, 2023 (December 31, 2022 – $196.1 million). The revolving facility requires monthly interest payments, is for a five-year term maturing on July 25, 2028, and can be extended annually thereafter, subject to the mutual consent of the lender and the Trust. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due on the maturity date of the credit agreement.

The credit facility contains three financial covenants as follows:

- **(i)** The Trust will maintain an overall Debt Service Coverage Ratio of at least 1.20, calculated on the most recent completed trailing four fiscal quarter basis. As at December 31, 2023, this ratio was 1.62 (December 31, 2022 – 1.53).
- **(ii)** The Trust will maintain a Debt Service Coverage Ratio, specific to the Security Portfolio of at least 1.15, calculated on the most recent completed trailing four fiscal quarter basis. As at December 31, 2023, this ratio was 2.35 (December 31, 2022 – 2.07).
- **(iii)** Total indebtedness of the Trust will not exceed 75% of the Gross Book Value of all assets for the two most recent quarters as defined in the credit agreement. As at December 31, 2023, this ratio was 42.4% (December 31, 2022 – 46.2%).

As at December 31, 2023 and December 31, 2022, the Trust was in compliance with all financial covenants.

## (e) Market Risk

The Trust is exposed to market risk related to utilities as a result of fluctuations in the prices of natural gas and electricity. As outlined in NOTE 19, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

# NOTE 23: SUBSIDIARIES

The entities included in the Trust's consolidated financial statements are as follows:

| Entity | Type | Relationship |
|---|---|---|
| Boardwalk Real Estate Investment Trust ("BREIT") | Trust | Parent |
| Boardwalk Real Estate Management Ltd. | Corporation | 100% owned by BREIT |
| Top Hat Operating Trust ("TOT") | Trust | 100% owned by BREIT |
| BPCL Holdings Inc. ("BPCL") | Corporation | Meets the principle of control |
| Boardwalk REIT Limited Partnership ("BLP") | Partnership | A Units are 100% owned by TOT<br>B Units and C Units are 100% owned by BPCL |
| Boardwalk REIT Properties Holdings (Alberta) Ltd. | Corporation | 100% owned by BLP |
| Boardwalk REIT Quebec Inc. | Corporation | 100% owned by BLP |
| Boardwalk Quebec Trust | Trust | 100% owned by BLP |
| Boardwalk St. Laurent Limited Partnership | Partnership | 99.99% owned by Boardwalk Quebec Trust<br>0.01% owned by 9165-5795 Quebec Inc. |
| 9108-4749 Quebec Inc. | Corporation | 100% owned by BLP |
| 9165-5795 Quebec Inc. | Corporation | 100% owned by 9108-4749 Quebec Inc. |
| Nun's Island Trust 1 | Trust | 100% owned by BLP |
| Nun's Island Trust 2 | Trust | 100% owned by BLP |
| Metropolitan Structures (MSI) Inc. | Corporation | 100% owned by BLP |
| Boardwalk GP Holding Trust | Trust | 100% owned by BLP |
| 6222285 Canada Inc. | Corporation | 100% owned by BLP |
| Boardwalk GP Operating Trust | Trust | 100% owned by 6222285 Canada Inc. |
| Boardwalk General Partnership ("BGP") | Partnership | 99.99% owned by Boardwalk GP Holding Trust<br>0.01% owned by Boardwalk GP Operating Trust |
| Boardwalk REIT Properties Holdings Ltd. | Corporation | 100% owned by BGP |
| Helmcken Rd. Development B.C Ltd. | Corporation | 100% owned by BGP |
| Carlisle Ave Development B.C. Ltd. | Corporation | 100% owned by BGP |
| Island Highway Development (B.C.) Ltd. | Corporation | 100% owned by BGP |
| Watkiss Eagle Creek Property Ltd. | Corporation | 100% owned by BGP |
| BRIO Holdings Ltd. | Corporation | 50% Owned by BGP |
| Redwalk Brampton Limited Partnership | Partnership | 49.99% owned by BGP<br>0.01% owned by Redwalk Brampton Inc. |
| Redwalk Brampton Inc. | Corporation | 50% owned by Boardwalk REIT Properties Holdings Ltd. |
| 1082116 B.C. Ltd. | Corporation | 100% owned by BGP |

BPCL represents the only entity which is included in the Trust's consolidated financial statements by meeting the principle of control and not based on the Trust's ownership percentage. BPCL (formerly called Boardwalk Equities Inc.) was created to accomplish a narrow and well-defined objective, which was to transfer the beneficial interest in the Corporation's assets (the "Assets") pursuant to the Master Asset Contribution Agreement. The Trust does not have any voting interest in BPCL; however, the Trust controls BPCL because the Trust has the decision-making powers to obtain the majority of the benefits of the activities of BPCL and the Trust retains the majority of the residual or ownership risks related to BPCL. Specifically, BLP controls all of the Assets previously held by BPCL and is responsible for BPCL's debt by guaranteeing the principal and interest owed to the lenders. BLP must make distributions to the LP Class C Units equivalent to the principal and interest owed on BPCL's debt. As beneficial owner of the Assets, BLP has power over BPCL as it can direct their relevant activities (i.e. impose and collect rental income, manage and pay operating costs, etc.) in order to generate cash flows and make distributions on the LP Class C Units. It has exposure, or rights, to variable returns based on its beneficial ownership of the Assets. The Trust controls BPCL, because the Trust has the decision making power to obtain the majority of the benefits from the activities of BPCL. Due to the above, BPCL is part of the Trust's consolidated group.

# NOTE 24: 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 management personnel of the Trust as at December 31, 2023 are listed below. These key management personnel have not changed since December 31, 2022.

Chief Executive Officer

President

Chief Financial Officer

CIO, VP, Technology

Senior VP, Quality Control

VP, People

Members of the Board of Trustees

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

| | Year Ended Dec. 31, 2023 | Year Ended Dec. 31, 2022 |
|---|---|---|
| Short-term benefits | **$ 2,753** | $ 2,699 |
| Post-employment benefits | **50** | 53 |
| Other long-term benefits | **4** | 4 |
| | **$ 2,807** | $ 2,756 |

In addition, the LP Class B Units are held by Mr. Sam Kolias (Chairman of the Board, Chief Executive Officer and Trustee) and Mr. Van Kolias (Senior Vice President, Quality Control). Under IAS 32, the LP Class B Units issued by a wholly-owned subsidiary of the Trust are considered financial liabilities and are reclassified from equity to liabilities on the consolidated financial statements. Additionally, as the LP Class B Units are liabilities, all distributions paid (both regular and special) are recorded as financing costs under IFRS. For the year ended December 31, 2023, distributions on the LP Class B Units totaled $5.2 million (year ended December 31, 2022 – $4.8 million). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Trust Units.

As at December 31, 2023, there was $0.4 million owed to related parties (December 31, 2022 – $0.4 million) based on the LP Class B Units distribution outlined above.

During 2019, the Trust entered into an agreement with a related party for IT services. The largest shareholder of the company providing the IT services was an individual associated with one of the Trust's key personnel. The member of the Trust's key personnel has no ownership interest in the company providing the IT services. The agreement provides for services over a three-year term with a total cost of $1.1 million. In addition, during 2021, the Trust entered into a second agreement with this related party to design, develop, and implement an IT application to enhance operations. For the year ended December 31, 2022, payments to this related party totaled $0.4 million. During the fourth quarter of 2022, the company providing the IT services is no longer considered a related party as the largest shareholder sold the company to a third party and no longer retains a controlling interest in the company.

# NOTE 25: OTHER INFORMATION

## (a) Supplemental Cash Flow Information

| | Note | | Year Ended Dec. 31, 2023 | | Year Ended Dec. 31, 2022 |
|---|---|---|---|---|---|
| **Net change in operating working capital** | | | | | |
| Net change in inventories | | **$** | **890** | $ | 250 |
| Net change in prepaid assets | | | **282** | | (9,501) |
| Net change in trade and other receivables | | | **(299)** | | 1,514 |
| Net change in segregated and refundable tenants' security deposits | | | **171** | | 436 |
| Net change in trade and other payables | | | **7,341** | | 1,423 |
| | | **$** | **8,385** | $ | (5,878) |
| **Net change in investing working capital** | | | | | |
| Net change in trade and other payables | | **$** | **6,005** | $ | (1,519) |
| **Net change in financing working capital** | | | | | |
| Net change in trade and other payables | | **$** | **(733)** | $ | (1,259) |
| **Investment in capital assets** | | | | | |
| Improvements to investment properties | 4 | **$** | **(119,012)** | $ | (123,885) |
| Additions to property, plant and equipment | | | **(6,960)** | | (5,467) |
| | | **$** | **(125,972)** | $ | (129,352) |
| **Distributions paid** | | | | | |
| Distributions declared | | **$** | **(53,169)** | $ | (48,898) |
| Distributions declared in prior year paid in current year | | | **(4,115)** | | (3,848) |
| Distributions declared in current year paid in next year | | | **4,815** | | 4,115 |
| | | **$** | **(52,469)** | $ | (48,631) |

**(b)** Included in administration costs was $3.7 million relating to Registered Retirement Savings Plan matching for the year ended December 31, 2023 (year ended December 31, 2022 – $3.2 million).

**(c)** The Trust declared regular distributions of $58.4 million for the year ended December 31, 2023, which includes $53.2 million of distributions on the Trust Units and $5.2 million of distributions on the LP Class B Units, which under IFRS are considered financing costs (year ended December 31, 2022 – $53.7 million, which includes $48.9 million of distributions on the Trust Units and $4.8 million of distributions on the LP Class B Units).

# NOTE 26: SEGMENTED INFORMATION

Boardwalk REIT specializes in multi-family residential housing and operates within one business segment in five provinces located wholly in Canada along with a corporate segment. Each provincial segment operates with a high degree of autonomy. Management monitors the operating results on a province-by-province basis. Segment performance is evaluated on a number of measures, including profit. Financial information reported is on the same basis as used for internal evaluation and allocation of resources. Boardwalk REIT does not have any one major tenant or a significant group of tenants. Expiring leases are 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, development of investment properties, and certain comparative data for divested assets.

Details of segmented information are as follows:

| As at | December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Alberta** | **British Columbia** | **Saskatchewan** | **Ontario** | **Quebec** | **Corporate** | **Total** |
| Assets | **$ 4,922,321** | **$ 128,253** | **$ 694,290** | **$ 764,466** | **$ 1,180,899** | **$ 451,647** | **$ 8,141,876** |
| Liabilities | **2,205,582** | **75,836** | **311,060** | **275,313** | **569,275** | **384,738** | **3,821,804** |

| As at | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Alberta | British Columbia | Saskatchewan | Ontario | Quebec | Corporate | Total |
| Assets | $ 4,302,151 | $ 55,317 | $ 619,216 | $ 738,642 | $ 1,151,525 | $ 200,424 | $ 7,067,275 |
| Liabilities | 2,167,511 | 31,003 | 305,278 | 252,578 | 573,956 | 269,951 | 3,600,277 |

| | Twelve Months Ended December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Alberta** | **British Columbia** | **Saskatchewan** | **Ontario** | **Quebec** | **Corporate** | **Total** |
| **Rental revenue (a)** | **$346,368** | **$ 5,487** | **$ 57,508** | **$ 45,355** | **$ 89,873** | **$ 1,067** | **$545,658** |
| **Rental expenses** | | | | | | | |
| Operating expenses | **65,520** | **488** | **9,764** | **8,310** | **15,632** | **6,476** | **106,190** |
| Utilities | **34,374** | **220** | **6,852** | **4,676** | **6,894** | **376** | **53,392** |
| Property taxes | **34,399** | **345** | **4,590** | **4,593** | **8,952** | **208** | **53,087** |
| Total rental expenses | **134,293** | **1,053** | **21,206** | **17,579** | **31,478** | **7,060** | **212,669** |
| **Net operating income (loss)** | **212,075** | **4,434** | **36,302** | **27,776** | **58,395** | **(5,993)** | **332,989** |
| Financing costs (b) | **67,357** | **2,482** | **8,650** | **7,503** | **19,254** | **5,926** | **111,172** |
| Administration | **2,644** | **6** | **460** | **125** | **466** | **37,471** | **41,172** |
| Deferred unit-based compensation | **-** | **-** | **-** | **-** | **-** | **3,328** | **3,328** |
| Depreciation (c) | **788** | **2** | **151** | **69** | **145** | **6,766** | **7,921** |
| **Profit (loss) before the undernoted** | **141,286** | **1,944** | **27,041** | **20,079** | **38,530** | **(59,484)** | **169,396** |
| Loss from equity accounted investment | **-** | **-** | **-** | **(1,113)** | **-** | **-** | **(1,113)** |
| Loss on sale of asset | **-** | **-** | **-** | **-** | **-** | **(928)** | **(928)** |
| Fair value gains (losses) | **544,686** | **12,422** | **60,232** | **(28,513)** | **10,015** | **(103,965)** | **494,877** |
| Interest income | **28** | **-** | **-** | **-** | **-** | **3,031** | **3,059** |
| Other income | **-** | **-** | **-** | **-** | **-** | **886** | **886** |
| **Profit (loss) before income tax** | **$686,000** | **$ 14,366** | **$ 87,273** | **$ (9,547)** | **$ 48,545** | **$ (160,460)** | **$666,177** |
| Income tax expense (d) | **-** | **-** | **-** | **-** | **-** | **(78)** | **(78)** |
| **Profit (loss)** | **$686,000** | **$ 14,366** | **$ 87,273** | **$ (9,547)** | **$ 48,545** | **$ (160,538)** | **$666,099** |
| Other comprehensive income | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive income (loss)** | **$686,000** | **$ 14,366** | **$ 87,273** | **$ (9,547)** | **$ 48,545** | **$ (160,538)** | **$666,099** |
| Additions to non-current assets (e) | **$ 75,594** | **$ 60,513** | **$ 15,047** | **$ 9,694** | **$ 18,547** | **$ 30,387** | **$209,782** |

| | Twelve Months Ended December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Alberta | British Columbia | Saskatchewan | Ontario | Quebec | Corporate | Total |
| **Rental revenue (a)** | $ 311,908 | $ 2,691 | $ 52,952 | $ 42,332 | $ 85,184 | $ 1,293 | $ 496,360 |
| **Rental expenses** | | | | | | | |
| Operating expenses | 66,067 | 241 | 9,321 | 7,722 | 14,653 | 6,077 | 104,081 |
| Utilities | 34,107 | 103 | 6,510 | 4,275 | 7,157 | 420 | 52,572 |
| Property taxes | 33,232 | 164 | 4,380 | 4,340 | 8,708 | 223 | 51,047 |
| Total rental expenses | 133,406 | 508 | 20,211 | 16,337 | 30,518 | 6,720 | 207,700 |
| **Net operating income (loss)** | 178,502 | 2,183 | 32,741 | 25,995 | 54,666 | (5,427) | 288,660 |
| Financing costs (b) | 58,014 | 779 | 8,166 | 6,547 | 18,225 | 5,290 | 97,021 |
| Administration | 3,020 | - | 712 | 159 | 427 | 29,541 | 33,859 |
| Deferred unit-based compensation | - | - | - | - | - | 2,556 | 2,556 |
| Depreciation (c) | 801 | 1 | 161 | 57 | 139 | 6,623 | 7,782 |
| **Profit (loss) before the undernoted** | 116,667 | 1,403 | 23,702 | 19,232 | 35,875 | (49,437) | 147,442 |
| Loss from equity accounted investment | - | - | - | (247) | - | - | (247) |
| Fair value gains (losses) | 73,828 | 6,998 | 3,786 | 21,776 | (227) | 26,095 | 132,256 |
| Interest income | 4 | - | - | - | - | 931 | 935 |
| Other income | - | - | - | - | - | 2,788 | 2,788 |
| **Profit (loss) before income tax** | $ 190,499 | $ 8,401 | $ 27,488 | $ 40,761 | $ 35,648 | $ (19,623) | $ 283,174 |
| Income tax expense (d) | - | - | - | - | - | (78) | (78) |
| **Profit (loss)** | $ 190,499 | $ 8,401 | $ 27,488 | $ 40,761 | $ 35,648 | $ (19,701) | $ 283,096 |
| Other comprehensive income | - | - | - | - | - | - | - |
| **Total comprehensive income (loss)** | $ 190,499 | $ 8,401 | $ 27,488 | $ 40,761 | $ 35,648 | $ (19,701) | $ 283,096 |
| Additions to non-current assets (e) | $ 186,644 | $ 107 | $ 14,205 | $ 62,913 | $ 16,316 | $ 30,438 | $ 310,623 |

## (a) Rental Revenue

| | **Twelve Months Ended December 31, 2023** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Alberta** | **British Columbia** | **Saskatchewan** | **Ontario** | **Quebec** | **Corporate** | **Total** |
| Lease revenue | **$329,833** | **$ 5,395** | **$ 55,202** | **$ 44,346** | **$ 85,476** | **$ 666** | **$520,918** |
| Parking revenue | **5,989** | **109** | **640** | **424** | **2,439** | **-** | **9,601** |
| Recoveries (cable, retirement) and revenue from telephone and cable providers | **5,326** | **9** | **1,039** | **125** | **737** | **91** | **7,327** |
| Revenue from coin laundry machines | **3,038** | **-** | **279** | **547** | **747** | **2** | **4,613** |
| Other | **2,182** | **(26)** | **348** | **(87)** | **474** | **308** | **3,199** |
| Total | **$346,368** | **$ 5,487** | **$ 57,508** | **$ 45,355** | **$ 89,873** | **$ 1,067** | **$545,658** |

| | Twelve Months Ended December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Alberta | British Columbia | Saskatchewan | Ontario | Quebec | Corporate | Total |
| Lease revenue | $ 296,117 | $ 2,605 | $ 50,712 | $ 41,410 | $ 80,985 | $ 1,023 | $ 472,852 |
| Parking revenue | 5,461 | 105 | 599 | 356 | 2,316 | 1 | 8,838 |
| Recoveries (cable, retirement) and revenue from telephone and cable providers | 5,132 | 6 | 973 | 113 | 766 | 124 | 7,114 |
| Revenue from coin laundry machines | 2,739 | - | 257 | 523 | 674 | - | 4,193 |
| Other | 2,459 | (25) | 411 | (70) | 443 | 145 | 3,363 |
| Total | $ 311,908 | $ 2,691 | $ 52,952 | $ 42,332 | $ 85,184 | $ 1,293 | $ 496,360 |

## (b) Financing Costs

| | Twelve Months Ended December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Alberta | British Columbia | Saskatchewan | Ontario | Quebec | Corporate | Total |
| Interest on secured debt (mortgages payable) | $ 62,863 | $ 2,420 | $ 7,961 | $ 6,868 | $ 15,816 | $ - | $ 95,928 |
| Interest capitalized to properties under development | - | - | - | - | - | (1,549) | (1,549) |
| LP Class B Unit distributions | - | - | - | - | - | 5,169 | 5,169 |
| Other interest charges | (213) | 2 | (64) | 55 | (14) | 2,065 | 1,831 |
| Interest on lease liabilities | - | - | - | - | 2,353 | 241 | 2,594 |
| Amortization of deferred financing costs | 4,707 | 60 | 753 | 580 | 1,099 | - | 7,199 |
| Total | $ 67,357 | $ 2,482 | $ 8,650 | $ 7,503 | $ 19,254 | $ 5,926 | $ 111,172 |

| | Twelve Months Ended December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Alberta | British Columbia | Saskatchewan | Ontario | Quebec | Corporate | Total |
| Interest on secured debt (mortgages payable) | $ 53,454 | $ 724 | $ 7,485 | $ 5,891 | $ 14,758 | $ - | $ 82,312 |
| Interest capitalized to properties under development | - | - | - | - | - | (1,704) | (1,704) |
| LP Class B Unit distributions | - | - | - | - | - | 4,774 | 4,774 |
| Other interest charges | (144) | - | (53) | 32 | (11) | 2,078 | 1,902 |
| Interest on lease liabilities | - | - | - | - | 2,403 | 142 | 2,545 |
| Amortization of deferred financing costs | 4,704 | 55 | 734 | 624 | 1,075 | - | 7,192 |
| Total | $ 58,014 | $ 779 | $ 8,166 | $ 6,547 | $ 18,225 | $ 5,290 | $ 97,021 |

## (c) Depreciation

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

## (d) Income Tax Expense

This relates to any current and deferred taxes.

## (e) 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 27: SUBSEQUENT EVENTS

On January 12, 2024, with respect to the equity accounted investment in the joint venture, the Trust made a loan to the joint venture for $57.2 million with the proceeds used by the joint venture to repay 50% of the revolving construction facility loan payable. The loan made by the Trust to the joint venture was made on the same terms as the revolving construction facility loan (NOTE 5).

On January 24, 2024, the Trust closed on the purchase of one property located in Calgary, Alberta. The property, totaling 295 suites, was purchased for $77.8 million and was financed with cash on hand.

# NOTE 28: APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Trustees and authorized on February 21, 2024.

# Five Year Summary

| *($000's except per Unit and per square foot)* | 2019 | 2020 | 2021 | 2022 | **2023** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Total Assets** | $ 6,276,384 | $ 6,107,744 | $ 6,660,653 | $ 7,067,275 | **$ 8,141,876** |
| **Liabilities** | | | | | |
| **Total Liabilities** | $ 3,158,329 | $ 3,231,295 | $ 3,407,475 | $ 3,600,277 | **$ 3,821,804** |
| **Equity** | | | | | |
| Unitholders' equity | 3,118,055 | 2,876,449 | 3,253,178 | 3,466,998 | **4,320,072** |
| **Total Liabilities and Equity** | $ 6,276,384 | $ 6,107,744 | $ 6,660,653 | $ 7,067,275 | **$ 8,141,876** |
| Trust unit outstanding (000) (including LP B Units) | 50,936 | 51,024 | 50,612 | 50,198 | **53,863** |
| Trust unit price at year-end ($) | $ 45.93 | $ 33.74 | $ 54.83 | $ 49.43 | **$ 71.34** |
| Market capitalization ($MM) | 2,339.5 | 1,721.5 | 2,775.1 | 2,481.3 | **3,842.6** |
| **Number of rental suites** | 33,263 | 33,396 | 33,264 | 33,810 | **34,029** |
| Total Assets per suite ($000) | 189 | 183 | 200 | 209 | **239** |
| Total Liabilities per suite ($000) | 95 | 97 | 102 | 106 | **112** |
| **Net rentable square feet (000)** | 28,674 | 28,879 | 28,888 | 29,390 | **29,515** |
| Total Assets per square foot ($) | 219 | 211 | 231 | 240 | **276** |
| Total Liabilities per square foot ($) | 110 | 112 | 118 | 123 | **129** |
| Average net rentable SF per unit | 862 | 865 | 868 | 869 | **867** |
| **L/T debt weighted average interest rate** | 2.74% | 2.58% | 2.46% | 2.72% | **3.00%** |

# Five Year Summary

| *($000's except per Unit)* | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Rental revenue** | $ 457,434 | $ 467,583 | $ 472,312 | $ 496,360 | **$ 545,658** |
| **Rental expenses** | | | | | |
| Operating expenses | 103,229 | 98,349 | 98,626 | 104,081 | **106,190** |
| Utilities | 47,883 | 48,938 | 49,751 | 52,572 | **53,392** |
| Property taxes | 47,529 | 51,152 | 49,595 | 51,047 | **53,087** |
| Total rental expenses | 198,641 | 198,439 | 197,972 | 207,700 | **212,669** |
| **Net operating income** | 258,793 | 269,144 | 274,340 | 288,660 | **332,989** |
| **Operating margin** | 57% | 58% | 58% | 58% | **61%** |
| Financing costs | 89,540 | 92,385 | 90,080 | 97,021 | **111,172** |
| Administration | 38,645 | 36,069 | 33,282 | 33,859 | **41,172** |
| Deferred unit-based compensation | 2,268 | 3,255 | 2,392 | 2,556 | **3,328** |
| Depreciation | 8,809 | 8,195 | 7,809 | 7,782 | **7,921** |
| **Profit from continuing operations before the undernoted** | 119,531 | 129,240 | 140,777 | 147,442 | **169,396** |
| Loss from equity accounted investment | - | - | - | (247) | **(1,113)** |
| Loss on sale of assets | (714) | (1,136) | (1,953) | - | **(928)** |
| Adjustment to right-of-use asset related to lease receivable | - | (159) | - | - | **-** |
| Fair value gains (losses) | (86,132) | (326,134) | 307,002 | 132,256 | **494,877** |
| Interest income | 1,342 | 763 | 331 | 935 | **3,059** |
| Other income | - | 75 | - | 2,788 | **886** |
| **Profit (loss) before income taxes** | 34,027 | (197,351) | 446,157 | 283,174 | **666,177** |
| Income tax (expense) recovery | 754 | 72 | 110 | (78) | **(78)** |
| **Profit (loss)** | 34,781 | (197,279) | 446,267 | 283,096 | **666,099** |
| Other comprehensive income | - | - | - | - | **-** |
| **Total comprehensive income (loss)** | $ 34,781 | $ (197,279) | $ 446,267 | $ 283,096 | **$ 666,099** |
| **Profit per Trust Unit – diluted** | $ 0.75 | $ (4.85) | $ 9.59 | $ 5.23 | **$ 14.54** |
| **Funds from operations** [(1)(2)] | $ 130,967 | $ 139,736 | $ 150,207 | $ 157,444 | **$ 181,353** |
| **Funds from operations per Unit – fully diluted** [(2)] | $ 2.57 | $ 2.74 | $ 2.94 | $ 3.13 | **$ 3.60** |
| Interest Coverage Ratio | 2.71 | 2.77 | 2.96 | 2.90 | **2.83** |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in the MD&A for more information.

# 2023 Quarterly Results

| | Q1 | Q2 | Q3 | Q4 | Dec. 31, 2023 |
|---|---|---|---|---|---|
| **Rental revenue** | $ 130,931 | $ 134,553 | $ 138,267 | $ 141,907 | **$ 545,658** |
| **Rental expenses** | | | | | |
| Operating expenses | 25,867 | 26,720 | 27,236 | 26,367 | **106,190** |
| Utilities | 16,428 | 12,235 | 10,857 | 13,872 | **53,392** |
| Property taxes | 12,844 | 12,992 | 13,531 | 13,720 | **53,087** |
| Total rental expenses | 55,139 | 51,947 | 51,624 | 53,959 | **212,669** |
| **Net operating income** | 75,792 | 82,606 | 86,643 | 87,948 | **332,989** |
| Financing costs | 26,638 | 27,501 | 28,128 | 28,905 | **111,172** |
| Administration | 9,847 | 10,054 | 10,922 | 10,349 | **41,172** |
| Deferred unit-based compensation | 575 | 1,242 | 590 | 921 | **3,328** |
| Depreciation and amortization | 1,800 | 1,893 | 1,984 | 2,244 | **7,921** |
| **Profit before the undernoted** | 36,932 | 41,916 | 45,019 | 45,529 | **169,396** |
| (Loss) income from equity accounted investment | (315) | (309) | 83 | (572) | **(1,113)** |
| Loss on sale of assets | - | - | - | (928) | **(928)** |
| Fair value gains (losses) | 183,362 | 189,981 | (6,315) | 127,849 | **494,877** |
| Interest income | 649 | 560 | 660 | 1,190 | **3,059** |
| Other income | 818 | - | - | 68 | **886** |
| **Profit before income tax** | 221,446 | 232,148 | 39,447 | 173,136 | **666,177** |
| Income tax (expense) recovery | (57) | 15 | (30) | (6) | **(78)** |
| **Profit for the period** | 221,389 | 232,163 | 39,417 | 173,130 | **666,099** |
| Other comprehensive income | - | - | - | - | **-** |
| **Total comprehensive income** | $ 221,389 | $ 232,163 | $ 39,417 | $ 173,130 | **$ 666,099** |
| **Profit per unit – diluted** | $ 4.84 | $ 5.08 | $ 0.86 | $ 3.75 | **$ 14.54** |
| **Funds from operations**(1)(2) | $ 39,595 | $ 44,595 | $ 48,266 | $ 48,897 | **$ 181,353** |
| **Funds from operations per unit – fully diluted**(2) | $ 0.79 | $ 0.89 | $ 0.96 | $ 0.96 | **$ 3.60** |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in the MD&A for more information.

# 2022 Quarterly Results

| | | Q1 | | Q2 | | Q3 | | Q4 | | Dec. 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Rental revenue** | $ | 118,673 | $ | 122,667 | $ | 125,848 | $ | 129,172 | **$** | **496,360** |
| **Rental expenses** | | | | | | | | | | |
| Operating expenses | | 25,193 | | 25,569 | | 26,395 | | 26,924 | | **104,081** |
| Utilities | | 16,048 | | 11,832 | | 10,136 | | 14,556 | | **52,572** |
| Property taxes | | 12,517 | | 12,663 | | 12,979 | | 12,888 | | **51,047** |
| Total rental expenses | | 53,758 | | 50,064 | | 49,510 | | 54,368 | | **207,700** |
| **Net operating income** | | 64,915 | | 72,603 | | 76,338 | | 74,804 | | **288,660** |
| Financing costs | | 22,639 | | 23,620 | | 24,971 | | 25,791 | | **97,021** |
| Administration | | 7,735 | | 8,276 | | 8,876 | | 8,972 | | **33,859** |
| Deferred unit-based compensation | | 469 | | 952 | | 457 | | 678 | | **2,556** |
| Depreciation and amortization | | 1,826 | | 1,911 | | 1,976 | | 2,069 | | **7,782** |
| **Profit before the undernoted** | | 32,246 | | 37,844 | | 40,058 | | 37,294 | | **147,442** |
| Loss from equity accounted investment | | - | | - | | - | | (247) | | **(247)** |
| Fair value gains (losses) | | 35,850 | | 113,649 | | 6,254 | | (23,497) | | **132,256** |
| Interest income | | 106 | | 135 | | 286 | | 408 | | **935** |
| Other income | | 1,321 | | 834 | | 444 | | 189 | | **2,788** |
| **Profit before income tax** | | 69,523 | | 152,462 | | 47,042 | | 14,147 | | **283,174** |
| Income tax (expense) recovery | | (95) | | 26 | | 1 | | (10) | | **(78)** |
| **Profit for the period** | | 69,428 | | 152,488 | | 47,043 | | 14,137 | | **283,096** |
| Other comprehensive income | | - | | - | | - | | - | | **-** |
| **Total comprehensive income** | $ | 69,428 | $ | 152,488 | $ | 47,043 | $ | 14,137 | **$** | **283,096** |
| **Profit per unit – diluted** | $ | 1.51 | $ | 1.54 | $ | 1.02 | $ | 0.31 | **$** | **5.23** |
| **Funds from operations** (1)(2) | $ | 34,488 | $ | 40,281 | $ | 42,705 | $ | 39,973 | **$** | **157,444** |
| **Funds from operations per unit – fully diluted** (2) | $ | 0.68 | $ | 0.80 | $ | 0.85 | $ | 0.80 | **$** | **3.13** |

(1) This is a non-GAAP financial measure.
(2) Please refer to the section titled "Presentation of Non-GAAP Measures" in the MD&A for more information.

# Market & Unitholder Information

## SOLICITORS

**Gowling WLG (Canada) LLP**
1600, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

**First West Law LLP**
100, 1501 – 1st Street SW
Calgary, Alberta T2R 0W1

## BANKERS

**TD Commercial Banking**
1100, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

## AUDITORS

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

## REGISTRAR AND TRANSFER AGENT

**Computershare Trust Company of Canada**
Our Transfer Agent can help you with a variety of unitholder related services, including change of address, tax forms, accounts consolidation and transfer of stock.

800, 324 – 8th Avenue SW
Calgary AB T2P 2Z2
Telephone: 403-267-6800

## INVESTOR RELATIONS

Unitholders seeking financial and operating information may contact:

**Eric Bowers**
Vice-President, Finance and Investor Relations
Telephone: 403-531-9255
Toll Free: 855-626-6739
Web: www.bwalk.com/investors
Email: investor@bwalk.com

## ONLINE INFORMATION

For an online version of the current and past annual reports, quarterly reports, press releases and other Trust information, please visit our investor website at www.bwalk.com/investors.

## ANNUAL GENERAL MEETING

The Annual General and Special Meeting of the Unitholders of Boardwalk REIT will be held at the Calgary Petroleum Club: 319 – 5th Avenue SW, Calgary, Alberta at 4:00 PM (MT) on Monday, May 6, 2024.

Unitholders are encouraged to attend. Those unable to do so are requested to complete the Form of Proxy and forward it at their earliest convenience. Information available on www.bwalk.com/investors.

## EXCHANGE LISTINGS

The Toronto Stock Exchange
Symbol: BEI.UN

## TRADING PROFILE

TSX: January 1, 2023 to December 31, 2023
High: $74.78
Low: $49.03
Year-end Closing Price: $71.34

| MONTHLY DISTRIBUTIONS | | | | |
|---|---|---|---|---|
| **Month** | **Per Unit** | **Annualized** | **Record Date** | **Distribution Date** |
| Jan-23 | $0.0900 | **$1.08** | 31-Jan-23 | 15-Feb-23 |
| Feb-23 | $0.0900 | **$1.08** | 28-Feb-23 | 15-Mar-23 |
| Mar-23 | $0.0975 | **$1.17** | 31-Mar-23 | 17-Apr-23 |
| Apr-23 | $0.0975 | **$1.17** | 28-Apr-23 | 15-May-23 |
| May-23 | $0.0975 | **$1.17** | 31-May-23 | 15-Jun-23 |
| Jun-23 | $0.0975 | **$1.17** | 30-Jun-23 | 17-Jul-23 |
| Jul-23 | $0.0975 | **$1.17** | 31-Jul-23 | 15-Aug-23 |
| Aug-23 | $0.0975 | **$1.17** | 31-Aug-23 | 15-Sep-23 |
| Sep-23 | $0.0975 | **$1.17** | 29-Sep-23 | 16-Oct-23 |
| Oct-23 | $0.0975 | **$1.17** | 31-Oct-23 | 15-Nov-23 |
| Nov-23 | $0.0975 | **$1.17** | 30-Nov-23 | 15-Dec-23 |
| Dec-23 | $0.0975 | **$1.17** | 29-Dec-23 | 15-Jan-24 |
| Jan-24 | $0.0975 | **$1.17** | 31-Jan-24 | 15-Feb-24 |
| Feb-24 | $0.0975 | **$1.17** | 29-Feb-24 | 15-Mar-24 |
| Mar-24 | $0.1200 | **$1.44** | 29-Mar-24 | 15-Apr-24 |
| Apr-24 | $0.1200 | **$1.44** | 30-Apr-24 | 15-May-24 |
| May-24 | $0.1200 | **$1.44** | 31-May-24 | 17-Jun-24 |

# Notes

# Corporate Information

## EXECUTIVE OFFICE

First West Professional Building
200, 1501 – 1st Street SW
Calgary, Alberta T2R 0W1
Phone: 403-531-9255

## BOARD OF TRUSTEES



## SENIOR MANAGEMENT

**Boyd Belisle**
Vice President,
Community & Culture

**Eric Bowers**
Vice President,
Finance & Investor Relations

**Razvan Costin**
Vice President,
Operations,
Northern Alberta

**Arvinder Dhol**
Vice President, Special Projects,
Engineering & Design

**Leonora Davids**
Senior Vice President,
Operations

**James Ha**
President

**Bhavnesh Jairam**
CIO, Vice President,
Technology

**Haroon Khan**
Vice President,
Operations, British Columbia,
Southern Alberta & Saskatchewan

**Jeff Klaus**
Vice President,
Asset Management & Development

**Sam Kolias**
Chief Executive Officer

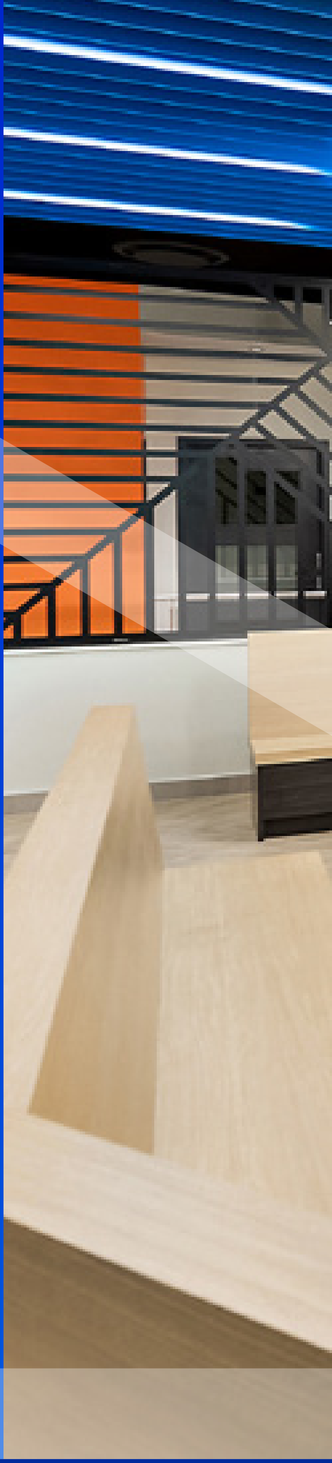
**Samantha Kolias**
Senior Vice President,
Corporate Development & Governance

**Van Kolias**
Senior Vice President,
Quality Control

**Helen Mix**
Vice President,
People

**Lisa Smandych**
Chief Financial Officer

**Nandini Somayaji**
General Counsel & Corporate Secretary



200–1501 1 St. SW
Calgary, Alberta T2R 0W1
T 403.531.9255
F 403.531.9565

bwalk.com