



BOARDWALK REIT 2022 MD&A & FINANCIAL REPORT



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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended, December 31, 2022 and 2021

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 23, 2023 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2022 and 2021, which have been prepared in accordance with IFRS, 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.sedar.com. Historical results and percentage relationships contained in the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021 and this MD&A, including trends, should not be read as indicative of future operations.

The Income Tax Act (Canada) (the "Tax Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"). The SIFT Legislation generally will not impose tax on a trust which qualifies under such legislation as a real estate investment trust (the "REIT Exemption") provided all the trust's taxable income each year is paid, or made payable to, its Unitholders (as defined below). Boardwalk qualified for the REIT Exemption and will continue to qualify for the REIT Exemption provided that all its taxable income continues to be distributed to its Unitholders. 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 2023 Monetary Policy Report and the Royal Bank of Canada's December 2022 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 2023 financial outlook and market guidance, increasing its occupancy rates, joint venture 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 increases in property taxes, utilities, and insurance costs, the anticipated impact of inflation and rising interest rates, potential economic contractions as a result of a potential recession, 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, 2022 ("AIF") dated February 23, 2023 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 ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption. 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 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, and 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 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, 2022, Boardwalk REIT owned and operated in excess of 200 properties, comprised of over 33,000 residential suites, and totaling over 29 million net rentable square feet. At the end of 2022, Boardwalk REIT's property portfolio was concentrated 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 2022 Annual Report, the Trust will include its ESG Report, which will be available under the Trust’s profile at www.sedar.com 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, 2022 and 2021, 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 2022 Annual Report, the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021, and the AIF, each of which are available under the REIT’s profile on www.sedar.com, along with all other publicly posted information on the Corporation and Boardwalk REIT. It is not our intent to reproduce information that is in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information.

OUTLOOK

In its January 2023 Monetary Policy Report, the Bank of Canada has noted the economy is still struggling to meet the supply demands, which is putting upward pressure on some domestic prices. In addition, businesses continue to have difficulty attracting workers. Regarding inflation, though it is still too high in Canada, it has declined from its peak. To continue to combat the high inflation, many central banks have continued to increase their policy rates in efforts to slow demand, bring down inflation, and rebalance the economy. These efforts can be seen in consumers and businesses as they cut back on spending and are expected to slow even further. The Bank of Canada expects growth to stall through the middle of 2023, which will allow supply to catch up to demand. Consistent with the Bank of Canada’s projections in Q3 2022, Gross Domestic Product (“GDP”) growth is projected to slow to about 1% in 2023 on an annual basis, and, with the economy slowing, inflation should come down to about 3% in the middle of 2023 and reach the 2% target in 2024. Once inflation is back on target, the Bank of Canada expects that sustainable growth in Canada will resume and pick up to about 2% in 2024.

The Royal Bank of Canada’s (“RBC”) December 2022 Provincial Report has noted that although the Canadian economy is expected to contract in 2023, the economic weakening is likely to vary across provinces. Prairie provinces are expected to benefit from high commodity prices which should continue to draw investment and support export growth, however provinces with higher consumer debt loads, including British Columbia and Ontario, make residents and businesses particularly sensitive to interest rate hikes leaving these provinces at a greater risk of recession in 2023.

Per RBC, the Alberta and Saskatchewan economies are expected to grow due to the stronger energy and agricultural sectors present in these markets. Alberta’s housing sector is also expected to contribute positively to the provincial economy due to a rise in projected housing starts, a continuation of strong immigration after record levels experienced in 2022, and benefiting from a more affordable housing market compared to other parts of the country. The Ontario and Quebec markets are expected to see slight contractions in growth for the upcoming year as a result of the higher inflation, declining wealth, and higher costs of living. British Columbia is impacted by these same factors but is partially offset by the residential investment and record immigration into the province.

Boardwalk continues to move forward with several development opportunities in British Columbia, and a joint venture development project in Ontario. The REIT also continues to assess potential acquisitions and dispositions. See the section titled “Financial Condition – Review of Cash Flows – Investing Activities” in this MD&A. 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 evaluations is the building of oversupply in a particular market, which results in significant corrections of property values market-wide. Currently, in the Trust’s core markets, total housing supply under construction remains low relative to anticipated household formation. Demand is expected to be high from increasing international and interprovincial migration.

COVID-19 Pandemic

With the introduction of vaccines and boosters bringing a decline to the severity of the COVID-19 cases and boosting immunity, and stronger health care systems now in place to handle the COVID-19 cases, restrictions have eased around the world. With the easing of such restrictions seen over the course of 2022, we have begun to see a rebound in the economy and management of the Trust is optimistic that this improvement will continue despite any emergence of further COVID-19 variants and subsequent waves as the virus becomes a new reality and norm. However, uncertainty still exists as to how the various governments around the world may react to new variants and outbreaks.

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 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.

Current housing fundamentals in Boardwalk's core markets have improved and 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 2022 and 2021.

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

It is the goal of the Trust, in the medium to long-term, to not only diversify geographically, but also to diversify 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*

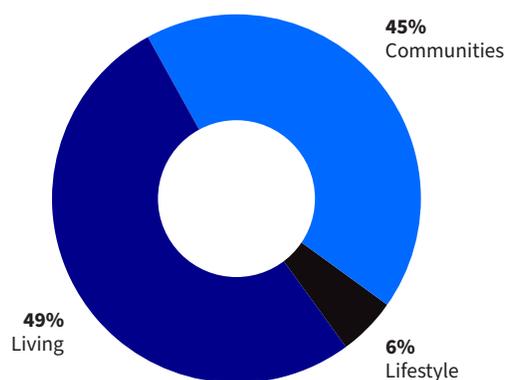
Boardwalk Living features classic suites for our Resident Members who appreciate flexibility, reliability, and value that comes with a quality home.

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 2022, Boardwalk invested \$129.4 million in capital assets (for the year ended December 31, 2021 – \$127.0 million), including \$96.3 million in value-add capital (\$96.6 million in 2021), 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 is currently achieving more than its targeted rate of return.

While management of the Trust believes these investments will enhance long-term value, management of the Trust also recognizes the short-term effects of this program, which may include 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.sedar.com. 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 venture partner structures;
3. Third-party surveys of structural and environmental conditions are required prior to the acquisition of a multi-family asset; and
4. Commitment to expending at least 8.5% of its gross consolidated annual rental revenues generated from properties that have been insured by CMHC on on-site maintenance compensation to Associates, repairs and maintenance, as well as capital upgrades.

Distribution Policy

Boardwalk REIT may distribute to holders of 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. 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 high growth supply-constrained markets.

Compliance with DOT

As at December 31, 2022, 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, 2022, Boardwalk REIT's interest coverage ratio of consolidated EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to consolidated interest expense was 2.94 (year ended December 31, 2021 – 2.97). Further details of the Trust's interest coverage ratio can be found in NOTE 23 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021, which is available under the Trust's profile at www.sedar.com.

VALUES, VISION AND OBJECTIVES

Boardwalk REIT is a fully integrated, customer-oriented, multi-family residential real estate owner and property management organization. The Trust was built by focusing on its Values, Vision, and Golden Foundation.

A Commitment to Value

Boardwalk REIT's Vision and business strategy are targeted on effectively meeting the needs of our customers, or Resident Members (as defined herein). It is our belief that this focus will result in long-term value creation for all our stakeholders. Our key stakeholders include our Associates, major financial and mortgage partners, including CMHC, strategic operational partners and Unitholders.

Our Vision

Boardwalk REIT's Vision is to continue to be Canada's leading provider of multi-family residential housing. Management of Boardwalk expects to accomplish this through the continued careful cultivation of internal growth, selective development on excess land density it owns or land it acquires, and a targeted and disciplined acquisition and disposition program.

Golden Foundation

Boardwalk REIT and its Associates operate under a 'Golden Foundation', which is built on the following objectives:

The Golden Rule: "Treat others as you would like to be treated"

The Golden Goal: "Be Good"

The Golden Vision: "Love Community"

The Golden Mission: "Have Fun"

Our Associates are expected to adhere to the following guiding principles:

We Will:

- Work together in a team environment of mutual respect, trust, and honesty between all Associates and Resident Members;
- Serve our Resident Members' need for an affordable, quality, well-kept home;
- Maintain building exteriors and landscaping, thereby increasing "curb appeal", have well-kept common areas, and ensure our homes are clean and well maintained;
- Maintain a balance between the needs of our Resident Members, Associates, Unitholders, communities and families;

- Nurture and promote a learning environment where our Associates' skills and capabilities grow with the needs of both the Trust and our Resident Members, and accept that these needs will be consistently evolving and improving the definition of rental communities; and
- Provide access to and utilize the latest tools and technology to increase the operating efficiency of the Trust as a whole.

We Value:

- *Integrity*
We will be honest, accountable, transparent, respectful, and trusting in our dealings with others, appreciating their views and differences.
- *Teamwork*
We will effectively work as a team, appreciating and benefiting from each other's unique talents and skills in an open environment while recognizing that the team's successes are our successes.
- *Resident Member Service*
We will promptly respond to Resident Member concerns and needs with thoughtfulness, compassion and innovation. We will strive to develop proactive solutions through a support network and a positive service attitude.
- *Social Responsibility*
We will contribute to our communities and encourage our Associates to contribute in ways that reflect our Golden Foundation. We will all practice the Golden Rule of 'treating others in a way we would wish to be treated', and balance our needs with those of others; we will all also model our Golden Goal which is to 'be good', our Golden Mission which shows us how to 'have fun', and our Golden Vision which asks each of us to 'love community'.
- *Our Associates*
We will provide a safe and respectful work environment that attracts, supports, develops, and recognizes high-performing and innovative team members.
- Management of Boardwalk believes that by adhering to the above Vision and Values, and implementing strategies consistent with these principles, Boardwalk REIT will produce higher sustainable operating cash flows and a continued appreciation of its property values. The result will be enhanced value for all our stakeholders.

Achieving this goal requires the full integration of our core strategies of focused investing, superior property management, and the implementation and effective use of new technologies. Boardwalk REIT can best achieve this goal by strategically:

- Maximizing Resident Member satisfaction by providing above-average service and accommodation;
- Acquiring select multi-family residential properties, providing NAV growth and diversification;
- High grading the Trust's portfolio through selling properties ("Non-Core") with lower future growth prospects and reinvesting these funds back into other accretive opportunities;
- Purchasing Trust Units on the open market;
- Enhancing property values, operating returns and cash flows through pro-active management, property stabilization, and capital improvements;
- Reviewing and considering the development of new selective multi-family projects, if the risk adjusted return warrants such projects;
- Managing capital prudently while maintaining a conservative financial structure;
- Pursuing long-term, organic growth by maintaining high occupancy and through brand diversification;
- Pursuing opportunities to form selective partnerships, joint ventures, or an exchange of assets; and
- Reinvesting the released equity from asset sales back into the Trust's portfolio to create additional value-add opportunities.

To support our overall operating strategy, it is necessary to:

- Ensure ample capital is available at all times for value-add enhancements and acquisitions;
- Appropriately allocate available capital to existing project enhancement and on-going new acquisitions;
- Utilize appropriate levels of debt leverage;

- Determine and utilize sources with the lowest cost of capital;
- Maintain a solid balance sheet;
- Actively manage our exposure to interest rate and debt renewal risks; and,
- Optimize the use of National Housing Act (“NHA”) insurance, which is administered by CMHC, to access more cost-effective debt capital.

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, 2022 and 2021, 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 adjustments to profit 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. Management of the Trust believes 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 2022 – 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, 2022 and 2021.

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 2022 – 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, total lease liabilities attributable to land leases, and construction loan payable. 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 uses these non-GAAP ratios to assess its distribution paying capacity.

PERFORMANCE REVIEW OF 2022

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

Boardwalk REIT's most consistent and largest source of income comes from its rental operations. Income from this source is derived from leasing individual 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

It continues to be the intention of the Trust to pay out, at a minimum, all taxable income to Unitholders in the form of monthly distributions, unless the Board of Trustees, in its absolute discretion, determines a different amount. For 2022, the Board of Trustees approved an increase to the distribution to \$0.0900 per Trust Unit on a monthly basis (or \$1.08 on an annualized basis) beginning March 2022. This was an increase of \$0.0066 per Trust Unit from the monthly \$0.0834 per Trust Unit distributed for January and February 2022. The Trust will also 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, 2022 and 2021, the Trust declared regular distributions of \$13.6 million and \$53.7 million (inclusive of distributions paid to holders of the LP Class B Units), respectively (three months and year ended December 31, 2021 – \$12.7 million and \$51.0 million, respectively), and recorded profit of \$14.1 million and \$283.1 million, respectively (three months and year ended December 31, 2021 – \$131.1 million and \$446.3 million, respectively). The FFO Payout Ratio for the three months ended December 31, 2022 was 33.9% (three months ended December 31, 2021 – 33.2%). For the year ended December 31, 2022, the FFO Payout Ratio was 34.1% (year ended December 31, 2021 – 34.0%). Please refer to the section titled "Presentation of Non-GAAP Measures" in this MD&A for more information on FFO Payout Ratio. The reader should note 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. The reader should not, therefore, 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 2021 to 2022

The following tables show reconciliations of changes in FFO per Unit from December 31, 2021 to December 31, 2022. As previously noted, we define the calculation of FFO as net income 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, 2021	\$	0.75	\$	2.94
Net Operating Income ("NOI") from Stabilized Properties ⁽²⁾		0.08		0.21
NOI from Unstabilized Properties ⁽²⁾		0.04		0.10
NOI attributable to Sold Properties		-		(0.03)
Administration		(0.02)		(0.03)
Financing Costs		(0.06)		(0.12)
Unit Buyback		0.01		0.04
	\$	0.05	\$	0.17
	\$	0.80	\$	3.11
Other Adjustments				
Retirement Costs	\$	-	\$	0.02
FFO per Unit – Dec. 31, 2022	\$	0.80	\$	3.13

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

(2) The definition of Stabilized and Unstabilized Properties can be found in the section titled "Stabilized 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, 2022 and 2021. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation <i>(In \$000's, except per Unit amounts)</i>	3 Months		% Change	12 Months		% Change
	Dec. 31, 2022	3 Months Dec. 31, 2021		Dec. 31, 2022	12 Months Dec. 31, 2021	
Profit	\$ 14,137	\$ 131,140		\$ 283,096	\$ 446,267	
Adjustments						
Other income ⁽¹⁾	1,621	-		(2,788)	-	
Loss on sale of asset	-	1,116		-	1,953	
Fair value (gains) losses	21,687	(96,406)		(132,256)	(307,002)	
LP Class B Unit distributions	1,208	1,119		4,774	4,479	
Deferred tax expense (recovery)	10	(32)		76	(110)	
Depreciation	2,069	2,189		7,782	7,809	
Principal repayments on lease liabilities	(945)	(977)		(3,965)	(3,841)	
Principal repayments on lease receivable	186	167		725	652	
FFO ⁽²⁾⁽³⁾	\$ 39,973	\$ 38,316	4.3%	\$ 157,444	\$ 150,207	4.8%
FFO per Unit ⁽³⁾	\$ 0.80	\$ 0.75	6.7%	\$ 3.13	\$ 2.94	6.5%

(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 \$40.0 million for the fourth quarter of 2022 compared to \$38.3 million for the same period in 2021. FFO, on a per Unit basis, for the quarter ended December 31, 2022, increased approximately 6.7% compared to the same quarter in the prior year from \$0.75 to \$0.80. Additionally, the Trust earned FFO of \$157.4 million for fiscal 2022 compared to \$150.2 million for fiscal 2021. FFO per Unit for the year ended December 31, 2022, increased approximately 6.5% compared to the prior year from \$2.94 to \$3.13. The increases for the year ended December 31, 2022, were primarily driven by higher occupied rents, lower vacancy loss and incentives, and the addition of new acquisitions in our Alberta and Ontario markets, partially offset by increased wages and salaries, repairs and maintenance, utilities, property taxes, insurance, and financing costs. For the quarter, FFO was driven largely by the same factors as the year to date with the exception of repairs and maintenance remaining relatively consistent with the prior year.

Profit for the fourth quarter of 2022 was \$14.1 million compared to a profit of \$131.1 million in the fourth quarter of 2021. Profit for the year ended December 31, 2022, was \$283.1 million, compared to profit of \$446.3 million in the prior year. The decreases in profit are mainly attributable to the decrease in fair value gains on investment properties. Significant fair value gains were recognized in the prior year due to the increase in market rents and lower capitalization rates resulting from improvement and strengthening of the multi-family asset class seen in the prior year with the turning of the COVID-19 pandemic. The current year has shown improvements in the economy which has resulted in further growth in market rents. However, adjustments to lower capitalization rates were not applicable in the current year, thus resulting in lower gains recognized in the current year. The weighted average capitalization rates for the Trust were 4.92% and 4.94% as at December 31, 2022 and 2021, 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 Months Dec. 31, 2022	3 Months Dec. 31, 2021	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021
FFO ⁽¹⁾⁽²⁾	\$ 39,973	\$ 38,316	\$ 157,444	\$ 150,207
Maintenance Capital Expenditures ⁽³⁾	6,994	7,091	31,263	32,287
AFFO ⁽¹⁾⁽²⁾	\$ 32,979	\$ 31,225	\$ 126,181	\$ 117,920
FFO per Unit ⁽²⁾	\$ 0.80	\$ 0.75	\$ 3.13	\$ 2.94
AFFO per Unit ⁽²⁾	\$ 0.66	\$ 0.61	\$ 2.51	\$ 2.31
Regular Distributions	\$ 13,554	\$ 12,724	\$ 53,673	\$ 51,032
FFO Payout Ratio ⁽²⁾	33.9%	33.2%	34.1%	34.0%
AFFO Payout Ratio ⁽²⁾	41.1%	40.8%	42.5%	43.3%
Profit	\$ 14,137	\$ 131,140	\$ 283,096	\$ 446,267

(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)

	2022	2021	% Change
Total assets	\$ 7,067,275	\$ 6,660,653	6.1%
Rental revenue	\$ 494,806	\$ 470,531	5.2%
Profit	\$ 283,096	\$ 446,267	(36.6)%
FFO ⁽¹⁾⁽²⁾	\$ 157,444	\$ 150,207	4.8%
FFO per Unit ⁽²⁾	\$ 3.13	\$ 2.94	6.5%

(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 new investment property acquisitions that occurred in 2022. Rental revenue increased by 5.2%, due to higher in-place occupied rents across all regions and lower incentives and vacancy in Alberta and Saskatchewan. In addition, new acquisitions in the Alberta and Ontario markets have also contributed to the increase in the rental revenues. The decrease in profit compared to the prior year was due primarily to a significant fair value gain recognized of \$403.9 million on its investment properties in 2021, 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 and lower capitalization rates recognized in the previous year than in the current year. In addition, inflationary increases in costs, higher interest rates, as well as higher rates for utilities have also contributed to the decrease in profit.

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 through the balance between market rents, rental incentives, turnovers, and occupancy gains. The application of this rental revenue strategy is ongoing, on a market-by-market basis, again with the focus on obtaining the optimal balance of these variables given existing market conditions. In addition, the NOI strategy focuses on minimizing expenses.

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Rental revenue	\$ 128,772	\$ 118,728	8.5%	\$ 494,806	\$ 470,531	5.2%
Expenses						
Operating expenses	26,524	24,480	8.3%	102,527	\$96,845	5.9%
Utilities	14,556	13,240	9.9%	52,572	\$49,751	5.7%
Property taxes	12,888	11,970	7.7%	51,047	\$49,595	2.9%
Total rental expenses	\$ 53,968	\$ 49,690	8.6%	\$ 206,146	\$ 196,191	5.1%
Net operating income	\$ 74,804	\$ 69,038	8.4%	\$ 288,660	\$ 274,340	5.2%
Operating margin ⁽¹⁾	58.1%	58.1%		58.3%	58.3%	
Number of suites at December 31 ⁽²⁾	33,722	33,264		33,722	33,264	

(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 88 suites related to the joint venture in Brampton, Ontario.

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Gross rental revenue ⁽¹⁾	\$ 137,912	\$ 132,759	3.9%	\$ 541,175	\$ 529,753	2.2%
Vacancy loss ⁽²⁾	(2,537)	(5,004)	(49.3)%	(15,478)	(21,484)	(28.0)%
Incentives ⁽³⁾	(6,603)	(9,027)	(26.9)%	(30,891)	(37,738)	(18.1)%
Rental revenue	\$ 128,772	\$ 118,728	8.5%	\$ 494,806	\$ 470,531	5.2%

(1) Gross rental revenue is a component of rental revenue as calculated in accordance with IFRS and represents rental revenue before adjustments for vacancy loss and incentives.

(2) Vacancy loss is a component of rental revenue as calculated in accordance with IFRS and represents the estimated loss of gross rental revenue from unoccupied suites during the period.

(3) Incentives is a component of rental revenue as calculated in accordance with IFRS 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, 2022, reported higher results compared to the same periods in the prior year, with rental revenue increasing 8.5% and 5.2%, respectively. For the three and 12 months ended December 31, 2022, the increase in rental revenue was due to higher in-place rents, lower vacancy loss, and lower incentives offered, as well as the addition of new acquisitions during the year in Alberta and Ontario. As outlined in the second table above, the Trust continued to offer selective incentives in certain communities to maintain occupancy levels while aiming to limit incentives on lease renewals. The Trust was able to reduce incentives by 18.1% year-over-year, while also reducing vacancy losses by 28.0% for the year ended December 31, 2022. The Trust will continue to offer selective incentives in certain communities to maintain occupancy levels, but the overall goal is to continue to decrease incentives.

Total rental expenses increased 8.6% and 5.1% for the three months and year ended December 31 2022, respectively, compared to the same periods in 2021 due to higher operating expenses, which is partly attributed to the high rate of inflation, and higher 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 amount of 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, 2022, operating expenses increased compared to the same period in the prior year due to higher wages and salaries and insurance. For the year ended December 31, 2022, the increase in operating expenses was due to higher wages and salaries and building repairs and maintenance as a result of the high rates of inflation, and increased insurance premiums upon renewal in July 2022.

Utility costs increased by 9.9% and 5.7% for the three and 12 months ended December 31, 2022, respectively, compared to the same periods in 2021. The increases were mainly due to higher natural gas and carbon levies, and electricity costs. The largest impact to the Trust related to natural gas and carbon levies which increased primarily due to an increase in demand driven by the war in Ukraine and resulting in increased commodity prices. These higher costs were coupled with extreme winter weather in Western Canada, and a colder and longer than expected winter in Eastern Canada. In addition, electricity rates increased significantly in the last quarter of 2022, which contributed to the higher increase seen in the quarterly comparison to the prior year. Fixed price physical commodity contracts have helped to partially or fully hedge the Trust's exposure to fluctuating natural gas and electricity prices. Further details regarding the hedges on natural gas, as well as electricity prices in Alberta, can be found in NOTE 22 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

Property taxes increased 7.7% and 2.9% for the three months and year ended December 31, 2022, respectively, compared to the same periods in the prior year mainly due to higher overall property tax assessments received. The Trust is constantly reviewing property tax assessments and related charges and, where management of the Trust believes appropriate, will 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 margins for the three months ended December 31, 2022, compared to the same period in 2021, were the same at 58.1%. Similarly, operating margins were 58.3% for the 12 months ended December 31, 2022 and 2021.

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

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Rental revenue	\$ 81,090	\$ 74,077	9.5%	\$ 310,354	\$ 294,914	5.2%
Expenses						
Operating expenses	16,761	15,265	9.8%	64,513	60,999	5.8%
Utilities	9,711	8,540	13.7%	34,107	31,527	8.2%
Property taxes	8,383	7,750	8.2%	33,232	32,921	0.9%
Total rental expenses	\$ 34,855	\$ 31,555	10.5%	\$ 131,852	\$ 125,447	5.1%
Net operating income	\$ 46,235	\$ 42,522	8.7%	\$ 178,502	\$ 169,467	5.3%
Operating margin	57.0%	57.4%		57.5%	57.5%	
Number of suites at December 31	21,084	20,778		21,084	20,778	

Alberta is Boardwalk's largest operating segment, representing 61.8% of total reported NOI for the year ended December 31, 2022. In addition, Alberta represents 62.4% of total suites. Boardwalk REIT's Alberta operations for three months and year ended December 31, 2022, reported a 9.5% and 5.2% increase, respectively, in rental revenue, when compared to the same periods in the prior year due to higher in-place rents and lower vacancy loss and incentives as well as the record high in migrations into the province seen in 2022. These improvements were also coupled with two asset acquisitions, one in Canmore and one in Calgary. For the three and 12 months ended December 31, 2022, total rental expenses have increased by 10.5% and 5.1%, respectively, compared to the same periods in the prior year due to an increase in operating expenses, utilities, and property taxes. These changes are partially attributable to the new acquisitions in Alberta in March and August of 2022. Excluding the new buildings, the portfolio still experienced increases in rental revenues and total rental expenses.

Operating expenses increased by 9.8% and 5.8% for the three months and year ended December 31, 2022, compared to the same periods in the prior year due to increases noted across the majority of the expenses. For the quarter, increases in wages and salaries are paired with the increased rates of inflation previously mentioned and are reflected in the increased operating expenses. Insurance costs also increased upon renewal in July 2022. The increases were offset slightly by the decreases in bad debt. For the year to date, operating expenses saw the same increases as the quarter as well as an increase in the repairs and maintenance when compared to the same period in the prior year. These increases were also a result of inflationary increases from current market conditions.

Utilities for the three months and year ended December 31, 2022, increased by 13.7% and 8.2%, respectively, compared to the same periods in the prior year mainly due to higher natural gas and carbon levies, which continued to be impacted by the higher gas demand, and higher commodity prices noted. In the current quarter, the rates for electricity has also significantly increased, further driving up expenses. Currently, the Trust has three outstanding natural gas contracts to hedge 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 22 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

Property taxes for the three months ended December 31, 2022, increased 8.2% compared to the same period in the prior year due to higher property tax assessments. For the 12 months ended December 31, 2022, property taxes were fairly consistent with the same period in the prior year.

NOI for Alberta increased \$9.0 million, or 5.3% for the 12 months ended December 31, 2022, compared to the same period in 2021. Alberta's operating margin for the year ended December 31, 2022 was 57.5%, which was the same for the same period in the prior year.

British Columbia Rental Operations

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Rental revenue	\$ 682	\$ 661	3.2%	\$ 2,691	\$ 1,849	45.5%
Expenses						
Operating expenses	51	68	(25.0)%	241	201	19.9%
Utilities	23	45	(48.9)%	103	75	37.3%
Property taxes	41	44	(6.8)%	164	116	41.4%
Total rental expenses	\$ 115	\$ 157	(26.8)%	\$ 508	\$ 392	29.6%
Net operating income	\$ 567	\$ 504	12.5%	\$ 2,183	\$ 1,457	49.8%
Operating margin	83.1%	76.2%		81.1%	78.8%	
Number of suites at December 31	114	114		114	114	

In British Columbia, one rental building consisting of 114 suites was acquired in Victoria on April 19, 2021. 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

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Rental revenue	\$ 13,713	\$ 13,204	3.9%	\$ 52,952	\$ 52,125	1.6%
Expenses						
Operating expenses	2,443	2,196	11.2%	9,321	9,244	0.8%
Utilities	1,663	1,817	(8.5)%	6,510	7,448	(12.6)%
Property taxes	1,119	1,010	10.8%	4,380	4,284	2.2%
Total rental expenses	\$ 5,225	\$ 5,023	4.0%	\$ 20,211	\$ 20,976	(3.6)%
Net operating income	\$ 8,488	\$ 8,181	3.8%	\$ 32,741	\$ 31,149	5.1%
Operating margin	61.9%	62.0%		61.8%	59.8%	
Number of suites at December 31	3,505	3,505		3,505	3,505	

For the three months and year ended December 31, 2022, Saskatchewan rental revenue increased by 3.9% and 1.6%, respectively, compared to the same periods in the prior year. Higher in-place rents coupled with lower incentives and vacancy loss were partially offset by the disposition of a non-core asset in Saskatoon in the fourth quarter of 2021. Excluding the sold property, revenue increased by 7.5% and 5.8% for the three months and year ended December 31, 2022, respectively, compared to the same periods in the prior year as a result of the higher in-place rents, which is consistent with the increases noted across all markets. Total rental expenses increased by 4.0% and decreased by 3.6%, respectively, for the three and 12 months ended December 31, 2022, compared to the same periods in the prior year. Excluding the sold property, total rental expenses increased by 7.4% for the quarter and were flat for the 12 months ended December 31, 2022, compared to the same periods in the prior year. The increases for the quarter are attributable to higher operating expenses and property taxes, partially offset by a decrease in utilities.

Operating expenses for the three months ended December 31, 2022, increased 11.2% compared to the same period in the prior year and were relatively flat for the year to date. Excluding the sold property, operating expenses for the three and 12 months ended December 31, 2022, increased 15.7% and 4.7% compared to the same periods in the prior year. The increase was due to increased wages and salaries, repairs and maintenance, and higher insurance renewal costs.

Utilities for the three months and year ended December 31, 2022 decreased 8.5% and 12.6%, respectively, compared to the same periods in the prior year due to large credits received from favourable restructuring of the cable and internet program contracted with one of the Saskatchewan cable and internet providers in the first quarter of 2022. The restructuring led to lower cable and internet costs overall when compared to the prior year. These positive contributions were partially offset by increases in natural gas costs and carbon levies. The Trust has one outstanding fixed price contract to hedge its natural gas price for its Saskatchewan natural gas usage. Details of the hedging contract can be found in NOTE 22 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

Property taxes increased by 10.8% and 2.2% for the three and 12 months ended December 31, 2022, respectively, compared to the same periods in the prior year mainly due to higher property tax assessments, partially offset by the disposition of the non-core asset in Saskatoon.

Reported operating margin for the year ended December 31, 2022 was 61.8% compared to 59.8% for the same period in 2021.

Ontario Rental Operations

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Rental revenue	\$ 10,945	\$ 9,790	11.8%	\$ 42,332	\$ 38,473	10.0%
Expenses						
Operating expenses	2,005	1,810	10.8%	7,722	6,609	16.8%
Utilities	1,088	868	25.3%	4,275	4,045	5.7%
Property taxes	1,107	1,005	10.1%	4,340	4,001	8.5%
Total rental expenses	\$ 4,200	\$ 3,683	14.0%	\$ 16,337	\$ 14,655	11.5%
Net operating income	\$ 6,745	\$ 6,107	10.4%	\$ 25,995	\$ 23,818	9.1%
Operating margin	61.6%	62.4%		61.4%	61.9%	
Number of suites at December 31 ⁽¹⁾	3,019	2,867		3,019	2,867	

(1) Excludes 88 suites related to the joint venture in Brampton, Ontario.

Boardwalk REIT's Ontario operations for the three months and year ended December 31, 2022, reported a 11.8% and 10.0% increase, respectively, in rental revenue, when compared to the same periods in 2021. The increase in rental revenue was attributable to higher occupied rents and a new acquisition consisting of 152 suites in Brampton on March 30, 2022. Total rental expenses increased by 14.0% and 11.5% for the three months and year ended December 31, 2022, 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 a new asset acquisition in Brampton.

Operating expenses for the three and 12 months ended December 31, 2022, increased by 10.8% and 16.8%, respectively, compared to the same periods in the prior year due to higher wages and salaries, building repairs and maintenance, insurance, and the new acquisition in Brampton.

Utility costs increased by 25.3% and 5.7% for the three and 12 months ended December 31, 2022, respectively, compared to the same periods in the prior year mainly due to higher natural gas, carbon levies, electricity costs, and water and sewer. The Trust has one outstanding fixed price natural gas contract hedging 69% of its London natural gas usage. Details of the contract can be found in NOTE 22 to the audited annual consolidated financial statements years ended December 31, 2022 and 2021.

Property taxes increased 10.1% and 8.5% for the three months and year ended December 31, 2022, respectively, compared to the same periods in the prior year, due to higher property tax assessments and the new acquisition in Brampton.

NOI increased by 9.1% for the year ended December 31, 2022, compared to the prior year. Reported operating margin for the year ended December 31, 2022 was 61.4% compared to 61.9% for the prior year.

Quebec Rental Operations

<i>(In \$000's, except number of suites)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Rental revenue	\$ 21,849	\$ 20,676	5.7%	\$ 85,184	\$ 82,094	3.8%
Expenses						
Operating expenses	3,827	3,740	2.3%	14,653	13,921	5.3%
Utilities	1,962	1,871	4.9%	7,157	6,302	13.6%
Property taxes	2,196	2,109	4.1%	8,708	8,052	8.1%
Total rental expenses	\$ 7,985	\$ 7,720	3.4%	\$ 30,518	\$ 28,275	7.9%
Net operating income	\$ 13,864	\$ 12,956	7.0%	\$ 54,666	\$ 53,819	1.6%
Operating margin	63.5%	62.7%		64.2%	65.6%	
Number of suites at December 31	6,000	6,000		6,000	6,000	

Boardwalk REIT's Quebec operations reported a rental revenue increases of 5.7% and 3.8% for the three and 12 months ended December 31, 2022, respectively, compared to the same periods in the prior year mainly due to an increase in occupied rents and decreases in vacancy loss. Total rental expenses for the three months and year ended December 31, 2022, increased 3.4% and 7.9%, respectively, compared to the same periods in 2021, due to higher operating expenses, utilities, and property taxes.

For the three and 12 months ended December 31, 2022, operating expenses increased by 2.3% and 5.3%, respectively, compared to the same periods in 2021, mainly due to higher wages and salaries, and insurance costs.

Utilities increased 4.9% and 13.6% for the three months and year ended December 31, 2022, respectively, compared to the same periods in 2021, due to higher natural gas and carbon levies. The Trust has one outstanding fixed price natural gas contract to hedge 74% of its Nuns' Island natural gas usage. The details of the natural gas contract is reported in NOTE 22 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

Property taxes increased 4.1% and 8.1% for the three months and year ended December 31, 2022, respectively, compared to the same periods in the prior year. This is due to higher property tax assessments and successful property tax appeals in the first quarter of 2021 lowering property taxes in the prior year.

Reported operating margins for the 12 months ended December 31, 2022 decreased slightly from 65.6% to 64.2%.

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 a more competitive market, the Trust takes a more preventive approach of increasing its offering of suite-specific rental incentives as well as, where warranted, adjusting reported market rents. The increase of these incentives, particularly in Alberta, was an attempt by the Trust to keep occupancy levels higher than the overall market. As the market has returned to balance, the Trust has begun to unwind these incentives and increase market rents. This is evidenced in the current quarter with incentives decreasing 26.9% and 18.1% for the three and 12 months ended December 31, 2022, when 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 approaches future upcoming maturing leases prior to lease maturity with the intent of renewing the lease 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 will have some short-term consequences, as the timing of these enhancements are resulting in longer periods of time that suites are not available to be rented, including 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 the 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. Where appropriate, the Trust will make any necessary changes to optimally fine tune them.

Boardwalk REIT’s Portfolio Occupancy (Same-property):

City	Q4 2022	Q4 2021	2022	2021
Calgary	98.88%	97.19%	98.19%	96.77%
Edmonton	97.15%	94.23%	95.23%	93.78%
Fort McMurray	94.87%	94.78%	95.35%	95.30%
Grande Prairie	96.00%	95.07%	94.98%	94.52%
Kitchener	98.62%	98.18%	98.43%	98.02%
London	98.87%	97.89%	98.41%	98.17%
Montreal	97.67%	97.25%	97.41%	97.40%
Quebec City	96.12%	88.78%	93.53%	91.06%
Red Deer	98.47%	96.33%	97.49%	95.81%
Regina	98.29%	96.35%	97.17%	96.26%
Saskatoon	99.24%	98.41%	98.47%	97.87%
Verdun	99.82%	99.19%	99.71%	99.19%
Portfolio	97.99%	95.85%	96.81%	95.67%

In Q4 2022, the Trust reported an increase of 214 basis points (bps) in its overall same-property occupancy rate compared to the same quarter in the prior year, an increase from 95.85% to 97.99%. In Alberta, Q4 2022 occupancy increased in all markets compared to Q4 2021. 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 292 bps in occupancy compared to the same quarter in the prior year. The increase is a reflection of the continued improvements to market conditions within this segment. In Calgary, occupancy for the quarter increased 169 bps when compared to the same period in the prior year. The increases seen in Fort McMurray and Grande Prairie are a result of improved economic conditions from recent increases in commodity prices leading to more drilling activity and capital investment into the region 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, 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, Q4 occupancy continued to grow in the Regina and Saskatoon markets compared to the same quarter in the prior year. Regina occupancy levels increased to 98.29% in Q4 2022 compared to 96.35% in Q4 2021. Saskatoon occupancy levels increased to 99.24% in Q4 2022 compared to 98.41% in Q4 2021. 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.

Occupancy continued to remain strong in Ontario and Quebec. In Quebec City, occupancy quarter-over-quarter increased from 88.78% in Q4 2021 to 96.12% in Q4 2022. Previous decreases noted from 2021 were attributed to the senior’s community building within Quebec City that was being repositioned 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 79.78% occupancy at September 30, 2022, to 86.34% at December 31, 2022. Excluding the seniors’ community asset, Q4 2022 occupancy for Quebec City would be at 97.86%.

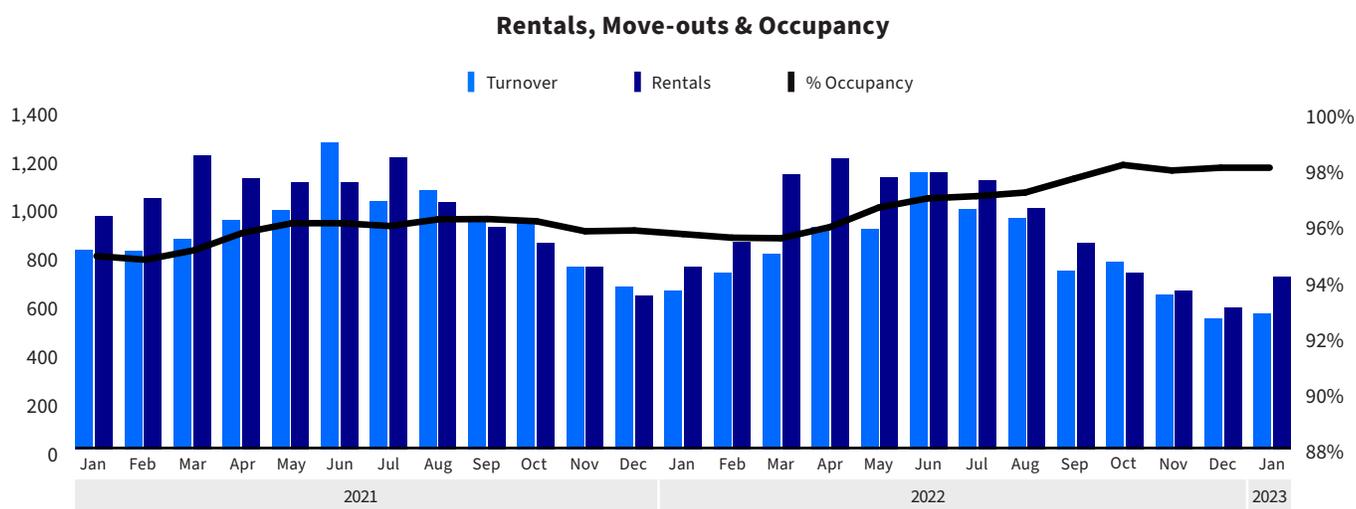
Year-over-year, the Trust reported an increase of 114 bps. In Calgary and Edmonton, occupancy increased 142 bps and 145 bps, respectively, when compared to the prior year, with additional increases realized throughout the rest of the province. The increases in Alberta are due to the improving economic conditions across various sectors as well as the record high net migration in 2022 noted above.

Year-over-year, Saskatoon increased by 60 bps to 98.47% and Regina increased 91 bps to 97.17% in 2022. These increases are due to the improvements in economic conditions within the province. Ontario and the majority of Quebec experienced moderate increases compared to the prior year. However, all of these regions, including Saskatchewan, were already stable at over 97% occupancy. Quebec City was the only exception with an increase of 247 bps, an increase from 91.06% to 93.53% year-over-year. The increase is attributed to the repositioned senior’s community building within Quebec City. Excluding the seniors’ community asset, 2022 occupancy for Quebec City would be 97.31% and 96.60% in 2021.

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 attempts



to show 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. The reader is cautioned that adjusting market rental rates is an ongoing process for the Trust and is consistent with its overall strategy of optimizing overall NOI; consequently, it will 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 \$5.1 million, or \$0.10 per Trust Unit on a fully diluted basis.

STABILIZED PROPERTY RESULTS

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 98.1% of its total rental suite portfolio as at December 31, 2022, or a total of 33,069 suites. The tables below provide a regional breakdown on these properties for the fourth quarter of 2022, compared to the fourth quarter of 2021, and fiscal 2022, compared to fiscal 2021.

Dec. 31 2022 – 3 M	# of Suites	% Rental Revenue Growth	% Total Rental Expenses Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,882	6.2%	8.3%	4.5%	33.8%
Calgary	5,879	9.3%	12.5%	7.6%	22.4%
Red Deer	939	8.4%	11.6%	5.8%	2.4%
Grande Prairie	645	5.6%	5.3%	5.8%	1.4%
Fort McMurray	352	1.0%	8.7%	(4.8)%	0.9%
Alberta	20,697	7.2%	8.7%	5.5%	60.9%
Quebec	6,000	5.7%	3.4%	7.0%	18.9%
Saskatchewan	3,505	7.5%	7.4%	7.6%	11.6%
Ontario	2,867	4.6%	5.8%	3.8%	8.6%
	33,069	6.7%	8.0%	5.9%	100.0%

Dec. 31 2022 – 12 M	# of Suites	% Rental Revenue Growth	% Total Rental Expenses Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,882	2.9%	5.2%	1.0%	33.8%
Calgary	5,879	6.6%	4.8%	7.7%	22.3%
Red Deer	939	5.2%	3.9%	6.2%	2.3%
Grande Prairie	645	0.6%	3.3%	(1.8)%	1.4%
Fort McMurray	352	2.2%	4.4%	0.4%	1.0%
Alberta	20,697	4.1%	5.0%	3.5%	60.8%
Quebec	6,000	3.8%	7.9%	1.6%	19.1%
Saskatchewan	3,505	5.8%	0.1%	9.7%	11.4%
Ontario	2,867	4.7%	5.2%	4.5%	8.7%
	33,069	4.3%	4.9%	3.8%	100.0%

Stabilized rental revenue increased by 4.3% for the year ended December 31, 2022, compared to the same period in the prior year. Total rental expenses reported for the year increased by 4.9% from 2021, resulting in a NOI increase of 3.8% compared to the prior year. The increase in reported stabilized rental revenue was driven by higher in-place occupied rents across all regions, and lower vacancy loss and incentives in our Alberta and Saskatchewan markets. Overall, stabilized total rental expenses increased for all regions due to the current economic environment leading to higher wages and salaries from inflation, higher insurance premiums, higher utilities from increased rates, and higher property taxes.

Stabilized Rental Revenue Growth	# of Suites	Q4 2022 vs Q3 2022	Q4 2022 vs Q2 2022	Q4 2022 vs Q1 2022	Q4 2022 vs Q4 2021
Edmonton	12,882	2.1%	4.8%	7.4%	6.2%
Calgary	5,879	2.6%	5.9%	8.6%	9.3%
Red Deer	939	2.1%	5.4%	7.1%	8.4%
Grande Prairie	645	3.2%	5.4%	7.2%	5.6%
Fort McMurray	352	(0.6)%	(1.4)%	2.8%	1.0%
Quebec	6,000	1.6%	3.5%	5.4%	5.7%
Saskatchewan	3,505	2.9%	5.0%	6.6%	7.5%
Ontario	2,867	1.5%	2.0%	3.0%	4.6%
	33,069	2.2%	4.5%	6.8%	6.7%

On a sequential basis, stabilized rental revenue reported in the fourth quarter of 2022 increased by 2.2% over Q3 2022, increased by 4.5% compared to Q2 2022, increased by 6.8% compared to Q1 2022, and increased by 6.7% compared to Q4 2021. 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 higher growth noted in the majority of the Alberta markets is a result of lower vacancy and higher in-place occupied rents than in the previous periods as a result of increased demand. These were coupled by positive growth in the last half of the year in Grande Prairie due to some traction gained from a focused rental initiative to increase occupancy and occupied rent. The growth in Fort McMurray for the fourth quarter was overshadowed by the growth from the prior two quarters, which noted a slight decrease in occupancy. However, Fort McMurray has still improved over the same period in the prior year as well as the first quarter of the current year. The significant increases over the same quarter in the prior year and the beginning of the year is also a reflection of the improvements in the market. Also, as we come out of the COVID-19 pandemic there has been an influx in migration across provinces and international immigration, as noted in the Bank of Canada and RBC reports, which has also brought about 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 a focus on retention. The Trust continues to closely monitor this latest trend.

Estimated Loss-to-Lease Calculation

Boardwalk REIT's projected loss-to-lease, representing the difference between estimated market rents and actual occupied rents in December 2022, and adjusted for current occupancy levels, totaled approximately \$29.2 million on an annualized basis, representing \$0.58 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 loss-to-lease 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 loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. 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				With Incentives				Weighted Average Apartment Suites ⁽⁵⁾	% of Portfolio
	Dec. 2022 Market Rent ⁽¹⁾	Dec. 2022 Occupied Rent ⁽²⁾	Mark-to-Market Per Month ⁽³⁾	Annualized Mark-to-Market Adjusted for Current Occupancy Levels (\$000's)	Dec. 2022 Market Rent, including incentives ⁽⁴⁾	Dec. 2022 Occupied Rent ⁽²⁾	Mark-to-Market Per Month ⁽³⁾	Annualized Mark-to-Market Adjusted for Current Occupancy Levels (\$000's)		
Edmonton	\$ 1,322	\$ 1,224	\$ 98	\$ 14,681	\$ 1,226	\$ 1,224	\$ 2	\$ 89	12,882	39%
Calgary	1,641	1,474	167	11,864	1,570	1,474	96	6,798	5,960	18%
Red Deer	1,247	1,112	135	1,503	1,150	1,112	38	419	939	3%
Grande Prairie	1,142	1,080	62	460	1,091	1,080	11	62	645	2%
Fort McMurray	1,323	1,236	87	343	1,210	1,236	(26)	(130)	352	1%
Alberta Portfolio	\$ 1,405	\$ 1,286	\$ 119	\$ 28,851	\$ 1,317	\$ 1,286	\$ 31	\$ 7,238	20,778	63%
Quebec	\$ 1,312	\$ 1,221	\$ 91	\$ 6,458	\$ 1,308	\$ 1,221	\$ 87	\$ 6,185	6,000	18%
Saskatchewan ⁽⁶⁾	1,391	1,317	74	3,087	1,319	1,317	2	49	3,505	11%
Ontario	1,665	1,206	459	15,601	1,664	1,206	458	15,728	2,867	8%
Total Portfolio	\$ 1,409	\$ 1,271	\$ 138	\$ 53,997	\$ 1,346	\$ 1,271	\$ 75	\$ 29,200	33,150	100%

- (1) Market rent is a component of rental revenue as calculated in accordance with IFRS and represents stabilized 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 as calculated in accordance with IFRS and represents stabilized 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 venture at 100% suite count.
- (6) Saskatchewan market rent includes an increase for cable and internet service.

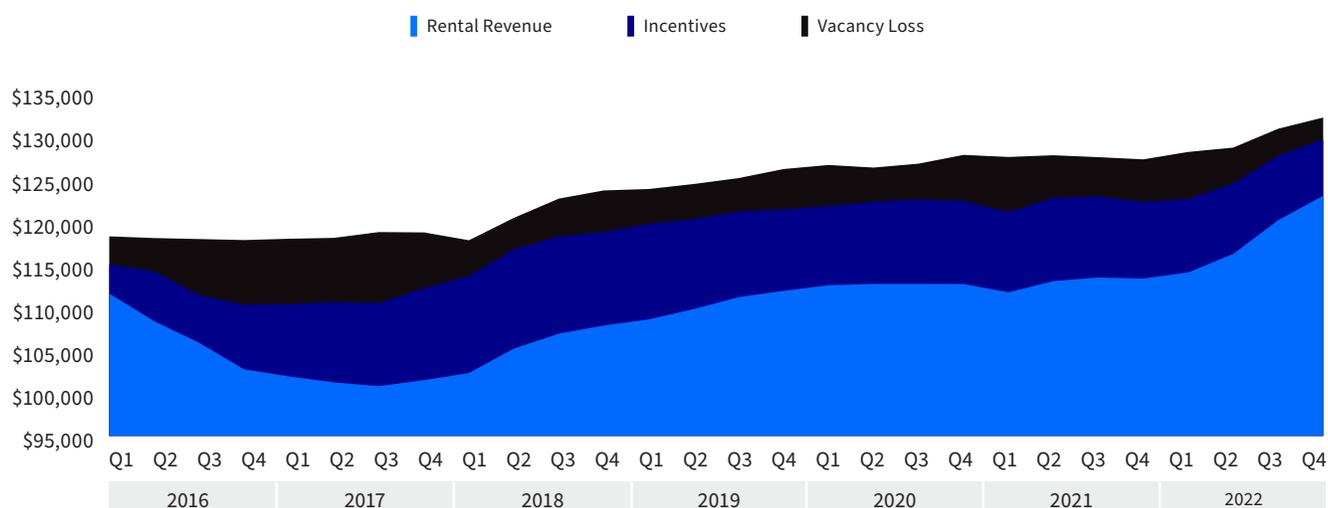
The increase in the loss-to-lease for our portfolio, from \$27.4 million at September 2022, to \$29.2 million at December 2022, was due primarily to an increase in market rents in the Ontario and Quebec markets for the month of December, using a weighted average mark-to-market of \$75 per suite per month. Excluded from the loss-to-lease calculation of \$29.2 million is approximately \$63 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 \$25 million per annum or a total mark-to-market opportunity of \$54.0 million.

In fiscal 2022, 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 stabilized 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 intends to continue to manage its overall revenues through three key revenue variables, notably, market rents, occupancy levels, and suite-selective incentives. The Trust continues to focus on maximizing overall revenues through the management of these key revenue variables.

Rental Revenue, Incentives, Vacancy Loss (\$'000s)



As Canada rebounds from the COVID-19 pandemic, the economy and unemployment rates are improving and migration is increasing, and as such, Boardwalk's continued focus is on maintaining and increasing, in certain regions, occupancy by offering limited suite-specific incentives.

FINANCING COSTS

Financing costs, including interest expense on the Trust's secured mortgages and lease obligations for the year ended December 31, 2022, increased from the same period in the prior year, from \$89.7 million to \$96.1 million. At December 31, 2022, the reported weighted average interest rate for mortgages payable of 2.72% was up from the weighted average interest rate of 2.46% at December 31, 2021. 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 3.65 years.

Boardwalk REIT concentrates on multi-family residential real estate which makes it eligible to obtain government-backed insurance through the NHA 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.

Management of the Trust cannot over-emphasize the importance of this government-backed mortgage insurance program administered by CMHC. 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, 2022, approximately 96% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 31 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. Management of the Trust believes 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. The total amount of distributions paid to the holders of LP Class B Units for the year ended December 31, 2022, which have been recorded as financing costs, was \$4.8 million (year ended December 31, 2021 – \$4.5 million). Based on this rationale, these amounts have been added back in the calculation of FFO.

Under IFRS, financing costs are recorded net of interest income the Trust has earned for the period. The total amount of interest income earned for the year ended December 31, 2022 was \$0.9 million, compared to \$0.3 million for the prior year. Interest income will fluctuate depending on the cash on hand in the period and interest rates received on invested cash.

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 on a prospective basis.

The total amortization of deferred financing costs for the year ended December 31, 2022, was \$7.2 million compared to \$6.9 million 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 2023, the Trust anticipates having approximately \$440.6 million of secured mortgages maturing with a weighted average rate of 2.85%. 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 4.25% (as of February 2023).

To date, the Trust has renewed, or forward locked the interest rate on \$42.2 million or 9.6% of its total 2023 mortgage maturities at an average interest rate of 4.49%, while extending the term of these mortgages by an average of three 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, 2022, which relates to corporate administration from continuing operations, was \$33.9 million compared to \$33.3 million in the prior year, an increase of approximately 1.8% for the year. The increase was attributable to higher administrative wages, which was increased in part due to rising inflation.

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, 2022, was \$7.8 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 2021 and 2022, the Trust qualified for the REIT Exemption.

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

LP Class B Units and the Deferred Unit Compensation Plan

The LP Class B Units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Trust Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at December 31, 2022, the Trust used a price of \$49.43 based on the closing price of the Trust Units on the TSX to determine the fair value of these financial 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, 2022, was \$221.2 million (December 31, 2021 – \$245.4 million), and a corresponding fair value gain of \$24.2 million (year ended December 31, 2021 – fair value loss of \$94.4 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2022.

The deferred unit-based compensation plan had a fair value of \$8.1 million (December 31, 2021 – \$7.0 million), and a corresponding fair value gain of \$0.2 million (year ended December 31, 2021 – fair value loss of \$2.4 million) was recorded on the Consolidated Statements of Comprehensive Income for the year ended December 31, 2022.

FINANCIAL CONDITION

REVIEW OF CASH FLOWS

Operating Activities

Cash flow from operating activities decreased by 0.6% from \$161.9 million for the year ended December 31, 2021 to \$160.9 million for the year ended December 31, 2022. For the year ended December 31, 2022, Boardwalk REIT reported ACFO of \$126.2 million, or \$2.51 per Unit. This represented an increase of approximately 7.0%, compared to \$117.9 million, or \$2.31 per Unit, reported for the same 12 months in 2021. The decrease for 2022 regarding the cash flow from operating activities is mainly a result of the higher operating costs incurred in the period and higher interest expense as a result of higher interest rates, partially offset by increased rental revenues. The increase in ACFO is primarily due to higher rental revenues from higher occupied rent and lower incentives.

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 <i>(In \$000's, except per Unit amounts)</i>	3 Months Dec. 31, 2022	3 Months Dec. 31, 2021	% Change	12 Months Dec. 31, 2022	12 Months Dec. 31, 2021	% Change
Cash flow from operating activities	\$ 43,951	\$ 43,358		\$ 160,904	\$ 161,860	
Adjustments						
Net change in operating working capital	(1,420)	(3,145)		5,878	(4,131)	
Loss from equity accounted investment	(247)	-		(247)	-	
Deferred unit-based compensation	(678)	(558)		(2,556)	(2,392)	
LP Class B Unit distributions	1,208	1,119		4,774	4,479	
Government grant amortization	94	94		378	378	
Interest paid	23,207	20,621		87,639	82,951	
Financing costs	(25,383)	(22,363)		(96,086)	(89,749)	
Principal repayments on lease liabilities	(945)	(977)		(3,965)	(3,841)	
Principal repayments on lease receivable	186	167		725	652	
Maintenance Capital Expenditures ⁽¹⁾	(6,994)	(7,091)		(31,263)	(32,287)	
ACFO ⁽²⁾⁽³⁾	32,979	31,225	5.6%	126,181	117,920	7.0%
ACFO per Unit ⁽³⁾	\$ 0.66	\$ 0.61	8.2%	\$ 2.51	\$ 2.31	8.7%

(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 33.9% and 41.1%, respectively, compared to 33.2% and 40.8%, respectively, for the same period in the prior year. For the year ended December 31, 2022, FFO Payout Ratio and ACFO Payout Ratio were 34.1% and 42.5%, respectively, compared to 34.0% and 43.3%, 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 2022, the Board of Trustees had approved distributions of \$1.08 per Trust Unit on an annualized basis effective March 2022. With the completion of 2022, the Board of Trustees has approved distributions of \$1.17 per Trust Unit on an annualized basis effective March 2023.

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, and meet Resident Members' expectations, as well as meet health and safety regulations.

A few of the Trust's communities will be selected to fall under the 'Boardwalk Lifestyle' brand; although there are a number of criteria used to select these properties. 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'.

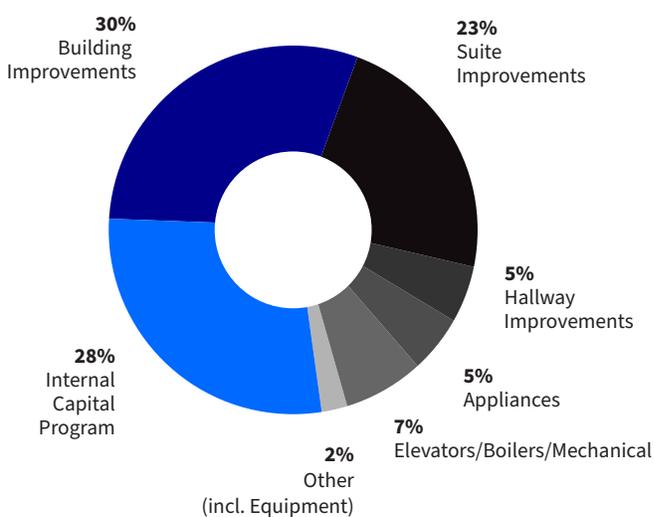
A number of the Trust's communities will be selected to be repositioned to the 'Boardwalk Communities' category. These communities will also be targeted based on location and will focus in on a modernization program. These communities tend to be located in mature areas near schools, parks, downtown core, 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 2022, Boardwalk REIT invested approximately \$129.4 million in capital assets (comprised of \$123.9 million on its investment properties and \$5.5 million on property, plant and equipment) back into its properties in the form of equipment and project enhancements to upgrade existing suites, common areas, and building exteriors and systems, compared to the \$127.0 million (\$121.5 million on its investment properties and \$5.5 million on property, plant and equipment) invested in 2021.

A significant part of Boardwalk's capital improvement program relates to projects that are carried out by Boardwalk's Associates. This internal capital program was initiated in 1996 as a way to create more value for the Trust. The Trust recognizes that there are certain efficiencies and economies of scale available from having Boardwalk Associates perform certain capital projects ourselves, or "in-house". This results in the faster execution and greater control of these projects while at the same time eliminating the profit charged by third-party contractors. The Trust focuses on specific projects where there is the largest opportunity for value creation, like flooring and painting. Over the last few years, the Trust has intensified this focus of performing capital projects "in-house" rather than contracting such services. Included in investment in capital assets is approximately \$34.4 million of on-site wages and salaries that have been incurred towards these projects for 2022, compared to \$34.2 million for 2021.

2022 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, although capital in nature, are not considered betterments and relate more to maintaining the existing earnings capacity of our property portfolio, however 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 2022, revised, if necessary, based on actual expenditures for the year, are initially used to calculate Maintenance CAPEX for the three-year rolling average. For 2021, the three-year rolling average is based on actual expenditures invested from 2019 to 2021.

Prior to 2021, the Trust computed Maintenance CAPEX based on the first-year amortization. The first-year amortization of each major capital expenditure category was taken as a reliable metric of Maintenance CAPEX since such an amount would have been expended in the first year in any event in lieu of repair and maintenance expenses. This methodology resulted in less subjectivity and was an appropriate estimation of Maintenance CAPEX.

Beginning in 2021, the Trust completed a more thorough analysis of its capital program and though it involves more judgment, management of the Trust believes this methodology provides a more reliable estimation of both its value-add capital and Maintenance CAPEX figures.

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

Category	2022 Capital Expenditures (\$000's)	2021 Capital Expenditures (\$000's)	2020 Capital Expenditures (\$000's)	2019 Capital Expenditures (\$000's)
Building Exterior, Grounds & Parking	\$ 40,794	\$ 26,151	\$ 20,990	\$ 23,943
Hallways & Lobbies	6,628	8,093	6,816	6,964
Elevators	2,160	2,826	2,653	1,951
Mechanical & Electrical	6,086	6,901	5,134	6,564
Other – Information Technology	3,707	4,428	4,422	6,483
Site Equipment & Vehicles	1,342	1,636	1,412	1,553
Total Common Area	\$ 60,717	\$ 50,035	\$ 41,427	\$ 47,458
Paint & General	\$ 8,891	\$ 13,072	\$ 10,446	\$ 13,037
Flooring	10,823	12,824	11,959	12,394
Cabinets & Counters	6,760	7,957	7,348	8,850
Appliances	4,799	5,145	5,523	5,596
Suite Mechanical	1,549	1,659	1,738	1,718
Furniture, Fixtures & Equipment	771	1,198	971	784
Total Suites	\$ 33,593	\$ 41,855	\$ 37,985	\$ 42,379
Internal Capital Program	\$ 34,435	\$ 34,237	\$ 33,658	\$ 32,476
Subtotal	\$ 128,745	\$ 126,127	\$ 113,070	\$ 122,313
Corporate Capital Expenditures	607	876	546	961
Investment in capital assets	\$ 129,352	\$ 127,003	\$ 113,616	\$ 123,274
Cash Flow from Investing Activities				
Improvements to Investment Properties	\$ 123,885	\$ 121,492	\$ 108,653	\$ 117,644
Additions to Property, Plant & Equipment	5,467	5,511	4,963	5,630
Investment in capital assets	\$ 129,352	\$ 127,003	\$ 113,616	\$ 123,274
Number of suites	33,722	33,264	33,396	33,263
Value-add Capital Investment				
Building Improvements	\$ 34,443	\$ 25,194	\$ 19,474	\$ 24,308
Common Area Renovations	6,628	8,093	6,816	6,964
Suite Upgrades	25,999	33,493	29,104	29,304
Internal Capital	28,289	28,664	27,195	24,976
Other – Information Technology	927	1,107	1,106	1,621
	\$ 96,286	\$ 96,551	\$ 83,695	\$ 87,173
Maintenance CAPEX	33,066	30,452	29,921	36,101
Investment in capital assets	\$ 129,352	\$ 127,003	\$ 113,616	\$ 123,274
Maintenance CAPEX per Suite	\$ 981	\$ 915	\$ 896	\$ 1,085
Three-year Rolling Average Reserve				
2020			\$ 896	
2021			\$ 915	
2022			\$ 981	
2022 Maintenance CAPEX Per Suite			\$ 931	
Three-year Rolling Average Reserve				
2019				\$ 1,085
2020				\$ 896
2021				\$ 915
2021 Maintenance CAPEX Per Suite				\$ 965

Using the three-year rolling average reserve, for 2022, Boardwalk’s estimate of Maintenance CAPEX is \$31.3 million, or \$931 per suite, for the year. For 2021, Boardwalk’s estimate of Maintenance CAPEX, using the three-year average reserve, was \$32.3 million, or \$965 per suite, for the year. The decrease in the three-year rolling average reserve of \$965 per suite in 2021 to \$931 per suite in 2022 is due to a higher Maintenance CAPEX per suite amount in 2019 which was included in the determination of the three-year rolling average for 2021. The 2019 Maintenance CAPEX of \$1,085 per suite was higher compared to the most recent three-year actual amounts due to the COVID-19 pandemic causing a temporary slow-down in activity due to such factors as contractor’s availability, access restrictions, and supply chain constraints. Management of the Trust expects the Maintenance CAPEX per suite to increase in 2023 as activity has begun to normalize and inflation has started to increase the costs of materials and labour.

The following table provides management of the Trust’s estimate of these expenditure categories for the three and 12 months ended December 31, 2022 and 2021.

<i>(In \$000's, except for per suite amounts)</i>	3 Months		3 Months		12 Months		12 Months	
	Dec. 31, 2022	Per Suite	Dec. 31, 2021	Per Suite	Dec. 31, 2022	Per Suite	Dec. 31, 2021	Per Suite
Maintenance Capital Expenditures	\$ 6,994	\$ 207	\$ 7,091	\$ 212	\$ 31,263	\$ 931	\$ 32,287	\$ 965
Value-add Capital	30,426	902	30,052	901	98,089	2,921	94,716	2,831
Investment in capital assets	\$ 37,420	\$ 1,109	\$ 37,143	\$ 1,113	\$ 129,352	\$ 3,852	\$ 127,003	\$ 3,796

Management of the Trust has estimated that for the fourth quarter of fiscals 2022 and 2021, the amount allocated to maintenance capital was approximately \$7.0 million, or \$207 per suite, and \$7.1 million, or \$212 per suite, respectively, with investment in value-add capital expenditures to its investment properties totaling \$30.4 million and \$30.1 million, respectively, or \$902 and \$901 per suite, respectively.

For the years ended December 31, 2022 and 2021, the amount allocated to maintenance capital was approximately \$31.3 million, or \$931 per suite, and \$32.3 million, or \$965 per suite, respectively, with investment in value-add capital expenditures to its investment properties totaling \$98.1 million and \$94.7 million, respectively, or \$2,921 and \$2,831 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, 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%
December 31, 2021	4	\$ 781,480	12.0%
September 30, 2021	4	\$ 155,616	2.4%
June 30, 2021	4	\$ 146,358	2.4%
March 31, 2021	4	\$ 223,698	3.7%

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, 2022		Dec. 31, 2021	
	Capitalization Rate Weighted Average	Forecasted Total Stabilized Net Operating Income	Capitalization Rate Weighted Average	Forecasted Total Stabilized Net Operating Income
Calgary	4.74%	\$ 76,317	4.74%	\$ 68,154
Edmonton	5.04%	111,952	5.04%	112,968
Other Alberta	6.41%	17,907	6.44%	18,178
Cambridge	4.00%	1,333	4.00%	1,317
Kitchener	4.00%	5,038	4.00%	4,798
London	4.01%	20,135	4.01%	19,176
Waterloo	4.00%	848	4.00%	755
Montreal	4.72%	6,541	4.73%	6,571
Quebec City	4.87%	11,424	5.00%	11,706
Regina	5.66%	19,077	5.68%	18,279
Saskatoon	5.69%	15,972	5.69%	15,818
Victoria	4.25%	2,350	-%	-
	4.95%	\$ 288,894	4.97%	\$ 277,720
Land Leases	4.69%	36,198	4.66%	33,724
Total	4.92%	\$ 325,092	4.94%	\$ 311,444

Overall portfolio weighted average stabilized capitalization rate ("Cap Rate") was 4.92% as at December 31, 2022 and 4.94% as at December 31, 2021, 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, 2022 and December 31, 2021:

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)

As at December 31, 2021		Stabilized Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Cap Rate		\$ 302,101	\$ 308,330	\$ 311,444	\$ 314,558	\$ 320,787
-0.25%	4.69%	\$ 137,191	\$ 270,104	\$ 336,560	\$ 403,017	\$ 535,929
Cap Rate As Reported	4.94%	(189,272)	(63,091)	6,309,079	63,091	189,272
+0.25%	5.19%	(484,263)	(364,164)	(304,114)	(244,064)	(123,965)

Investment properties with a fair value of \$772.5 million as at December 31, 2022 (December 31, 2021 - \$748.5 million), are situated on land held under ground (or land) leases.

Investment properties with a fair value of \$808.6 million as at December 31, 2022 (December 31, 2021 – \$813.7 million), are pledged as security against the Trust’s committed revolving credit facility. In addition, investment properties with a fair value of \$6.6 billion as at December 31, 2022 (December 31, 2021 – \$6.1 billion), are pledged as security against the Trust’s mortgages payable.

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 on its financial statements as a result of changes in the fair value of investment properties. For the year ended December 31, 2021, the Trust capitalized \$121.5 million in improvements to investment properties (and \$10.5 million in development of investment properties) and recorded a fair value gain of \$403.9 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 Venture Agreements

Boardwalk and RioCan Real Estate Investment Trust (“RioCan”) completed their first joint venture development project known as BRIO, located in Calgary, Alberta, in February 2020. The joint venture 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.

In 2020, Boardwalk continued 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 is approximately \$200 to \$215 million. The proposed 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 year ended December 31, 2022, the Trust invested \$nil in capital contributions in equity accounted investment to this limited partnership (year ended December 31, 2021 – \$6.2 million). Despite necessary slowdowns resulting from the impact of the COVID-19 pandemic, 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, 2022, the tower was 39% leased. The partnership has committed to a construction facility loan for 60% of the budgeted costs to construct. As at December 31, 2022, \$36.4 million has been drawn on this loan, of which Boardwalk’s portion is \$18.2 million.

On November 26, 2021, the Trust sold its 50% partnership interest in the Sandalwood project located in Mississauga, Ontario, for proceeds of \$18.2 million. The Trust’s development strategy continues to focus on creating value through the long-term ownership and operation of multi-family communities. Both Boardwalk and its partner RioCan determined that the site’s highest and best use for the Sandalwood project is a condominium development. The original concept featured a joint venture mixed-use project with RioCan consisting of 470 residential suites and 12,000 square feet of retail space in which the Trust had invested \$18.4 million (including transaction and carrying costs).

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, 2022, the Trust expended \$17.7 million on development of investment properties compared to \$10.5 million for the prior year. Interest costs of \$1.7 million were capitalized to properties under development for the year ended December 31, 2022 (December 31, 2021 – \$1.9 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).

New Property Acquisitions and Dispositions

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).

On April 19, 2021, the Trust acquired a property in Victoria, British Columbia. The property is comprised of 114 suites and had a purchase price of \$48.2 million (including transaction costs).

On April 16, 2021, the Trust acquired a property in Banff, Alberta. The property is comprised of 81 suites and had a purchase price of \$24.1 million (including transaction costs).

On December 15, 2021, the Trust sold a non-core asset, Reid Park Estates (comprised of 179 suites), in Saskatoon, Saskatchewan for total proceeds (excluding selling costs) of \$25.0 million.

On September 15, 2021, the Trust sold a non-core asset, Oak Tower (comprised of 70 suites), in Edmonton, Alberta for total proceeds (excluding selling costs) of \$11.8 million.

On June 30, 2021, the Trust sold non-core assets, Boardwalk Arms A and B (comprised in total of 78 suites), in Edmonton, Alberta for total proceeds (excluding selling costs) of \$9.3 million.

Financing Activities

Distributions

Boardwalk distributes payments on a monthly basis 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, 2022, the Trust declared regular distributions of \$53.7 million, a slight increase from the \$51.0 million declared in 2021. The increase is due to the increased distribution rate to \$1.08 per Trust Unit as previously noted. Regular distributions declared for both the 12 months ended December 31, 2022 and 2021, represent an FFO payout ratio of 34.1% and 34.0%, respectively. For the year ended December 31, 2022, the Trust recorded profit of \$283.1 million (year ended December 31, 2021 – profit of \$446.3 million).

Financing of Revenue Producing Properties

During the 12 months ended December 31, 2022, proceeds from mortgage financings, excluding mortgages assumed on new acquisitions, totaled \$352.7 million (year ended December 31, 2021 – \$210.2 million). During the financing and refinancing process, the weighted average interest rate on its mortgage portfolio increased from 2.46% at December 31, 2021, to 2.72% at December 31, 2022.

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 market debt adjustments totaling \$1.0 million that was made to the book cost of the corresponding asset. During the third quarter of 2020, \$16.1 million of mortgage financing were assumed on acquisitions. These mortgages had in-place rates above market rates, resulting in market debt adjustments totaling \$459,000 that was made to the book cost of the corresponding assets.

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. 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, the war in Ukraine, 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 the 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 \$52.8 million at December 31, 2022, compared to \$64.3 million reported on December 31, 2021. As at December 31, 2022, the Trust also had \$196.1 million of unused committed revolving credit facility (December 31, 2021 – \$199.7 million) and subsequent committed/funded financing of \$7.4 million (December 31, 2021 – \$42.2 million), bringing total available liquidity to \$256.3 million (December 31, 2021 – \$306.3 million).

The Trust's liquidity position as at December 31, 2022 remains stable as the following table highlights:

(\$000)

Cash and cash equivalents	\$	52,816
Subsequent committed/funded financing		7,390
Unused committed revolving credit facility available		196,100
Total available liquidity	\$	256,306

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 \$94.6 million of new proceeds from the financing of its currently unencumbered assets.

Of the \$440.6 million of secured mortgages coming due in 2023 (as shown in the table below), approximately 76% have NHA insurance, and represent in aggregate approximately 48% of current estimated "underwriting" values on those individual secured assets. Interest rates on five and 10-year NHA-insured mortgages as of February 2023 were 4.25% and 4.00%, respectively. The reader is cautioned these rates do fluctuate and, by the time these maturing mortgages are set for renewal, with or without additional financing, interest rates may have changed materially. Even with the NHA insurance program attached to its secured mortgages, the Trust is still susceptible to changes in market interest rates. To address a portion of this risk, the Trust has forward locked or renewed \$42.2 million, or 9.6%, of its \$440.6 million of 2023 mortgage maturities. Of the \$42.2 million that has been forward locked or renewed, \$28.2 million represents conventional mortgages. The weighted average contracted interest rate on these renewals is 4.49%, for an average term of three 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, 2022, were \$3.2 billion, compared to \$3.0 billion as at December 31, 2021.

Boardwalk REIT's overall weighted average interest rate on its long-term debt has increased from the prior year. The weighted average interest rate as at December 31, 2022, was 2.72% compared to 2.46% as at December 31, 2021. 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, 2022	Weighted Average Interest Rate By Maturity	% of Total
2023	\$ 440,630	2.85%	13.2%
2024	428,022	2.92%	12.8%
2025	547,730	2.20%	16.4%
2026	568,960	2.04%	17.1%
2027	635,340	3.16%	19.0%
2028	282,943	3.62%	8.5%
2029	213,570	2.61%	6.4%
2030	113,842	1.99%	3.4%
2031	23,606	2.71%	0.7%
2032	81,383	4.13%	2.5%
Total mortgage principal outstanding	3,336,026	2.72%	100.0%
Unamortized deferred financing costs	(120,739)		
Unamortized market debt adjustments	(733)		
Mortgages payable	\$ 3,214,554		

Construction Loan Payable

During 2019, the Trust entered into a \$50 million revolving construction facility loan along with one of its joint venture partners. As at December 31, 2021, \$42.4 million had been drawn on this loan, of which Boardwalk's 50% portion is \$21.2 million. The facility was interest payable only and had a maturity date of January 31, 2022. The facility bore interest at prime plus 0.05%, a Bankers' Acceptance interest rate of 1.97%, or a Bankers' Acceptance stamping fee of 1.05% and a standby fee of 0.21%. This loan was converted to a CMHC-insured mortgage in January 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, 2022, and December 31, 2021, based on the most recently completed four fiscal quarters.

As at	Dec. 31, 2022	Dec. 31, 2021
Net operating income	\$ 288,660	\$ 274,340
Administration	(33,859)	(33,282)
Deferred unit-based compensation	(2,556)	(2,392)
Consolidated EBITDA ⁽¹⁾ (12 months ended)	252,245	238,666
Consolidated interest expense (12 months ended)	85,824	80,291
Interest coverage ratio	2.94	2.97
Minimum threshold	1.50	1.50

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

For the year ended December 31, 2022, 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 2.94, compared to 2.97 for the year ended December 31, 2021. The reader should note that under IFRS, the distributions made to the holders of LP Class B Units are considered financing costs and is 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, 2020	46,548,948
Trust Units issued for vested deferred units	26,564
Trust Units purchased and cancelled	(438,400)
Distribution in Trust Units	273,474
Consolidation of Trust Units	(273,474)
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

Boardwalk REIT has one class of publicly traded voting securities, being the Trust Units. As at December 31, 2022, there were 45,722,922 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 50,197,922. 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, 2022 and 2021.

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 will terminate on November 21, 2023, or when the maximum number of Trust Units have been purchased. The Trust's daily purchases under this Bid will be limited to 30,116 Trust Units.

On November 18, 2021, the Trust received regulatory approval for a Bid to purchase up to 3,780,351 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced on November 22, 2021, and terminated on November 21, 2022. The Trust's daily purchases pursuant to this Bid was limited to 32,046 Trust Units.

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. During 2021, the Trust purchased and cancelled 438,400 Trust Units at an average purchase cost of \$54.85 per Trust Unit under the NCIB.

Equity

Boardwalk has an equity market capitalization of \$2.5 billion based on the Trust Unit closing price of \$49.43 on the TSX on December 31, 2022.

With an enterprise value of approximately \$5.8 billion (comprised of total mortgage principal outstanding of \$3.3 billion and equity market capitalization of \$2.5 billion) as at December 31, 2022, Boardwalk's total mortgage principal outstanding is approximately 57% enterprise value.

Net Asset Value per Unit

The Trust's NAV per Unit is calculated below:

	Dec. 31, 2022	Dec. 31, 2021
Investment properties	\$ 6,900,745	\$ 6,492,969
Equity accounted investment	40,871	41,118
Cash and cash equivalents	52,816	64,300
Adjusted Real Estate Assets ⁽¹⁾⁽²⁾	\$ 6,994,432	\$ 6,598,387
Total mortgage principal outstanding	\$ (3,336,026)	\$ (3,088,978)
Total lease liabilities attributable to land leases ⁽³⁾	(74,502)	(76,092)
Construction loan payable	-	(21,187)
Adjusted Real Estate Debt ⁽¹⁾⁽²⁾	\$ (3,410,528)	\$ (3,186,257)
Net Asset Value ⁽¹⁾⁽²⁾	\$ 3,583,904	\$ 3,412,130
Net Asset Value per Unit ⁽²⁾	\$ 71.35	\$ 66.87

Reconciliation of Unitholders' Equity to Net Asset Value	Dec. 31, 2022	Dec. 31, 2021
Unitholders' Equity	\$ 3,466,998	\$ 3,253,178
Total Assets	(7,067,275)	(6,660,653)
Investment properties	6,900,745	6,492,969
Equity accounted investment	40,871	41,118
Cash and cash equivalents	52,816	64,300
Total Liabilities	3,600,277	3,407,475
Total mortgage principal outstanding	(3,336,026)	(3,088,978)
Total lease liabilities attributable to land leases ⁽³⁾	(74,502)	(76,092)
Construction loan payable	-	(21,187)
Net Asset Value ⁽¹⁾⁽²⁾	\$ 3,583,904	\$ 3,412,130

(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 6.7% to \$71.35 as at December 31, 2022, compared to \$66.87 as at December 31, 2021, 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.sedar.com, where additional risks and the Trust's management related thereto are also noted.

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. See the section titled "Risks and Risk Management – Specific Risks – Rent Control Risk" of 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 concentrated 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 or unwilling 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 to us 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 in 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 operation.

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 operation.

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 will 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 was based on 75% of the land value in its current use. After that revision, the land rent has remained constant thereafter 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 further have a material adverse effect on our business, financial condition, or results of operation.

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 is 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, 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 operation.

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 33,810 rental suites. The result of this is that 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 increase demand for rental housing has led to NOI growth.

Supply Risk

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 this 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, enable 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 \$600 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 31 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 Ventures and Co-ownerships

Boardwalk participates in joint ventures, partnerships and similar arrangements 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 a 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 have, and may in the future, 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 have, and may in the future, 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 2021 and 2022, the guideline amounts have been established at 0.0% and 1.2%, respectively, and for 2023 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 current 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 2022 this return is 2.0% compared to 2.3% for 2021, compared to 3.1% for 2020 and compared to 2.7% for 2019), 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, 2022, and before April 2, 2023, before any consideration for increases to municipal and school taxes as well as capital expenditures, are: 0.9% for electricity heated dwellings, 7.6% for gas heated dwellings, and 17.5% for oil heated dwellings, plus 1.6%, 3.1%, and 2.7% 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 us, 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 \$2.63/gigajoule and expected to increase to \$3.42/gigajoule on April 1, 2023. 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.

Ageing 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 ageing portfolio risk relates to an increase in demand for new product.

CERTAIN TAX RISKS

Mutual Fund Trust Status

Boardwalk qualifies as a mutual fund trust for Canadian income tax purposes. It is the current policy of Boardwalk to annually distribute all of its taxable income to Unitholders and is therefore generally not subject to tax. In order to maintain its mutual fund trust status, Boardwalk is required to comply with specific restrictions regarding its activities and the investments held by it. If Boardwalk was to cease to qualify as a mutual fund trust, the consequences could be adverse.

In accordance with the Tax Act, for fiscal 2021 and 2022, the Trust qualified as a real estate investment trust for income tax purposes and, as such, was exempted from the specified investment flow-through rules per the SIFT Legislation.

A special tax regime applies to trusts that are considered SIFT entities as well as those individuals who invest in SIFTs. Under the SIFT Legislation, a SIFT is subject to tax in a manner similar to corporations on income from business carried on in Canada and on income (other than taxable dividends) or capital gains from “non-portfolio properties” (as defined in the Tax Act), at a combined federal/provincial tax rate similar to that of a corporation.

The SIFT Legislation applies unless (among other exceptions not applicable here) the trust qualifies as a “real estate investment trust” for the year (the “REIT Exemption”). If the REIT fails to qualify for the REIT Exemption, the REIT will be subject to the tax regime introduced by the SIFT Legislation.

If Boardwalk REIT, or any other trust, does not qualify as a real estate investment trust, it will no longer be able to deduct for tax purposes its taxable distributions, and, as such, will be required to pay tax on this amount prior to distribution. Any amount distributed that is determined to be a return of capital would not be subject to this tax.

Existing Tax Filing Positions

Although Boardwalk REIT is of the view that all expenses to be claimed by Boardwalk REIT, Top Hat Operating Trust (the “Operating Trust”), and Boardwalk REIT Limited Partnership (the “Partnership”) will be reasonable and deductible, that the cost amount and capital cost allowance claims of entities indirectly owned by Boardwalk REIT will have been correctly determined, and that the allocation of the Partnership’s income for purposes of the Tax Act among its partners is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency (“CRA”) will agree. If the CRA successfully challenges the deductibility of such expenses, the allocation of such income or cost amount of any assets, the taxable income of Boardwalk REIT and the Unitholders may be adversely affected.

Limits on Interest Deductibility

On November 3, 2022, the Department of Finance (Canada) released revised draft legislation to implement tax proposals that are intended 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 enacted as proposed, the income of the REIT for Canadian income tax purposes may be increased which could have an adverse impact on the after tax return of a Unitholder and on the value of Units in the REIT. The proposed rules 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. Unitholders and prospective unitholders should consult their own tax advisors in this regard.

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 operation, 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 significant accounting policies adopted by the Trust are included in NOTE 2 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

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 judgments 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 judgments 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 (see NOTE 2(i) to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021).

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 re-development (consisting of development sites, density or intensification rights and related infrastructure) are specifically identifiable costs incurred in the period before construction is complete. Capitalized costs include pre-construction costs essential to the development or re-development of the property, construction costs, borrowing costs directly attributable to the development, real estate taxes, and other costs incurred during the period of development or re-development. Additions to investment properties consist of costs of a capital nature and, in the case of properties under development and/or redevelopment, capitalized interest. Directly attributable borrowing costs are also capitalized on land or properties acquired specifically for development or redevelopment when activities necessary to prepare the asset for development or redevelopment are in progress in accordance with IAS 23 – Borrowing Costs (“IAS 23”). Where borrowings are associated with specific developments, the amount capitalized is the 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 IAS 40 (see NOTE 2(f) to the audited annual consolidated financial statements) and IFRS 5 (see NOTE 2(i) to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021).

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 (see NOTE 2(j) to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021). 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 assets	Site equipment and other assets	10% to 20%	Declining balance
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) Assets Held for Sale

Non-current assets and groups of assets and liabilities, which comprise disposal groups, are categorized as assets (or disposal groups) held for sale where the asset (or disposal group) is available for sale in its present condition, and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the non-current asset (or disposal group) is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where an asset (or disposal group) is acquired with a view to resell, it is classified as a non-current asset (or disposal group) held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a short period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect non-current assets held for sale. The gains or losses arising on a sale of assets (or disposal groups) that does not meet the definition of discontinued operations will be recognized as part of continuing operations, while the gains or losses arising on a sale of assets (or disposal groups) that meets the definition of discontinued operations will be reported as part of discontinued operations in the consolidated statement of comprehensive income.

(e) Impairment of Assets

At the end of each reporting period, assets, other than those identified in the standard as not being applicable to IAS 36 – Impairment of Assets (“IAS 36”), such as investment properties recorded at fair value, are assessed for any indication of impairment. Should the indication of impairment exist, the recoverable amount (see below) of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset’s “fair value less cost to sell” and its “value-in-use”. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period (with the exception of goodwill), a reversal of the impairment loss is recorded in profit or loss. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized.

(f) Inventories

Inventories consists of parts and supplies and items such as baseboards, carpet, and linoleum, which the Trust routinely uses in the maintenance and upgrading of its investment properties. These items are kept on hand so they are readily available for use. When items of inventory are used, they are expensed as part of maintenance expense or they are capitalized to investment properties, depending on the nature of the inventory used and whether or not the useful life of an asset has been extended as a result of its use.

Inventories are measured at the lower of cost and net realizable value. The costs of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and third-party transport, handling, and other costs directly attributable to the acquisition of goods and materials, less any trade discounts, rebates and other similar items, using the first-in, first-out method of cost assignment. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

(g) 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 measure 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(r) to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021 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.

(h) Taxation

For fiscal 2022 and 2021, 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 (NOTE 26 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021 summarizes the Trust’s subsidiaries, including its corporate subsidiaries). 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.

(i) 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.

(j) Unit-based Payments

Equity-settled 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 IAS 32 – Financial Instruments: Presentation ("IAS 32"), 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 9, the deferred units are classified as 'fair value through profit or loss' and 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.

(k) Government Assistance and Grants

The Trust receives government assistance in order to complement and partially assist the Trust's initiatives in providing affordable housing to low income-earning individuals. Government grants are not recognized until there is reasonable assurance that the Trust will comply with the conditions attached to them and that the grants will be received. In December 2013, the Trust received a government grant totaling \$7.5 million to provide affordable housing for a term of 20 years related to a property in Calgary, Alberta. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"), this grant is being recognized to rental revenue on a systematic basis over the 20-year period in which the Trust recognizes revenue from the 54 suites classified as affordable suites.

(l) 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 18 and NOTE 29 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021).

(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. Interest income is included in financing costs in the consolidated statement of comprehensive income.

(iv) Ancillary Rental Income

Ancillary rental income comprises revenue from coin laundry machines located on the Trust’s existing building sites, and income received from telephone and cable providers and is recorded when earned.

(v) Development Management Fees

Boardwalk has an interest in an investment property through a joint arrangement whereby the Trust provides development management services to the co-owners. As the services are provided over a period of time, income is recognized on a straight-line basis, unless there is evidence that some other method would better reflect the pattern of performance.

(vi) Property Management Fees

Boardwalk has an interest in two investment properties through joint arrangements whereby the Trust provides residential property management services to the co-owners for a management fee equal to 3.5% of gross revenue generated from the residential component of the investment properties. The management fees are recorded as services are provided.

(m) 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
Construction loan payable	Amortized cost
Deferred unit-based compensation	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, 2022 and 2021, the Trust had no embedded derivatives requiring separate recognition.

(n) Cash and Cash Equivalents

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

(o) Critical Judgment in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see NOTE 2(u) to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021), 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) Income Taxes

The Trust applies judgment in determining the tax rates applicable to its corporate subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes related to temporary differences arising from its corporate subsidiaries are measured based on the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

(ii) 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, 2022 and 2021. In applying this policy, judgment is applied in determining the extent and frequency of utilizing independent, third-party appraisals to measure the fair value of the Trust's investment property. Additionally, 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.

(iii) 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.

(p) Key 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, 2022 and 2021. 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, 2022 and 2021 for sensitivity analysis.

(ii) Property, Plant and Equipment

The useful economic life of property, plant and equipment for the purposes of calculating depreciation and amortization, as disclosed in NOTE 5 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021, and forecasts of economic factors to determine recoverable amounts for the purpose of determining any impairment of assets, are based on data and information from various sources including industry practice and entity specific history.

(iii) 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.

(iv) Utility Accrual

The amount of utility accrual for charges related to the current or prior year is based on estimates of usage and price for the time period in which invoices have not been received from the utility providers.

(v) Deferred Taxes

The amount of the temporary differences between the accounting carrying value of the Trust's assets and liabilities held in various corporate subsidiaries versus the tax bases of those assets and liabilities and the tax rates at which the differences will be realized are outlined in NOTE 15 to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

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

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	Possible Impact on Consolidated Financial Statements
IFRS 3 – Business Combinations	The amendment updates reference to the Conceptual Framework. Specifically, the standard is updated to refer to the 2018 Conceptual Framework instead of the 1989 Framework; a new requirement is added that, for transactions and other events within the scope of IAS 37 or interpretations of the IFRS Committee ("IFRIC") 21 – Levies, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and the addition of an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.	This amendment was applied prospectively on January 1, 2022 and there was no impact on the consolidated financial statements.
IAS 16 – Property, Plant and Equipment	The amendment covers proceeds from selling items produced from property, plant and equipment before its intended use. Specifically, the amendment to the standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Early adoption of this amendment was applied retrospectively on January 1, 2022 and there was no impact on the consolidated financial statements.
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	The amendment clarifies what costs an entity considers in assessing whether a contract is onerous. Specifically, the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	This amendment was applied prospectively to contracts for which the entity had not yet fulfilled all its obligations on January 1, 2022 and there was no impact on the consolidated financial statements.
IFRS 9 – Financial Instruments	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms or similarly when a substantial modification of the terms of an existing financial liability or a part of it occurs. Specifically, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	This amendment was applied prospectively on January 1, 2022 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, 2022 and 2021, 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	<p>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.</p>	<p>The Trust is assessing the potential impact but does not expect any significant impact.</p>
IAS 1 – Presentation of Financial Statements	<p>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.</p> <p>The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively, with earlier application permitted.</p> <p>The IASB has published an exposure draft of proposed amendments to IAS 1 to clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. In addition, the amendments propose to defer the effective date to no earlier than January 1, 2024.</p>	<p>The Trust is currently evaluating the impact of the amendments.</p>
IAS 1 – Presentation of Financial Statements	<p>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 an accounting policy information is likely to be considered material.</p> <p>The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively, with earlier application permitted.</p>	<p>The Trust is assessing the potential impact but does not expect any significant impact.</p>
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	<p>The amendment deals with the definition of accounting estimates. Specifically, the amendment adds a definition of accounting estimate and provides clarification on relationship between an accounting policy and an accounting estimate as well as on use of inputs or measurement techniques and treatment in case of changes therein.</p> <p>The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively, with earlier application permitted.</p>	<p>The Trust is assessing the potential impact but does not expect any significant impact.</p>

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 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts
- IAS 12 - Income Taxes

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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 2022, 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, 2022. 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, 2022. 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, 2022, 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, 2022, 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”).

2023 FINANCIAL OUTLOOK AND MARKET GUIDANCE

As is customary, the Trust is providing its outlook and financial guidance for the upcoming 2023 fiscal year as part of its year end results. The Trust's 2023 objectives are as follows:

Description	2023 Guidance	2022 Actual	Q3 2022 Revised Guidance
Stabilized Property NOI Growth	8.5%-12.5%	3.8%	3%-5%
Profit	N/A	\$283,096	N/A
FFO ⁽¹⁾⁽²⁾	N/A	\$157,444	N/A
AFFO ⁽¹⁾⁽²⁾	N/A	\$126,181	N/A
FFO Per Unit ⁽²⁾	\$3.25-\$3.45	\$3.13	\$3.08-\$3.15
AFFO Per Unit ⁽²⁾	\$2.59-\$2.79 utilizing a Maintenance CAPEX of \$982/suite/year	\$2.51 utilizing a Maintenance CAPEX of \$931/suite/year	\$2.44-\$2.51 utilizing a Maintenance CAPEX of \$965/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).

The reader is cautioned that this information is forward-looking and actual results may vary materially from those reported. One of the key estimates is the performance of the Trust's stabilized properties. Any significant change in assumptions deriving "Stabilized 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" of this MD&A.

In addition to the above financial guidance for 2023, the Board of Trustees approved the 2023 Capital Budget as follows:

Capital Budget (\$000's)	2023 Budget	Per Suite	2022 Actual	Per Suite
Maintenance Capital Expenditures	\$ 33,168	\$ 982	\$ 31,263	\$ 931
Value-add Capital	104,832	3,110	98,089	2,921
Investment in capital assets	\$ 138,000	\$ 4,082	\$ 129,352	\$ 3,852
Development of investment properties	\$ 43,068		\$ 17,747	

In total, the Trust expects to invest \$138.0 million (or \$4,082 per suite) in capital assets in 2023, compared to \$129.4 million (or \$3,852 per suite) actually spent in 2022. The Trust has estimated its Maintenance Capital Expenditures for 2023 at \$982 per suite per year, compared to \$931 per suite per year in 2022, using a three-year rolling average. Additionally, for 2023, Boardwalk is estimating \$43.1 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, 2022 and 2021, 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.sedar.com.

The consolidated statements of comprehensive income (loss) 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 <i>(Cdn\$ Thousands, except per Unit amount)</i>	Twelve Months Ended	
	Dec. 31, 2022	Dec. 31, 2021
Rental revenue	\$ 494,806	\$ 470,531
Profit	283,096	446,267
FFO ⁽¹⁾⁽²⁾	157,444	150,207
Profit per Trust Unit		
– Basic	\$ 6.17	\$ 9.59
– Diluted	\$ 5.23	\$ 9.59
FFO per Unit ⁽²⁾		
– Basic	\$ 3.43	\$ 3.00
– Diluted	\$ 3.13	\$ 2.94
Mortgages payable	3,214,554	2,978,437
Total assets	7,067,275	6,660,653
Number of suites	33,810	33,264
Rentable square feet (000's)	29,310	28,888

Quarterly Comparative <i>(Cdn\$ Thousands, except per Unit amount)</i>	Three Months Ended							
	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021
Rental revenue	\$ 128,772	\$ 125,471	\$ 122,286	\$ 118,277	\$ 118,728	\$ 118,446	\$ 117,596	\$ 115,761
Profit	14,137	47,043	152,488	69,428	131,140	235,539	50,611	28,977
FFO ⁽¹⁾⁽²⁾	39,973	42,705	40,281	34,488	38,316	40,522	38,160	33,210
Profit per Trust Unit								
– Basic	\$ 0.31	\$ 1.03	\$ 3.32	\$ 1.51	\$ 2.82	\$ 5.06	\$ 1.09	\$ 0.62
– Diluted	\$ 0.31	\$ 1.02	\$ 1.54	\$ 1.51	\$ 2.82	\$ 5.06	\$ 1.09	\$ 0.62
FFO per Unit ⁽²⁾	\$ 0.80	\$ 0.85	\$ 0.80	\$ 0.68	\$ 0.75	\$ 0.79	\$ 0.75	\$ 0.65

(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.

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.sedar.com.

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, 2022 and 2021, 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 a summary of significant accounting policies (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, 2022 and 2021, 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, 2022. 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 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 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.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 22, 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CDN \$ THOUSANDS)

As at	Note	Dec. 31, 2022	Dec. 31, 2021
ASSETS			
Non-current assets			
Investment properties	4	\$ 6,900,745	\$ 6,492,969
Property, plant and equipment	5	31,352	29,877
Equity accounted investment	6	40,871	41,118
Investment in private technology venture fund		3,303	2,019
Lease receivable		-	267
Deferred tax assets	15	859	933
		6,977,130	6,567,183
Current assets			
Inventories		7,765	8,015
Prepaid expenses and other	7	15,979	6,478
Lease receivable		321	697
Trade and other receivables	8	4,641	6,155
Segregated tenants' security deposits	9	8,623	7,825
Cash and cash equivalents	10	52,816	64,300
		90,145	93,470
Total Assets		\$ 7,067,275	\$ 6,660,653
LIABILITIES			
Non-current liabilities			
Mortgages payable	11	\$ 2,709,601	\$ 2,471,014
Lease liabilities	12	76,602	76,182
Deferred unit-based compensation	13	4,181	4,660
Deferred tax liabilities	15	2	-
Deferred government grant		3,750	4,128
LP Class B Units	16	221,199	245,364
		3,015,335	2,801,348
Current liabilities			
Mortgages payable	11	504,953	507,423
Lease liabilities	12	3,396	3,909
Construction loan payable		-	21,187
Deferred unit-based compensation	13	3,878	2,328
Deferred government grant		378	378
Refundable tenants' security deposits		12,363	11,129
Trade and other payables	14	59,974	59,773
		584,942	606,127
Total Liabilities		3,600,277	3,407,475
Equity			
Unitholders' equity	17	3,466,998	3,253,178
Total Equity		3,466,998	3,253,178
Total Liabilities and Equity		\$ 7,067,275	\$ 6,660,653

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, 2022	Year Ended Dec. 31, 2021
Rental revenue	18	\$ 494,806	\$ 470,531
Rental expenses			
Operating expenses		102,527	96,845
Utilities		52,572	49,751
Property taxes		51,047	49,595
Total rental expenses		206,146	196,191
Net operating income		288,660	274,340
Financing costs	19	96,086	89,749
Administration		33,859	33,282
Deferred unit-based compensation	13	2,556	2,392
Depreciation		7,782	7,809
Profit before the undernoted		148,377	141,108
Loss from equity accounted investment	6	(247)	-
Loss on sale of assets	20	-	(1,953)
Fair value gains	21	132,256	307,002
Other income		2,788	-
Profit before income tax		283,174	446,157
Income tax (expense) recovery	15	(78)	110
Profit		283,096	446,267
Other comprehensive income		-	-
Total comprehensive income		\$ 283,096	\$ 446,267

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, 2020	\$ 202,512	\$ 4,155,480	\$ (1,481,543)	\$ 2,673,937	\$ 2,876,449
Units issued	1,064	-	-	-	1,064
Units purchased and cancelled	(3,882)	(20,167)	-	(20,167)	(24,049)
Profit	-	446,267	-	446,267	446,267
Total comprehensive income	-	446,267	-	446,267	446,267
Distributions	-	-	(46,553)	(46,553)	(46,553)
Distribution in Units	14,995	-	(14,995)	(14,995)	-
Balance, December 31, 2021	\$ 214,689	\$ 4,581,580	\$ (1,543,091)	\$ 3,038,489	\$ 3,253,178
Units issued	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

See accompanying notes to these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(CDN \$ THOUSANDS)

	Note	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Operating activities			
Profit		\$ 283,096	\$ 446,267
Loss on sale of assets	20	-	1,953
Other income		(2,788)	-
Financing costs	19	96,086	89,749
Interest paid		(87,639)	(82,951)
Deferred unit-based compensation	13	2,556	2,392
Loss from equity accounted investment	6	247	-
Fair value gains	21	(132,256)	(307,002)
Income tax expense (recovery)	15	78	(110)
Income tax paid		(2)	-
Government grant amortization		(378)	(378)
Depreciation		7,782	7,809
		166,782	157,729
Net change in operating working capital	28	(5,878)	4,131
Cash flow from operating activities		160,904	161,860
Investing activities			
Purchase of investment properties, net of financing	4	(52,159)	(40,316)
Investment in capital assets	28	(129,352)	(127,003)
Development of investment properties	4	(17,747)	(10,511)
Net cash proceeds from sale of investment properties	20	-	43,309
Capital contribution in equity accounted investment	6	-	(6,151)
Distributions from investment in private technology venture fund, net of capital contribution		2,994	-
Principal repayments on lease receivable		725	652
Repayment of mortgage receivable		-	2,746
Net change in investing working capital	28	(1,519)	(603)
Cash flow used in investing activities		(197,058)	(137,877)
Financing activities			
Distributions paid	28	(48,631)	(46,587)
Unit repurchase program	17	(21,671)	(24,049)
Proceeds from mortgage financings		352,712	210,197
Mortgage payments upon refinancing		(139,665)	(65,861)
Scheduled mortgage principal repayments		(74,588)	(72,459)
Repayment of construction loan financing		(21,187)	-
Deferred financing costs incurred		(17,076)	(10,039)
Principal repayments on lease liabilities		(3,965)	(3,841)
Net change in financing working capital	28	(1,259)	(4)
Cash flow from (used in) financing activities		24,670	(12,643)
Net (decrease) increase in cash		(11,484)	11,340
Cash and cash equivalents, beginning of year		64,300	52,960
Cash and cash equivalents, end of year	10	\$ 52,816	\$ 64,300

See accompanying notes to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended, December 31, 2022 and 2021

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

NOTE 1: ORGANIZATION OF THE TRUST

Boardwalk Real Estate Investment Trust (“Boardwalk REIT” or the “Trust” or the “Entity”) is an unincorporated, open-ended real estate investment trust created pursuant to the Declaration of Trust (“DOT”), dated January 9, 2004, and as amended and restated on various dates between May 3, 2004 and May 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: SIGNIFICANT 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).

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Trust and its consolidated subsidiaries (see NOTE 26), 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 (see NOTE 2(i)).

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 re-development (consisting of development sites, density or intensification rights and related infrastructure) are specifically identifiable costs incurred in the period before construction is complete. Capitalized costs include pre-construction costs essential to the development or re-development of the property, construction costs, borrowing costs directly attributable to the development, real estate taxes, and other costs incurred during the period of development or re-development. Additions to investment properties consist of costs of a capital nature and, in the case of properties under development and/or redevelopment, capitalized interest. Directly attributable borrowing costs are also capitalized on land or properties acquired specifically for development or redevelopment when activities necessary to prepare the asset for development or redevelopment are in progress in accordance with IAS 23 – Borrowing Costs (“IAS 23”). Where borrowings are associated with specific developments, the amount capitalized is the 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 IAS 40 (see NOTE 2(f)) and IFRS 5 (see NOTE 2(i)).

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 (see NOTE 2(j)). 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 (NOTE 5)	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 assets	Site equipment and other assets	10% to 20%	Declining balance
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) Assets Held for Sale

Non-current assets and groups of assets and liabilities, which comprise disposal groups, are categorized as assets (or disposal groups) held for sale where the asset (or disposal group) is available for sale in its present condition, and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the non-current asset (or disposal group) is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where an asset (or disposal group) is acquired with a view to resell, it is classified as a non-current asset (or disposal group) held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a short period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect non-current assets held for sale. The gains or losses arising on a sale of assets (or disposal groups) that does not meet the definition of discontinued operations will be recognized as part of continuing operations, while the gains or losses arising on a sale of assets (or disposal groups) that meets the definition of discontinued operations will be reported as part of discontinued operations in the consolidated statement of comprehensive income.

(j) Impairment of Assets

At the end of each reporting period, assets, other than those identified in the standard as not being applicable to IAS 36 – Impairment of Assets (“IAS 36”), such as investment properties recorded at fair value, are assessed for any indication of impairment. Should the indication of impairment exist, the recoverable amount (see below) of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset's "fair value less cost to sell" and its "value-in-use". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of comprehensive income. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period (with the exception of goodwill), a reversal of the impairment loss is recorded in profit or loss. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized.

(k) Inventories

Inventories consists of parts and supplies and items such as baseboards, carpet, and linoleum, which the Trust routinely uses in the maintenance and upgrading of its investment properties. These items are kept on hand so they are readily available for use. When items of inventory are used, they are expensed as part of maintenance expense or they are capitalized to investment properties, depending on the nature of the inventory used and whether or not the useful life of an asset has been extended as a result of its use.

Inventories are measured at the lower of cost and net realizable value. The costs of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and third-party transport, handling, and other costs directly attributable to the acquisition of goods and materials, less any trade discounts, rebates and other similar items, using the first-in, first-out method of cost assignment. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

(l) 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 measure 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(r) 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.

(m) Taxation

For fiscal 2022 and 2021, 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 (NOTE 26 summarizes the Trust’s subsidiaries, including its corporate subsidiaries). 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.

(n) 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.

(o) Unit-based Payments

Equity-settled 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 IAS 32 – Financial Instruments: Presentation (“IAS 32”), 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 9 – Financial Instruments (“IFRS 9”), the deferred units are classified as ‘fair value through profit or loss’ and 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.

(p) Government Assistance and Grants

The Trust receives government assistance in order to complement and partially assist the Trust’s initiatives in providing affordable housing to low income-earning individuals. Government grants are not recognized until there is reasonable assurance that the Trust will comply with the conditions attached to them and that the grants will be received. In December 2013, the Trust received a government grant totaling \$7.5 million to provide affordable housing for a term of 20 years related to a property in Calgary, Alberta. In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance (“IAS 20”), this grant is being recognized to rental revenue on a systematic basis over the 20-year period in which the Trust recognizes revenue from the 54 suites classified as affordable suites.

(q) 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 18 and NOTE 29).

(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. Interest income is included in financing costs in the consolidated statement of comprehensive income.

(iv) Ancillary Rental Income

Ancillary rental income comprises revenue from coin laundry machines located on the Trust’s existing building sites, and income received from telephone and cable providers and is recorded when earned.

(v) Development Management Fees

Boardwalk has an interest in an investment property through a joint arrangement whereby the Trust provides development management services to the co-owners. As the services are provided over a period of time, income is recognized on a straight-line basis, unless there is evidence that some other method would better reflect the pattern of performance.

(vi) Property Management Fees

Boardwalk has an interest in two investment properties through joint arrangements whereby the Trust provides residential property management services to the co-owners for a management fee equal to 3.5% of gross revenue generated from the residential component of the investment properties. The management fees are recorded as services are provided.

(r) 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
Construction loan payable	Amortized cost
Deferred unit-based compensation	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, 2022 and 2021, the Trust had no embedded derivatives requiring separate recognition.

(s) Cash and Cash Equivalents

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

(t) Critical Judgment in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see NOTE 2(u) 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) Income Taxes

The Trust applies judgment in determining the tax rates applicable to its corporate subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes related to temporary differences arising from its corporate subsidiaries are measured based on the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

(ii) 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, judgment is applied in determining the extent and frequency of utilizing independent, third-party appraisals to measure the fair value of the Trust's investment property. Additionally, 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.

(iii) 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.

(u) Key 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 significantly alter the fair value of an investment property. Please refer to NOTE 4 for sensitivity analysis.

(ii) Property, Plant and Equipment

The useful economic life of property, plant and equipment for the purposes of calculating depreciation and amortization, as disclosed in NOTE 5, and forecasts of economic factors to determine recoverable amounts for the purpose of determining any impairment of assets, are based on data and information from various sources including industry practice and entity specific history.

(iii) 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.

(iv) Utility Accrual

The amount of utility accrual for charges related to the current or prior year is based on estimates of usage and price for the time period in which invoices have not been received from the utility providers.

(v) Deferred Taxes

The amount of the temporary differences between the accounting carrying value of the Trust's assets and liabilities held in various corporate subsidiaries versus the tax bases of those assets and liabilities and the tax rates at which the differences will be realized are outlined in NOTE 15.

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	Possible Impact on Consolidated Financial Statements
IFRS 3 – Business Combinations	The amendment updates reference to the Conceptual Framework. Specifically, the standard is updated to refer to the 2018 Conceptual Framework instead of the 1989 Framework; a new requirement is added that, for transactions and other events within the scope of IAS 37 or interpretations of the IFRS Committee ("IFRIC") 21 – Levies, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and the addition of an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.	This amendment was applied prospectively on January 1, 2022 and there was no impact on the consolidated financial statements.
IAS 16 – Property, Plant and Equipment	The amendment covers proceeds from selling items produced from property, plant and equipment before its intended use. Specifically, the amendment to the standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Early adoption of this amendment was applied retrospectively on January 1, 2022 and there was no impact on the consolidated financial statements.
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	The amendment clarifies what costs an entity considers in assessing whether a contract is onerous. Specifically, the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	This amendment was applied prospectively to contracts for which the entity had not yet fulfilled all its obligations on January 1, 2022 and there was no impact on the consolidated financial statements.
IFRS 9 – Financial Instruments	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms or similarly when a substantial modification of the terms of an existing financial liability or a part of it occurs. Specifically, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	This amendment was applied prospectively on January 1, 2022 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	<p>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.</p>	<p>The Trust is assessing the potential impact but does not expect any significant impact.</p>
IAS 1 – Presentation of Financial Statements	<p>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.</p> <p>The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively, with earlier application permitted.</p> <p>The IASB has published an exposure draft of proposed amendments to IAS 1 to clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. In addition, the amendments propose to defer the effective date to no earlier than January 1, 2024.</p>	<p>The Trust is currently evaluating the impact of the amendments.</p>
IAS 1 – Presentation of Financial Statements	<p>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 an accounting policy information is likely to be considered material.</p> <p>The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively, with earlier application permitted.</p>	<p>The Trust is assessing the potential impact but does not expect any significant impact.</p>
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	<p>The amendment deals with the definition of accounting estimates. Specifically, the amendment adds a definition of accounting estimate and provides clarification on relationship between an accounting policy and an accounting estimate as well as on use of inputs or measurement techniques and treatment in case of changes therein.</p> <p>The amendment is effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively, with earlier application permitted.</p>	<p>The Trust is assessing the potential impact but does not expect any significant impact.</p>

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

- IFRS 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts
- IAS 12 – Income Taxes

NOTE 4: INVESTMENT PROPERTIES

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Balance, beginning of year	\$ 6,492,969	\$ 5,948,955
Additions		
Building acquisitions	159,735	72,316
Building improvements (incl. internal capital program)	123,885	121,492
Development of investment properties ⁽¹⁾⁽²⁾	17,747	10,511
Dispositions	-	(64,174)
Fair value gains, unrealized	106,409	403,869
Balance, end of year	\$ 6,900,745	\$ 6,492,969

As at	Dec. 31, 2022	Dec. 31, 2021
Fair value of investment properties, before buildings valued at Level 2 inputs, right-of-use assets, and developments	\$ 6,613,279	\$ 6,309,079
Buildings valued at Level 2 inputs	159,735	72,316
Fair value, right-of-use assets (IFRS 16 – Leases)	74,502	76,092
Revenue producing properties	6,847,516	6,457,487
Properties under development	53,229	35,482
Total	\$ 6,900,745	\$ 6,492,969

(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.

(2) On February 1, 2021, the Trust purchased a parcel of land in Victoria, British Columbia for a purchase price of \$1.9 million. The acquisition was funded with cash on hand, and is adjacent to land the Trust previously purchased in 2020, for a planned development project of new rental suites.

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.

On April 19, 2021, the Trust acquired a property in Victoria, British Columbia. The property is comprised of 114 suites and was purchased for \$48.2 million. The acquisition was funded with mortgage financing of \$32.0 million and cash on hand of \$16.2 million.

On April 16, 2021, the Trust acquired a property in Banff, Alberta. The property is comprised of 81 suites and was purchased using cash on hand for \$24.1 million.

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Building Acquisitions		
Purchase price	\$ 159,370	\$ 72,000
Transaction costs	1,378	316
Market debt adjustment	(1,013)	-
Total	\$ 159,735	\$ 72,316
Allocation of fair value to investment properties	\$ 159,735	\$ 72,316
Multi-family suites acquired	458	195
Purchase price	\$ 159,370	\$ 72,000
Transaction costs	1,378	316
Proceeds from mortgage financing	(108,589)	(32,000)
Net cash paid	\$ 52,159	\$ 40,316

Please refer to NOTE 20 for details on the Trust's dispositions in fiscal 2022 and 2021.

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, 2022, 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, 2022						
	Balance, Beginning of Year	Building Acquisitions	Improvements to Investment Properties	Development of Investment Properties	Dispositions	Fair Value Gains (Losses)	Balance, End of Year
Recurring measurements							
Investment properties							
Calgary	\$1,437,689	\$ 40,929	\$ 17,922	\$ 9	\$ -	\$ 154,698	\$1,651,247
Edmonton	2,242,360	-	53,711	-	-	(73,754)	2,222,317
Other Alberta	282,944	63,589	8,692	-	-	(11,540)	343,685
Victoria	78,914	-	103	16,670	-	6,998	102,685
Brampton	3,086	55,217	1,323	1,063	-	(1,323)	59,366
Cambridge	32,918	-	116	-	-	293	33,327
Kitchener	119,950	-	2,449	-	-	3,546	125,945
London	478,529	-	6,539	-	-	17,360	502,428
Waterloo	18,870	-	184	-	-	2,147	21,201
Montreal	138,858	-	2,493	-	-	(2,653)	138,698
Quebec City	234,034	-	5,226	-	-	(4,591)	234,669
Regina	322,077	-	5,520	5	-	9,773	337,375
Saskatoon	278,184	-	8,599	-	-	(5,986)	280,797
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

Year Ended December 31, 2021

	Balance, Beginning of Year	Building Acquisitions	Improvements to Investment Properties	Development of Investment Properties	Dispositions	Fair Value Gains (Losses)	Balance, End of Year
Recurring measurements Investment properties							
Calgary	\$ 1,316,253	\$ -	\$ 17,486	\$ 11	\$ -	\$ 103,939	\$ 1,437,689
Edmonton	2,165,320	-	44,234	-	(21,005)	53,811	2,242,360
Other Alberta	278,647	-	7,074	-	-	(2,777)	282,944
Victoria	27,883	48,203	32	2,828	-	(32)	78,914
Brampton	1,916	-	-	1,170	-	-	3,086
Cambridge	29,550	-	285	-	-	3,083	32,918
Kitchener	103,260	-	2,961	-	-	13,729	119,950
London	407,868	-	7,951	-	-	62,710	478,529
Mississauga	11,993	-	-	6,496	(18,202)	(287)	-
Waterloo	17,194	-	160	-	-	1,516	18,870
Montreal	120,882	-	3,433	-	-	14,543	138,858
Quebec City	209,380	-	10,560	-	-	14,094	234,034
Regina	294,908	-	7,666	6	-	19,497	322,077
Saskatoon	264,053	-	6,540	-	(24,967)	32,558	278,184
Land leases	699,848	24,113	13,110	-	-	87,485	824,556
Total	\$ 5,948,955	\$ 72,316	\$ 121,492	\$ 10,511	\$ (64,174)	\$ 403,869	\$ 6,492,969

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, 2022, all of the Trust's investment properties were Level 3 inputs, except newly acquired buildings within the last year which were Level 2 inputs. For investment properties measured at fair value as at December 31, 2022 and December 31, 2021, transfers into Level 3 fair value measurements include the following:

- (i) There were two investment properties transferred during the year ended December 31, 2022 from Level 2 into Level 3 fair value measurements. These two investment properties were valued using Level 3 inputs as at December 31, 2022 and valued using Level 2 inputs as at December 31, 2021. The fair value of these two investment properties as at December 31, 2022, totaled \$82.7 million and were valued using Level 3 inputs (December 31, 2021 – \$72.3 million valued using Level 2 inputs).
- (ii) There were five investment properties transferred during the year ended December 31, 2021 from Level 2 into Level 3 fair value measurements. These five investment properties were valued using Level 3 inputs as at December 31, 2021 and valued using Level 2 inputs as at December 31, 2020. The fair value of these five investment properties as at December 31, 2021, totaled \$90.6 million and were valued using Level 3 inputs (December 31, 2020 – \$81.4 million valued using Level 2 inputs).

These seven 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 seven investment properties, there were no other transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2022 and December 31, 2021.

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 Agrées 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, 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%
December 31, 2021	4	\$ 781,480	12.0%
September 30, 2021	4	\$ 155,616	2.4%
June 30, 2021	4	\$ 146,358	2.4%
March 31, 2021	4	\$ 223,698	3.7%

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, 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.

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, 2022		Dec. 31, 2021	
	Capitalization Rate Weighted Average	Forecasted Total Stabilized Net Operating Income	Capitalization Rate Weighted Average	Forecasted Total Stabilized Net Operating Income
Calgary	4.74%	\$ 76,317	4.74%	\$ 68,154
Edmonton	5.04%	111,952	5.04%	112,968
Other Alberta	6.41%	17,907	6.44%	18,178
Cambridge	4.00%	1,333	4.00%	1,317
Kitchener	4.00%	5,038	4.00%	4,798
London	4.01%	20,135	4.01%	19,176
Waterloo	4.00%	848	4.00%	755
Montreal	4.72%	6,541	4.73%	6,571
Quebec City	4.87%	11,424	5.00%	11,706
Regina	5.66%	19,077	5.68%	18,279
Saskatoon	5.69%	15,972	5.69%	15,818
Victoria	4.25%	2,350	-%	-
	4.95%	\$ 288,894	4.97%	\$ 277,720
Land Leases	4.69%	36,198	4.66%	33,724
Total	4.92%	\$ 325,092	4.94%	\$ 311,444

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, 2022 and 2021, was 4.92% and 4.94%, 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 significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in 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, 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)

As at December 31, 2021		Stabilized Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Cap Rate		\$ 302,101	\$ 308,330	\$ 311,444	\$ 314,558	\$ 320,787
-0.25%	4.69%	\$ 137,191	\$ 270,104	\$ 336,560	\$ 403,017	\$ 535,929
Cap Rate As Reported	4.94%	(189,272)	(63,091)	6,309,079	63,091	189,272
+0.25%	5.19%	(484,263)	(364,164)	(304,114)	(244,064)	(123,965)

Investment properties with a fair value of \$772.5 million (December 31, 2021 – \$748.5 million) are situated on land held under land leases.

Investment properties with a fair value of \$808.6 million (December 31, 2021 – \$813.7 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 a structured loan. In addition, investment properties with a fair value of \$6.6 billion (December 31, 2021 – \$6.1 billion) are pledged as security against the Trust’s mortgages payable. As at December 31, 2022, 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 joint venture for the construction of the new development project consisting of two mixed-use towers in Brampton, Ontario, of which one of the towers was completed and operations commenced during the fourth quarter of 2022 (NOTE 6).

For the years ended December 31, 2022 and 2021, investment properties earned rental revenue (including ancillary rental income) of \$494.8 million and \$470.5 million, respectively. Total rental expenses in relation to investment properties were \$206.1 million and \$196.2 million for the years ended December 31, 2022 and 2021, respectively.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of PP&E were as follows:

As at	Dec. 31, 2022			Dec. 31, 2021		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Administration building	\$ 6,990	\$ (4,480)	\$ 2,510	\$ 6,851	\$ (4,265)	\$ 2,586
Site equipment and other	70,164	(49,403)	20,761	64,666	(45,222)	19,444
Corporate technology assets	52,725	(44,644)	8,081	49,105	(41,258)	7,847
Total	\$ 129,879	\$ (98,527)	\$ 31,352	\$ 120,622	\$ (90,745)	\$ 29,877

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	Disposals	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.

The following table outlines a reconciliation of the carrying amount of PP&E as at December 31, 2021:

	Balance, Beginning of Year	Additions to PP&E	Disposals	Depreciation	Balance, End of Year
Administration building	\$ 2,705	\$ 102	\$ -	\$ (221)	\$ 2,586
Site equipment and other	21,626	2,140	(72)	(4,250)	19,444
Corporate technology assets ⁽¹⁾	7,858	3,328	(1)	(3,338)	7,847
Total	\$ 32,189	\$ 5,570	\$ (73)	\$ (7,809)	\$ 29,877

(1) Included in corporate technology assets for the year ended December 31, 2021, was \$1.1 million of capitalized programmers’ salaries related to the internally developed software applications used by the Trust in the normal course of its operations.

NOTE 6: EQUITY ACCOUNTED INVESTMENT

On December 19, 2018, the Trust contributed \$9.9 million into a limited partnership (with a general partner operating as “Redwalk Brampton Inc.”) for a 50% interest in the partnership and the partnership is a joint venture. The principal activity of the partnership is to develop and operate a mixed-use property in Brampton, Ontario.

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

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Balance, beginning of year	\$ 41,118	\$ 34,967
Contributions	-	6,151
Share of loss	(247)	-
Balance, end of year	\$ 40,871	\$ 41,118

The following tables present the summarized financial information of the partnership:

As at	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	\$ 171,549	\$ 126,593
Current assets	871	1,387
Non-current liabilities	80,539	36,393
Current liabilities	10,140	9,352
Net assets	81,741	82,235
Trust's share	\$ 40,871	\$ 41,118

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Rental revenue	\$ 232	\$ -
Rental expenses		
Operating expenses	261	-
Utilities	83	-
Property taxes	19	-
Total rental expenses	363	-
Net operating loss	(131)	-
Financing costs	352	-
Administration	8	-
Depreciation	3	-
Loss	\$ (494)	\$ -
Trust's share	\$ (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, 2022, \$80.5 million has been drawn on this loan (December 31, 2021 – \$36.4 million), of which Boardwalk's portion is \$40.3 million (December 31, 2021 – \$18.2 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%.

The revolving construction facility loan contains three financial covenants. These covenants are consistent with those found in the credit facility outlined in NOTE 25(d). As at December 31, 2022, the Trust was in compliance with these covenants.

NOTE 7: PREPAID EXPENSES AND OTHER

The major components of prepaid expenses and other are as follows:

As at	Dec. 31, 2022	Dec. 31, 2021
Prepaid property taxes	\$ 392	\$ 380
Prepaid land leases	2,856	2,856
Prepaid expenses, deposits, and other	12,731	3,242
	\$ 15,979	\$ 6,478

NOTE 8: 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.

As at	Dec. 31, 2022	Dec. 31, 2021
Trade and other receivables	\$ 2,097	\$ 1,863
Receivable from insurers	2,544	3,774
Refundable mortgage fees	-	518
	\$ 4,641	\$ 6,155

Refer to NOTE 25(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.

NOTE 9: 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. Restricted cash and deposits totaled \$8.6 million at December 31, 2022 and \$7.8 million at December 31, 2021.

NOTE 10: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash of \$52.8 million and term deposits with maturities of 90 days or less of \$nil (December 31, 2021 – cash of \$64.3 million and term deposits of \$nil).

NOTE 11: MORTGAGES PAYABLE

As at	Dec. 31, 2022		Dec. 31, 2021	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Mortgages payable				
Fixed rate	2.72%	\$ 3,214,554	2.46%	\$ 2,978,437
Total		\$ 3,214,554		\$ 2,978,437
Current		\$ 504,953		\$ 507,423
Non-current		2,709,601		2,471,014
		\$ 3,214,554		\$ 2,978,437

Estimated future principal payments required to meet mortgage obligations as at December 31, 2022 are as follows:

	Secured By Investment Properties
12 months ending December 31, 2023	\$ 504,953
12 months ending December 31, 2024	468,332
12 months ending December 31, 2025	559,501
12 months ending December 31, 2026	551,118
12 months ending December 31, 2027	599,359
Subsequent	652,763
Total mortgage principal outstanding	3,336,026
Unamortized deferred financing costs	(120,739)
Unamortized market debt adjustments	(733)
	\$ 3,214,554

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 \$250,000 under a Letter of Credit issued in favor of CMHC. This agreement has been extended to April 25, 2023.

During the years ended December 31, 2022 and 2021, 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, 2022 (December 31, 2021 – \$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, 2027. 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, 2022 (December 31, 2021 – \$nil) under this facility, except for Letters of Credit (“LCs”) issued and outstanding. The LCs totaled \$3.9 million as at December 31, 2022 (December 31, 2021 – \$0.3 million). As such, approximately \$196.1 million was unused and available from this facility on December 31, 2022 (December 31, 2021 – \$199.7 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 25(d).

NOTE 12: 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 six to 73 years as at December 31, 2022. 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 five years.

As at	Dec. 31, 2022		Dec. 31, 2021	
	Weighted Average Interest	Lease Balance	Weighted Average Interest	Lease Balance
Lease liabilities				
Fixed rate	3.32%	\$ 79,998	3.23%	\$ 80,091
Total		\$ 79,998		\$ 80,091
Current		\$ 3,396		\$ 3,909
Non-current		76,602		76,182
		\$ 79,998		\$ 80,091

Estimated future principal payments required to meet lease liabilities as at December 31, 2022 are as follows:

	Amount
12 months ending December 31, 2023	\$ 3,396
12 months ending December 31, 2024	2,904
12 months ending December 31, 2025	2,693
12 months ending December 31, 2026	2,645
12 months ending December 31, 2027	2,565
Subsequent	65,795
Total lease liabilities	\$ 79,998

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, 2022, lease payments on short-term leases or leases of low value assets totaled \$2.0 million (year ended December 31, 2021 – \$2.0 million).

NOTE 13: DEFERRED UNIT-BASED COMPENSATION

As at	Dec. 31, 2022	Dec. 31, 2021
Current	\$ 3,878	\$ 2,328
Non-current	4,181	4,660
	\$ 8,059	\$ 6,988

The total of \$8.1 million represents the fair value of the underlying deferred units at December 31, 2022 (December 31, 2021 – \$7.0 million). These 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 21.

Details of the Deferred Unit-based Compensation Plan

During 2006, the Trust implemented a deferred unit-based compensation plan. The plan entitles the Board of Trustees, executives and leaders, 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, 2022 and 2021, 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	78,614
2021	65,270	March, June & December 2021	2,676	March, June & December 2026	54,624
2022	77,908	March, June & December 2022	3,966	March, June & December 2027	75,524
			\$ 22,084		252,675
Additional deferred units earned on units					13,297
					265,972

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, 2020	176,631	13,834
Deferred units granted	65,270	34,002
Additional deferred units earned on units	4,716	5,271
Deferred units forfeited	(3,280)	-
Deferred units converted to Trust Units or cash	(26,583)	(26,583)
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 or cash	(25,824)	(25,824)
Balance, December 31, 2022	265,972	35,151

For the year ended December 31, 2022, total costs of \$2.6 million (year ended December 31, 2021 – \$2.4 million) were recorded in expenses related to executive bonuses, leader bonuses, and trustee fees under the deferred unit plan.

NOTE 14: TRADE AND OTHER PAYABLES

As at	Dec. 31, 2022	Dec. 31, 2021
Trade payables and accrued liabilities	\$ 49,791	\$ 50,079
Distribution payable	4,520	4,221
Provisions	5,663	5,473
	\$ 59,974	\$ 59,773

As at December 31, 2022 and 2021, the Trust's most significant provision relates to vacation payable to its employees within each employee's individual employment agreement.

NOTE 15: INCOME TAXES

Current Income Tax

For the years ended December 31, 2022 and 2021, none of the Trust's corporate entities had current tax expense. The Trust had a tax expense from the most recent annual tax filing. As such, \$2,000 of current income tax expense was recorded for the Trust for the year ended December 31, 2022 (year ended December 31, 2021 – \$nil). 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 2022 and 2021, 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, 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

As at	Dec. 31, 2020	Recognized in Profit	Dec. 31, 2021
Deferred tax assets (liabilities) related to:			
Operating losses	\$ 825	\$ 108	\$ 933
Other	(2)	2	-
Net deferred tax assets	\$ 823	\$ 110	\$ 933
Deferred tax assets	\$ 825	\$ 108	\$ 933
Deferred tax liabilities	(2)	2	-
Net deferred tax assets	\$ 823	\$ 110	\$ 933

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, 2022 and 2021.

As at December 31, 2022, wholly-owned Canadian corporate subsidiaries have deferred tax assets of \$0.9 million (December 31, 2021 – \$0.9 million) related to operating losses, which expire over the next nine 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) recovery include the following:

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Current tax expense	\$ 2	\$ -
Deferred tax expense (recovery)	76	(110)
Total income tax expense (recovery)	\$ 78	\$ (110)

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

	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Profit before income tax	\$ 283,174	\$ 446,157
Remove (profit) from non-taxable entities	(232,048)	(396,156)
Accounting profit subject to tax	51,126	50,001
Deduct management fee charged to corporate entities	(51,122)	(50,224)
Taxable profit (loss)	4	(223)
Weighted average substantively enacted tax rate	26.51%	26.48%
Calculated income tax expense (recovery)	1	(59)
Changes to other deferred tax balances	77	(51)
Total income tax expense (recovery)	\$ 78	\$ (110)

NOTE 16: LP CLASS B UNITS

The Class B Limited Partnership Units (“LP Class B Units”), as defined in NOTE 17, representing an aggregate fair value of \$221.2 million at December 31, 2022 (December 31, 2021 – \$245.4 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 21.

As at December 31, 2022 and December 31, 2021, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 17: 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 16.

(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 twenty-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.

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, 2022		Dec. 31, 2021	
	Trust Units	Amount	Trust Units	Amount
Trust Units outstanding, beginning of year	46,137,112	\$ 214,689	46,548,948	\$ 202,512
Trust Units issued for vested deferred units	25,810	1,293	26,564	1,064
Trust Units purchased and cancelled	(440,000)	(4,083)	(438,400)	(3,882)
Distribution in Trust Units	-	-	273,474	14,995
Consolidation of Trust Units	-	-	(273,474)	-
Trust Units outstanding, end of year	45,722,922	\$ 211,899	46,137,112	\$ 214,689

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 17, 2022, Boardwalk REIT requested and received regulatory approval for a Normal Course Issue Bid (“Bid”), which commenced on November 22, 2022 and terminates on November 21, 2023. The Bid allows 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, 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

For the year ended December 31, 2021, Boardwalk REIT purchased and cancelled the following Trust Units:

Year Ended December 31, 2021		
Number of Trust Units Purchased and Cancelled	Purchase Cost	Cost per Trust Unit
438,400	\$ 24,049	\$ 54.85

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.

Distribution in Trust Units and Consolidation of Trust Units

As a result of the increase in taxable income generated primarily from sales transactions in the year ended December 31, 2021, the Board declared a special non-cash distribution on December 31, 2021, of 273,474 Trust Units at \$0.325 per Trust Unit totaling \$15.0 million.

Immediately following the issuance of Trust Units, the Trust Units were consolidated such that each Unitholder held the same number of Trust Units after the consolidation as each Unitholder held prior to the special non-cash distribution. As at December 31, 2021, the special distribution declared was recorded to Trust Units in accordance with IAS 32.

(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, 2022	Monthly Distribution	Units Outstanding Dec. 31, 2021	Monthly Distribution
Boardwalk REIT Trust Units	45,722,922	\$0.0900/unit	46,137,112	\$0.0834/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 \$0.0834 per Trust Unit on a monthly basis (\$1.00 on an annualized basis) in January and February 2022, to \$0.0900 per Trust Unit on a monthly basis (\$1.08 on an annualized basis) beginning March 2022, for total declared cash distributions for the year ended December 31, 2022 of \$48.9 million (year ended December 31, 2021 – \$1.00 per Unit or \$46.6 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, 2023 (to be paid on February 15, 2023) totaled \$4.1 million (\$0.09 per unit) and have not been included as a liability in the consolidated statement of financial position as at December 31, 2022.

(c) Profit per Trust Unit

	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Numerator		
Profit – basic	\$ 283,096	\$ 446,267
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	\$ 263,515	\$ 446,267
Denominator		
Weighted average Trust Units outstanding – basic	45,856,070	46,532,264
Conversion of LP Class B Units	4,475,000	-
Unexercised deferred units	25,718	-
Weighted average Trust Units outstanding – diluted	50,356,788	46,532,264
Profit per Trust Unit		
– basic	\$ 6.17	\$ 9.59
– diluted	\$ 5.23	\$ 9.59

All dilutive elements were included in the calculation of diluted per Trust Unit amounts. 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. For the year ended December 31, 2021, all items were anti-dilutive as the conversion of the LP Class B Units and the exercise of deferred units would have increased earnings per Trust Unit. As such, they were excluded in the calculation of diluted earnings per Trust Unit.

NOTE 18: 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 \$494.8 million for the year ended December 31, 2022 (year ended December 31, 2021 – \$470.5 million).

Rental revenue is comprised of the following:

	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Lease revenue	\$ 471,786	\$ 446,841
Parking revenue	8,838	7,928
Recoveries (cable, retirement) and revenue from telephone and cable providers	6,779	8,341
Revenue from coin laundry machines	4,193	4,012
Other (fees)	3,210	3,409
Total	\$ 494,806	\$ 470,531

As at December 31, 2022, 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	\$ 261,268	\$ 17,447	\$ 875

NOTE 19: 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 obligations under IFRS 16, and the amortization of deferred financing costs. Financing costs are net of interest income earned, including interest earned on the lease receivable. Financing costs total \$96.1 million for the year ended December 31, 2022 (year ended December 31, 2021 – \$89.7 million) and can be summarized as follows:

	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Interest on secured debt (mortgages payable)	\$ 82,312	\$ 75,810
Interest capitalized to properties under development	(1,704)	(1,926)
LP Class B Unit distributions	4,774	4,479
Other interest charges	1,902	2,146
Interest on lease liabilities	2,545	2,665
Interest income	(935)	(331)
Amortization of deferred financing costs	7,192	6,906
Total	\$ 96,086	\$ 89,749

For the year ended December 31, 2022, interest was capitalized to properties under development at a weighted average effective interest rate of 3.06% (year ended December 31, 2021 – 1.54%).

NOTE 20: LOSS ON SALE OF ASSETS AND NET CASH PROCEEDS

On December 15, 2021, the Trust sold 179 suites in Saskatoon, Saskatchewan, which forms part of the Saskatchewan geographical segment, for the sale price of \$25.0 million. On November 26, 2021, the Trust sold its 50% partnership interest in a joint operation to develop a mixed-use project consisting of 470 residential suites and approximately 12,000 square feet of retail space located in Mississauga, Ontario, which forms part of the corporate segment, for the sale price of \$18.2 million. On September 15, 2021, the Trust sold 70 suites in Edmonton, Alberta. Additionally, on June 30, 2021, the Trust sold 78 suites in Edmonton, Alberta. Both projects formed part of the Alberta geographical segment and were sold for a combined sales price of \$21.1 million. The loss on sale of assets and net cash proceeds is outlined below.

	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Sales price	\$ -	\$ 64,247
Costs of dispositions	-	(1,953)
Net proceeds	-	62,294
Net book value		
Investment property	-	64,174
Property, plant and equipment	-	73
	-	64,247
Loss on sale of assets	\$ -	\$ (1,953)
Sales price	\$ -	\$ 64,247
Mortgage discharged on sale	-	(18,985)
Costs of dispositions	-	(1,953)
Net cash proceeds	\$ -	\$ 43,309

NOTE 21: FAIR VALUE GAINS

	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Investment properties (NOTE 4)	\$ 106,409	\$ 403,869
Financial assets designated as FVTPL		
Investment in private technology venture fund	1,490	-
Mortgage receivable	-	(44)
Financial liabilities designated as FVTPL		
Deferred unit-based compensation	192	(2,445)
LP Class B Units	24,165	(94,378)
Total fair value gains	\$ 132,256	\$ 307,002

NOTE 22: GUARANTEES, CONTINGENCIES, COMMITMENTS AND OTHER

As discussed in NOTE 12, 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 and could impact its ability to make distributions to Unitholders.

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
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	75%	November 1, 2018 to October 31, 2021	\$3.40/GJ
Verdun, Quebec	74%	November 1, 2021 to October 31, 2025	\$4.29/GJ
London, Ontario	75%	November 1, 2018 to October 31, 2021	\$3.45/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, 2022 will not have a material impact on the Trust.

In the normal course of business, various agreements may be entered into that may contain features that meet the definition of a contingent liability in accordance with IFRS. With the property sale in Saskatoon, Saskatchewan on September 16, 2019, a mortgage totaling \$12.5 million was assumed by the purchaser. As at December 31, 2022, this mortgage had a balance of \$11.5 million. The mortgage, with a term maturity of April 1, 2023, has an indirect guarantee provided to the lender by the Trust until this mortgage is renewed or refinanced by the purchaser, whichever occurs sooner. With all guarantees, in the event of default by the purchaser, the Trust would be liable for the outstanding mortgage balance. These guarantees are considered contingent liabilities as payment of the amount will only occur if the purchaser defaults. If the purchaser does not default, the balance is not payable. Boardwalk REIT's maximum exposure at December 31, 2022 is approximately \$11.5 million (December 31, 2021 – \$52.8 million). In the event of default by the purchaser, Boardwalk REIT's recourse for recovery includes the sale of the respective building assets. Boardwalk REIT expects that the proceeds from the sale of the building assets will cover, and most likely exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at December 31, 2022 and 2021, no amounts have been recorded in the consolidated financial statements with respect to the above noted indirect guarantees.

NOTE 23: 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, 2022	Dec. 31, 2021
Net operating income	\$ 288,660	\$ 274,340
Administration	(33,859)	(33,282)
Deferred unit-based compensation	(2,556)	(2,392)
Consolidated EBITDA ⁽¹⁾ (12 months ended)	252,245	238,666
Consolidated interest expense (12 months ended)	85,824	80,291
Interest coverage ratio	2.94	2.97
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, 2022, the Trust's weighted average cost of capital was calculated to be 3.78%.

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

As at	Dec. 31, 2022		Dec. 31, 2021	
	Cost of Capital ⁽¹⁾	Underlying Value ⁽²⁾	Cost of Capital ⁽¹⁾	Underlying Value ⁽²⁾
Liabilities				
Mortgages payable	2.72%	\$ 3,035,528	2.46%	\$ 3,017,545
LP Class B Units	5.08%	221,199	4.21%	245,364
Deferred unit-based compensation	5.08%	8,059	4.21%	6,988
Unitholders' equity				
Boardwalk REIT Trust Units	5.08%	2,260,084	4.21%	2,529,698
Total	3.78%	\$ 5,524,870	3.30%	\$ 5,799,595

(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 – These are the mortgages outstanding on the Trust’s investment properties. The debt is primarily fixed rate debt and approximately 96% of this debt at December 31, 2022 is insured under the National Housing Act (“NHA”) and administered by Canada Mortgage and Housing Corporation (“CMHC”) (December 31, 2021 – approximately 98%). 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 47% of the fair value of the Trust’s investment properties (December 31, 2021 – approximately 46%). 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 25(d), Boardwalk REIT’s committed revolving credit facility agreements contain financial covenants.

The Trust had \$256.3 million in total available liquidity as at December 31, 2022 (December 31, 2021 – \$306.3 million), consisting of cash and cash equivalents on hand of \$52.8 million (December 31, 2021 – \$64.3 million), subsequent committed/funded financing of \$7.4 million (December 31, 2021 – \$42.2 million), as well as an unused committed revolving credit facility of \$196.1 million (December 31, 2021 – \$199.7 million). The Trust monitors its ratios and as at December 31, 2022 and December 31, 2021, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 24: 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, trade and other payables, and construction loan payable approximate their fair values due to their short-term nature.
- (ii) the fair value of the Trust’s investment in private technology venture fund is 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 values of the deferred unit-based compensation plan and 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 judgment and, therefore, cannot be determined with precision. Changes in estimates could significantly affect fair values. The significant financial instruments of Boardwalk REIT and their carrying values as at December 31, 2022 and December 31, 2021 are as follows:

As at	Dec. 31, 2022		Dec. 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial asset carried at FVTPL				
Investment in private technology venture fund	3,303	3,303	2,019	2,019
Financial liabilities carried at amortized cost				
Mortgages payable	3,214,554	3,035,528	2,978,437	3,017,545
Construction loan payable	-	-	21,187	21,187
Financial liabilities carried at FVTPL				
LP Class B Units	221,199	221,199	245,364	245,364
Deferred unit-based compensation	8,059	8,059	6,988	6,988

The fair value of the Trust's mortgages payable was lower than the recorded value by approximately \$179.0 million at December 31, 2022 (December 31, 2021 – higher by \$39.1 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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, 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 25.

(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, 2022			Dec. 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	\$ -	\$ 159,735	\$ 6,741,010	\$ -	\$ 72,316	\$ 6,420,653
Investment in private technology venture fund	-	-	3,303	-	-	2,019
Liabilities						
LP Class B Units	221,199	-	-	245,364	-	-
Deferred unit-based compensation	8,059	-	-	6,988	-	-

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, 2022 and December 31, 2021, 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 25: 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 National Housing Act ("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, 2022, 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 \$80.5 million outstanding, of which Boardwalk's portion is \$40.3 million, that is exposed to interest rate risk (NOTE 6). As such, for the year ended December 31, 2022, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be \$0.4 million (year ended December 31, 2021 - \$nil). For the mortgages payable that have fixed-rate debt, the Trust is exposed to interest rate risk on renewals. Please refer to NOTE 25(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 lease receivable and 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, 2022 and December 31, 2021, no balance relating to mortgage holdbacks, refundable mortgage fees, or accounts receivable from significant customers and insurers was past due. Additionally, the lease receivable is in good standing.

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 8). 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, 2022, bad debt expense totaled \$4.9 million (year ended December 31, 2021 – \$5.2 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 non-derivative and derivative (i.e. vested deferred units) financial liabilities listed by year of maturity date:

Year of Maturity	Weighted Average Interest Rate	Mortgage Principal Outstanding	Mortgage Interest ⁽¹⁾	Lease Liabilities Principal Outstanding	Tenants' Security Deposits	Distribution Payable ⁽²⁾	Trades and Other Payables	Total
2023	2.85%	\$ 440,630	\$ 83,268	\$ 336	\$ 12,363	\$ 4,520	\$ 55,454	\$ 596,571
2024	2.92%	428,022	70,060	571	-	-	-	498,653
2025	2.20%	547,730	57,801	900	-	-	-	606,431
2026	2.04%	568,960	46,191	-	-	-	-	615,151
2027	3.16%	635,340	31,625	3,690	-	-	-	670,655
Subsequent	3.09%	715,344	35,046	74,501	-	-	-	824,891
	2.72%	3,336,026	323,991	79,998	12,363	4,520	55,454	3,812,352
Unamortized deferred financing costs		(120,739)	-	-	-	-	-	(120,739)
Unamortized market debt adjustments		(733)	-	-	-	-	-	(733)
		\$ 3,214,554	\$ 323,991	\$ 79,998	\$ 12,363	\$ 4,520	\$ 55,454	\$3,690,880

(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 thousand under a Letter of Credit issued in favor of CMHC.

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, 2022 of approximately \$808.6 million). The amount available through the committed revolving credit facility varies with the value of the pledged assets, with a maximum limit not to exceed \$200.0 million and an available limit of \$196.1 million as at December 31, 2022 (December 31, 2021 – \$199.7 million). The revolving facility requires monthly interest payments, is for a five-year term maturing on July 25, 2027, 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, 2022, this ratio was 1.54 (December 31, 2021 – 1.52).
- (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, 2022, this ratio was 2.07 (December 31, 2021 – 1.28).
- (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, 2022, this ratio was 46.2% (December 31, 2021 – 46.1%).

As at December 31, 2022 and December 31, 2021, 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 22, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 26: 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 B Units and C Units are 100% owned by BPCL

Entity	Type	Relationship
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 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.
Nuns' Island Trust 1	Trust	100% owned by BLP
Nuns' 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 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 0.01% owned by Redwalk Brampton Inc.
Redwalk Brampton Inc.	Partnership	50% owned by Boardwalk REIT Properties Holdings Ltd.

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 27: 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 (as outlined in NOTE 26), 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, 2022 are listed below. These key management personnel have not changed since December 31, 2021, with the exception of including the CIO, VP, Technology and removing the VP, Operations. Effective March 1, 2022, the VP, Finance & Investor Relations was promoted to President.

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:

	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Short-term benefits	\$ 1,199	\$ 1,130
Post-employment benefits	53	53
Other long-term benefits	4	4
Deferred unit-based compensation redeemed for Trust Units	-	1,065
	\$ 1,256	\$ 2,252

In addition, the LP Class B Units are held by Mr. Sam Koliass (Chairman of the Board, Chief Executive Officer and Trustee) and Mr. Van Koliass (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, 2022, distributions on the LP Class B Units totaled \$4.8 million (year ended December 31, 2021 – \$4.5 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, 2022, there was \$0.4 million owed to related parties (December 31, 2021 – \$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 \$0.5 million (year ended December 31, 2021 – \$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 28: OTHER INFORMATION

(a) Supplemental Cash Flow Information

	Note	12 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Net change in operating working capital			
Net change in inventories		\$ 250	\$ (1,574)
Net change in prepaid assets		(9,501)	(294)
Net change in trade and other receivables		1,514	5,019
Net change in segregated and refundable tenants’ security deposits		436	131
Net change in trade and other payables		1,423	849
		\$ (5,878)	\$ 4,131
Net change in investing working capital			
Net change in trade and other payables		(1,519)	(603)
Net change in financing working capital			
Net change in trade and other payables		\$ (1,259)	\$ (4)
Investment in capital assets			
Improvements to investment properties	4	\$ (123,885)	\$ (121,492)
Additions to property, plant and equipment	5	(5,467)	(5,511)
		\$ (129,352)	\$ (127,003)
Distributions paid			
Distributions declared		\$ (48,898)	\$ (46,553)
Distributions declared in prior period paid in current period		(3,848)	(3,882)
Distributions declared in current period paid in next period		4,115	3,848
		\$ (48,631)	\$ (46,587)

- (b) Included in administration costs was \$3.2 million relating to Registered Retirement Savings Plan (“RRSP”) matching for the year ended December 31, 2022 (year ended December 31, 2021 – \$2.9 million).
- (c) The Trust declared regular distributions of \$53.7 million for the year ended December 31, 2021, which includes \$48.9 million of distributions on the Trust Units and \$4.8 million of distributions on the LP Class B Units, which under IFRS are considered financing costs (year ended December 31, 2021 – \$51.0 million, which includes \$46.6 million of distributions on the Trust Units and \$4.5 million of distributions on the LP Class B Units).

NOTE 29: 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 net profit. Financial information reported is on the same basis as used for internal evaluation and allocation of resources. Boardwalk REIT does not have any one major tenant or a significant group of tenants. Expiring leases are 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, 2022						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Assets	\$ 4,299,315	\$ 55,317	\$ 619,216	\$ 738,642	\$ 1,151,525	\$ 203,260	\$ 7,067,275
Liabilities	2,164,675	31,003	305,278	252,578	573,956	272,787	3,600,277

As at	December 31, 2021						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Assets	\$ 4,039,986	\$ 48,208	\$ 601,737	\$ 650,755	\$ 1,132,984	\$ 186,983	\$ 6,660,653
Liabilities	2,002,225	31,726	283,711	224,901	568,184	296,728	3,407,475

	Twelve Months Ended December 31, 2022						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	\$ 310,354	\$ 2,691	\$ 52,952	\$ 42,332	\$ 85,184	\$ 1,293	\$ 494,806
Rental expenses							
Operating expenses	64,513	241	9,321	7,722	14,653	6,077	102,527
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	131,852	508	20,211	16,337	30,518	6,720	206,146
Net operating income (loss)	178,502	2,183	32,741	25,995	54,666	(5,427)	288,660
Financing costs (b)	58,010	779	8,166	6,547	18,225	4,359	96,086
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	116,671	1,403	23,702	19,232	35,875	(48,506)	148,377
Loss from equity accounted investment	-	-	-	(247)	-	-	(247)
Fair value gains (losses)	73,828	6,998	3,786	21,776	(227)	26,095	132,256
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

Twelve Months Ended December 31, 2021

	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	\$ 294,914	\$ 1,849	\$ 52,125	\$ 38,473	\$ 82,094	\$ 1,076	\$ 470,531
Rental expenses							
Operating expenses	60,999	201	9,244	6,609	13,921	5,871	96,845
Utilities	31,527	75	7,448	4,045	6,302	354	49,751
Property taxes	32,921	116	4,284	4,001	8,052	221	49,595
Total rental expenses	125,447	392	20,976	14,655	28,275	6,446	196,191
Net operating income (loss)	169,467	1,457	31,149	23,818	53,819	(5,370)	274,340
Financing costs (b)	53,466	475	8,194	5,529	17,584	4,501	89,749
Administration	3,246	2	784	46	433	28,771	33,282
Deferred unit-based compensation	-	-	-	-	-	2,392	2,392
Depreciation (c)	834	1	179	46	141	6,608	7,809
Profit (loss) before the undernoted	111,921	979	21,992	18,197	35,661	(47,642)	141,108
Loss on sale of asset	(837)	-	(474)	-	-	(642)	(1,953)
Fair value gains (losses)	155,911	(32)	52,055	81,038	115,184	(97,154)	307,002
Profit (loss) before income tax	266,995	947	73,573	99,235	150,845	(145,438)	446,157
Income tax recovery (d)	-	-	-	-	-	110	110
Profit (loss)	\$ 266,995	\$ 947	\$ 73,573	\$ 99,235	\$ 150,845	\$ (145,328)	\$ 446,267
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income (loss)	\$ 266,995	\$ 947	\$ 73,573	\$ 99,235	\$ 150,845	\$ (145,328)	\$ 446,267
Additions to non-current assets (e)	\$ 94,963	\$ 48,241	\$ 13,850	\$ 11,391	\$ 24,043	\$ 17,402	\$ 209,890

(a) Rental Revenue

Twelve Months Ended December 31, 2022

	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Lease revenue	\$ 294,552	\$ 2,605	\$ 50,712	\$ 41,410	\$ 81,339	\$ 1,168	\$ 471,786
Parking revenue	5,461	105	599	356	2,316	1	8,838
Recoveries (cable, retirement) and revenue from telephone and cable providers	5,151	6	973	113	412	124	6,779
Revenue from coin laundry machines	2,739	-	257	523	674	-	4,193
Other (fees)	2,451	(25)	411	(70)	443	-	3,210
Total	\$ 310,354	\$ 2,691	\$ 52,952	\$ 42,332	\$ 85,184	\$ 1,293	\$ 494,806

Twelve Months Ended December 31, 2021

	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Lease revenue	\$ 279,822	\$ 1,788	\$ 48,655	\$ 37,649	\$ 77,971	\$ 956	\$ 446,841
Parking revenue	4,839	68	566	279	2,173	3	7,928
Recoveries (cable, retirement) and revenue from telephone and cable providers	5,039	2	2,171	118	894	117	8,341
Revenue from coin laundry machines	2,593	-	271	511	637	-	4,012
Other (fees)	2,621	(9)	462	(84)	419	-	3,409
Total	\$ 294,914	\$ 1,849	\$ 52,125	\$ 38,473	\$ 82,094	\$ 1,076	\$ 470,531

(b) Financing Costs

	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
Interest income	(4)	-	-	-	-	(931)	(935)
Amortization of deferred financing costs	4,704	55	734	624	1,075	-	7,192
Total	\$ 58,010	\$ 779	\$ 8,166	\$ 6,547	\$ 18,225	\$ 4,359	\$ 96,086

	Twelve Months Ended December 31, 2021						
	Alberta	British Columbia	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	\$ 48,793	\$ 439	\$ 7,509	\$ 5,038	\$ 14,031	\$ -	\$ 75,810
Interest capitalized to properties under development	-	-	-	-	-	(1,926)	(1,926)
LP Class B Unit distributions	-	-	-	-	-	4,479	4,479
Other interest charges	168	(1)	(43)	(25)	(16)	2,063	2,146
Interest on lease liabilities	-	-	-	-	2,451	214	2,665
Interest income	(2)	-	-	-	-	(329)	(331)
Amortization of deferred financing costs	4,507	37	728	516	1,118	-	6,906
Total	\$ 53,466	\$ 475	\$ 8,194	\$ 5,529	\$ 17,584	\$ 4,501	\$ 89,749

(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) Recovery

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 30: APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Trustees and authorized on February 22, 2023.

FIVE YEAR SUMMARY

<i>(\$000's except per Unit and per square foot)</i>	2018 (IFRS)	2019 (IFRS)	2020 (IFRS)	2021 (IFRS)	2022 (IFRS)
Assets					
Total Assets	\$ 6,109,091	\$ 6,276,384	\$ 6,107,744	\$ 6,660,653	\$ 7,067,275
Liabilities					
Total Liabilities	\$ 2,982,406	\$ 3,158,329	\$ 3,231,295	\$ 3,407,475	\$ 3,600,277
Equity					
Unitholders' equity	3,126,685	3,118,055	2,876,449	3,253,178	3,466,998
Total Liabilities and Equity	\$ 6,109,091	\$ 6,276,384	\$ 6,107,744	\$ 6,660,653	\$ 7,067,275
Trust Units outstanding (000) (including LP B Units)	50,867	50,936	51,024	50,612	50,198
Trust Unit price at year-end (\$)	\$ 37.81	\$ 45.93	\$ 33.74	\$ 54.83	\$ 49.43
Market capitalization (\$MM)	1,923.3	2,339.5	1,721.5	2,775.1	2,481.3
Number of rental suites	33,417	33,263	33,396	33,264	33,810
Total Assets per suite (\$000)	183	189	183	200	209
Total Liabilities per suite (\$000)	89	95	97	102	106
Net rentable square feet (000)	28,793	28,674	28,879	28,888	29,390
Total Assets per square foot (\$)	212	219	211	231	240
Total Liabilities per square foot (\$)	104	110	112	118	123
Average net rentable SF per suite	862	862	865	868	869
L/T debt weighted average interest rate	2.65%	2.74%	2.58%	2.46%	2.72%

FIVE YEAR SUMMARY

(\$000's except per Unit)	2018 (IFRS)	2019 (IFRS)	2020 (IFRS)	2021 (IFRS)	2022 (IFRS)
Rental revenue	\$ 434,616	\$ 455,313	\$ 465,572	\$ 470,531	\$ 494,806
Rental expenses					
Operating expenses	113,615	101,108	96,338	96,845	102,527
Utilities	47,628	47,883	48,938	49,751	52,572
Property taxes	45,966	47,529	51,152	49,595	51,047
Total rental expenses	207,209	196,520	196,428	196,191	206,146
Net operating income	227,407	258,793	269,144	274,340	288,660
Operating margin	52%	57%	58%	58%	58%
Financing costs	80,586	88,198	91,622	89,749	96,086
Administration	37,093	38,645	36,069	33,282	33,859
Deferred unit-based compensation	2,095	2,268	3,255	2,392	2,556
Depreciation	6,754	8,809	8,195	7,809	7,782
Profit from continuing operations before the undernoted	100,879	120,873	130,003	141,108	148,377
Loss from equity accounted investment	-	-	-	-	(247)
Loss on sale of assets	(27)	(714)	(1,136)	(1,953)	-
Adjustment to right-of-use asset related to lease receivable	-	-	(159)	-	-
Fair value gains (losses)	92,371	(86,132)	(326,134)	307,002	132,256
Other income	-	-	75	-	2,788
Profit (loss) before income taxes	193,223	34,027	(197,351)	446,157	283,174
Income tax (expense) recovery	(23)	754	72	110	(78)
Profit (loss)	193,200	34,781	(197,279)	446,267	283,096
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	\$ 193,200	\$ 34,781	\$ (197,279)	\$ 446,267	\$ 283,096
Profit (loss) per Trust Unit – diluted	\$ 3.43	\$ 0.75	\$ (4.85)	\$ 9.59	\$ 5.23
Funds from operations ⁽¹⁾⁽²⁾	\$ 112,112	\$ 130,967	\$ 139,736	\$ 150,207	\$ 157,444
Funds from operations per Unit – fully diluted ⁽²⁾	\$ 2.21	\$ 2.57	\$ 2.74	\$ 2.94	\$ 3.13
Interest Coverage Ratio	2.68	2.76	2.79	2.97	2.94

(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.

Fiscal year ended December 31, 2018 has been restated to present deferred unit-based compensation consistent with December 31, 2019.

Years prior to December 31, 2020 have been restated to present rental revenues consolidated with ancillary rental income.

2022 QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	Dec. 31, 2022
Rental revenue	\$ 118,277	\$ 122,286	\$ 125,471	\$ 128,772	\$ 494,806
Rental expenses					
Operating expenses	24,797	25,188	26,018	26,524	102,527
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	53,362	49,683	49,133	53,968	206,146
Net operating income	64,915	72,603	76,338	74,804	288,660
Financing costs	22,533	23,485	24,685	25,383	96,086
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	32,352	37,979	40,344	37,702	148,377
Loss from equity accounted investment	-	-	-	(247)	(247)
Fair value gains (losses)	31,719	114,420	7,804	(21,687)	132,256
Other income (loss)	5,452	63	(1,106)	(1,621)	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 Trust 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.

2021 QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	Dec. 31, 2021
Rental revenue	\$ 115,761	\$ 117,596	\$ 118,446	\$ 118,728	\$ 470,531
Rental expenses					
Operating expenses	24,478	23,678	24,209	24,480	96,845
Utilities	14,809	11,297	10,405	13,240	49,751
Property taxes	12,586	12,976	12,063	11,970	49,595
Total rental expenses	51,873	47,951	46,677	49,690	196,191
Net operating income	63,888	69,645	71,769	69,038	274,340
Financing costs	22,362	22,497	22,527	22,363	89,749
Administration	8,241	8,213	8,718	8,110	33,282
Deferred unit-based compensation	394	1,111	329	558	2,392
Depreciation and amortization	1,694	1,927	1,999	2,189	7,809
Profit before the undernoted	31,197	35,897	38,196	35,818	141,108
Loss on sale of assets	-	(103)	(734)	(1,116)	(1,953)
Fair value (losses) gains	(2,210)	14,780	198,026	96,406	307,002
Profit before income tax	28,987	50,574	235,488	131,108	446,157
Income tax (expense) recovery	(10)	37	51	32	110
Profit for the period	28,977	50,611	235,539	131,140	446,267
Other comprehensive income	-	-	-	-	-
Total comprehensive income	\$ 28,977	\$ 50,611	\$ 235,539	\$ 131,140	\$ 446,267
Profit per Trust Unit – diluted	\$ 0.62	\$ 1.09	\$ 5.06	\$ 2.82	\$ 9.59
Funds from operations ⁽¹⁾⁽²⁾	\$ 33,210	\$ 38,160	\$ 40,522	\$ 38,316	\$ 150,207
Funds from operations per Unit – fully diluted ⁽²⁾	\$ 0.65	\$ 0.75	\$ 0.79	\$ 0.75	\$ 2.94

(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 AND 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
Facsimile: 403-531-9565
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 8, 2023.

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, 2022 to December 31, 2022
High: \$61.77
Low: \$41.12
Year-end Closing Price: \$49.43

MONTHLY DISTRIBUTIONS				
Month	Per Unit	Annualized	Record Date	Distribution Date
Jan-22	\$0.0834	\$1.00	31-Jan-22	15-Feb-22
Feb-22	\$0.0834	\$1.00	28-Feb-22	15-Mar-22
Mar-22	\$0.0900	\$1.08	31-Mar-22	15-Apr-22
Apr-22	\$0.0900	\$1.08	29-Apr-22	16-May-22
May-22	\$0.0900	\$1.08	31-May-22	15-Jun-22
Jun-22	\$0.0900	\$1.08	30-Jun-22	15-Jul-22
Jul-22	\$0.0900	\$1.08	29-Jul-22	15-Aug-22
Aug-22	\$0.0900	\$1.08	31-Aug-22	15-Sep-22
Sep-22	\$0.0900	\$1.08	30-Sep-22	17-Oct-22
Oct-22	\$0.0900	\$1.08	31-Oct-22	15-Nov-22
Nov-22	\$0.0900	\$1.08	30-Nov-22	15-Dec-22
Dec-22	\$0.0900	\$1.08	30-Dec-22	16-Jan-23
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

CORPORATE INFORMATION

EXECUTIVE OFFICE

First West Professional Building

200, 1501 – 1st Street SW
Calgary, Alberta T2R 0W1
Phone: 403-531-9255

BOARD OF TRUSTEES

Sam Kolias

Chairman of the Board
Calgary, Alberta

Mandy Abramsohn ⁽²⁾⁽³⁾

Toronto, Ontario

Andrea Goertz ⁽²⁾⁽³⁾

Calgary, Alberta

Gary Goodman ⁽²⁾

Toronto, Ontario

Samantha Kolias-Gunn

Calgary, Alberta

Scott Morrison ⁽²⁾

Toronto, Ontario

Brian Robinson ⁽¹⁾⁽³⁾

Calgary, Alberta

(1) Lead Trustee

(2) Member of the Audit & Risk Management Committee

(3) Compensation, Governance, Nominations & Sustainability Committee

SENIOR MANAGEMENT

Boyd Belisle

Vice President,
Community & Culture

Eric Bowers

Vice President,
Finance & Investor Relations

Razvan Costin

Vice President,
Operations,
Northern Alberta

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

Van Kolias

Senior Vice President,
Quality Control

Helen Mix

Vice President,
People

Lisa Smandych

Chief Financial Officer

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