Q2 2018

EXPERIENCED AND EVOLVING

LETTER TO UNITHOLDERS

We are pleased to report on a solid second quarter for the Trust. The positive revenue trend that began approximately nine months ago from improved occupancy and higher rents as a result of our front-loaded investment in suite and common area renovations continue to have a positive compounding effect and has resulted in significant growth this quarter. With the rental market in Alberta reaching a level of balance, we continue to focus on executing on our revenue growth strategy, and are in the early stages of this significant opportunity.

Similarly, incentives began trending downwards in each of our Alberta markets earlier this year as we entered our spring turnover season. Many of our communities which were offering significant incentives this time last year, are now being leased with limited to no incentives. The compounding impact of incentive reductions will further our recovery and growth. The demand for our renovated product in each of our three brands remains strong. We continue to improve both our cost and delivery of renovated units, and are better balancing renovations with vacancy. We have increased our investment in lobbies and common areas, and to date, have seen strong returns in occupancy, tenant retention, and increasing net rental rates.

Boardwalk has evolved through the downturn we experienced a year ago. We are now positioned to offer a wider range of homes from affordability in our Living brand, enhanced value in our Communities brand, and luxury in our Lifestyle brand. Despite the diverse product offering, Boardwalk's commitment to unparalleled service and experience to our Resident Members remains universal with our goal of welcoming our Resident Members into the Boardwalk Family Forever ("BFF").

CORPORATE PROFILE

Boardwalk REIT strives to provide Canada's friendliest communities and currently owns and operates more than 200 communities with over 33,000 residential units totaling over 28 million net rentable square feet. Boardwalk's principal objectives are: to provide its Residents with the best quality communities and superior customer service; providing Unitholders with enhanced returns; increasing the value of its Trust Units through selective acquisitions, dispositions, development; and effective management of its residential multi-family communities. Boardwalk REIT is vertically integrated and is Canada's leading owner/operator of multi-family communities bringing Residents home to properties located in Alberta, Saskatchewan, Ontario, and Quebec.

TSX: BEI.UN

BOARDWALKREIT.COM

boardwalk

Lifestyle communities living

REVENUE RECOVERY LEADING TO NOI GROWTH

On a same property basis, revenue for the second quarter increased 3.7% as compared to the same period a year ago. When combined with a moderation of operating expenses, NOI increased 8.8% for the quarter and resulted in a significant improvement to the Trust's operating margin to over 54% for the quarter.

Highlights of the Trust's Second Quarter 2018 Financial Results *($ millions, except per Unit amounts)*	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Same Store Total Rental Revenue	**$ 106.8**	$ 103.0	3.7%	**$ 212.4**	$ 206.3	3.0%
Total Rental Revenue	**$ 108.4**	$ 105.6	2.7%	**$ 215.4**	$ 211.1	2.1%
Same Store Net Operating Income (NOI)	**$ 60.2**	$ 55.3	8.8%	**$ 113.8**	$ 108.8	4.6%
Net Operating Income (NOI)	**$ 59.1**	$ 54.4	8.6%	**$ 111.4**	$ 107.1	4.1%
Profit for the period	**$ 56.8**	$ 63.4	(10.5)%	**$ 126.0**	$ 80.6	56.3%
Funds From Operations (FFO)	**$ 30.6**	$ 27.6	11.2%	**$ 55.0**	$ 53.2	3.2%
Adjusted Funds From Operations (AFFO)	**$ 24.9**	$ 21.4	16.5%	**$ 43.4**	$ 42.6	1.9%
FFO Per Unit	**$ 0.60**	$ 0.54	11.1%	**$ 1.08**	$ 1.05	2.9%
AFFO Per Unit	**$ 0.49**	$ 0.42	16.7%	**$ 0.85**	$ 0.84	1.2%
Regular Distributions Declared (Trust Units & LP B Units)	**$ 12.7**	$ 28.6	(55.5)%	**$ 25.4**	$ 57.1	(55.5)%
Regular Distributions Declared Per Unit (Trust Units & LP B Units)	**$ 0.250**	$ 0.563	(55.5)%	**$ 0.500**	$ 1.125	(55.5)%
Regular Payout as a % FFO	**41.5%**	103.6%		**46.3%**	107.3%	
Interest Coverage Ratio (Rolling 4 quarters)	**2.64**	2.79		**2.64**	2.79	
Operating Margin	**54.5%**	51.5%		**51.7%**	50.7%	

NOI, FFO and AFFO are widely accepted supplemental measures of the performance of a Canadian Real Estate entity; however, they are not measures defined by International Financial Reporting Standards ("IFRS"). The reconciliation of FFO and other financial performance measures can be found in the Management Discussion and Analysis ("MD&A") for the second quarter ended June 30, 2018, under the section titled, "Performance Measures".

Portfolio Highlights for the Second Quarter of 2018	**Jun. 2018**	**Dec. 2017**	**Jun. 2017**
Average Occupancy (Period Average)(Same Store)	96.49%	94.37%	95.20%
Average Monthly Rent (Period Ended)	$ 1,076	$ 1,048	$ 1,023
Average Market Rent (Period Ended)	$ 1,145	$ 1,117	$ 1,118
Average Occupied Rent (Period Ended)	$ 1,109	$ 1,094	$ 1,070
Loss-to-Lease (Period Ended) ($ millions)	$ 14.3	$ 8.4	$ 18.3
Loss-to-Lease Per Trust Unit (Period Ended)	$ 0.27	$ 0.17	$ 0.36

Same Property Results	**% Change Year-Over-Year – 3 Months Jun. 2018**	**% Change Year-Over-Year – 6 Months Jun. 2018**
Rental Revenue	3.7%	3.0%
Operating Costs	(2.1)%	1.1%
Net Operating Income (NOI)	8.8%	4.6%

Same property results exclude 79-units from Pines Edge 2 completed June 2017, 165-unit Axxess acquired August 2016 and 182-unit The Edge acquired in August 2016.

All rental rates noted are net of incentives.

The improvement this quarter in our financial results was within our expectations, and inline with the trends the Trust has been seeing since the beginning of the year. As revenue continues to grow with the continued optimization of our occupancy, moderation of existing incentives, and increased returns on invested capital improvements, we anticipate our operating margin to continue to improve. Many of the operating costs associated with multi-family real estate are static regardless of periods of cyclicality. As our core market of Alberta enters the early stages of cyclical growth, the majority of incremental revenue is anticipated to flow directly to NOI. The Trust remains committed to maximizing the potential of our team to reflect our culture of a team of peak performers. The Trust will continue to evaluate its controllable operating expenses in 2018.

We continue to see success in reducing incentives for both new and renewing Residents. An indicator of this success can be seen in Boardwalk's reported Stabilized Occupied Rent, which measures the average in place rental rate on leased units, net of incentives. Since December, the Trust has increased occupancy by over 200 basis points, while also increasing its Occupied Rent in June of 2018 to $1,109, from $1,094 reported in both March of 2018 and December of 2017. Boardwalk's lease terms with its Resident Members are typically for 12-months, and as leases are renewed, will allow the Trust to begin recapturing incentives in 2018, and into 2019 which will enhance growth in Boardwalk's financial results going forward. Boardwalk will continue to remain flexible with its Resident Members who may experience financial hardship as a result of a rental rate increase and is committed to ensuring that we provide the best communities for our Resident Members to call home.

SUITE AND COMMON AREA INVESTMENT ACCELERATING GROWTH

The Trust has reduced the number of suite renovations as compared to the 3,000 apartment units completed in 2017. In the first six months of 2018, the Trust has invested approximately $52.3 million in maintenance and value-added capital, including suite and common area renovations to maintain and enhance the value of our assets. In the first six months of 2018, the Trust has exceeded its 8% return target.

	Lifestyle	Communities	Living	Total
Additional Renovation Revenue	$ 641,000	$ 3,081,000	$ 3,375,000	$ 7,097,000
Market Strengthening Revenue	$ -	$ 1,070,000	$ 1,034,000	$ 2,104,000
	$ 641,000	$ 4,151,000	$ 4,409,000	$ 9,201,000
Value Added Capital	$ 5,120,000	$ 15,662,000	$ 19,985,000	$ 40,767,000
Maintenance Capital	$ 707,000	$ 4,876,000	$ 5,977,000	$ 11,560,000
	$ 5,827,000	$ 20,538,000	$ 25,962,000	$ 52,327,000
Simple Return on Value Added Capital	12.5%	26.5%	22.1%	22.6%
Simple Return on Total Capital	11.0%	20.2%	17.0%	17.6%
Asset Value Creation	$ 13,181,000	$ 76,303,000	$ 78,297,000	$ 167,550,000
Asset Value Creation on Value Added Capital	257%	487%	392%	411%

To better understand the renovation program and provide Boardwalk with the ability to efficiently target capital investment to maximize returns, the Trust launched three distinct brands under the Boardwalk umbrella:

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

With three distinct brands offering various price points, value, and service, Boardwalk offers a product across the rental spectrum. As demographic, affordability, and demand for rental housing continues to increase, the Trust is well positioned to provide a home that suits all Residents.

SOLID DEVELOPMENT OPPORTUNITIES

In addition to Boardwalk's renovation and re-positioning program, the addition of newly constructed rental communities is consistent with the Trust's strategy of high-grading its portfolio. Construction of Pines Edge 3 in Regina, SK, a 71-unit four-storey building, similar to the previous 2 phases, was substantially completed July, 2018. Total cost of construction is estimated to be $13.2 million, or $186,000 per door. Leasing has begun, and the Trust estimates the stabilized unlevered yield of the project to be in the range of 6.00% to 6.50%.

Construction of the RioCan and Boardwalk mixed-use development joint venture named Brio in Calgary, AB commenced in 2018. The project will include a twelve-storey tower with approximately 130,000 square feet of premium residential rental housing, totaling 162 units, and 10,000 square feet of retail space. The tower will be located at a desirable location adjacent to the Calgary Light Rail Transit Line, in close proximity to The University of Calgary, Foothills Hospital, and McMahon Stadium. The estimated total cost of construction is $75 to $80 million, and is anticipated to be completed in 2020.

The Trust's core markets in Alberta and Saskatchewan have historically outperformed the broader rental market and, despite the cyclical decline we have experienced in these markets a year ago, the Trust believes that these rental markets will provide cyclically high returns. The Trust will continue to high-grade its portfolio through its suite renovation program, acquiring high quality assets and potential new developments.

The Trust, however, acknowledges that no individual market is immune to economic volatility and, as part of its long-term goal, intends to couple its Alberta and Saskatchewan portfolio with the opportunistic acquisition and development of assets in high-growth markets outside of Alberta and Saskatchewan to diversify and allow the Trust to provide its brand of housing into new markets, which will result in Net Operating Income growth and capital appreciation for its stakeholders.

Boardwalk's internal development opportunities include additional projects on existing excess land density that the Trust holds in its portfolio. The Trust had previously identified approximately 4,400 apartment units totaling 4.4 million square feet of potential new assets that could be added to the Trust's portfolio in Alberta and Saskatchewan. These developments are in various stages of planning and approval.

The Trust has undergone an initial density study amongst its Ontario and Quebec portfolio and has identified an additional 1,600 apartment units totaling 1.6 million buildable square feet of potential new assets. The Trust will prioritize these opportunities and undergo further investigation.

Boardwalk's long-term strategic goal is to have a portfolio that is approximately 50% in the high growth markets of Alberta and Saskatchewan and 50% in other high growth and undersupplied markets including, but not limited to, the Greater Toronto Area, Vancouver, Ottawa, Montreal, Quebec City, Winnipeg, and Halifax.

To accomplish this, the Trust intends to strategically partner, acquire and/or develop 10,000 to 15,000 apartment units in high growth, undersupplied markets, while also divesting some of its current non-core assets. The Trust's portfolio growth will primarily focus on opportunistic value creation opportunities in major markets over the next 10 to 15 years.

STRONG FINANCIAL POSITION

The Trust, over the past decade, has strengthened its balance sheet to maintain financial strength and flexibility and has positioned Boardwalk with the flexibility to deploy capital towards value enhancing opportunities such as the Trust's suite renovation program, acquisitions, development of new assets, joint ventures, and a continued investment in the Trust's own portfolio through value-added capital improvements.

At the end of June 30, 2018, the Trust had approximately $281 million in liquidity that it could deploy towards new investment opportunities.

Q2 2018 *(In $000's)*

Cash Position – Jun. 2018	$ 81,000
Line of Credit	$ 200,000
Total Available Liquidity	$ 281,000
Liquidity as a % of Current Total Debt	10%
Current Debt (net of cash) as a % of reported asset value	46%

Interest rates remain low and have benefitted the Trust's mortgage program as the Trust has continued to renew existing Canada Mortgage and Housing Corporation ("CMHC") insured mortgages at interest rates near or below the maturing rates. As of June 30, 2018, the Trust's total mortgage principal outstanding totaled $2.76 billion at a weighted average interest rate of 2.61%, compared to $2.75 billion at a weighted average interest rate of 2.61% reported for December 31, 2017.

Over 99% of the Trust's mortgages are CMHC insured, providing the benefit of lower interest rates and limiting the renewal risk of these mortgage loans for the entire amortization period, which can be up to 40 years. The Trust's total debt had an average term to maturity of approximately 3.9 years, with a remaining amortization of 31 years. The Trust's debt (net of cash) to reported asset value ratio was approximately 46% as of June 30, 2018.

The Trust has renewed or forward locked the interest rate on approximately $92.7 million, or 46% of its 2018 mortgage maturities. The new rate on these renewed mortgages is 2.86% and represents an annualized interest expense reduction of approximately $0.2 million.

The Trust continues to undertake a balanced strategy to its mortgage program. Current 5 and 10-year CMHC Mortgage Rates are estimated to be 3.00% and 3.30%, respectively. The Trust's interest coverage ratio, excluding gain or loss on sale of assets, for the most recent completed four quarters ended June 30, 2018, was 2.64 times, from 2.79 times for the same period a year ago.

Same property fair value for the Trust's portfolio increased slightly relative to the previous quarter, primarily a result of increased market rents in select communities in Alberta, increasing rents relating to the Trust's suite renovation program, and the continued stabilization of recently acquired and developed investment properties. Overall, fair value increased approximately $65.3 million versus the previous quarter.

Highlights of the Trust's Fair Value of Investment Properties	Jun. 30, 2018		Dec. 31, 2017	
IFRS Asset Value Per Diluted Unit (Trust & LP B)	**$**	**114.90**	$	111.94
Debt Outstanding per Diluted Unit	**$**	**(54.28)**	$	(52.96)
Net Asset Value (NAV) Per Diluted Unit (Trust & LP B)	**$**	**60.62**	$	58.98
Cash Per Diluted Unit (Trust & LP B)	**$**	**1.60**	$	1.39
Total Per Diluted Unit (Trust & LP B)	**$**	**62.22**	$	60.37

Weighted Average Capitalization Rate: 5.29% at June 30, 2018 and 5.29% at December 31, 2017.

An additional metric utilized in real estate valuation is comparative value per apartment suite/door. Boardwalk's current trading price of approximately $46 per Trust Unit equates to a per door value of $154,000, a significant discount to Boardwalk's estimated Fair Value of approximately $176,000 per door, and a large discount to recent transactions seen in the real estate investment market for well-located assets and additionally wider discount to replacement value.

2018 FINANCIAL GUIDANCE

The Trust provides a financial outlook for the upcoming year to enhance transparency in our financial reporting by sharing our own perspectives on the Trust's current position and objectives. The Trust is increasing the bottom end of its previously provided guidance with second quarter results mainly inline with expectations. Operating performance and macro-environment visibility has improved for 2018 in the Trust's core markets and will continue to update this guidance on a quarterly basis.

Description	Q2 2018 Revised Objectives	2018 Original Objectives
Stabilized Building NOI Growth	3% – 7%	2% – 7%
FFO Per Unit	$2.20 – $2.35	$2.15 – $2.35
AFFO Per Unit	$1.75 – $1.90 utilizing a Maintenance CAPEX of $695/suite/year	$1.70 – $1.90 utilizing a Maintenance CAPEX of $695/suite/year

The Trust estimates stabilized building NOI growth of 3% to 7% in 2018, as the Trust focuses on maintaining high occupancy levels and begins to reduce incentives. As a result, the Trust anticipates FFO growth in 2018 from the prior year with an estimated range of $2.20 to $2.35 per Trust Unit. The investments made throughout 2017 and into 2018 in our communities, and in improving our service levels, have positioned Boardwalk to excel in 2018 and beyond.

The reader is cautioned that this information is forward-looking and actual results may vary materially from those reported. The Trust reviews these key assumptions quarterly and based on this review may change its outlook.

In addition to the above financial guidance for 2018, the Trust also provides its 2018 capital budget as follows:

Capital Budget *($000's)*		2018 Budget		Per Suite		Six Months Ended, Jun. 30, 2018 Actual		Per Suite
Maintenance Capital	**$**	**23,065**	**$**	**695**	$	11,532	$	348
Value-added Capital (including suite upgrades and property, plant and equipment)		**113,229**		**3,412**		44,428		1,338
Total Property Capital	**$**	**136,294**	**$**	**4,107**	**$**	**55,960**	**$**	**1,686**
Total Property Capital	**$**	**136,294**			$	55,960		
Development		**30,000**				11,633		
Total Capital Investment	**$**	**166,294**			**$**	**67,593**		

In total, we expect to invest $136.3 million (or $4,107 per apartment unit) on operational capital in 2018. For the six months ended June 30, 2018 Trust invested $56.0 million (or $1,686 per apartment unit) on operational capital. The majority of the 2018 property capital budget is earmarked for strategic suite capital expenditures, with a targeted return on investment. The Trust has also increased its Maintenance Capital estimate for 2018 to $695 per apartment unit per year. For the six months ended June 30, 2018, the Trust incurred $11.6 million of development capital.

Value Added Capital is subject to continuous review and will only be invested if the Trust can earn a significant return on this investment.

Additional information relating to the Trust's computation of Maintenance Capital can be found in its Second Quarter Management Discussion and Analysis.

Q2 REGULAR MONTHLY DISTRIBUTION

Consistent with Boardwalk's revised minimum distribution policy which focuses on the re-investment of cashflow towards the Trust's NAV growth initiatives, Boardwalk's Board of Trustees has confirmed the next three months distributions as follows:

Month		Per Unit		Annualized	Record Date	Distribution Date
August, 2018	$	0.0834	$	1.00	31-Aug-18	17-Sep-18
September, 2018	$	0.0834	$	1.00	28-Sep-18	15-Oct-18
October, 2018	$	0.0834	$	1.00	31-Oct-18	15-Nov-18

The Trust's distribution policy to align with the Trust's long-term focus of NAV growth will comprise of an annual distribution, paid monthly, at least equal to the taxable portion of the Trust's income.

This formal policy will allow the Trust to retain a significant portion of cashflow to re-invest in capital growth opportunities.

The Board of Trustees will review the taxable portion of the Trust's income on a quarterly basis, and may announce an increase or a special distribution from time to time to ensure that all taxable income is distributed to Unitholders.

IN CONCLUSION

We are well positioned to continue with the growth we have seen since the beginning of 2018, and most notably this most recent quarter. The momentum we continue to carry in reducing vacancy loss, moderating incentives, and increasing rents as a result of our renovation program will continue to positively compound on our growth in these early stages of recovery.

Thank you to our Team of over 1,700 Associates for their dedicated commitment and service to our Resident Members and communities.

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

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

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

Sincerely,

[signed]

Sam Kolias
CHAIRMAN AND CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six Months Ended June 30, 2018 and 2017

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking statements:

The terms "Boardwalk", "Boardwalk REIT", the "Trust", "we", "us" and "our" in the following Management's Discussion and Analysis ("MD&A") refer to Boardwalk Real Estate Investment Trust, its consolidated financial position, and results of operations for the three and six months ended June 30, 2018 and 2017. Financial data provided has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A is current as of August 13, 2018 unless otherwise stated, and should be read in conjunction with Boardwalk's audited annual consolidated financial statements for the years ended December 31, 2017 and 2016, which have been prepared in accordance with IFRS, together with the MD&A related thereto, copies of which have been filed electronically with securities regulators in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR web site at www.sedar.com. Historical results and percentage relationships contained in the annual consolidated financial statements and MD&A related thereto, including trends, which might appear, should not be taken as indicative of future operations.

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

Forward-Looking Statement Advisory:

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made concerning Boardwalk's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking statements in this MD&A are qualified by these cautionary statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Boardwalk's current estimates and assumptions, which are subject to risks and uncertainties, including those described in Boardwalk REIT's Annual Information Form ("AIF") dated February 23, 2018 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 rules regarding mortgage insurance, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, uninsured perils, legal matters, reliance on key personnel, Unitholder liability, income taxes, and changes to income tax rules that impair the ability of Boardwalk to qualify for the REIT Exemption (as defined below). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to, the rental environment compared to several years ago, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Trust to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, and the impact of accounting principles under IFRS adopted by the Trust effective January 1, 2011. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

The Income Tax Act (Canada) (the "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 of the Trust's taxable income each year is paid, or made payable to, its Unitholders. Boardwalk qualified for the REIT Exemption and will continue to qualify for the REIT Exemption provided all of its taxable income continues to be distributed to its Unitholders. Further discussion of this is contained in this MD&A.

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

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

Boardwalk Real Estate Investment Trust ("Boardwalk REIT", "Boardwalk" or the "Trust") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated January 9, 2004, and as amended and restated on 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 Units trade on the Toronto Stock Exchange ("TSX") under the trading symbol 'BEI.UN'. Boardwalk REIT's principal objectives are to provide its Unitholders ("Unitholders") with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its units through the effective management of its residential multi-family investment properties and the acquisition and development of additional, accretive properties. As at June 30, 2018, Boardwalk REIT owned and operated in excess of 200 properties, comprised of over 33,000 residential units and totaling over 28 million net rentable square feet. At the end of the second quarter of 2018, Boardwalk REIT's property portfolio was concentrated in the provinces of Alberta, Saskatchewan, Ontario and Quebec.

At June 30, 2018, the fair value of Boardwalk's Investment Property assets was approximately $5.8 billion, which generated a profit of $27.9 million and $49.6 million for the three and six months ended June 30, 2018 (before fair value gains and income taxes), respectively. Profit and total comprehensive income for the three and six months ended June 30, 2018 totaled $56.8 million and $126.0 million, respectively. During the three and six months ended June 30, 2018, the Trust earned $30.6 million and $55.0 million, respectively, of Funds from Operations ("FFO"), or $0.60 and $1.08 per Unit on a diluted basis. Adjusted Funds from Operations ("AFFO") for the three and six months ended June 30, 2018 were $24.9 million and $43.4 million, respectively, or $0.49 and $0.85 per Unit on a diluted basis.

MD&A OVERVIEW

This MD&A focuses on key areas from the consolidated financial statements 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. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in other parts of Boardwalk REIT's 2017 Annual Report, the audited consolidated financial statements for the years ended December 31, 2017 and 2016, and the Annual Information Form dated February 23, 2018, 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

The Bank of Canada, in its July 2018 Monetary Policy Report, maintained Canada's real Gross Domestic Product ("GDP") growth at 2.0% for 2018, as previously reported in its April Report, primarily due to stronger levels of spending projected to persist for the remainder of the year and higher oil prices, despite trade policy and tariff uncertainties. Royal Bank of Canada, in its latest provincial outlook report, projected Alberta's GDP growth for 2018 to increase to 2.4%, from the previous projection of 2.2%, due to increasing oil production, a rebound in manufacturing activities and higher employment growth, despite challenges getting oil to tidewater affecting investment outlook. Completion of the Keystone XL and Kinder Morgan pipelines is critical to reducing the differential between Western Canadian Select and rising global oil prices. The province is still seeing positive population growth from international as well as interprovincial migrations, primarily at the expense of Saskatchewan. GDP growth for the province of Saskatchewan is projected to decline to 2.4% compared to the previous projection at 2.9% for 2018, primarily due to lower agricultural production.

In the first half of 2018, Boardwalk continued to offer short-term incentives to its new and existing Resident Members to increase and maintain overall occupancy. Maintaining higher occupancy levels by maintaining and issuing select incentives and focusing on excellence in customer service remains Boardwalk's key performance strategy for the year. Although Canada Mortgage and Housing Corporation ("CMHC") projects vacancy levels for Calgary and Edmonton to come down slightly from 2017, vacancy levels will remain elevated for 2018 as a result of the overbuilding of new rental supply, started before the downturn, being completed and moved into inventory.

In 2018, Boardwalk will continue to move forward with its development pipeline. Construction of Phase-3 of Pines Edge in Regina, Saskatchewan, which was started in 2017 and consists of 71 units, received a temporary occupancy in July 2018. In November of 2016, Boardwalk announced the formation of a joint venture with RioCan REIT ("RioCan") to build a mixed-use retail and residential tower at RioCan's Brentwood Village Shopping Centre. The project will include a twelve-storey tower with approximately 130,000 square feet of residential space, consisting of 162 units, and 10,000 square feet of retail space that will provide premium rental housing at a desirable location that is along the Calgary Light Rail Transit Line, and in close proximity to the University of Calgary, Foothills Hospital, and McMahon Stadium. The Trust closed on the 50% land purchase from RioCan in November of 2017 and construction on the project to-date is on schedule and on budget. Boardwalk looks forward to forming more strategic partnerships as a means of realizing its long-term vision of building better communities.

Boardwalk's development pipeline includes additional projects to be built on the Trust's excess land density. These developments are in various stages of planning and approval, and will further add newly-constructed assets to the Trust's portfolio.

To date, the Trust was able to renew or forward-lock approximately $92.7 million, or 46%, of its 2018 mortgage maturities, with an average term of 5 years at a weighted average interest rate of 2.86%, a decrease from the average maturing rate on these mortgages, and a further decrease in the Trust's interest expense. In addition, the Trust obtained $77.7 million of additional mortgage funds. For the six months ended June 30, 2018, principal repayment totaled $31.6 million. As of August 2018, CMHC-insured five and ten-year mortgage rates were estimated to be 3.00% and 3.30%, respectively. The Trust does, however, take a balanced approach with its mortgage program with a priority to, first, stagger its maturities to limit future interest rate risk, second, capitalize on the current low rate environment by renewing maturities at accretive interest rates, and, third, ensure sufficient liquidity for the Trust's strategic initiatives.

Boardwalk's Long-Term Strategic Plan

Boardwalk's long-term strategic plan focuses on continuing to create value for all its stakeholders. In addition to continued investment in its core markets by acquiring newly-built rental product, developing new rental units and reinvesting back into the Trust's existing portfolio, Boardwalk will also be strategically diversifying geographically into new high-growth, but economically stable, rental markets. Strategic diversification will provide Boardwalk stability and continued growth during future economic volatility, which will result in Net Operating Income ("NOI") growth and capital appreciation to its stakeholders. Taking into consideration that Alberta and Saskatchewan, Boardwalk's core markets, have historically outperformed the broader rental market and, despite the cyclical decline experienced over the past two years, will continue to provide the Trust with a solid base to grow its property portfolio. Strategic diversification is a long-term project the Trust will accomplish over the next 10 years.

Boardwalk will continue to undertake a counter-cyclical approach to its portfolio by utilizing the recent cyclical downturn to high-grade its portfolio through repositioning efforts as well as from new development on lands the Trust intends to acquire individually, through strategic partnerships or on its own portfolio of excess land.

Boardwalk's strategic goal is to have a portfolio that is approximately 50% in the high growth markets of Alberta and Saskatchewan ("ABSK") and 50% in other secularly high growth and undersupplied markets including, but not limited to, the Greater Toronto Area and Vancouver. To accomplish this, the Trust intends to strategically partner, acquire and/or develop, 10,000 to 15,000 apartment units in these secularly high growth, undersupplied markets, while also divesting a small portion of its non-core assets in ABSK. The Trust's portfolio growth will primarily focus on value creation in major markets.

Funding for this Strategic Plan will be consistent with the Trust's balanced approach of using debt and equity. As will be discussed later in this document, Boardwalk has an adequate level of liquidity to commence the funding of this strategy. In order to balance this approach, its Board of Trustees previously agreed to reduce the Trust's current distribution to Unitholders from its previous annual rate of $2.25 to $1.00 per Trust Unit, commencing with the January 31, 2018 Record Date. This reallocation will increase Boardwalk's free cash flow allocation towards this strategy by approximately $63.5 million annually. Built into this strategic plan is Boardwalk's brand diversification initiative and reinvestment back into the Trust's existing portfolio.

Brand Diversification

It is the goal of the Trust to not only diversify geographically, but also to diversify through its brand.

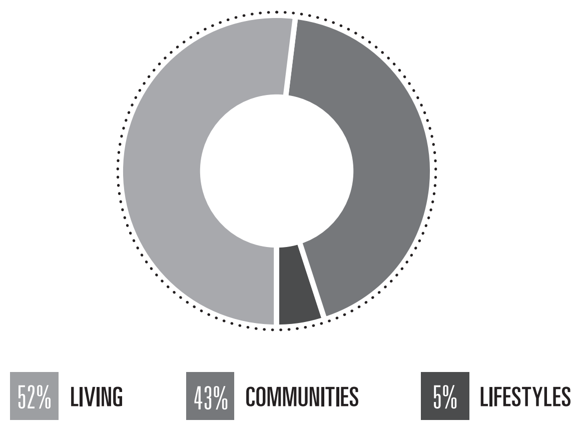
On May 5, 2018, Boardwalk celebrated the grand opening of Broadway Centre, an amenity-rich affordable luxury apartment building within walking distance of Calgary's thriving and trendy Mission area. Located along 4th Street SW, steps from Calgary's 17th Avenue entertainment district and just one kilometer south of Calgary's Downtown Core, Broadway Centre offers a premier location for its Residents. The CORE Shopping Centre and Calgary's iconic Stephen Avenue are within walking distance, while the location also features close-proximity to the Elbow River along with the patios and dining destinations on both 17th Avenue and 4th Street SW. Broadway Centre, a rebranding of the Trust's property previously called Beltline Towers and consisting of 115 units, is Boardwalk's newest addition to its Lifestyle portfolio, offering Resident Members sleek modern design, a lively and energetic atmosphere, superior customer service and a generous selection of first-class amenities including a state-of-the-art fitness facility, Resident lounges, WiFi bar, party room, and a private outdoor terrace.

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.

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



Boardwalk brand diversification, once fully completed, will have approximately 5% Lifestyle, 43% Communities and 52% Living suites.

Boardwalk's Branding Initiative and Suite Renovation Program

Starting in 2017, Boardwalk increased its capital allocation to its current building repositioning and rebranding program, creating long-term value while continuing to offer many upgraded affordable communities. Each of the three brands being created will receive a different level of renovations depending on need and anticipated returns. Reported market rents are adjusted upward based on the cost of a suite renovation specification. In some instances, Boardwalk was unable to adjust market rents to achieve its targeted return, particularly for suites in its Boardwalk Living brand, due to current economic conditions. However, Boardwalk was able to achieve its targeted rate of return of 8% on an overall basis, as outlined in the table below Boardwalk believes these renovations will achieve future upward excess market rent adjustments as the economy continues to recover.

	Lifestyle	Communities	Living	Total
Additional Renovation Revenue	$ 641,000	$ 3,081,000	$ 3,375,000	$ 7,097,000
Market Strengthening Revenue	$ -	$ 1,070,000	$ 1,034,000	$ 2,104,000
	$ 641,000	$ 4,151,000	$ 4,409,000	$ 9,201,000
Value Added Capital	$ 5,120,000	$ 15,662,000	$ 19,985,000	$ 40,767,000
Maintenance Capital	$ 707,000	$ 4,876,000	$ 5,977,000	$ 11,560,000
	$ 5,827,000	$ 20,538,000	$ 25,962,000	$ 52,327,000
Simple Return on Value Added Capital	12.5%	26.5%	22.1%	22.6%
Simple Return on Total Capital	11.0%	20.2%	17.0%	17.6%
Asset Value Creation	$ 13,181,000	$ 76,303,000	$ 78,297,000	$ 167,550,000
Asset Value Creation on Value Added Capital	257%	487%	392%	411%

'Boardwalk Lifestyle', which will exemplify upgraded, luxury suites, will receive the highest level of overall renovations, including significant upgrades to suites and common areas. Additional amenities such as upgraded fitness facilities, WiFi bars and added concierge services may be added when appropriate. 'Boardwalk Communities', the Trust's core brand, which will convey enhanced value and will receive major suite upgrades based on need as well as upgrades to existing common areas. Boardwalk's most affordable brand, 'Boardwalk Living', will receive suite enhancements on an as needed basis, with the focus being on providing affordable units to this demographic segment. 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.

The Trust believes these investments will enhance long-term value, however, recognizes the short-term effects of this program, with higher vacancies and incentives. Rebranding and repositioning communities will take time and, as such, 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 Trust's DOT, a copy of which is available on request to all Unitholders. Further information 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, develop, and operate multi-family residential property in Canada; and,
2. No investment will be made that would disqualify Boardwalk REIT as a "mutual fund trust" or a "registered investment" as defined in the Income Tax Act (Canada).

Operating Policies

1. Interest Coverage Ratio of at least 1.5 to 1;
2. No guaranteeing of third-party debt unless related to direct or indirect ownership or acquisition of real property, including potential joint venture partner structures;

3. Third-party surveys of structural and environmental conditions are required prior to the acquisition of a multi-family asset; and,
4. Commitment to expending at least 8.5% of its gross consolidated annual rental revenues generated from properties that have been insured by CMHC on on-site maintenance compensation to Associates, repairs and maintenance, as well as capital upgrades.

Distribution Policy

Boardwalk REIT may distribute to holders of REIT Units on or about each Distribution Date, respectively, such percentage of Funds from Operations for the calendar month then ended as the Trustees determine in their discretion. Distributions will not be less than Boardwalk REIT's estimated taxable income, unless the Trustees, in their absolute discretion, determine 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-added renovation program, brand diversification initiative, and new construction of multi-family communities in supply-constrained markets.

Compliance with DOT

At June 30, 2018, the Trust was in material compliance with all investment guidelines and operating policies as stipulated in the DOT, as amended. More details will be provided later in this document with respect to certain detailed calculations.

For the rolling twelve-month period ended June 30, 2018, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value adjustments, was 2.64 (December 31, 2017 – 2.60).

NON-GAAP FINANCIAL MEASURES

Boardwalk REIT assesses and measures operating results based on performance measures referred to as Net Operating Income ("NOI"), Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO"). NOI, FFO and AFFO are widely accepted supplemental measures of the performance of a Canadian real estate entity; however, are not measures defined by IFRS. In February 2017, REALpac, Canada's senior national industry association for owners and managers of investment real estate, issued its newest financial best practice White Paper on FFO and AFFO, as well as a White Paper on the new cash flow metric, "Adjusted Cash Flow from Operations" ("ACFO"). NOI, FFO, AFFO and ACFO do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other entities. The IFRS measurement most comparable to NOI is Operating Income, the IFRS measurement most comparable to FFO and AFFO is Profit, and the IFRS measurement most comparable to ACFO is Cash Flow from Operating Activities. We define NOI as rental revenue less property operating costs. We define FFO, after the adoption of IFRS, as income before fair value adjustments, distributions on the LP B Units, gains or losses on the sale of Investment Properties, proceeds on insurance settlements, depreciation, deferred income tax, and certain other non-cash adjustments, if any. The reconciliation from Profit under IFRS to FFO can be found below, under the section titled "Performance Measures". AFFO is determined by taking the amounts reported as FFO and deducting what is commonly referred to as "Maintenance Capital Expenditures". Maintenance Capital Expenditures are referred to as expenditures that, by standard accounting definitions, are accounted for as capital in that the expenditure itself has a useful life in excess of the current financial year and adds or maintains the value of the related asset. A more detailed discussion of this topic will be provided in the "Maintenance of Productive Capacity" section later in this document.

NOI, FFO and AFFO, however, should not be construed as alternatives to operating income or profit determined in accordance with IFRS as indicators of Boardwalk REIT's performance. In addition, Boardwalk REIT's calculation methodology for NOI, FFO and AFFO may differ from that of other real estate companies and trusts.

A reconciliation of ACFO to cash flow from operating activities as shown in the Trust's Condensed Consolidated Statements of Cash Flows is also provided below in the section titled, "Cash Flows from Operations", along with added commentary on the sustainability of Boardwalk REIT's Trust Unit distributions.

PERFORMANCE REVIEW

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

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

In the past, Boardwalk REIT has generated additional income from the sale of selective non-core real estate properties. The sale of these properties is part of Boardwalk REIT's overall operating strategy whereby the equity generated through the sale is then utilized by Boardwalk REIT for the acquisition and/or development of new rental properties, to assist in its property value enhancement program, or for the acquisition of Boardwalk REIT's Trust Units in the public market. The Trust, however, will only proceed with the sale of Non-Core real estate properties if market conditions justify the dispositions and Boardwalk has an alternative use for the net proceeds generated. As Investment Properties are carried at fair value, a loss on sale arises primarily from the transaction costs related to the sale.

Unlike many REITs and real estate companies, Boardwalk REIT does not include any gains reported on the sale of its properties in its calculation of FFO. The Trust feels that such income is volatile and unpredictable, and would significantly dilute the relevance of FFO as a measure of performance.

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 2018, the Board has decided to distribute $0.0834 per Trust Unit on a monthly basis (or $1.00 on an annualized basis) commencing with the January 31, 2018 Record Date and redeploy its capital towards long-term value creation, including its suite renovation program, brand diversification initiative, and the development of new multi-family units in supply constrained markets.

For the three and six months ended June 30, 2018, the Trust declared regular distributions of $12.7 and $25.4 million (inclusive of distributions paid to the LP Class B Unitholders), respectively, representing approximately 41.5% and 46.3%, respectively, of FFO. 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 operating expenses. In particular, these quarters tend to be the highest demand periods for natural gas, a major operational cost for the Trust. The reader should not, therefore, simply annualize the reported results of a particular quarter. On a quarterly basis, the Trust's 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 Reconciliation from 2017 to 2018

The following table shows a reconciliation of changes in FFO from June 30, 2017 to June 30, 2018. It should be noted that FFO, as disclosed in the table below, reflects FFO derived from the Trust's consolidated financial statements prepared in accordance with IFRS. As previously noted, we define the calculation of FFO as net income before fair value adjustments, distributions on the LP Class B Units, gains (losses) on the sale of Investment Properties, depreciation, deferred income taxes, and certain other non-cash items. A more detailed disclosure of the calculation of FFO will be provided later in this report.

FFO Reconciliation		3 Months		6 Months
FFO Opening – Jun. 30, 2017	$	0.54	$	1.05
Net Operating Income ("NOI") from Stabilized Properties		0.10		0.10
NOI from Unstabilized Properties		0.01		0.02
FFO Loss from Sold Properties		(0.01)		(0.02)
Administration and Other		(0.04)		(0.06)
	$	0.06	$	0.04
Other Adjustments				
Associate Severance	$	0.00	$	(0.01)
FFO Closing – Jun. 30, 2018	**$**	**0.60**	**$**	**1.08**

FFO and AFFO Reconciliations

In the following table, Boardwalk REIT provides a reconciliation of FFO (a non-IFRS measure) to profit for the period, its closely related financial statement measurement for the three and six months ended June 30, 2018 and 2017. Adjustments are explained in the notes below, as appropriate.

FFO Reconciliation *(In $000's, except per Unit amounts)*	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Profit for the period	**$ 56,772**	$ 63,426		**$ 126,022**	$ 80,617	
Adjustments						
Proceeds on insurance settlement	**-**	(474)		**-**	(3,010)	
Fair value gains [(1)]	**(28,895)**	(39,369)		**(76,397)**	(31,997)	
Add back distributions to LP Class B Units recorded as financing charges [(2)]	**1,120**	2,517		**2,240**	5,034	
Deferred income tax expense	**40**	59		**10**	33	
Depreciation expense on Property Plant & Equipment	**1,609**	1,393		**3,077**	2,546	
Funds from operations	**$ 30,646**	$ 27,552	11.2%	**$ 54,952**	$ 53,223	3.2%
Funds from operations – per Unit	**$ 0.60**	$ 0.54	11.1%	**$ 1.08**	$ 1.05	2.9%

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

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

Overall, Boardwalk REIT earned FFO of $30.6 million for the second quarter of 2018 compared to $27.6 million for the same period in 2017. FFO, on a per Unit diluted basis, for the quarter ended June 30, 2018, increased approximately 11.1% compared to the same quarter in the prior year from $0.54 to $0.60. Additionally, the Trust earned FFO of $55.0 million for the six months ended June 30, 2018 compared to $53.2 million for the same period in 2017. FFO on a per Unit fully diluted basis, for the six months ended June 30, 2018, increased approximately 2.9% compared to the prior year from $1.05 to $1.08. The increase was primarily driven by higher rental revenue coupled with lower repairs and maintenance and utilities costs, offset by increased employee severance and administrative costs.

The following table provides a reconciliation of FFO to AFFO:

(000's)		**3 Months Jun. 30, 2018**		3 Months Jun. 30, 2017		**6 Months Jun. 30, 2018**		6 Months Jun. 30, 2017
Funds from Operations (FFO)	**$**	**30,646**	$	27,552	**$**	**54,952**	$	53,223
Maintenance Capital Expenditures (1)	**$**	**(5,766)**	$	(6,189)	**$**	**(11,532)**	$	(10,622)
Adjusted Funds from Operations (AFFO)	**$**	**24,880**	$	21,363	**$**	**43,420**	$	42,601
FFO per Unit (Trust and LP B Units)	**$**	**0.60**	$	0.54	**$**	**1.08**	$	1.05
AFFO per Unit (Trust and LP B Units)	**$**	**0.49**	$	0.42	**$**	**0.85**	$	0.84
Unitholder Distributions-Regular (Trust Units and LP B Units)	**$**	**12,718**	$	28,554	**$**	**25,433**	$	57,098
Distribution as a % of FFO (2)		**41.5%**		103.6%		**46.3%**		107.3%

(1) Details of the calculation of Maintenance Capital Expenditures can be found in the section titled "Maintenance of Productive Capacity".
(2) Distributions as a % of FFO on a rolling four quarter basis were 76.0%.

Liquidity

The access to liquidity is an important element of the Trust as it allows the Trust to implement its overall strategy. The continued low interest rate environment has 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 National Housing Act ("NHA") insurance program, which is being offered at attractive rates. Future interest savings will, however, become more limited as interest rates have started to reverse their declining trends seen over the past several years.

Boardwalk defines liquidity to include cash and cash equivalents on hand and any unused committed revolving credit facility, plus any committed secured upfinancings. The Trust's cash position was $81.2 million at June 30, 2018, compared to $70.8 million reported on December 31, 2017. As at June 30, 2018, the Trust also had $199.7 million of unused credit facility and $nil in committed secured upfinancings (December 31, 2017 – $199.7 million and $54.3 million), bringing total liquidity to $280.9 million (December 31, 2017 – $324.8 million).

New Property Acquisitions and Dispositions

For the six months of 2018, there were no new investment property acquisitions or dispositions. On February 28, 2017, the Trust acquired its London Warehouse (which it had previously leased) for a purchase price of $1.4 million.

In the fourth quarter of 2017, the Trust sold a 641-unit property in Regina, Saskatchewan for $71.6 million before selling costs. The purchaser assumed the existing first mortgage of $24.4 million at an interest rate of 2.19% while Boardwalk provided a Vendor Take-Back ("VTB") in the amount of $38.8 million at an annual interest rate of 2.19%.

Development

In 2017, the Trust commenced construction of the third phase of Pines Edge, consisting of 71 rental units. The project has received a temporary occupancy permit in July and lease-up has commenced. Construction cost is estimated to be approximately $13.2 million and will provide a stabilized unlevered yield in the range of 6.00% to 6.50%. The entire development consists of a total of five (5) phases and will add 364 apartment units to Boardwalk's Regina, Saskatchewan property portfolio when all phases have been completed.

We continue to explore other development opportunities in established and new markets. Each of these opportunities will be evaluated separately to determine the viability of these projects.

Joint Venture Agreement

In the fourth quarter of 2016, Boardwalk and RioCan entered into a joint venture agreement to develop a mixed-use tower consisting of an at-grade retail podium totaling approximately 10,000 square feet and a twelve-storey residential tower with approximately 130,000 square feet of residential space, totaling approximately 162 apartment units at RioCan's Brentwood Village

Shopping Centre in Calgary, Alberta. The development will include two (2) levels of underground parking and will provide premium rental housing minutes from downtown Calgary along the Northwest Light Rail Transit line, while providing close proximity to the University of Calgary, McMahon Stadium and Foothills Hospital. Boardwalk views RioCan as a like-minded partner who shares similar values and goals as its own, namely to maximize the potential of well-located, transit oriented mixed-use developments that can be constructed to create new communities that residents are proud to call home. The joint venture involves an equal 50% interest in which both RioCan and Boardwalk will provide its best-in-class retail and residential expertise, respectively, to co-develop the asset. To maximize the value of the development, RioCan will manage the retail component and Boardwalk will manage the residential component, each on a cost basis.

The land was 100% owned by RioCan. Pursuant to a purchase and sale agreement dated October 19, 2016 between Boardwalk and RioCan, Boardwalk purchased a 50% interest in the parcel of land on November 23, 2017. The land value was based on the total buildable area and, as such, Boardwalk paid $3.2 million for its 50% interest. Construction of the project began in Q4 of 2017. For the six months ended June 30, 2018, Boardwalk incurred $3.0 million in development costs for its 50% interest. In fiscal 2017, Boardwalk incurred $2.3 million in development costs. It is estimated that the total construction for the project will be between $75 million to $80 million ($37.5 million to $40 million per partner) and, to-date, the project is on schedule and on budget.

REVIEW OF RENTAL OPERATIONS

Boardwalk REIT's Net Operating Income Strategy includes a rental revenue strategy that focuses on enhancing overall rental revenues through the balance between market rents, rental incentives, turnovers, and occupancy losses. The application of this rental revenue strategy is ongoing, on a market-by-market analysis, again with the focus on obtaining the optimal balance of these variables given existing market conditions.

(In $000's, except number of suites)	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Total rental revenue	**$ 108,388**	$ 105,579	2.7%	**$ 215,449**	$ 211,073	2.1%
Expenses						
Operating expenses	**27,491**	28,863	(4.8)%	**56,507**	56,234	0.5%
Utilities	**10,549**	11,011	(4.2)%	**25,058**	25,397	(1.3)%
Property taxes	**11,286**	11,300	(0.1)%	**22,440**	22,374	0.3%
	$ 49,326	$ 51,174	(3.6)%	**$ 104,005**	$ 104,005	-
Net operating income	**$ 59,062**	$ 54,405	8.6%	**$ 111,444**	$ 107,068	4.1%
Operating margins	**54.5%**	51.5%		**51.7%**	50.7%	
Number of suites at June 30	**33,187**	33,852		**33,187**	33,852	

Overall, Boardwalk REIT's rental operations for the three and six months ended June 30, 2018, reported higher net operating income compared to the same periods in the prior year. Total rental revenue increased 2.7% and 2.1%, respectively, driven by lower vacancy losses across the portfolio. Total rental expenses were flat for the six months ended June 30, 2018, compared to 2017, with higher on-site wages and salaries, advertising expenses and property taxes being offset by lower utilities. Rental expenses for the second quarter ended June 30, 2018 decreased in all major categories compared to the same period in the prior year, except for advertising and insurance expenses.

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. As with other estimates used by the Trust, key assumptions used in estimating the amount of salaries and wages to be capitalized are reviewed on a regular basis and, based on this review, Management will adjust the amount allocated to more accurately reflect how many internal resources were directed towards specific capital improvements.

Operating expenses decreased by 4.8% for the three months ended June 30, 2018, largely due to savings in wages and salaries and repairs and maintenance. Operating expenses increased by 0.5% for the six months ended June 30, 2018 due to increased advertising expenses. Higher advertising expenses are a reflection of the softer rental market in Western Canada, but aided in decreasing the Trust's vacancy loss.

Utility costs decreased by 4.2% and 1.3%, respectively, for the three and six months ended June 30, 2018. The decrease is primarily attributable to lower gas consumption. Fixed price physical commodity contracts help to partially or fully-hedge its exposure to fluctuating natural gas prices. Further details regarding the hedges on natural gas, as well as electricity prices in Alberta, can be found in NOTE 16 to the condensed consolidated financial statements for the three and six months ended June 30, 2018.

The reported increased in property taxes for the six months ended June 30, 2018 is mainly attributed to higher overall property tax assessments. The Trust is constantly reviewing property tax assessments and related charges and, where it feels appropriate, will appeal all, or a 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. For the three months ended June 30, 2018, property taxes decreased due to higher assessments, partially offset by savings in Edmonton and Calgary as a result of successful tax appeals.

Overall the operating margin increased from the same period in 2017 from 51.5% to 54.5% for the three months ended June 30, 2018, and increased from 50.7% to 51.7% for the six months ended June 30, 2018.

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

SEGMENTED OPERATIONAL REVIEW

Alberta Rental Operations

(In $000's, except number of suites)	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Total rental revenue	**$ 69,285**	$ 66,111	4.8%	**$ 137,609**	$ 132,110	4.2%
Expenses						
Operating expenses	**16,765**	18,202	(7.9)%	**35,002**	35,105	(0.3)%
Utilities	**6,281**	6,627	(5.2)%	**14,803**	14,774	0.2%
Property taxes	**7,063**	7,183	(1.7)%	**14,017**	14,158	(1.0)%
	$ 30,109	$ 32,012	(5.9)%	**$ 63,822**	$ 64,037	(0.3)%
Net operating income	**$ 39,176**	$ 34,099	14.9%	**$ 73,787**	$ 68,073	8.4%
Operating margin	**56.5%**	51.6%		**53.6%**	51.5%	
Number of suites at June 30	**20,499**	20,499		**20,499**	20,499	

Alberta is Boardwalk's largest operating segment, representing 66.3% and 66.2% of total reported net operating income for the three and six months ended June 30, 2018, respectively. In addition, Alberta represents 61.8% of total apartment units. Boardwalk REIT's Alberta operations for the three and six months ended June 30, 2018, reported a 4.8% and 4.2% increase, respectively, in total rental revenue, when compared to the same periods reported in 2017. The reported rental revenue change is the combined effect of higher in-place rents and higher occupancy levels compared to the prior year. For the six months ended June 30, 2018, total rental expenses have decreased by 0.3% compared to the prior year due to savings in operating expenses and property taxes.

Operating expenses decreased by 7.9% and 0.3% for the three and six months ended June 30, 2018, respectively, due to decreased repairs and maintenance charges at both the suite and overall building level.

Utility costs for the three months ended June 30, 2018 were down by 5.2% compared to the prior year. This decrease was driven by decreased gas consumption. For the six months ended June 30, 2018, utility costs were up 0.2% compared to the same period in the prior year. The reported increase is mainly the result of the carbon tax, introduced by the Alberta Provincial Government in 2017, which increased by 50% in 2018. Currently, the Trust has two outstanding electricity contracts, one for Southern Alberta and one for Northern Alberta, with two utility companies to supply the Trust with its electrical power needs. The Trust also has three effective outstanding natural gas contracts to hedge the price of 75% of its Alberta natural gas usage. More details can be found in NOTE 16 to the condensed consolidated financial statements.

Property taxes for the three and six months ended June 30, 2018 decreased by 1.7% and 1.0%, respectively, due to successful property tax appeals in Calgary and Edmonton.

Net operating income for Alberta increased $5.7 million, or 8.4% for the six months ended June 30, 2018 compared to the same period in the prior year. Alberta's operating margin for the three and six months ended June 30, 2018 were 56.5% and 53.6%, respectively, compared to 51.6% and 51.5% for the same periods in 2017.

Saskatchewan Rental Operations

(In $000's, except number of suites)	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Total rental revenue	**$ 13,048**	$ 14,181	(8.0)%	**$ 25,824**	$ 28,443	(9.2)%
Expenses						
Operating expenses	**2,754**	2,866	(3.9)%	**5,406**	5,772	(6.3)%
Utilities	**1,844**	2,101	(12.2)%	**4,060**	4,549	(10.7)%
Property taxes	**1,234**	1,191	3.6%	**2,479**	2,415	2.7%
	$ 5,832	$ 6,158	(5.3)%	**$ 11,945**	$ 12,736	(6.2)%
Net operating income	**$ 7,216**	$ 8,023	(10.1)%	**$ 13,879**	$ 15,707	(11.6)%
Operating margin	**55.3%**	56.6%		**53.7%**	55.2%	
Number of suites at June 30	**4,103**	4,768		**4,103**	4,768	

Saskatchewan Rental Operations, excluding Regina portfolio sold in 2017

(In $000's, except number of suites)	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Total rental revenue	**$ 13,048**	$ 12,679	2.9%	**$ 25,824**	$ 25,430	1.5%
Expenses						
Operating expenses	**2,754**	2,481	11.0%	**5,406**	4,989	8.4%
Utilities	**1,844**	1,790	3.0%	**4,060**	3,854	5.3%
Property taxes	**1,234**	1,028	20.0%	**2,479**	2,088	18.7%
	$ 5,832	$ 5,299	10.1%	**$ 11,945**	$ 10,931	9.3%
Net operating income	**$ 7,216**	$ 7,380	(2.2)%	**$ 13,879**	$ 14,499	(4.3)%
Operating margin	**55.3%**	58.2%		**53.7%**	57.0%	
Number of suites at June 30	**4,103**	4,103		**4,103**	4,024	

For the three and six months ended June 30, 2018, Saskatchewan total rental revenue, when excluding a sold 641-unit Regina portfolio for both Q2 2017 and the six months ended June 30, 2017, increased by 2.9% and 1.5%, respectively, compared to the same periods in the prior year. The revenue increase is mainly due to higher occupancy in both Regina and Saskatoon. Rental expenses, when compared to 2017 excluding the sold Regina portfolio, increased by 10.1% and 9.3% for the three and six months ended June 30, 2018, respectively, primarily due to higher operating expenses, utilities and property taxes.

Operating expenses for the periods ended June 30, 2018 increased mainly due to higher wages and salaries.

Utility costs increased from the same periods in the previous year due primarily to higher water and sewer costs as well as higher cable and internet costs. The cable and internet program provides Resident Members a more cost-effective alternative to cable and internet service compared to subscribing individually with cable service providers. The Trust has two effective outstanding contracts to hedge its natural gas price for 100% of its Saskatchewan natural gas usage. Details of the hedging contracts can be found in NOTE 16 to the condensed consolidated financial statements for the current period.

Property taxes increased by 20.0% and 18.7% for the three and six months ended June 30, 2018, respectively, due to higher property tax assessments.

Reported operating margins for the three and six months ended June 30, 2018 decreased to 55.3% and 53.7%, respectively, compared to 58.2% and 57.0% reported for the same periods in the prior year.

Ontario Rental Operations

(In $000's, except number of suites)	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Total rental revenue	**$ 7,077**	$ 6,743	5.0%	**$ 14,097**	$ 13,500	4.4%
Expenses						
Operating expenses	**1,190**	1,072	11.0%	**2,349**	2,210	6.3%
Utilities	**861**	925	(6.9)%	**1,913**	2,071	(7.6)%
Property taxes	**827**	859	(3.7)%	**1,658**	1,696	(2.2)%
	$ 2,878	$ 2,856	0.8%	**$ 5,920**	$ 5,977	(1.0)%
Net operating income	**$ 4,199**	$ 3,887	8.0%	**$ 8,177**	$ 7,523	8.7%
Operating margin	**59.3%**	57.6%		**58.0%**	55.7%	
Number of suites at June 30	**2,585**	2,585		**2,585**	2,585	

Boardwalk REIT's Ontario operations reported an increase in total rental revenue of 5.0% and 4.4% for the three and six months ended June 30, 2018, respectively, compared to the same periods in the prior year, due to higher occupied rents. Total rental expenses were lower for the six months ended June 30, 2018 compared to the prior year, due primarily to decreased utility expenses and property taxes.

Operating expenses increased 11.0% for the three months ended June 30, 2018 as compared to the prior year due to increased wages and salaries. For the six months ended June 30, 2018, operating expenses increased 6.3% as compared to the prior year also due to increased wages and salaries.

Utility costs were lower for the six months due primarily to lower electricity costs. The Trust had one fixed price natural gas contract hedging 50% of its Ontario and Quebec natural gas usage that expired on October 31, 2017. Details of the contract can be found in NOTE 16 to the condensed consolidated financial statements.

Property taxes were lower for the three and six months ended June 30, 2018 as compared to the same periods in the prior year, due to lower property tax assessments.

Net operating income increased by 8.0% and 8.7% for the three and six months ended June 30, 2018, respectively, as compared to the same periods in the prior year. Operating margins were higher for the three and six months ended June 30, 2018 at 59.3% and 58.0%, respectively, as compared to 57.6% and 55.7% for the same periods in the prior year.

Quebec Rental Operations

(In $000's, except number of suites)	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Total rental revenue	**$ 18,923**	$ 18,492	2.3%	**$ 37,795**	$ 36,896	2.4%
Expenses						
Operating expenses	**4,695**	4,526	3.7%	**9,610**	9,359	2.7%
Utilities	**1,493**	1,314	13.6%	**4,114**	3,906	5.3%
Property taxes	**2,092**	2,022	3.5%	**4,157**	4,018	3.5%
	$ 8,280	$ 7,862	5.3%	**$ 17,881**	$ 17,283	3.5%
Net operating income	**$ 10,643**	$ 10,630	0.1%	**$ 19,914**	$ 19,613	1.5%
Operating margin	**56.2%**	57.5%		**52.7%**	53.2%	
Number of suites at June 30	**6,000**	6,000		**6,000**	6,000	

Boardwalk REIT's Quebec operations reported a total rental revenue increase of 2.3% and 2.4% for the three and six months ended June 30, 2018, respectively, compared to the same periods in the prior year.

Total rental expenses for the period increased by 5.3% and 3.5% for the three and six months ended June 30, 2018, respectively, when compared to 2017, mainly due to higher operating expenses, utilities and property taxes.

Operating expenses increased by 3.7% and 2.7% for the three and six months ended June 30, 2018, respectively, when compared to the same periods in 2017 due to increased wages and salaries.

The reported increase of 13.6% and 5.3% in utilities for the three and six months ended June 30, 2018, respectively, was due to higher natural gas expenses and electricity costs. The Trust had one outstanding fixed price natural gas contract to hedge 50% of its Ontario and Quebec natural gas usage that expired on October 31, 2017. The Trust entered into a new fixed price natural gas contract to hedge 100% of its Quebec natural gas usage, which expires on October 31, 2018. The details of the natural gas contracts are reported in NOTE 16 of the Trust's condensed consolidated financial statements for the current period.

Property taxes increased 3.5% and 3.5% for the three and six months ended June 30, 2018, respectively, compared to the same periods in the prior year due to slightly higher property tax assessments.

Reported operating margins for the six months ended June 30, 2018 decreased slightly to 52.7% from 53.2% in 2017.

OPERATIONAL SENSITIVITIES

Net Operating Income Optimization

Boardwalk continues to focus on optimizing its Net Operating Income (NOI). This focus requires us to manage not only revenues but also related operating costs, and take 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 preventive approach of increasing its offering of suite-specific rental incentives as well as, where warranted, adjusting reported market rents. The higher frequency of these incentives, particularly in Alberta and Saskatchewan, is an attempt by the Trust to keep occupancy levels higher than the overall market. When the market returns to balance, which Boardwalk is starting to see in some regions, the Trust will be well-positioned to unwind these incentives and increase rental rates. It has been our experience that this preemptive approach has resulted in optimizing net operating income.

In addition, in these competitive markets, the Trust approaches future upcoming maturing leases prior to lease maturity with the intent of renewing the lease at this time rather than waiting for 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 month. 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 units generating revenue for the period noted. The Trust closely monitors 'apartment availability', which represents unoccupied units not generating revenue for the period, after taking into account forward-committed leases. Although occupancy rates provide a good indication of current revenue, apartment availability provides the reader a more relevant indication of future potential revenue. As a result of the acquisitions of newly built assets, portfolio occupancy is on a same-store basis.

The Trust believes that when the Net Operating Income Optimization strategy is combined with our new 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 and extensive renovations are resulting in longer periods of time that suites are not available to be rented, including short-term increases in vacancy losses. It is our belief, however, that a focus on the longer-term value creation is in the best interest of all stakeholders.

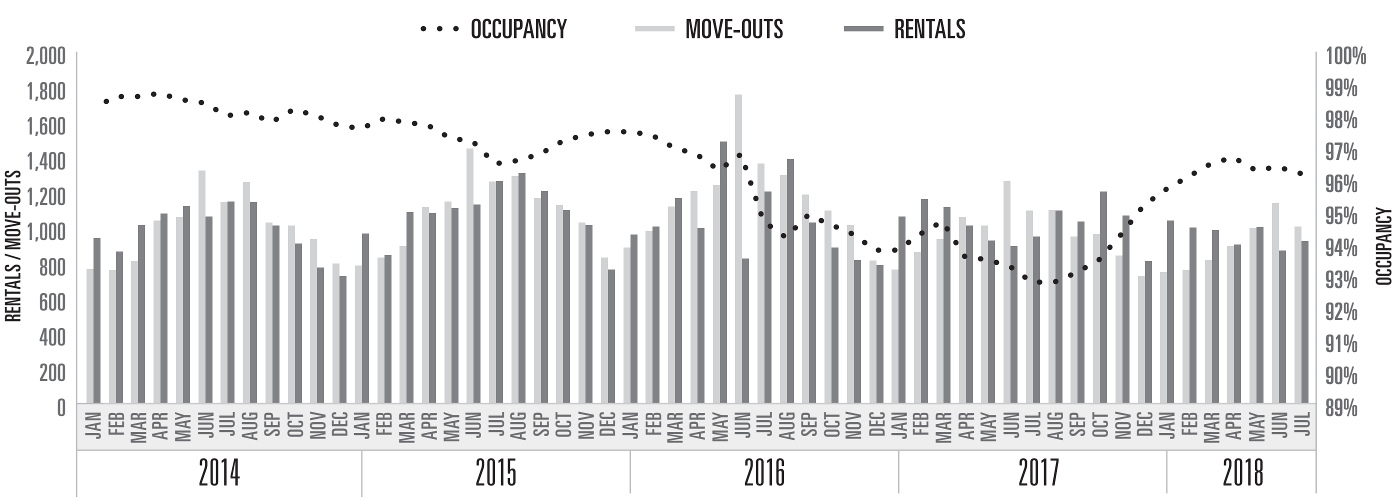
Boardwalk constantly reviews its existing programs, measuring them against resident demand, viability and expected return. Where appropriate, the Trust will make any necessary changes and fine-tuning to them.

Boardwalk REIT's Portfolio Occupancy (Same Store):

City	Q2 2018	Q2 2017
Calgary	**96.13%**	94.86%
Edmonton	**95.77%**	94.50%
Fort McMurray	**96.03%**	94.89%
Grande Prairie	**95.92%**	89.49%
Kitchener	**97.97%**	98.27%
London	**98.66%**	97.78%
Montreal	**95.86%**	97.74%
Quebec City	**96.83%**	96.60%
Red Deer	**96.06%**	92.79%
Regina	**96.14%**	92.81%
Saskatoon	**95.70%**	93.17%
Verdun	**99.44%**	99.30%
Total	**96.49%**	95.20%

In the second quarter of 2018, the Trust reported a year-over-year increase of 129 basis points in its overall same store occupancy rate, an increase from 95.20% to 96.49%. Improvements in the Western Canadian markets contributed to the overall occupancy rate increase. As a strategy, the Trust is constantly adjusting market rents and incentives based on property-specific demand and supply. Year-over-year, Calgary and Edmonton saw occupancy levels increased by 127 and 127 basis points, respectively, to 96.13% and 95.77%, respectively. Similarly, Regina saw occupancy levels increased to 96.14% in 2018 compared to 92.81% for 2017. Note that Regina does not include the 79-unit Phase 2 building substantially completed at the end of June 2017. Including Phase 2 in the current quarter would result in an occupancy rate of 94.17% for Regina. Saskatoon saw occupancy levels increased to 95.70% in 2018 compared to 93.17% in 2017.

Supply versus Demand & Impact on Reported Occupancy (Same Store)



The issue of demand and supply, as with any industry, is an important performance indicator for multi-family real estate. The above chart attempts to show the total move-outs (supply) compared to total move-ins (demand) and the resulting impact on reported occupancy relating to our portfolio. The cumulative impact of demand being greater than supply, or vice versa, is the primary driver in the reported occupancy rate. 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 net operating income; 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 $4.4 million, or $0.09 per Trust Unit on a diluted basis.

STABILIZED PROPERTY RESULTS

Boardwalk defines stabilized property as one that has been owned by the Trust for a period of 24 months or more from the reporting date. Boardwalk REIT's overall percentage of stabilized properties was 98.7% of its total rental unit portfolio as at June 30, 2018, or a total of 32,761 units. The table below provides a regional breakdown on these properties for the three and six months ended June 30, 2018, as compared to the same periods in 2017.

Jun. 30, 2018 – 3 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,559	2.6%	(4.2)%	9.0%	37.7%
Calgary	5,657	6.8%	(8.4)%	19.7%	20.8%
Red Deer	939	13.2%	(21.1)%	64.3%	2.5%
Grande Prairie	645	16.9%	(8.8)%	59.8%	1.5%
Fort McMurray	352	3.6%	2.0%	5.0%	1.2%
Alberta	20,152	4.6%	(6.2)%	14.7%	63.7%
Quebec	6,000	2.3%	5.3%	0.1%	17.7%
Saskatchewan	4,024	0.9%	9.5%	(5.3)%	11.6%
Ontario	2,585	5.0%	0.8%	8.0%	7.0%
	32,761	3.7%	(2.1)%	8.8%	100.0%

Jun. 30, 2018 – 6 M	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Edmonton	12,559	1.4%	1.4%	1.4%	37.4%
Calgary	5,657	6.4%	(4.2)%	15.5%	21.1%
Red Deer	939	11.3%	(6.9)%	38.2%	2.2%
Grande Prairie	645	16.3%	(2.0)%	45.8%	1.5%
Fort McMurray	352	0.8%	5.1%	(3.2)%	1.2%
Alberta	20,152	3.6%	(0.6)%	7.4%	63.4%
Quebec	6,000	2.4%	3.5%	1.5%	17.5%
Saskatchewan	4,024	-	8.6%	(6.5)%	11.9%
Ontario	2,585	4.4%	(1.0)%	8.7%	7.2%
	32,761	3.0%	1.1%	4.6%	100.0%

Stabilized revenue increased by 3.7% and 3.0% for the three and six months ended June 30, 2018, respectively, compared to the same periods in the prior year. Operating expenses reported for the three and six months ended June 30, 2018 decreased 2.1% and increased 1.1%, respectively, compared to the same periods in 2017, resulting in a NOI increase of 8.8% and 4.6%, respectively. The increase in reported stabilized revenue was driven by higher-place occupied rents and lower vacancy in Alberta and Saskatchewan, which accounts for approximately 75% of the Trust's reported stabilized Net Operating Income. Operating expenses for the six months ended June 30, 2018 increased primarily as a result of higher wages and salaries, advertising, utilities, and property taxes.

Stabilized Revenue Growth	# of Units	Q2 2018 vs Q1 2018	Q2 2018 vs Q4 2017	Q2 2018 vs Q3 2017	Q2 2018 vs Q2 2017
Edmonton	12,559	1.4%	2.9%	3.4%	2.6%
Calgary	5,657	1.2%	5.7%	7.5%	6.8%
Red Deer	939	1.9%	11.8%	16.3%	13.2%
Grande Prairie	645	4.1%	6.1%	14.0%	16.9%
Fort McMurray	352	0.8%	1.3%	1.3%	3.6%
Quebec	6,000	0.3%	0.1%	1.4%	2.3%
Saskatchewan	4,024	1.3%	1.8%	2.1%	0.9%
Ontario	2,585	0.8%	2.6%	3.0%	5.0%
	32,761	1.1%	3.0%	4.0%	3.7%

On a sequential basis, stabilized revenues reported in the second quarter of 2018 increased by 1.1% over Q1 2018, increased by 3.0% compared to Q4 2017, increased by 4.0% compared to Q3 2017 and increased 3.7% compared to Q2 2017. The increase over each quarter is a signal that the market is a more balanced market. The Trust strives toward balancing the optimum level of market rents, rental incentives and occupancy rates in order to achieve its net operating income optimization strategy.

Estimated Loss-to-Lease Calculation

Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents in June 2018, and adjusted for current occupancy levels, totaled approximately $14.3 million on an annualized basis. For the most part, Boardwalk REIT's rental lease agreements last no longer than twelve 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. The reader should note estimated loss-to-lease, measured at a point in time, is a non-GAAP measure, and that reported market rents can be very seasonal, and, as such, will vary from quarter to quarter. The significance of this change could materially affect Boardwalk REIT's "estimated loss-to-lease" amount. The importance of this estimate, however, is that it can be an indicator of future rental performance, assuming continuing economic conditions and trends. The reader should also note that it would take significant time for these market rents to be recognized by the Trust due to internal and external limitations on its ability to charge these new market-based rents in the short term.

Same Store	Jun. 2018 Market Rent (1)	Jun. 2018 Market Rent, including Incentives (1)	Jun. 2018 Occupied Rent (1)	Mark to Market Per Month	Annualized Mark to Market Adjusted for Current Occupancy levels ($000's)	Weighted Average Apartment Units	% of Portfolio
Edmonton	$ 1,291	$ 1,151	$ 1,126	$ 25	$ 3,733	12,559	38%
Calgary	1,471	1,300	1,250	50	3,401	5,657	17%
Red Deer	1,168	978	960	18	194	939	3%
Grande Prairie	1,079	1,001	919	82	640	645	2%
Fort McMurray	1,503	1,312	1,285	27	114	352	1%
Alberta Portfolio	$ 1,333	$ 1,183	$ 1,149	$ 34	$ 8,082	20,152	61%
Quebec	$ 1,092	$ 1,089	$ 1,065	$ 24	$ 1,705	6,000	19%
Saskatchewan (2)	1,269	1,083	1,087	(4)	(222)	4,024	12%
Ontario	1,081	1,081	928	153	4,735	2,585	8%
Total Portfolio	$ 1,261	$ 1,145	$ 1,109	$ 36	$ 14,300	32,761	100%

(1) Ancillary rental revenue is included in the calculation of market and occupied rents.
(2) Saskatchewan market rent includes an increase for cable and internet service.

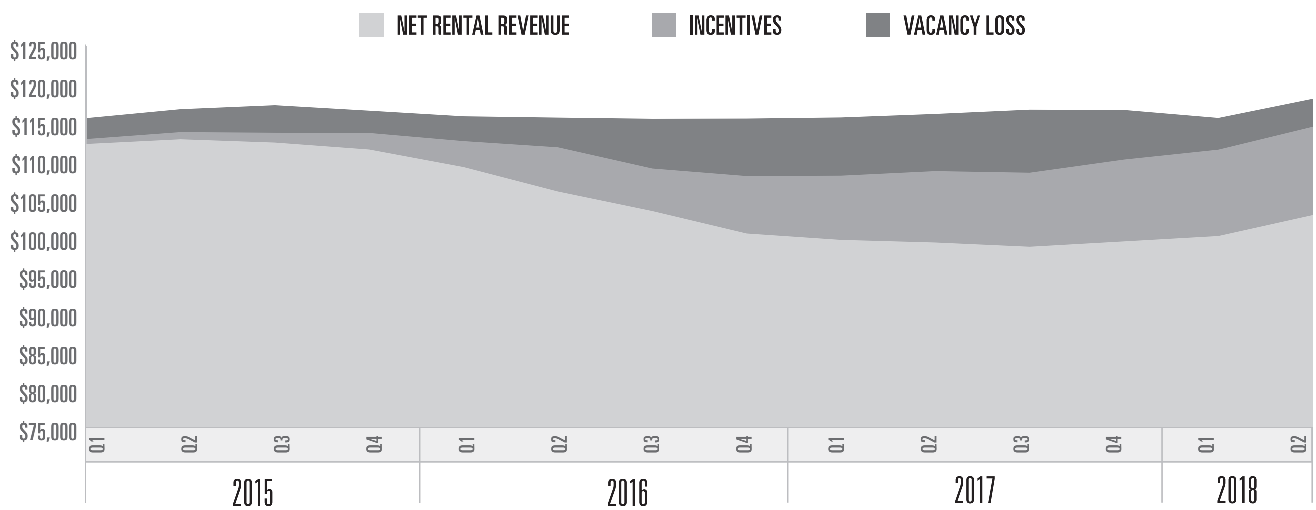
The increase in the loss-to-lease for our portfolio, from $13.1 million at March 2018 to $14.3 million at June 2018, was due primarily to an increase in market rents in many of Boardwalk's rental markets for the month of June, utilizing a weighted average mark-to-market of $36 per suite per month. Excluded from the loss-to-lease calculation of $14.3 million is approximately $116 per suite per month of incentives, resulting in additional revenue of over $40 million per annum.

In fiscal 2018, 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 details rental incentives offered versus vacancy loss. Select incentives are continuing in the Calgary, Edmonton, Regina and Saskatoon markets to maintain occupancy levels. Boardwalk REIT will 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.

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



As was previously mentioned, given a recovery of the rental markets, particularly in Alberta and Saskatchewan, Boardwalk's continued focus is on maintaining and increasing, in certain regions, occupancy in the short-term by offering various suite-specific incentives in exchange for longer-term leases.

Investing in Our Properties

Boardwalk is continually re-investing in its properties. A detailed analysis of this investment can be found later in the MD&A under the section titled, "Capital Improvements". The purpose of the "Capital Improvements" section is to provide the reader with a consolidated view of what the Trust spent on its real estate asset base.

FINANCING COSTS

Interest expense for the three months ended June 30, 2018 on the Trust's secured mortgages of $20.2 million decreased from $21.3 million in the same period in the prior year, as a result of a decrease of the Trust's LP B Units distributions. Financing costs for the six months ended June 30, 2018 decreased from the same period in the prior year, from $42.4 million to $40.0 million, primarily due to lower distributions on the Trust's LP B Units. At June 30, 2018, the reported weighted average interest rate of 2.61% was unchanged from the weighted average interest rate of 2.61% at December 31, 2017 and down from the 2.64% as at June 30, 2017. Boardwalk REIT has continued to take advantage of low interest rates to refinance and renew certain mortgages. The average term to maturity of the Trust's mortgage portfolio is approximately 3.9 years.

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

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

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

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

At June 30, 2018, over 99% of Boardwalk REIT's mortgages were backed by this NHA insurance, with a weighted average amortization period of approximately 31 years.

As was previously noted, IFRS has an impact on the amount of financing costs reported on the Trust's Condensed Consolidated Statement of Comprehensive Income. As a result of the Trust's LP Class B Units being classified as financial liabilities in accordance with IAS 32, the corresponding distributions paid to the Unitholders are classified as financing costs under IFRS. The Trust believes these distribution payments do not truly represent "financing charges" as these amounts are only payable if the Trust declares distributions, and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the DOT. The total amount of distributions paid to the LP Class B Unitholders for the three and six months ended June 30, 2018, which have been recorded as financing charges, was $1.1 million and $2.2 million, respectively ($2.5 million and $5.0 million for the three and six months ended June 30, 2017). Based on this rationale, these amounts have been added back in the calculation of FFO.

The reader should also note that, under IFRS, financing charges are recorded net of interest income the Trust has earned for the period. The total amount of interest income earned for the three and six months ended June 30, 2018 was $0.6 million and $1.1 million, respectively, compared to $0.3 million and $0.6 million for the same periods in the prior year. Interest income will fluctuate depending on the cash on hand in the period. Further details on the Trust's investment of cash on hand using term deposits with maturities of 90 days or less can be found in NOTE 6 of the condensed consolidated financial statements.

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 three and six months ended June 30, 2018 was $1.7 million and $3.2 million, respectively, compared to $1.3 million and $2.6 million recorded for the same periods in 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, as discussed later in the MD&A, it is important the reader understands how significant interest rate changes could impact the Trust as a whole. Due to the size of Boardwalk's overall mortgage portfolio, it has been prudent to spread out the maturity of these mortgages over a number of years. For the remainder of fiscal 2018, the Trust anticipates having approximately $108.7 million of secured mortgages maturing with a weighted average rate of 2.70%. If we were to renew these mortgages today with a 5-year term, we estimate, based upon interactions with possible lenders, the new rate would be approximately 3.00% (as of August 13, 2018).

ADMINISTRATION

Included in administration expenses are costs associated with Boardwalk REIT's centralized administrative functions. The amounts reported for the three and six months ended June 30, 2018, which relates to corporate administration from continuing operations, were $9.4 million and $18.8 million, respectively, compared to $8.1 million and $16.5 million for the same periods in the prior year, an increase of approximately 16.0% and 13.9%. The increase was due to increased administrative wages, including severance costs of approximately $0.4 million, and higher call centre costs.

For the current and prior comparative periods, Boardwalk REIT allocated certain administration costs between corporate and rental operating expenses. The administration costs allocated to rental operating expenses consist primarily of specific amounts associated with operation-specific staff and related support initiatives. Total administration costs, combining rental operating and corporate, was $16.3 million and $32.9 million for the three and six months ended June 30, 2018, respectively, compared to $15.2 million and $30.5 million for the same periods in the prior year.

DEPRECIATION

Depreciation recorded on the Condensed Consolidated Statements of Comprehensive Income relates to the depreciation of the Trust's 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 depreciation estimates on an ongoing basis and, if warranted, will adjust these estimates on a prospective basis.

The total amounts reported as depreciation for the three and six months ended June 30, 2018, was $1.6 million and $3.1 million, respectively, compared to $1.4 million and $2.5 million recorded for the same periods in the prior year.

OTHER INCOME AND EXPENSES

Income Tax Expense

Boardwalk REIT qualifies as a 'mutual fund trust' as defined in the Income Tax Act (Canada). The Tax Act also contains legislation affecting the tax treatment of publicly traded trusts and the criteria for qualifying for the real estate investment trust exemption (the "REIT Exemption"), which would exempt Boardwalk REIT from income tax under the SIFT Legislation. For 2017 and 2018 to date, 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 Boardwalk REIT Units at any time at the option of the holder. The LP Class B Units and the deferred unit-based compensation plan are classified as financial liabilities in accordance with IFRS standards, and, as a result, are recorded at their fair value at each reporting date. As at June 30, 2018, the Trust used a price of $45.67 based on the closing price of the TSX-listed Boardwalk REIT Trust Units to determine the fair value of these financial liabilities at that date. The total fair value of these Units recorded on the Condensed Consolidated Statements of Financial Position at June 30, 2018, was $204.4 million, and a corresponding fair value loss of $11.5 million (six months ended June 30, 2017 – fair value gain of $4.9 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the six months ended June 30, 2018.

The deferred unit-based compensation plan had a fair value of $5.4 million, and a corresponding fair value loss of $0.3 million (six months ended June 30, 2017 – fair value gain of $0.1 million) was recorded on the Condensed Consolidated Statements of Comprehensive Income for the six months ended June 30, 2018.

REVIEW OF CASH FLOWS

Operating Activities

Cash Flow from Operations

Boardwalk REIT prepares its financial statements in accordance with International Financial Reporting Standards and with the recommendations of REALpac. REALpac has adopted measurements called Net Operating Income ("NOI"), Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") to supplement operating income and profits (or earnings) as measures of operating performance, as well as a cash flow metric called Adjusted Cash Flow from Operations ("ACFO"). These measurements are considered to be meaningful and useful measures of real estate operating performance. Boardwalk REIT's presentation of NOI, 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. NOI, FFO, AFFO and ACFO do not represent earnings or cash flow from operating activities as defined by IFRS. Boardwalk REIT considers FFO and AFFO to be appropriate measurements of the performance of a publicly listed multi-family residential entity. In order to facilitate a clear understanding of the combined historical operating results of Boardwalk REIT, management feels FFO and AFFO should be considered in conjunction with profit as presented in the consolidated financial statements. Boardwalk REIT's computation of FFO and AFFO from profit is highlighted above in the section titled, "FFO and AFFO Reconciliations".

A reconciliation of ACFO to cash flow from operating activities as shown in the Condensed Consolidated Statements of Cash Flow prepared in accordance with IFRS is highlighted below. For the three months ended June 30, 2018, cash flow from operating activities increased by 30.7% from $25.2 million to $33.0 million, as compared to the three months ended June 30, 2017. For the six months ended June 30, 2018, cash flow from operating activities increased by 9.3% from $50.6 million to $55.3 million, as compared to the six months ended June 30, 2017.

ACFO Reconciliation *(In $000's, except per Unit amounts)*	**3 Months Jun. 30, 2018**	3 Months Jun. 30, 2017	% Change	**6 Months Jun. 30, 2018**	6 Months Jun. 30, 2017	% Change
Cash flow from operating activities	**$ 32,951**	$ 25,205		**$ 55,343**	$ 50,633	
Adjustments						
Operating working capital	**(1,858)**	1,505		**(26)**	2,936	
Proceeds on insurance settlement	**-**	(474)		**-**	(3,010)	
Government grant earned	**94**	95		**189**	189	
Add back distributions to LP Class B Units recorded as financing charges [1]	**1,120**	2,517		**2,240**	5,034	
Interest paid	**18,504**	20,008		**37,181**	39,864	
Financing costs	**(20,165)**	(21,304)		**(39,975)**	(42,423)	
	$ 30,646	$ 27,552		**$ 54,952**	$ 53,223	
Maintenance capital expenditures [2]	**$ (5,766)**	$ (6,189)		**$ (11,532)**	$ (10,622)	
Adjusted Cash Flow from Operations (ACFO)	**$ 24,880**	$ 21,363	16.5%	**$ 43,420**	$ 42,601	1.9%
ACFO – per Unit	**$ 0.49**	$ 0.42	16.7%	**$ 0.85**	$ 0.84	1.2%

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

(2) Details of the calculation of Maintenance Capital Expenditures can be found in the section titled, "Maintenance of Productive Capacity".

The reader is cautioned that Boardwalk REIT's calculation of ACFO may be different from other real estate corporations or REITs and, as such, a straight comparison may not be warranted. For the three and six months ended June 30, 2018, Boardwalk REIT reported total ACFO of $24.9 million and $43.4 million, respectively, or $0.49 and $0.85 per fully diluted Trust Unit. This represented an increase of approximately 1.9% and 1.2%, respectively, compared to $42.6 million, or $0.84 per fully diluted Trust Unit, reported for the same six months in 2017. The increase for 2018 is primarily due to higher rental revenue resulting from higher occupancy levels.

For the current quarter, the Trust is currently paying out an estimated 41.5% of reported FFO and 51.1% of ACFO, compared to 103.6% and 133.7%, respectively, for the same period in the previous year. For the six months ended June 30, 2018, the Trust is paying out an estimated 46.3% of reported FFO and 58.6% of ACFO, compared to 107.3% and 134.0%, respectively, for the same period in 2017. It should be noted that the Trust is subject to significant seasonality in some of its input costs, such as utilities, and the reader should not simply annualize the results of the current quarter. Distributions as a percentage of FFO on a rolling four quarter basis were 76.0%. ACFO, in the longer term, is indicative of the Trust's ability to pay distributions to its Unitholders. As regular distributions are funded by the Trust's liquidity, cash flow from operations 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 in fiscal 2017, the Board has decided to reduce distribution from $2.25 to $1.00 per unit on an annualized basis, effective for 2018. NOI, FFO, AFFO and ACFO are non-GAAP measures that do not have standardized meanings as defined by IFRS and, therefore, may not be comparable to NOI, FFO, AFFO and ACFO as presented by other real estate entities.

Financing Activities

Distributions

Boardwalk distributes payments on a monthly basis to its Unitholders. These payments are referred to as regular distributions. The distinct nature and classification of these payments are unique to each trust and the components of these distributions may have differing tax treatments. For the three and six months ended June 30, 2018, the Trust paid regular distributions of $12.7 million and $25.4 million, respectively, to its Trust and LP Class B Unitholders, compared to cash flow from operating activities of $33.0 million and $55.3 million. For the three and six months ended June 30, 2017, the Trust paid regular distributions of $28.6 million and $57.1 million, respectively, compared to cash flow from operating activities of $25.2 million and $50.6 million.

Regular distributions (Trust and LP Class B Units) declared in the second quarter and six months ended June 30, 2018 represented approximately 38.6% and 46.0%, respectively, of cash flow from operating activities compared to 113.3% and 112.8% for the second quarter and six months of 2017.

The excess of total distributions compared to cash flow from operating activities of 12.8% (or $6.5 million), for the six months ended June 30, 2017 were funded primarily by mortgage upfinancings tied to the capital appreciation of Boardwalk's investment property portfolio. These mortgage upfinancings, for the most part, were used for major capital upgrades and suite renovations to position the Trust's property portfolio for long-term growth, with a targeted average return of 8% or more on capital invested.

Financing of Revenue Producing Properties

During the six months ended June 30, 2018, the financing and refinancing of existing properties totaled approximately $121.8 million. During the financing and refinancing process, Boardwalk REIT was able to maintain its weighted average interest rate on its mortgage portfolio at 2.61% (December 31, 2017 – 2.61%).

Acquisitions

On February 28, 2017, the Trust purchased a warehouse building in London, Ontario, which has been included in Trust's property, plant and equipment for a purchase price of $1.4 million. The Trust did not acquire any new property during the current quarter.

Due to the nature of multi-family residential real estate, the amount paid for apartment units 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.

Capital Improvements

In Q3 of 2017 the Trust implemented a new investment strategy designed to create long-term value. The program is focused around three separate levels of renovations and upgrades: Boardwalk Lifestyle, Boardwalk Communities and Boardwalk Living.

Boardwalk has a continuous capital improvement program with respect to its investment properties. The program is designed to extend their 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 select 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 neighborhoods. 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 WiFi 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 the more discriminating renter and commonly referred to as a 'renter by choice'.

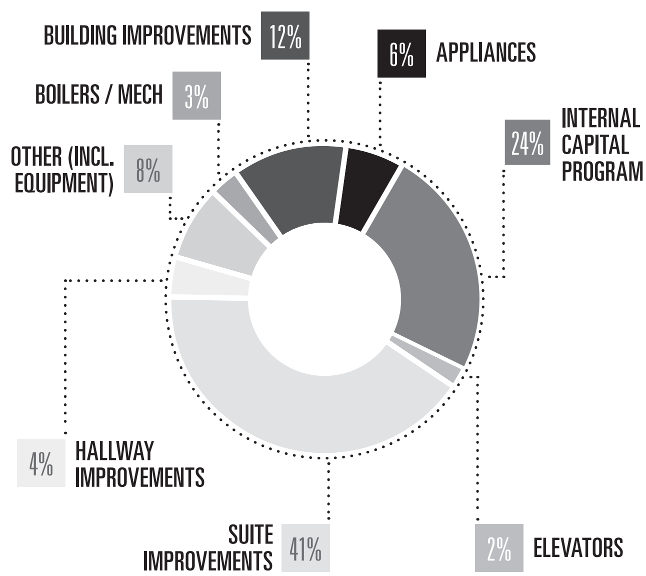
A number of the Trust's communities will be selected to be repositioned to the Boardwalk Communities category. These communities will also be targeted based on location and will focus in on a modernization program. These communities tend to be located in mature areas near schools, parks, downtown core, 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 repositioning and rebranding communities, it will be 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 the six months of 2018, Boardwalk REIT invested approximately $55.9 million (comprised of $52.3 million on its stabilized investment properties and $3.6 million on property, plant and equipment) back into its properties in the form of equipment and project enhancements to upgrade existing suites, common areas and amenities, building exteriors and systems, compared to the $92.3 million ($85.1 million on its stabilized investment properties and $7.2 million property, plant and equipment) invested in the first half of 2017. The amount of this investment will vary from year-to-year, but increased significantly in 2017 as a result of Boardwalk's suite upgrade and property repositioning initiatives.

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 capital improvements is approximately $13.7 million of on-site wages and salaries that have been incurred towards these projects for the first half of 2018, compared to $11.4 million for the same period 2017.

2018 6M Capital Investment



Maintenance of Productive Capacity

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

Maintenance capital expenditures over the longer term are funded from operating cash flows. These expenditures are deducted from FFO in order to estimate a sustainable amount, called Adjusted Funds from Operations, which can be distributed to Unitholders. Maintenance capital expenditures include those expenditures that, although capital in nature are not considered significant betterments, and relate more to maintaining the existing earnings capacity of our property portfolio. In contrast, value enhancing capital expenditures are more discretionary in nature and focus on increasing the productivity of the property, with the goal of increasing the FFO generated at that location. In addition, the Trust invests funds in its portfolio in the form of ongoing repairs and maintenance as well as on-site maintenance Associates. Both of these expenditures are designed to maintain the operating capacity of our assets.

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

(In $000's, except for per suite amounts)	**3 Months Jun. 30, 2018**	**Per Suite**	3 Months Jun. 30, 2017	Per Suite	**6 Months Jun. 30, 2018**	**Per Suite**	6 Months Jun. 30, 2017	Per Suite
Maintenance Capital Expenditures (1)	**$ 5,766**	**$ 174**	$ 6,189	$ 183	**$ 11,532**	**$ 348**	$ 10,622	$ 315
Value Enhancing Capital Expenditures (including suite upgrades)	**18,293**	**552**	47,935	1,420	**40,795**	**1,229**	74,476	2,205
	$ 24,059	**$ 726**	$ 54,124	$ 1,603	**$ 52,327**	**$ 1,577**	$ 85,098	$ 2,520

(1) Details of the calculation of Maintenance Capital Expenditures can be found below.

Items reported as capital are defined as investments in assets that have a useful economic life longer than one year. Management has estimated that for second quarter of fiscals 2018 and 2017, the amount allocated to maintenance capital was approximately $5.8 million or $174 per apartment unit, and $6.2 million, or $183 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $18.3 million and $47.9 million, respectively, or $552 and $1,420 per apartment unit.

For the six months ended June 30, 2018 and 2017, the amount allocated to capital was approximately $11.5 million, or $348 per apartment unit, and $10.6 million, or $315 per apartment unit, respectively, with investment in value-enhancing expenditures to its stabilized investment properties totaling $40.8 million and $74.5 million, respectively, or $1,229 and $2,205 per apartment unit.

The amount allocated to maintenance capital expenditures in 2018 of approximately $11.5 million, or $348 per apartment unit, was higher than the $315 per apartment unit in 2017. The amount of $348 per apartment unit is equivalent to $695 per apartment unit on an annualized basis.

Maintenance Capital Expenditures ("Maintenance CAPEX")

Maintenance CAPEX is defined as capital expenditures related to maintaining the existing space of a property. This contrasts with expenditures related to development or revenue-enhancing activities in nature. Boardwalk's determination of Maintenance CAPEX is based on an estimated reserve amount per apartment unit rather than on actual amounts and utilizing a three-year rolling average. Boardwalk's viewpoint is that the categorization of expenditures between maintenance and value-enhancing will be subject to wide variations in professional judgment, especially as it relates to the multi-family real estate asset class. As a result, Boardwalk has determined that a reserve amount based a three-year rolling average and calculated using an annual $620 per apartment unit for 2018, $939 per apartment unit for 2017 and $525 per apartment unit for 2016. Capital budget amounts for 2018, revised if necessary, are used to calculate Maintenance CAPEX for the three-year rolling average. For each of the fiscal periods, the first-year amortization of major capital expenditure categories is taken as a reliable metric of Maintenance CAPEX for the year, since such an amount would have been expended in the first year in any event in lieu of repair and maintenance expenses. The economic useful lives of capital expenditures after the first year are, therefore, deemed to be value-enhancing as these will inevitably benefit higher revenue generation in future years. The three-year rolling average is being applied prospectively, commencing with the current quarter.

For 2018, the reserve amount is determined by taking the Trust's 2018 capital budget, excluding development, and estimating the economic useful life of each major capital expenditure category. The first year of amortization for each category is then classified as Maintenance CAPEX. The total Maintenance CAPEX is then divided by the number of apartment units in Boardwalk's property portfolio to derive a per unit Maintenance CAPEX amount. For 2018, Boardwalk's estimate of Maintenance CAPEX is $23.1 million, or $695 per apartment unit, for the year. The Trust's calculation of standardized maintenance capital expenditures per suite is outlined below:

Category	2018 Budget Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	2018 Budget Maintenance Capital Expenditures ($000's, except per unit amount)
Building Exterior, Grounds & Parking	$ 39,706	15.0	7%	93%	$ 2,648
Hallways & Lobbies	$ 2,900	10.0	10%	90%	$ 290
Elevators	$ 2,700	10.0	10%	90%	$ 270
Mechanical & Electrical	$ 2,378	10.0	10%	90%	$ 238
Other – Information Technology	$ 5,300	5.0	20%	80%	$ 1,060
Site Equipment & Vehicles	$ 2,000	5.0	20%	80%	$ 400
Total Common Area	$ 54,984				
Paint & General	$ 18,885	4.0	25%	75%	$ 4,721
Flooring	$ 21,190	8.0	13%	88%	$ 2,649
Cabinets & Counters	$ 10,500	8.0	13%	88%	$ 1,313
Appliances	$ 5,467	8.0	13%	88%	$ 683
Suite Mechanical	$ 1,827	4.0	25%	75%	$ 457
Furniture, Fixtures & Equipment	$ 501	4.0	25%	75%	$ 125
Total Suites	$ 58,370				
Internal Capital Program	$ 22,940	4.0	25%	75%	$ 5,735
Subtotal	$ 136,294				$ 20,589
Corporate Capital Expenditures	-				
Total Budget Capital Expenditures	$ 136,294				
2018 Capital Budget Summary					
Maintenance Capital Expenditures (33,187 Units x $695/Unit)	$ 23,058				
Value Added Capital Expenditures	$ 141,489				
	$ 164,547				
Apartment Units	33,187				$ 620
Three-year Rolling Average					
2016					$ 525
2017					$ 939
2018					$ 620
Maintenance CAPEX Per Unit					$ 695

A similar calculation for 2017 and 2016 maintenance capital expenditures, reconciled to Boardwalk's 2017 and 2016 actual cash flow from investing activities, are also provided below for comparison. In 2017, Boardwalk estimated Maintenance CAPEX to be $939 per apartment unit for the year, and in 2016 the Trust estimated $525 per apartment unit per year, based on actual capital expenditures.

Category	2017 Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	2017 Maintenance Capital Expenditures ($000's, except per unit amount)
Building Exterior, Grounds & Parking	$ 34,936	15.0	7%	93%	$ 2,330
Hallways & Lobbies	$ 6,756	10.0	10%	90%	$ 676
Elevators	$ 6,129	10.0	10%	90%	$ 613
Mechanical & Electrical	$ 7,495	10.0	10%	90%	$ 750
Other – Information Technology	$ 7,384	5.0	20%	80%	$ 1,477
Site Equipment & Vehicles	$ 4,651	5.0	20%	80%	$ 930
Total Common Area	$ 67,351				
Paint & General	$ 31,749	4.0	25%	75%	$ 7,937
Flooring	$ 37,961	8.0	13%	88%	$ 4,745
Cabinets & Counters	$ 21,032	8.0	13%	88%	$ 2,629
Appliances	$ 9,943	8.0	13%	88%	$ 1,243
Suite Mechanical	$ 5,379	4.0	25%	75%	$ 1,345
Furniture, Fixtures & Equipment	$ 981	4.0	25%	75%	$ 245
Total Suites	$ 107,045				
Internal Capital Program	$ 24,889	4.0	25%	75%	$ 6,222
Subtotal	$ 199,285				$ 31,142
Corporate Capital Expenditures	$ 2,646				
Total Capital Expenditures	$ 201,931				
2017 Cash Flow from Investing Activities					
Improvements to Investment Properties	$ 190,203				
Additions to Property, Plant & Equipment	$ 11,728				
	$ 201,931				
Apartment Units	33,187				$ 939
Standardized Maintenance CAPEX Per Unit					$ 939

Category	2016 Capital Expenditures ($000's)	Economic Useful Life (Years)	Maintenance Capital Allocation	Value-added Capital Allocation	2016 Maintenance Capital Expenditures ($000's, except per unit amount)
Building Exterior, Grounds & Parking	$ 29,062	15.0	7%	93%	$ 1,938
Hallways & Lobbies	$ 1,347	10.0	10%	90%	$ 135
Elevators	$ 5,489	10.0	10%	90%	$ 549
Mechanical & Electrical	$ 4,235	10.0	10%	90%	$ 424
Other – Information Technology	$ 3,305	5.0	20%	80%	$ 661
Site Equipment & Vehicles	$ 3,050	5.0	20%	80%	$ 610
Total Common Area	$ 46,488				
Paint & General	$ 8,693	4.0	25%	75%	$ 2,173
Flooring	$ 15,283	4.0	25%	75%	$ 3,821
Cabinets & Counters	$ 6,271	4.0	25%	75%	$ 1,568
Appliances	$ 3,895	4.0	25%	75%	$ 974
Suite Mechanical	$ 606	4.0	25%	75%	$ 152
Furniture, Fixtures & Equipment	$ 245	4.0	25%	75%	$ 61
Total Suites	$ 34,993				
Internal Capital Program	$ 19,379	4.0	25%	75%	$ 4,845
Subtotal	$ 100,860				$ 17,911
Corporate Capital Expenditures	$ 1,726				
Total Capital Expenditures	$ 102,586				
2016 Cash Flow from Investing Activities					
Improvements to Investment Properties	$ 97,744				
Additions to Property, Plant & Equipment	$ 4,842				
	$ 102,586				
Apartment Units	33,773				$ 530
Standardized Maintenance CAPEX Per Unit					$ 525

REVIEW OF FINANCIAL POSITION

Investment Properties

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

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

Date	Number of properties	Aggregate fair value	Percentage of portfolio as of that date
June 30, 2018	4	$ 135,882	2.3%
March 31, 2018	4	$ 109,606	1.9%
December 31, 2017	5	$ 575,360	10.1%
September 30, 2017	4	$ 125,232	2.2%
June 30, 2017	5	$ 152,681	2.7%
March 31, 2017	4	$ 99,593	1.8%

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

As at	**Jun. 30, 2018**			Dec. 31, 2017		
	Capitalization Rate		**Forecasted Total Standardized Net Operating Income**	Capitalization Rate		Forecasted Total Standardized Net Operating Income
	Minimum	**Maximum**		Minimum	Maximum	
Calgary	**4.50%**	**6.00%**	**$ 64,588**	4.50%	6.00%	$ 63,390
Edmonton	**5.00%**	**5.50%**	**123,710**	5.00%	5.50%	120,518
Other Alberta	**5.75%**	**7.25%**	**19,082**	5.75%	7.25%	18,271
Kitchener	**4.75%**	**4.75%**	**2,363**	4.75%	4.75%	2,320
London	**4.75%**	**5.00%**	**14,539**	4.75%	5.00%	14,251
Montreal	**4.75%**	**5.75%**	**5,896**	4.75%	5.75%	5,788
Quebec City	**5.25%**	**5.75%**	**10,372**	5.25%	5.75%	10,250
Regina	**5.65%**	**6.00%**	**19,221**	5.65%	6.20%	19,127
Saskatoon	**5.75%**	**6.00%**	**18,450**	5.75%	6.00%	18,377
	4.50%	**7.25%**	**$ 278,221**	4.50%	7.25%	$ 272,292
Land Lease	**4.50%**	**21.07%**	**$ 29,506**	4.50%	21.07%	$ 28,100

Overall portfolio weighted average capitalization rate was 5.29% as at June 30, 2018 and 5.29% as at December 31, 2017.

The "Overall Capitalization Rate" method requires a forecasted stabilized net operating income ("NOI") be divided by a capitalization rate ("cap rate") to determine a fair value. NOI is calculated as a one-year income forecast based on rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, less property operating costs. As such, fluctuations in both NOI and cap rates could significantly alter the fair value. Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in capitalization rate will result in a decrease to the fair value of an investment property. When the capitalization rate is applied to NOI to calculate fair value, there is a significant impact whereby the lower the capitalization rate, the larger the impact. Below are tables that summarize the sensitivity impact of changes in both cap rates and NOI on the Trust's fair value of its investment properties (excluding development) as at June 30, 2018 and December 31, 2017:

As at June 30, 2018		**Net Operating Income**				
		-3%	**-1%**	**As Forecasted**	**+1%**	**+3%**
Capitalization Rate		**$ 298,495**	**$ 304,650**	**$ 307,727**	**$ 310,804**	**$ 316,959**
-0.25%	5.04%	**$ 105,394**	**$ 227,512**	**$ 288,572**	**$ 349,631**	**$ 471,750**
Cap Rate As Reported	5.29%	**(174,521)**	**(58,174)**	**5,817,370**	**58,174**	**174,521**
+0.25%	5.54%	**(429,172)**	**(318,075)**	**(262,526)**	**(206,978)**	**(95,881)**

As at December 31, 2017		Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Capitalization Rate		$ 291,380	$ 297,388	$ 300,392	$ 303,396	$ 309,414
-0.25%	5.04%	$ 102,749	$ 221,914	$ 281,497	$ 341,080	$ 460,245
Cap Rate As Reported	5.29%	(170,303)	(56,768)	5,676,776	56,768	170,303
+0.25%	5.54%	(418,719)	(310,305)	(256,099)	(201,892)	(93,478)

Investment properties with a fair value of $579.5 million as at June 30, 2018 (December 31, 2017 – $551.1 million), are situated on land held under ground (or land) leases.

Investment properties with a fair value of $942.1 million as at June 30, 2018 (December 31, 2017 – $948.3 million), are pledged as security against the Trust's committed revolving credit facility. In addition, investment properties with a fair value of $5.6 billion as at June 30, 2018 (December 31, 2017 – $5.4 billion), are pledged as security against the Trust's mortgages payable.

For the six months ended June 30, 2018, the Trust capitalized $52.3 million in building improvements (and $11.6 million in development expenditures) and recorded a fair value gain of $88.3 million on its financial statements as a result of changes in the fair value of investment properties. 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.

Investment Property Development

Over the last number of years, there has been a shift in the multi-family apartment environment in Canada. Over this period, Boardwalk has witnessed a significant increase in the market value of rental apartments. This increase has been mainly driven by a significant compression in market capitalization rates, which in turn has been the result of a prolonged low interest rate environment in Canada.

With this increase in the market value of apartments, there has been a significant decrease in the expected returns from existing multi-family assets to a level that warrants a measured allocation of capital to the area of new apartment development, particularly on excess land the Trust currently owns. In 2012, the Trust received development approval from the City of Calgary in Alberta and commenced construction of a 109-unit four storey, elevatored, wood frame building in the Southwest part of the city. The development was substantially completed on November 7, 2013, and an Occupancy Permit allowing Boardwalk to commence the lease-up of the units was issued by the City of Calgary for the project. The project was completed on time and within budget totaling approximately $19 million. To assist in the development cost of this property, the Trust had applied for, and received, approval of a grant from the Province of Alberta in the amount of $7.5 million. In return for this grant, the Trust has agreed to classify 54 of the 109 units as 'affordable', with market rents set at 10% below average market rates for Calgary for a term of 20 years. We estimated the stabilized capitalization rate on this project to be between 6.5% and 7.0%, including an estimated allocation of $4.25 million, or $39,000 per apartment unit, for the excess land allocated to this project. In accordance with

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance under IFRS, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units, resulting in achievable rents being much closer to market rents. For the three and six months ended June 30, 2018, $94,000 and $189,000, respectively, was recognized in profit under rental revenue for this grant (three and six months ended June 30, 2017 – $95,000 and $189,000, respectively).

In October 2014, the Trust commenced the first phase of construction for a 79-unit, wood frame building on excess land on our property known as Pines of Normanview in Regina, Saskatchewan. The project, called 'Pines Edge 1', was substantially completed on January 29, 2016 with a total cost of $13.4 million, below the original budget of $14.1 million. The four-story building consists of 13 one-bedroom and 66 two-bedroom units with a single level of underground parking. The stabilized unlevered yield is estimated to range from 6.50% to 7.00% excluding land. Lease-up of the project began in February of 2016. The Trust commenced construction of Phase 2 of Pines Edge in 2016, an identical 79 unit, four-storey wood frame building with construction being substantially completed at the end of June 2017, both on time and on budget. Pine Edge 3, consisting of 71 units, began construction in June of 2017 and received a temporary occupancy permit in July 2018.

In the fourth quarter of 2016, Boardwalk and RioCan entered into a joint venture agreement to develop a mixed-use tower consisting of an at-grade retail podium totaling approximately 10,000 square feet and a twelve-storey residential tower with approximately 130,000 square feet of residential space, totaling approximately 162 apartment units at RioCan's Brentwood Village Shopping Centre in Calgary, Alberta. The development will include two (2) levels of underground parking and will provide premium rental housing minutes from downtown Calgary along the Northwest Light Rail Transit line, while providing close proximity to the University of Calgary, McMahon Stadium and Foothills Hospital. Boardwalk views RioCan as a like-minded partner who shares similar values and goals as its own, namely to maximize the potential of well-located, transit oriented mixed-use developments that can be constructed to create new communities that residents are proud to call home. The joint venture involves an equal 50% interest in which both RioCan and Boardwalk will provide its best-in-class retail and residential expertise, respectively, to co-develop the asset. To maximize the value of the development, RioCan will manage the retail component and Boardwalk will manage the residential component, each on a cost basis.

The land was 100% owned by RioCan. Pursuant to a purchase and sale agreement dated October 19, 2016 between Boardwalk and RioCan, Boardwalk purchased a 50% interest in the parcel of land on November 23, 2017. The land value was based on the total buildable area and, as such, Boardwalk paid $3.2 million for its 50% interest. Construction of the project began in Q4 of 2017. For the six months ended June 30, 2018, Boardwalk incurred $3.0 million in development costs for its 50% interest. In fiscal 2017, Boardwalk incurred $2.3 million in development costs. It is estimated that the total construction for the project will be between $75 million to $80 million ($37.5 million to $40 million per partner) and, to-date, the project is on schedule and on budget.

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

For the three and six months ended June 30, 2018, the Trust expended $5.9 million and $11.6 million, respectively on total development costs compared to $3.4 million and $8.0 million, respectively for the same periods in the prior year. Interest costs of $102,000 and $230,000 were capitalized for the three and six months ended June 30, 2018, respectively (three and six months ended June 30, 2017 – $65,000 and $178,000, respectively).

CAPITAL STRUCTURE AND LIQUIDITY

Liquidity refers to the Trust's ability to generate, and have available, sufficient cash to fund our ongoing operations and capital commitments as well as its distributions to Unitholders. Generally, distributions are funded from FFO. However, in common with the majority of real estate entities, we rely on lending institutions for a significant portion of capital required to fund mortgage principal payments, capital expenditures, acquisitions, unit buybacks, and repayment of maturing debt. Over the past number of years, Boardwalk has observed a significant increase in borrowing standards of many of our key lending partners as a result of heightened sensitivity to possible weaknesses in the economy.

To mitigate the risk of renewal, the Trust utilizes NHA mortgage insurance, the benefits of which we discussed in detail above. Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance. In volatile times, the ability to access this product was very beneficial to the Trust as a whole.

The Trust's liquidity position as at June 30, 2018 remains stable as the following table highlights:

($000)		
Cash Position – June 30, 2018	$	81,204
Committed Revolving Credit Facility Available		199,700
Total Available Liquidity	$	280,904

In addition to this, the Trust currently has 1,273 rental apartment units of unencumbered assets, of which 257 units are pledged against the Trust's committed revolving credit facility. It is estimated under current CMHC underwriting criteria, that the Trust could obtain an additional $126.3 million of new proceeds from the financing of its current unencumbered assets. Over 99% of Boardwalk REIT's secured mortgages carry NHA insurance.

The reader should also be aware that of the $108.7 million of secured mortgages coming due for the remainder of 2018 (as shown in the table on the next page), all have NHA insurance, and represent in aggregate approximately 41% of current estimated "underwriting" values on those individual secured assets. Currently, the interest rate on NHA 5-year insured mortgages is 3.00% as of August 2018, above the weighted average interest rate of the $108.7 million maturing mortgages of 2.70%. The reader, however, is cautioned that 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 since the beginning of the year, has forward locked or renewed $92.7 million, or 46%, of its 2018 mortgage maturities. The weighted average contracted interest rate on these renewals is 2.86%, for an average term of five years. These forward locked and renewed mortgages represent an annualized interest savings of $0.2 million.

Mortgages Schedule

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

Total mortgages payable (net of unamortized transaction costs) on June 30, 2018, were $2.7 billion, compared to $2.6 billion reported on December 31, 2017.

Boardwalk REIT's overall weighted average interest rate on its long-term debt has decreased from the prior year. The weighted average interest rate on June 30, 2018 was 2.61% unchanged from the 2.61% on December 31, 2017. 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 Jun. 30, 2018	Weighted Average Interest Rate by Maturity	% of Total
2018	$ 108,699	2.70%	3.9%
2019	540,859	2.50%	19.6%
2020	302,504	2.49%	11.0%
2021	349,869	2.35%	12.7%
2022	457,784	2.73%	16.6%
2023	309,441	2.87%	11.2%
2024	209,070	2.90%	7.6%
2025	286,039	2.63%	10.4%
2026	135,692	2.38%	4.9%
2027	22,164	2.56%	0.8%
2028	36,922	3.23%	1.3%
Total Principal Outstanding	2,759,043	2.61%	100.0%
Unamortized Deferred Financing Costs	(99,208)		
Per Financial Statements	$ 2,659,835		

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 June 30, 2018 and December 31, 2017, based on the most recently completed four fiscal quarters.

As at	**Jun. 30, 2018**	Dec. 31, 2017
Net operating income	**$ 220,459**	$ 216,083
Administration expenses	**(35,703)**	(33,402)
Consolidated EBITDA [1] (12 months ended)	**184,756**	182,681
Consolidated interest expense (12 months ended)	**69,895**	70,140
Interest coverage ratio	**2.64**	2.60
Minimum threshold	**1.50**	1.50

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

For the rolling 12 months ended June 30, 2018, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization) to interest expense, excluding distributions on LP B Units and fair value adjustments, was 2.64, compared to 2.60 for the year ended December 31, 2017. The reader should note upon the adoption of IFRS standards, the distributions made to the LP Class B Unitholders are now considered financing charges and is the result of the reclassification of these Units as financial liabilities. The calculation of the interest coverage ratio above does not include these distribution payments in the calculation of interest expense.

Unitholders’ Equity

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

Summary of Unitholders’ Capital Contributions	Units
December 31, 2016	46,263,629
Units issued for vested deferred units	74,407
December 31, 2017	46,338,036
Units issued for vested deferred units	17,103
June 30, 2018	**46,355,139**

Boardwalk REIT has one class of publicly traded voting securities known as “REIT Units”. As at June 30, 2018, there were 46,355,139 REIT Units issued and outstanding. In addition, there were 4,475,000 special voting units issued to holders of “Class B Units” of Boardwalk REIT Limited Partnership (“LP B Units”), each of which also has a special voting unit in the REIT. Each LP B Unit is exchangeable for a REIT Unit on a one-for-one basis at the option of the holder. Each LP B Unit, through the special voting unit, entitles the holder to one vote at any meeting of Unitholders. Accordingly, if all of the LP B Units were exchanged for REIT Units, the total issued and outstanding REIT Units would be 50,830,139. These LP Class B Units are classified as “FVTPL” financial liabilities under IFRS and are recorded at their fair value as liabilities on the Condensed Consolidated Statements of Financial Position.

On June 29, 2016, the Trust received regulatory approval for a Normal Course Issuer Bid (the “Bid”) to purchase and cancel up to 3,700,292 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced on July 3, 2016, and terminated on July 2, 2017. The Trust’s daily purchases under this Bid were limited to 57,614 Trust Units.

On June 29, 2017, the Trust received regulatory approval for a Normal Course Issuer Bid (the “Bid”) to purchase and cancel up to 3,712,403 Trust Units, representing 10% of the public float at the time of the TSX approval. The Bid commenced on July 4, 2017, and terminated on July 3, 2018. The Trust’s daily purchases under this Bid were limited to 35,909 Trust Units.

During 2017, the Trust purchased and awarded 100 Trust Units at a cost of $40.11 per Trust Unit as a prize under its customer loyalty program.

During 2018 to-date, the Trust did not purchase and cancel any Trust Units.

Equity

Boardwalk has an equity market capitalization of approximately $2.3 billion based on the Trust Unit closing price of $45.67 on the Toronto Stock Exchange on June 30, 2018.

Enterprise Value

With a total enterprise value of approximately $5.0 billion (consisting of total debt of $2.7 billion and market capitalization of $2.3 billion) as at June 30, 2018, Boardwalk’s total debt is approximately 54% of total enterprise value.

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 of the notes to the audited Consolidated Financial Statements for the year ended December 31, 2017.

Certain new standards, interpretations, amendments, and improvements to existing standards, were issued by the IASB or IFRS Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning January 1, 2018 or later periods. The standards and impact on the Trust’s condensed consolidated financial statements were disclosed in NOTE 3 in the notes of the Trust’s December 31, 2017 annual audited consolidated financial statements and NOTE 2 of the Trust’s June 30, 2018 condensed consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The preparation of this information is supported by a set of disclosure controls and procedures ("DC&P") implemented by management. In fiscal 2017, 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 disclosure controls and procedures as at December 31, 2017. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO") control framework (the "2013 Framework") adopted by the Trust and the requirements of National Instrument 52-109 of the Canadian Securities Administrators titled, *Certification of Disclosure in Issuers' Annual and Interim Filings*.

There were no changes made to our disclosure controls and procedures during the quarter ended June 30, 2018. Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is properly communicated to certifying officers responsible for establishing and maintaining disclosure controls and procedures, as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

As at June 30, 2018, Boardwalk REIT confirmed the effectiveness of the design of its internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements and information. Boardwalk REIT may, from time to time, make changes aimed at enhancing their effectiveness and ensuring that our systems evolve with our business. There were no changes made in our internal controls over financial reporting during the quarter ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2018 FINANCIAL OUTLOOK AND MARKET GUIDANCE

As is customary, the Trust reviews its base level assumptions and strategy on a quarterly basis to determine if any material change is warranted in the reported guidance. Based on this review, the Trust is revising its 2018 objectives as follows:

Description	Q2 2018 Revised Objectives	2018 Original Objectives
Stabilized Building NOI Growth	3% – 7%	2% – 7%
FFO Per Unit	$2.20 – $2.35	$2.15 – $2.35
AFFO Per Unit	$1.75 – $1.90 utilizing a Maintenance CAPEX of $695/suite/year	$1.70 – $1.90 utilizing a Maintenance CAPEX of $695/suite/year

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

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

In addition to revisiting the above financial guidance for 2018, the Trust is reiterating its 2018 capital budget as follows:

Capital Budget *($000's)*	**2018 Budget**	**Per Suite**	Six Months Ended, June 30, 2018 Actual	Per Suite
Maintenance Capital	**$ 23,065**	**$ 695**	$ 11,532	$ 348
Value-added Capital (including suite upgrades and property, plant and equipment)	**113,229**	**3,412**	44,428	1,338
Total Property Capital	**$ 136,294**	**$ 4,107**	**$ 55,960**	**$ 1,686**
Total Property Capital	**$ 136,294**		$ 55,960	
Development	**30,000**		11,633	
Total Capital Investment	**$ 166,294**		**$ 67,593**	

In total, we expect to invest $136.3 million (or $4,107 per apartment unit) on property capital in 2018. For the six months ended June 30, 2018 the Trust invested $56.0 million (or $1,686 per apartment unit) on property capital. The majority of the increase is earmarked for suite capital expenditures, with a targeted 8% return on investment. For the six months ended June 30, 2018, the Trust incurred $11.6 million of development capital costs.

Value added capital is subject to constant review and will only be invested if the Trust can earn a significant return on this investment.

Additional Information

Additional information relating to Boardwalk Equities Inc. and Boardwalk REIT, including the Annual Information Form of Boardwalk REIT, is available on SEDAR at www.sedar.com.

Respectfully,

[signed]

Roberto A. Geremia
PRESIDENT

[signed]

William Wong
CHIEF FINANCIAL OFFICER

August 13, 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited) (CDN $ THOUSANDS)

As at	Note	**Jun. 30, 2018**	Dec. 31, 2017
ASSETS			
Non-current assets			
Investment properties	3	**$ 5,840,352**	$ 5,688,125
Property, plant and equipment	4	**30,776**	30,221
Mortgage receivable	5	**38,281**	38,280
Deferred tax assets		**76**	74
		5,909,485	5,756,700
Current assets			
Inventories		**12,260**	14,870
Prepaid assets		**10,232**	7,824
Trade and other receivables		**6,105**	5,218
Segregated tenants' security deposits		**9,399**	9,629
Cash and cash equivalents	6	**81,204**	70,834
		119,200	108,375
Total Assets		**$ 6,028,685**	$ 5,865,075
LIABILITIES			
Non-current liabilities			
Mortgages payable	7	**$ 2,407,206**	$ 2,334,035
LP Class B Units	8	**204,373**	192,828
Deferred unit-based compensation	9	**2,546**	2,856
Deferred tax liabilities		**67**	55
Deferred government grant	10	**5,452**	5,641
		2,619,644	2,535,415
Current liabilities			
Mortgages payable	7	**252,629**	259,945
Deferred unit-based compensation	9	**2,850**	1,724
Deferred government grant	10	**378**	378
Refundable tenants' security deposits		**12,067**	12,346
Trade and other payables		**59,916**	77,660
		327,840	352,053
Total Liabilities		**2,947,484**	2,887,468
EQUITY			
Unitholders' equity	11	**3,081,201**	2,977,607
Total Equity		**3,081,201**	2,977,607
Total Liabilities and Equity		**$ 6,028,685**	$ 5,865,075

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited) (CDN $ THOUSANDS)

	Note	**3 Months Ended Jun. 30, 2018**	3 Months Ended Jun. 30, 2017	**6 Months Ended Jun. 30, 2018**	6 Months Ended Jun. 30, 2017
Rental revenue	12	**$ 106,721**	$ 103,908	**$ 212,062**	$ 207,859
Ancillary rental income		**1,667**	1,671	**3,387**	3,214
Total rental revenue		**108,388**	105,579	**215,449**	211,073
Rental expenses					
Operating expenses		**27,491**	28,863	**56,507**	56,234
Utilities		**10,549**	11,011	**25,058**	25,397
Property taxes		**11,286**	11,300	**22,440**	22,374
Net operating income		**59,062**	54,405	**111,444**	107,068
Financing costs	13	**20,165**	21,304	**39,975**	42,423
Administration		**9,371**	8,066	**18,757**	16,456
Depreciation		**1,609**	1,393	**3,077**	2,546
Profit before the undernoted		**27,917**	23,642	**49,635**	45,643
Proceeds on insurance settlement	14	**-**	474	**-**	3,010
Fair value gains	15	**28,895**	39,369	**76,397**	31,997
Profit before income tax		**56,812**	63,485	**126,032**	80,650
Income tax expense		**(40)**	(59)	**(10)**	(33)
Profit and total comprehensive income for the period		**$ 56,772**	63,426	**$ 126,022**	$ 80,617

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(Unaudited) (CDN $ THOUSANDS)

	Trust Units	Cumulative Profit	Cumulative Distributions to Unitholders	Retained Earnings	Total Unitholders' Equity
Balance, December 31, 2016	$ 191,743	$ 4,067,520	$ (1,237,944)	$ 2,829,576	$ 3,021,319
Units issued	1,434	-	-	-	1,434
Profit and total comprehensive income for the period	-	80,617	-	80,617	80,617
Distributions declared to Unitholders	-	-	(52,064)	(52,064)	(52,064)
Balance, June 30, 2017	$ 193,177	$ 4,148,137	$(1,290,008)	$ 2,858,129	$ 3,051,306
Balance, December 31, 2017	$ 194,942	$ 4,124,778	$ (1,342,113)	$ 2,782,665	$ 2,977,607
Units issued	765	-	-	-	765
Profit and total comprehensive income for the period	-	126,022	-	126,022	126,022
Distributions declared to Unitholders	-	-	(23,193)	(23,193)	(23,193)
Balance, June 30, 2018	**$ 195,707**	**$ 4,250,800**	**$(1,365,306)**	**$ 2,885,494**	**$ 3,081,201**

See accompanying notes to these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (CDN $ THOUSANDS)

	Note	**3 Months Ended Jun. 30, 2018**	3 Months Ended Jun. 30, 2017	**6 Months Ended Jun. 30, 2018**	6 Months Ended Jun. 30, 2017
Operating activities					
Profit and total comprehensive income for the period		**$ 56,772**	$ 63,426	**$ 126,022**	$ 80,617
Financing costs	13	**20,165**	21,304	**39,975**	42,423
Interest paid		**(18,504)**	(20,008)	**(37,181)**	(39,864)
Fair value gains	15	**(28,895)**	(39,369)	**(76,397)**	(31,997)
Income tax expense		**40**	59	**10**	33
Income tax paid		**-**	-	**-**	-
Government grant amortization	10	**(94)**	(95)	**(189)**	(189)
Depreciation		**1,609**	1,393	**3,077**	2,546
		31,093	26,710	**55,317**	53,569
Net change in operating working capital	21	**1,858**	(1,505)	**26**	(2,936)
		32,951	25,205	**55,343**	50,633
Investing activities					
Improvements to investment properties	3	**(24,059)**	(54,124)	**(52,327)**	(85,098)
Development of investment properties	3	**(5,947)**	(3,413)	**(11,633)**	(7,979)
Additions to property, plant and equipment	4	**(1,997)**	(3,239)	**(3,633)**	(7,242)
Net change in investing working capital	21	**(3,379)**	12,490	**(11,960)**	18,407
		(35,382)	(48,286)	**(79,553)**	(81,912)
Financing activities					
Distributions paid	21	**(11,598)**	(26,035)	**(28,015)**	(52,058)
Proceeds from mortgage financings		**45,910**	205,564	**121,817**	274,060
Mortgage payments upon refinancing		**(22,397)**	(9,503)	**(22,397)**	(18,602)
Scheduled mortgage principal repayments		**(15,948)**	(14,820)	**(31,552)**	(29,411)
Deferred financing costs incurred		**(1,971)**	(13,552)	**(5,256)**	(17,626)
Net change in financing working capital	21	**5**	40	**(17)**	40
		(5,999)	141,694	**34,580**	156,403
Net (decrease) increase in cash		**(8,430)**	118,613	**10,370**	125,124
Cash and cash equivalents, beginning of period		**89,634**	105,613	**70,834**	99,102
Cash and cash equivalents, end of period	6	**$ 81,204**	$ 224,226	**$ 81,204**	$ 224,226

See accompanying notes to these condensed consolidated financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2018 and 2017

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

NOTE 1: ORGANIZATION OF THE TRUST

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Standards ("IAS") 34 – Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements should be read in conjunction with the Trust's annual December 31, 2017 consolidated financial statements.

(b) Basis of presentation

These condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2017, except for the impact of the adoption of accounting standards described below (NOTE 2(e)).

The Trust's condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value, 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 condensed consolidated financial statements were prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand. The accounting policies set out below have been applied consistently in all material respects.

The operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2018 due to seasonal variations in property expenses and other factors. Historically, Boardwalk REIT has experienced higher utility expense in the first and fourth quarters because of the winter months, resulting in variations in quarterly results.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Trust's June 30, 2018 condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, profit (loss) and related disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are deemed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are consistent with those disclosed in the Trust's December 31, 2017 annual consolidated financial statements.

(d) Development management fees

Boardwalk has interests in investment properties through joint operations 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.

(e) Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning January 1, 2018 or later periods. Except as described below, all new standards, and the impact on the Trust's condensed consolidated financial statements, were previously disclosed in the Trust's December 31, 2017 annual consolidated financial statements. For those new standards, interpretations, amendments and improvements to existing standards with an effective date of January 2019 or later, disclosure is provided in the Trust's December 31, 2017 annual consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

Effective January 1, 2018, the Trust has applied IFRS 15. IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 – Revenue, IAS 11 – Construction Contracts and IFRIC 13 – Customer Loyalty Programmes. IFRS 15 changes the basis for deciding whether revenue is to be recognized over time or at a particular point in time and expands and improves disclosures about revenue.

In adopting IFRS 15, each revenue stream was assessed, and both the recognition of revenue and the measurement of revenue remained the same under IFRS 15, resulting in no impact to the condensed consolidated statements of financial position and the condensed consolidated statements of comprehensive income. The Trust evaluated its revenue sources, recognizing that its lease arrangements needed to be separated into lease components and non-lease components. Lease components continue to be accounted for under IAS 17 – Leases while non-lease components are accounted for under IFRS 15.

The Trust presented its revenue recognition policy in Note 2(p) on its consolidated financial statements for the year ended December 31, 2017. With the adoption of IFRS 15, the Trust's revenue recognition policy is consistent with December 31, 2017, except for the addition of the following:

Revenue recognition

(i) Rental revenue

Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IAS 17 – Leases. 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. Non-lease revenue includes parking revenue, other service revenue and fees, recovery of operating costs, cost recovery of retirement services, recovery from utility submeters and the cost recovery of cable (internet and television) services. 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 12 and NOTE 22).

IFRS 9 – Financial Instruments ("IFRS 9")

Effective January 1, 2018, the Trust has applied IFRS 9. With the adoption of IFRS 9, the Trust's mortgage receivable (NOTE 5), which was previously carried at amortized cost using the effective interest rate method, is classified as at fair value through profit or loss, which results in it being stated at fair value, with gains or losses arising on measurement being recognized in profit or loss (NOTE 15).

NOTE 3: INVESTMENT PROPERTIES

As at	6 Months Ended Jun. 30, 2018	Year Ended Dec. 31, 2017
Balance, beginning of period	**$ 5,688,125**	$ 5,612,568
Additions		
Building improvements (incl. internal capital program)	**52,327**	190,203
Development of investment properties	**11,633**	17,888
Dispositions	**-**	(71,648)
Fair value gains (losses), unrealized	**88,267**	(60,886)
Balance, end of period	**$ 5,840,352**	$ 5,688,125
Revenue producing properties	**$ 5,817,370**	$ 5,676,776
Properties under development [1]	**22,982**	11,349
Total	**$ 5,840,352**	$ 5,688,125

(1) On June 28, 2017, a 79-unit development project in Regina, Saskatchewan, with costs totaling $12.9 million was transferred from development to revenue producing properties.

On November 23, 2017, the Trust closed on its purchase of a 50% interest in a parcel of land in Calgary, Alberta. The Trust's purchase of its 50% interest totaled $3.2 million and will be used as part of a joint venture agreement to develop a mixed-use tower. This acquisition has been included in investment properties as properties under development.

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, except for properties situated on land leases. Below is a continuity schedule based on investment property classes:

	6 Months Ended June 30, 2018					
	Balance, Beginning of Period	**Building Improvements (incl. Internal Capital Program)**	**Development of Investment Properties**	**Dispositions**	**Fair Value Gains (losses)**	**Balance, End of Period**
Recurring measurements investment properties						
Calgary	**$ 1,278,638**	**$ 12,986**	**$ 3,028**	**$ -**	**$ 11,316**	**$ 1,305,968**
Edmonton	**2,287,574**	**18,953**	**-**	**-**	**41,759**	**2,348,286**
Other Alberta	**286,761**	**2,625**	**-**	**-**	**9,076**	**298,462**
Kitchener	**48,843**	**371**	**-**	**-**	**536**	**49,750**
London	**299,484**	**3,235**	**-**	**-**	**2,825**	**305,544**
Montreal	**113,995**	**1,449**	**-**	**-**	**738**	**116,182**
Quebec City	**188,404**	**1,663**	**-**	**-**	**588**	**190,655**
Regina	**324,515**	**3,888**	**8,605**	**-**	**(1,034)**	**335,974**
Saskatoon	**308,829**	**2,541**	**-**	**-**	**(1,323)**	**310,047**
Land leases	**551,082**	**4,616**	**-**	**-**	**23,786**	**579,484**
Total	**$ 5,688,125**	**$ 52,327**	**$ 11,633**	**$ -**	**$ 88,267**	**$ 5,840,352**

	Year Ended December 31, 2017					
	Balance, Beginning of Year	Building Improvements (incl. Internal Capital Program)	Development of Investment Properties	Dispositions	Fair Value Gains (losses)	Balance, End of Year
Recurring measurements investment properties						
Calgary	$ 1,251,968	$ 50,502	$ 5,794	$ -	$ (29,626)	$ 1,278,638
Edmonton	2,274,320	67,159	(4)	-	(53,901)	2,287,574
Other Alberta	280,536	17,410	-	-	(11,185)	286,761
Kitchener	38,160	2,063	-	-	8,620	48,843
London	231,709	9,994	-	-	57,781	299,484
Montreal	107,932	1,743	-	-	4,320	113,995
Quebec City	185,861	3,366	-	-	(823)	188,404
Regina	397,699	12,233	12,098	(71,648)	(25,867)	324,515
Saskatoon	321,450	11,640	-	-	(24,261)	308,829
Land leases	522,933	14,093	-	-	14,056	551,082
Total	$ 5,612,568	$ 190,203	$ 17,888	$ (71,648)	$ (60,886)	$ 5,688,125

Investment properties measured at fair value in the statement 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 June 30, 2018, all of the Trust's investment properties were Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at June 30, 2018 and December 31, 2017.

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

Date	Number of Properties	Aggregate Fair Value	Percentage of Portfolio as of That Date
June 30, 2018	4	$ 135,882	2.3%
March 31, 2018	4	$ 109,606	1.9%
December 31, 2017	5	$ 575,360	10.1%
September 30, 2017	4	$ 125,232	2.2%
June 30, 2017	5	$ 152,681	2.7%
March 31, 2017	4	$ 99,593	1.8%

The fair value of the remainder of the Trust's investment property portfolio was determined internally by the Trust using the same assumptions and valuation techniques used by the external valuation professionals. In addition to performing a valuation on a selection of the Trust's properties (and not performing a valuation on all of the Trust's properties), to corroborate the Trust's internal valuation, the Appraisers provided the Trust with a summary of the major assumptions and market data by city in order for the Trust to complete its internal valuations. This summary includes the Appraisers' estimates of Capitalization Rates for each region (city) as well as confirmation of the reasonableness of the assumptions used in determining stabilized net operating income 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 rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, be used to determine a one-year income forecast for each individual property within the Trust's portfolio, and also considers any capital expenditures anticipated within the year. Given the short-term nature of residential leases (typically one year), revenue and costs are not discounted. A Capitalization Rate was also determined for each property based on market information related to the external sale of similar buildings within a similar geographic location. These factors were used to determine the fair value of investment properties at each reporting date.

Five of the Trust's properties: one in Calgary, one in Banff, one in Edmonton and two in Montreal, are subject to long-term land leases and similar arrangements in which the underlying land is owned by a third party and leased to the Trust. Under the terms of a typical land lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements, including taxes, utilities, insurance, maintenance, repairs and replacements in respect of all the leased premises. Unless the lease term is extended, the land together with all improvements made will revert to the owner of the land upon the expiration of the lease term. Due to the relatively short term remaining on one of the land leases in Montreal (with an expiry date of 2028), 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 tables:

	Jun. 30, 2018			Dec. 31, 2017		
	Capitalization Rate		**Forecasted Total Standardized Net**	Capitalization Rate		Forecasted Total Standardized Net
As at	**Minimum**	**Maximum**	**Operating Income**	Minimum	Maximum	Operating Income
Calgary	**4.50%**	**6.00%**	**$ 64,588**	4.50%	6.00%	$ 63,390
Edmonton	**5.00%**	**5.50%**	**123,710**	5.00%	5.50%	120,518
Other Alberta	**5.75%**	**7.25%**	**19,082**	5.75%	7.25%	18,271
Kitchener	**4.75%**	**4.75%**	**2,363**	4.75%	4.75%	2,320
London	**4.75%**	**5.00%**	**14,539**	4.75%	5.00%	14,251
Montreal	**4.75%**	**5.75%**	**5,896**	4.75%	5.75%	5,788
Quebec City	**5.25%**	**5.75%**	**10,372**	5.25%	5.75%	10,250
Regina	**5.65%**	**6.00%**	**19,221**	5.65%	6.20%	19,127
Saskatoon	**5.75%**	**6.00%**	**18,450**	5.75%	6.00%	18,377
	4.50%	**7.25%**	**$ 278,221**	4.50%	7.25%	$ 272,292
Land Lease	**4.50%**	**21.07%**	**$ 29,506**	4.50%	21.07%	$ 28,100

The overall weighted average Capitalization Rates for fair valuing the Trust's investment properties at June 30, 2018 was 5.29% (December 31, 2017 – 5.29%).

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

As at June 30, 2018		**Net Operating Income**				
		-3%	**-1%**	**As Forecasted**	**+1%**	**+3%**
Capitalization Rate		**$ 298,495**	**$ 304,650**	**$ 307,727**	**$ 310,804**	**$ 316,959**
-0.25%	5.04%	**$ 105,394**	**$ 227,512**	**$ 288,572**	**$ 349,631**	**$ 471,750**
Cap Rate As Reported	5.29%	**(174,521)**	**(58,174)**	**5,817,370**	**58,174**	**174,521**
+0.25%	5.54%	**(429,172)**	**(318,075)**	**(262,526)**	**(206,978)**	**(95,881)**

As at December 31, 2017		Net Operating Income				
		-3%	-1%	As Forecasted	+1%	+3%
Capitalization Rate		$ 291,380	$ 297,388	$ 300,392	$ 303,396	$ 309,414
-0.25%	5.04%	$ 102,749	$ 221,914	$ 281,497	$ 341,080	$ 460,245
Cap Rate As Reported	5.29%	(170,303)	(56,768)	5,676,776	56,768	170,303
+0.25%	5.54%	(418,719)	(310,305)	(256,099)	(201,892)	(93,478)

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

The carrying amounts of PP&E were as follows:

As at	**Jun. 30, 2018**			Dec. 31, 2017		
	Cost	**Accumulated Depreciation**	**Carrying Amount**	Cost	Accumulated Depreciation	Carrying Amount
Administration building	**$ 6,446**	**$ (3,446)**	**$ 3,000**	$ 6,382	$ (3,327)	$ 3,055
Site equipment and other (1)	**50,745**	**(30,439)**	**20,306**	49,641	(28,807)	20,834
Corporate technology assets (2)	**36,750**	**(29,280)**	**7,470**	34,286	(27,954)	6,332
Total	**$ 93,941**	**$ (63,165)**	**$ 30,776**	$ 90,309	$ (60,088)	$ 30,221

(1) Included in site equipment and other is the acquisition of the Trust's London warehouse for a purchase price of $1.4 million during fiscal 2017.
(2) Included in corporate technology for the six months ended June 30, 2018 was $569,000 of capitalized programmers' salaries related to the internally developed software applications used by the Trust in the normal course of its operations ($1.1 million for the year ended December 31, 2017).

NOTE 5: MORTGAGE RECEIVABLE

As part of a disposition in the year ended December 31, 2017, the Trust issued a vendor take back mortgage to the purchaser in the amount of $38.8 million. The mortgage receivable requires monthly interest payments and has a maturity of May 1, 2022. The principal amount of the mortgage must be reduced to $7.2 million by December 13, 2019, and the remainder is due and payable at maturity. The vendor take back mortgage is carried at fair value through profit and loss. The vendor take back mortgage was previously carried at amortized cost at December 31, 2017.

As at	**Jun. 30, 2018**		Dec. 31, 2017	
	Weighted Average Interest	**Receivable Balance**	Weighted Average Interest	Receivable Balance
Mortgages receivable				
Fixed rate	**2.19%**	**$ 38,281**	2.19%	$ 38,280
Total		**$ 38,281**		$ 38,280
Current		**$ -**		$ -
Non-current		**38,281**		38,280
		$ 38,281		$ 38,280

NOTE 6: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash of $16.1 million and term deposits with maturities of 90 days or less of $65.1 million (December 31, 2017 – cash of $20.8 million and term deposits of $50.0 million).

NOTE 7: MORTGAGES PAYABLE

As at	**Jun. 30, 2018**		Dec. 31, 2017	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgages payable				
Fixed rate	**2.61%**	**$ 2,659,835**	2.61%	$ 2,593,980
Total		**$ 2,659,835**		$ 2,593,980
Current		**$ 252,629**		$ 259,945
Non-current		**2,407,206**		2,334,035
		$ 2,659,835		$ 2,593,980

Estimated future principal payments required to meet mortgage obligations as at June 30, 2018 are as follows:

	Secured By Investment Properties
12 months ending June 30, 2019	$ 252,629
12 months ending June 30, 2020	595,456
12 months ending June 30, 2021	347,535
12 months ending June 30, 2022	428,478
12 months ending June 30, 2023	375,251
Subsequent	759,694
	2,759,043
Unamortized deferred financing costs	(99,208)
	$ 2,659,835

NOTE 8: LP CLASS B UNITS

The LP Class B Units, representing an aggregate fair value of $204.4 million at June 30, 2018 (December 31, 2017 – $192.8 million), are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Boardwalk REIT Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Boardwalk REIT Units. Additional details on the LP Class B Units are described in NOTE 11.

As at June 30, 2018 and December 31, 2017, there were 4,475,000 LP Class B Units issued and outstanding.

NOTE 9: DEFERRED UNIT-BASED COMPENSATION

Deferred unit-based compensation is comprised of the following:

As at	Jun. 30, 2018	Dec. 31, 2017
Current	$ 2,850	$ 1,724
Non-current	2,546	2,856
	$ 5,396	$ 4,580

The total of $5.4 million represents the fair value of the underlying deferred units at June 30, 2018 (December 31, 2017 – $4.6 million).

For the three and six months ended June 30, 2018, total costs of $0.9 million and $1.3 million, respectively, (three and six months ended June 30, 2017 – $0.9 million and $1.3 million, respectively) were recorded in expenses related to executive bonuses and trustee fees under the deferred unit plan.

The status of the outstanding deferred units and the deferred units that vested were as follows:

	# of Units Outstanding	# of Units Vested
Balance, December 31, 2016	197,207	-
Deferred units granted	34,858	63,632
Additional deferred units earned on units	8,942	10,775
Deferred units converted to Trust Units or cash	(74,407)	(74,407)
Balance, December 31, 2017	166,600	-
Deferred units granted	25,214	22,732
Additional deferred units earned on units	2,221	3,900
Deferred units converted to Trust Units or cash	(17,103)	(17,103)
Balance, June 30, 2018	**176,932**	**9,529**

NOTE 10: DEFERRED GOVERNMENT GRANT

In December 2013, the Trust completed the construction of a 109-unit, four storey, elevatored, wood frame building in the southwest part of Calgary, Alberta (the "Project" or "Development"). The Development was constructed on excess land density the Trust currently had on a property known as 'Spruce Ridge'. In conjunction with this Development, the Trust applied for and received a government grant from the Province of Alberta totaling approximately $7.5 million. In return for this grant, the Trust has agreed to provide 54 of the 109 units at rents to be 10% below the average market rates for Calgary ("affordable units") for a term of 20 years.

In accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, this grant will be recognized in profit or loss on a systematic basis over the periods in which the Trust recognizes revenue from the 54 units classified as affordable units. For the three and six months ended June 30, 2018, $94,000 and $189,000, respectively, was recognized in profit under rental revenue for this grant (three and six months ended June 30, 2017 – $95,000 and $189,000, respectively).

NOTE 11: UNITHOLDERS' EQUITY

Under the reorganization of the Corporation to a real estate investment trust, the former shareholders of the Corporation received Boardwalk REIT Units or Class B Limited Partnership Units ("LP Class B Units") of a controlled limited partnership of the Trust, Boardwalk REIT Limited Partnership. The interests in Boardwalk REIT are represented by two classes of units: a class described and designated as "REIT Units" and a class described and designated as "Special Voting Units". The Special Voting Units, which are not entitled to monthly distributions, are used to provide voting rights to holders of LP Class B Units or other securities that are, directly or indirectly, exchangeable for REIT Units. The LP Class B Units are classified as a financial liability in accordance with IAS 32 and are discussed in NOTE 8.

The Trust has the following capital securities outstanding:

	Units Outstanding Jun. 30, 2018	**Monthly Distribution**	Units Outstanding Dec. 31, 2017	Monthly Distribution
Boardwalk REIT Units	**46,355,139**	**$0.0834/unit**	46,338,036	$0.1875/unit
Special Voting Units	**4,475,000**	**N/A**	4,475,000	N/A

On June 29, 2016, Boardwalk REIT requested and received regulatory approval for a Bid (Boardwalk's tenth Bid since its first Bid in August of 2007), which commenced on July 3, 2016 and terminated on July 2, 2017. The Bid allowed Boardwalk REIT to purchase and cancel up to 3,700,292 Trust Units.

On June 29, 2017, Boardwalk REIT requested and received regulatory approval for a Bid (Boardwalk's eleventh Bid since its first Bid in August of 2007), which commenced on July 4, 2017 and terminated on July 3, 2018. The Bid allows Boardwalk REIT to purchase and cancel up to 3,712,403 Trust Units.

For the three and six months ended June 30, 2018, Boardwalk REIT did not purchase and cancel any Trust Units.

For the year ended December 31, 2017, Boardwalk REIT purchased and awarded 100 Trust Units at a cost of $40.11 per Trust Unit as prizes under its customer loyalty program.

Monthly distributions and special distributions are determined at the discretion of the Board of Trustees. The Board of Trustees declares distributions to be paid on, or about, the 15th of the month following the record date. Distributions to be paid on the Boardwalk REIT Units with a record date of July 31, 2018 (to be paid on August 15, 2018) totaled $3.9 million ($0.0834 per unit) and have not been included as a liability in the condensed consolidated statement of financial position as at June 30, 2018.

Earnings per unit

	3 Months Ended Jun. 30, 2018	3 Months Ended Jun. 30, 2017	6 Months Ended Jun. 30, 2018	6 Months Ended Jun. 30, 2017
Numerator – basic				
Profit and total comprehensive income – basic	**$ 56,772**	$ 63,426	**$ 126,022**	$ 80,617
Distribution declared on LP Class B units	**-**	2,517	**-**	5,034
(Gain) loss on fair value adjustments on LP Class B units	**-**	1,701	**-**	(4,922)
(Gain) on fair value adjustments to unexercised deferred units	**-**	-	**-**	(20)
Numerator – diluted	**$ 56,772**	$ 67,644	**$ 126,022**	$ 80,709
Denominator				
Weighted average units outstanding – basic	**46,354,842**	46,287,050	**46,349,446**	46,278,948
Conversion of LP Class B units	**-**	4,475,000	**-**	4,475,000
Unexercised deferred units	**-**	-	**-**	421
Weighted average units outstanding – diluted	**46,354,842**	50,762,050	**46,349,446**	50,754,369
Earnings per unit				
– basic	**$ 1.22**	$ 1.37	**$ 2.72**	$ 1.74
– diluted	**$ 1.22**	$ 1.33	**$ 2.72**	$ 1.59

All dilutive elements were included in the calculation of diluted per unit amounts. For the three and six months ended June 30, 2018, the conversion of LP Class B Units was anti-dilutive as the conversion of these Units would have increased earnings per unit. As such, they were excluded in the calculation of diluted earnings per unit. For the three and six months ended June 30, 2018, the exercise of deferred units was anti-dilutive as the exercise of these units would have increased earnings per unit. As such, they were excluded from the calculation of diluted earnings per unit. For the three months ended June 30, 2017, the conversion of LP Class B Units were dilutive and was included in the calculation of diluted earnings per unit. The exercise of deferred units was anti-dilutive, and therefore were excluded from the calculation of diluted earnings per unit. For the six months ended June 30, 2017, the conversion of LP Class B Units and the exercise of deferred units were dilutive and were included in the calculation of diluted earnings per unit.

NOTE 12: RENTAL REVENUE

Rental revenue is comprised of the following:

	3 Months Ended Jun. 30, 2018	3 Months Ended Jun. 30, 2017	6 Months Ended Jun. 30, 2018	6 Months Ended Jun. 30, 2017
Lease revenue	**$ 102,684**	$ 100,272	**$ 204,055**	$ 200,177
Parking revenue	**1,712**	1,546	**3,475**	3,226
Recoveries (operating costs, submetering, cable, retirement)	**1,824**	1,804	**3,720**	3,645
Other (fees)	**501**	286	**812**	811
Total	**$ 106,721**	$ 103,908	**$ 212,062**	$ 207,859

NOTE 13: FINANCING COSTS

Financing costs are comprised of interest on mortgages payable, distributions paid to the LP Class B Unitholders, other interest charges and the amortization of deferred financing costs. Financing costs are net of interest income earned. Financing costs total $20.2 million and $40.0 million for the three and six months ended June 30, 2018 (three and six months ended June 30, 2017 – $21.3 million and $42.4 million) and can be summarized as follows:

	3 Months Ended Jun. 30, 2018	3 Months Ended Jun. 30, 2017	**6 Months Ended Jun. 30, 2018**	6 Months Ended Jun. 30, 2017
Interest on secured debt (mortgages payable)	**$ 17,749**	$ 17,491	**$ 35,170**	$ 34,866
Interest capitalized to properties under development	**(102)**	(65)	**(230)**	(178)
LP Class B Unit distribution	**1,120**	2,517	**2,240**	5,034
Other interest charges	**342**	356	**694**	708
Interest income	**(610)**	(331)	**(1,142)**	(606)
Amortization of deferred financing costs	**1,666**	1,336	**3,243**	2,599
Total	**$ 20,165**	$ 21,304	**$ 39,975**	$ 42,423

For the three and six months ended June 30, 2018, interest of $102,000 and $230,000, respectively, was capitalized to properties under development at a weighted average effective interest rate of 2.61%. For the three and six months ended June 30, 2017, interest of $65,000 and $178,000, respectively, was capitalized to properties under development at weighted average effective interest rate of 2.74%.

NOTE 14: PROCEEDS ON INSURANCE SETTLEMENT

Proceeds realized on insurance settlement of $3.0 million represents funds received or receivable from the Trust's insurance providers relating to two buildings, consisting of a total of 20 apartment units located in Regina, Saskatchewan, that were lost by fire (in 2014 and 2015), which the Trust is not planning to rebuild. The settlements totaled $3.2 million and were all recognized and collected in fiscal 2017. No proceeds remain to be recognized or collected in 2018.

NOTE 15: FAIR VALUE GAINS

The components of fair value gains were as follows:

	3 Months Ended Jun. 30, 2018	3 Months Ended Jun. 30, 2017	**6 Months Ended Jun. 30, 2018**	6 Months Ended Jun. 30, 2017
Investment properties (Note 3)	**$ 35,272**	$ 41,122	**$ 88,267**	$ 27,025
Financial assets designated as FVTPL				
Mortgage receivable	**(1)**	-	**1**	-
Financial liabilities designated as FVTPL				
Deferred unit-based compensation	**(110)**	(52)	**(325)**	50
LP Class B Units	**(6,266)**	(1,701)	**(11,546)**	4,922
Total fair value gains	**$ 28,895**	$ 39,369	**$ 76,397**	$ 31,997

NOTE 16: GUARANTEES, CONTINGENCIES, COMMITMENTS AND OTHER

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

Natural Gas:

Area	Usage Coverage	Term	Cost
Alberta	25%	November 1, 2014 to October 31, 2017	$4.22/Gigajoule ("GJ")
Alberta	25%	November 1, 2016 to October 31, 2018	$3.08/GJ
Alberta	25%	November 1, 2016 to October 31, 2019	$3.17/GJ
Alberta	25%	November 1, 2017 to October 31, 2020	$2.75/GJ
Saskatchewan	50%	November 1, 2014 to October 31, 2017	$4.53/GJ
Saskatchewan	61%	November 1, 2016 to October 31, 2018	$3.19/GJ
Saskatchewan	39%	November 1, 2017 to October 31, 2020	$2.84/GJ
Quebec	100%	May 1, 2018 to October 31, 2018	$3.14/GJ
Ontario and Quebec	50%	November 1, 2015 to October 31, 2017	$2.93/GJ

Electrical:

Area	Usage Coverage	Term	Cost
Southern Alberta	100%	October 1, 2010 to September 30, 2017	$0.06/Kilowatt-hour (“kWh”)
Southern Alberta	100%	October 1, 2017 to September 30, 2022	$0.05/kWh
Northern Alberta	100%	October 1, 2015 to September 30, 2020	$0.05/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 June 30, 2018 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 sale of properties in Regina, mortgages totaling $24.4 million were assumed by the purchaser. These mortgages, with a term maturity of May 1, 2022, have an indirect guarantee provided to the lender by the Trust until these mortgages are renewed or refinanced by the purchaser, whichever occurs sooner. 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 June 30, 2018 is approximately $24.0 million. With the BC Property Portfolio sale, mortgage balances totaling approximately $62.0 million were assumed by the purchaser. One of the three mortgages, with a term maturity of October 1, 2022 and a mortgage balance of approximately $21.4 million as at June 30, 2018, assumed by the purchaser has an indirect guarantee provided to the lender by the Trust until this mortgage is renewed or refinanced by the purchaser, whichever occurs sooner. 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 June 30, 2018 is approximately $21.4 million (June 30, 2017 – $21.9 million). In the event of default by the purchaser (for either guarantee), Boardwalk REIT’s recourse for recovery includes the sale of the respective building assets. Boardwalk REIT expects that the proceeds from the sale of the building assets will cover, and in most likelihood exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at June 30, 2018 and 2017, no amounts have been recorded in the condensed consolidated financial statements with respect to the above noted indirect guarantees.

NOTE 17: CAPITAL MANAGEMENT AND LIQUIDITY

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

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

As at	Jun. 30, 2018	Dec. 31, 2017
Net operating income	$ 220,459	$ 216,083
Administration expenses	(35,703)	(33,402)
Consolidated EBITDA (1) (12 months ended)	184,756	182,681
Consolidated interest expense (12 months ended)	69,895	70,140
Interest coverage ratio	2.64	2.60
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 June 30, 2018, the Trust's weighted average cost of capital was calculated to be 3.11%.

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

As at	Jun. 30, 2018		Dec. 31, 2017	
	Cost of Capital (1)	Underlying Value (2)	Cost of Capital (1)	Underlying Value (2)
Liabilities				
Mortgages payable	2.61%	$ 2,638,430	2.61%	$ 2,586,198
LP Class B Units	3.70%	204,373	3.90%	192,828
Deferred unit-based compensation	3.70%	5,396	3.90%	4,580
Unitholders' equity				
Boardwalk REIT Units	3.70%	2,052,143	3.90%	1,996,706
Total	3.11%	$ 4,900,342	3.20%	$ 4,780,312

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

Mortgages payable – These are the mortgages outstanding on the Trust's investment properties. The debt is primarily fixed rate debt and approximately 99% of this debt at June 30, 2018 is insured under the National Housing Act ("NHA") and administered by the Canada Mortgage and Housing Corporation ("CMHC"). These financings are typically structured on a loan to appraised value basis between 75-80%. The Trust currently has a level of indebtedness of approximately 46% of the fair value of the Trust's investment properties. This level of indebtedness is considered by the Trust to be within its target.

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

As outlined in NOTE 19(d), Boardwalk REIT's committed revolving credit facility agreements contain financial covenants.

Available liquidity as at June 30, 2018 included cash and cash equivalents on hand of $81.2 million (December 31, 2017 – $70.8 million) as well as an unused committed revolving credit facility of $199.7 million (December 31, 2017 – $199.7 million). The Trust monitors its ratios and as at June 30, 2018 and December 31, 2017, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 18: FAIR VALUE MEASUREMENT

(a) Fair value of financial instruments

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

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

ii) the fair value of the Trust's mortgage receivable is an estimate at a specific point in time, based on quoted market prices for the same or similar issue.

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

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

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 June 30, 2018 and December 31, 2017 are as follows:

As at	**Jun. 30, 2018**		Dec. 31, 2017	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets carried at fair value				
Mortgages receivable	**$ 38,281**	**$ 38,281**	$ 38,280	$ 38,280
Financial liabilities carried at amortized cost				
Mortgages payable	**2,659,835**	**2,638,430**	2,593,980	2,586,198
Financial liabilities carried at FVTPL				
LP Class B Units	**204,373**	**204,373**	192,828	192,828
Deferred unit-based compensation	**5,396**	**5,396**	4,580	4,580

The fair value of the Trust's mortgages payable was lower than the recorded value by approximately $21.4 million at June 30, 2018 (December 31, 2017 – lower than the recorded value by approximately $7.8 million), due to changes in interest rates since the dates on which the individual mortgages were last contracted. The fair values of the mortgages payable have been estimated based on the current market rates for mortgages with similar terms and conditions. The fair value of the Trust's mortgages payable is an amount computed based on the interest rate environment prevailing at June 30, 2018 and December 31, 2017, 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 June 30, 2018 and December 31, 2017, 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 19.

(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 condensed consolidated statement of financial position is as follows:

As at	**Jun. 30, 2018**			Dec. 31, 2017		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**$ -**	**$ -**	**$ 5,840,352**	$ -	$ -	$ 5,688,125
Mortgage receivable	**-**	**-**	**38,281**	-	-	38,280
Liabilities						
LP Class B Units	**204,373**	**-**	**-**	192,828	-	-
Deferred unit-based compensation	**5,396**	**-**	**-**	4,580	-	-

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

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For assets and liabilities measured at fair value as at June 30, 2018 and December 31, 2017, there were no transfers between Level 1, Level 2 and Level 3 assets and liabilities.

NOTE 19: RISK MANAGEMENT

(a) Interest rate risk

As at June 30, 2018, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at June 30, 2018, 100% was fixed-rate debt and 0% was floating-rate debt. For the three and six months ended June 30, 2018 , all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (three and six months ended June 30, 2017 – $nil).

(b) Credit risk

The Trust is exposed to credit risk as a result of its trade and other receivables. This balance is comprised of mortgage holdbacks and refundable mortgage fees, accounts receivable from significant customers and insurers and tenant receivables. As at June 30, 2018 and December 31, 2017, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers and insurers was past due.

Past due receivables (receivables which are greater than 30 days) are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness and the current economic environment; however, tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for doubtful accounts. The amount of the loss is recognized in the condensed consolidated statement of comprehensive income as part of operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses during the period of settlement. As tenant receivables are typically written off after 60 days, none of the balance is considered to be past due by the Trust. For the three months ended June 30, 2018, bad debt expense totaled $1.2 million (three months ended June 30, 2017 – $1.2 million). For the six months ended June 30, 2018, bad debt expense totaled $2.1 million (six months ended June 30, 2017 – $2.3 million).

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

(c) Liquidity risk

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

Year of Maturity	Weighted Average Interest Rate	Mortgage Principal Due	Mortgage Interest [1]	Tenants' Security Deposits	Distribution Payable	Trades and Other Payables	Total
2018	2.70%	$ 108,699	$ 34,963	$ 12,067	$ 4,239	$ 55,677	$ 215,645
2019	2.50%	540,859	63,051	-	-	-	603,910
2020	2.49%	302,504	49,773	-	-	-	352,277
2021	2.35%	349,869	40,902	-	-	-	390,771
2022	2.73%	457,784	31,436	-	-	-	489,220
Subsequent	2.75%	999,328	46,871	-	-	-	1,046,199
		2,759,043	266,996	12,067	4,239	55,677	3,098,022
Unamortized deferred financing costs		(99,208)	-	-	-	-	(99,208)
		$ 2,659,835	$ 266,996	$ 12,067	$ 4,239	$ 55,677	$ 2,998,814

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

(d) Debt covenants

The Trust has a committed revolving credit facility with a major financial institution. This credit facility is secured by a pledge of a group of specific real estate assets (fair value at June 30, 2018 of approximately $942.1 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 $199.7 million as at June 30, 2018 (December 31, 2017 – $199.7 million). The revolving facility requires monthly interest payments, is for a five-year term maturing on July 27, 2023, 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 June 30, 2018, this ratio was 1.40 (December 31, 2017 – 1.40).

ii) The Trust will maintain a Debt Service Coverage Ratio, specific to the Security Portfolio of at least 1.15 (tested semi-annually). As at June 30, 2018, this ratio was 1.37 (December 31, 2017 – 1.41).

iii) Total indebtedness of the Trust will not exceed 75% of the Gross Book Value ("GBV") of all assets for the two most recent quarters as defined in the credit agreement. As at June 30, 2018, this ratio was 43.9% (December 31, 2017 – 43.4%).

As at June 30, 2018 and December 31, 2017, the Trust was in compliance with all financial covenants.

e) Utility risk

As outlined in NOTE 16, the Trust has commitments under certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 20: RELATED PARTY DISCLOSURES

IAS 24 – Related Party Disclosures requires entities to disclose in their financial statements information about transactions with related parties. Generally, two parties are related to each other if one party controls, or significantly influences, the other party. Balances and transactions between the Trust and its subsidiaries, which are related parties of the Trust, have been eliminated on consolidation and are not disclosed in this note disclosure.

The individuals considered key personnel of the Trust as at June 30, 2018 have not changed since December 31, 2017. The remuneration of the Trust's key management personnel was as follows:

	3 Months Ended Jun. 30, 2018	3 Months Ended Jun. 30, 2017	**6 Months Ended Jun. 30, 2018**	6 Months Ended Jun. 30, 2017
Short-term benefits	**$ 250**	$ 245	**$ 501**	$ 490
Post-employment benefits	**14**	14	**28**	28
Other long-term benefits	**1**	2	**2**	3
Deferred unit-based compensation	**-**	-	**544**	616
	$ 265	$ 261	**$ 1,075**	$ 1,137

In addition, the LP Class B Units are held by Mr. Sam Kolias (Chairman of the Board, Chief Executive Officer and Trustee) and Mr. Van Kolias (Senior Vice President, Quality Control). Under IAS 32 – Financial Instruments: Presentation, the LP B Units issued by a wholly owned subsidiary of the Trust are considered financial liabilities, and are reclassified from equity to liabilities on the condensed consolidated financial statements. Additionally, as the LP Class B Units are liabilities, all distributions paid (both regular and special) are recorded as a financing charge under IFRS. For the three and six months ended June 30, 2018, distributions on the LP Class B Units totaled $1.1 million and $2.2 million, respectively (three and six months ended June 30, 2017 – $2.5 million and $5.0 million, respectively). Distributions on the LP Class B Units are made on terms equal to distributions made on Boardwalk REIT Units.

As at June 30, 2018, there was $373,000 owed to related parties (December 31, 2017 – $839,000) in relation to the monthly regular LP Class B Units distributions outlined above.

NOTE 21: OTHER INFORMATION

(a) Supplemental cash flow information

	3 Months Ended Jun. 30, 2018	3 Months Ended Jun. 30, 2017	6 Months Ended Jun. 30, 2018	6 Months Ended Jun. 30, 2017
Net change in operating working capital				
Net change in inventories	**$ 1,501**	$ (2,840)	**$ 2,610**	$ (5,749)
Net change in prepaid assets	**(302)**	(275)	**(2,408)**	(855)
Net change in trade and other receivables	**(779)**	(32)	**(887)**	2,020
Net change in segregated and refundable tenants' security deposits	**(66)**	(10)	**(49)**	42
Net change in deferred unit-based compensation	**943**	892	**1,259**	1,286
Net change in trade and other payables	**561**	760	**(499)**	320
	$ 1,858	$ (1,505)	**$ 26**	$ (2,936)
Net change in investing working capital				
Net change in trade and other payables	**$ (3,379)**	$ 12,490	**$ (11,960)**	$ 18,407
Net change in financing working capital				
Net change in trade and other payables	**$ 5**	$ 40	**$ (17)**	$ 40
Distributions paid				
Distributions declared	**$ (11,598)**	$ (26,037)	**$ (23,193)**	$ (52,064)
Distributions declared in prior period paid in current period	**(3,866)**	(8,678)	**(8,688)**	(8,674)
Distributions declared in current period paid in next period	**3,866**	8,680	**3,866**	8,680
Distributions paid	**$ (11,598)**	$ (26,035)	**$ (28,015)**	$ (52,058)

(b) Included in administration costs was $0.8 million and $1.5 million, respectively, relating to Registered Retirement Savings Plan ("RRSP") matching for the three and six months ended June 30, 2018 (three and six months ended June 30, 2017 – $0.7 million and $1.4 million, respectively).

NOTE 22: SEGMENTED INFORMATION

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

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

Corporate represents corporate functions, technology assets, activities incidental to operations, and certain comparative data for divested assets.

Details of segmented information are as follows:

As at	June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Assets	**$ 4,008,215**	**$ 635,419**	**$ 356,109**	**$ 840,572**	**$ 188,370**	**$ 6,028,685**
Liabilities	**1,831,292**	**272,018**	**124,359**	**468,405**	**251,410**	**2,947,484**

As at	December 31, 2017 (restated (1))					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Assets	$ 3,912,137	$ 631,162	$ 349,010	$ 807,628	$ 165,138	$ 5,865,075
Liabilities	1,797,502	256,136	103,720	472,887	257,223	2,887,468

(1) A reclassification between Quebec and Corporate Assets has been reflected in the December 31, 2017 comparative figures. These amounts were previously reported at $990,126 and ($17,360).

	3 Months Ended June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue (a)	**$ 68,090**	**$ 12,957**	**$ 6,929**	**$ 18,691**	**$ 54**	**$ 106,721**
Ancillary rental income	**1,195**	**91**	**148**	**232**	**1**	**1,667**
Total rental revenue	**69,285**	**13,048**	**7,077**	**18,923**	**55**	**108,388**
Rental expenses						
Operating expenses	**16,765**	**2,754**	**1,190**	**4,695**	**2,087**	**27,491**
Utilities	**6,281**	**1,844**	**861**	**1,493**	**70**	**10,549**
Property taxes	**7,063**	**1,234**	**827**	**2,092**	**70**	**11,286**
Net operating income (loss)	**39,176**	**7,216**	**4,199**	**10,643**	**(2,172)**	**59,062**
Financing costs (b)	**13,532**	**2,165**	**736**	**3,021**	**711**	**20,165**
Administration	**12**	**(6)**	**6**	**59**	**9,300**	**9,371**
Depreciation (c)	**221**	**49**	**6**	**43**	**1,290**	**1,609**
Profit (loss) from continuing operations before the undernoted	**25,411**	**5,008**	**3,451**	**7,520**	**(13,473)**	**27,917**
Proceeds on insurance settlement	**-**	**-**	**-**	**-**	**-**	**-**
Fair value gains (losses)	**32,043**	**(565)**	**2,013**	**1,779**	**(6,375)**	**28,895**
Profit (loss) before income tax	**57,454**	**4,443**	**5,464**	**9,299**	**(19,848)**	**56,812**
Income tax expense (d)	**-**	**-**	**-**	**-**	**(40)**	**(40)**
Profit (loss) and total comprehensive income (loss) for the period	**$ 57,454**	**$ 4,443**	**$ 5,464**	**$ 9,299**	**$ (19,888)**	**$ 56,772**
Additions to non-current assets (e)	**$ 15,274**	**$ 3,124**	**$ 1,873**	**$ 3,299**	**$ 8,433**	**$ 32,003**

	3 Months Ended June 30, 2017					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	$ 64,939	$ 14,087	$ 6,602	$ 18,228	$ 52	$ 103,908
Ancillary rental income	1,172	94	141	264	-	1,671
Total rental revenue	66,111	14,181	6,743	18,492	52	105,579
Rental expenses						
Operating expenses	18,202	2,866	1,072	4,526	2,197	28,863
Utilities	6,627	2,101	925	1,314	44	11,011
Property taxes	7,183	1,191	859	2,022	45	11,300
Net operating income (loss)	34,099	8,023	3,887	10,630	(2,234)	54,405
Financing costs (b)	13,767	2,155	714	2,180	2,488	21,304
Administration	31	(8)	6	24	8,013	8,066
Depreciation (c)	202	44	5	46	1,096	1,393
Profit (loss) from continuing operations before the undernoted	20,099	5,832	3,162	8,380	(13,831)	23,642
Proceeds on insurance settlement	-	-	-	-	474	474
Fair value gains (losses)	2,523	(2,098)	41,907	(1,210)	(1,753)	39,369
Profit (loss) before income tax	22,622	3,734	45,069	7,170	(15,110)	63,485
Income tax expense (d)	-	-	-	-	(59)	(59)
Profit (loss) and total comprehensive income (loss) for the period	$ 22,622	$ 3,734	$ 45,069	$ 7,170	$ (15,169)	$ 63,426
Additions to non-current assets (e)	$ 42,641	$ 13,099	$ 2,216	$ 4,509	$ (1,692)	$ 60,773

	6 Months Ended June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Rental revenue (a)	**$ 135,136**	**$ 25,660**	**$ 13,810**	**$ 37,330**	**$ 126**	**$ 212,062**
Ancillary rental income	**2,473**	**164**	**287**	**465**	**(2)**	**3,387**
Total rental revenue	**137,609**	**25,824**	**14,097**	**37,795**	**124**	**215,449**
Rental expenses						
Operating expenses	**35,002**	**5,406**	**2,349**	**9,610**	**4,140**	**56,507**
Utilities	**14,803**	**4,060**	**1,913**	**4,114**	**168**	**25,058**
Property taxes	**14,017**	**2,479**	**1,658**	**4,157**	**129**	**22,440**
Net operating income (loss)	**73,787**	**13,879**	**8,177**	**19,914**	**(4,313)**	**111,444**
Financing costs (b)	**26,794**	**4,220**	**1,441**	**6,046**	**1,474**	**39,975**
Administration	**155**	**(14)**	**2**	**96**	**18,518**	**18,757**
Depreciation (c)	**431**	**96**	**12**	**85**	**2,453**	**3,077**
Profit (loss) from continuing operations before the undernoted	**46,407**	**9,577**	**6,722**	**13,687**	**(26,758)**	**49,635**
Proceeds on insurance settlement	**-**	**-**	**-**	**-**	**-**	**-**
Fair value gains (losses)	**62,374**	**(2,358)**	**3,361**	**24,889**	**(11,869)**	**76,397**
Profit (loss) before income tax	**108,781**	**7,219**	**10,083**	**38,576**	**(38,627)**	**126,032**
Income tax expense (d)	**-**	**-**	**-**	**-**	**(10)**	**(10)**
Profit (loss) and total comprehensive income (loss) for the period	**$ 108,781**	**$ 7,219**	**$ 10,083**	**$ 38,576**	**$ (38,637)**	**$ 126,022**
Additions to non-current assets (e)	**$ 35,324**	**$ 6,520**	**$ 3,626**	**$ 6,606**	**$ 15,517**	**$ 67,593**

	6 Months Ended June 30, 2017					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Rental revenue (a)	$ 129,866	$ 28,272	$ 13,202	$ 36,395	$ 124	$ 207,859
Ancillary rental income	2,244	171	298	501	-	3,214
Total rental revenue	132,110	28,443	13,500	36,896	124	211,073
Rental expenses						
Operating expenses	35,105	5,772	2,210	9,359	3,788	56,234
Utilities	14,774	4,549	2,071	3,906	97	25,397
Property taxes	14,158	2,415	1,696	4,018	87	22,374
Net operating income (loss)	68,073	15,707	7,523	19,613	(3,848)	107,068
Financing costs (b)	27,366	4,241	1,433	4,350	5,033	42,423
Administration	96	(10)	3	63	16,304	16,456
Depreciation (c)	372	82	10	92	1,990	2,546
Profit (loss) from continuing operations before the undernoted	40,239	11,394	6,077	15,108	(27,175)	45,643
Proceeds on insurance settlement	-	-	-	-	3,010	3,010
Fair value (losses) gains	(9,892)	(4,426)	43,565	(2,222)	4,972	31,997
Profit (loss) before income tax	30,347	6,968	49,642	12,886	(19,193)	80,650
Income tax expense (d)	-	-	-	-	(33)	(33)
Profit (loss) and total comprehensive income (loss) for the period	$ 30,347	$ 6,968	$ 49,642	$ 12,886	$ (19,226)	$ 80,617
Additions to non-current assets (e)	$ 66,466	$ 16,323	$ 3,895	$ 7,196	$ 6,439	$ 100,319

(a) Rental revenue

Rental revenue was as follows:

	3 Months Ended June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Lease revenue	**$ 65,537**	**$ 12,155**	**$ 6,939**	**$ 18,035**	**$ 18**	**$ 102,684**
Parking revenue	**1,119**	**106**	**21**	**466**	**-**	**1,712**
Recoveries (operating costs, submetering, cable, retirement)	**1,066**	**586**	**2**	**133**	**37**	**1,824**
Other (fees)	**368**	**110**	**(33)**	**57**	**(1)**	**501**
Total	**$ 68,090**	**$ 12,957**	**$ 6,929**	**$ 18,691**	**$ 54**	**$ 106,721**

	3 Months Ended June 30, 2017					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Lease revenue	$ 62,713	$ 13,290	$ 6,601	$ 17,627	$ 41	$ 100,272
Parking revenue	1,005	91	20	430	-	1,546
Recoveries (operating costs, submetering, cable, retirement)	977	672	-	144	11	1,804
Other (fees)	244	34	(19)	27	-	286
Total	$ 64,939	$ 14,087	$ 6,602	$ 18,228	$ 52	$ 103,908

	6 Months Ended June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Lease revenue	**$ 130,110**	**$ 24,085**	**$ 13,837**	**$ 35,966**	**$ 57**	**$ 204,055**
Parking revenue	**2,251**	**208**	**43**	**973**	**-**	**3,475**
Recoveries (operating costs, submetering, cable, retirement)	**2,140**	**1,209**	**2**	**298**	**71**	**3,720**
Other (fees)	**635**	**158**	**(72)**	**93**	**(2)**	**812**
Total	**$ 135,136**	**$ 25,660**	**$ 13,810**	**$ 37,330**	**$ 126**	**$ 212,062**

	6 Months Ended June 30, 2017					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Lease revenue	$ 125,243	$ 26,581	$ 13,196	$ 35,048	$ 109	$ 200,177
Parking revenue	2,088	184	40	914	-	3,226
Recoveries (operating costs, submetering, cable, retirement)	1,948	1,344	-	338	15	3,645
Other (fees)	587	163	(34)	95	-	811
Total	$ 129,866	$ 28,272	$ 13,202	$ 36,395	$ 124	$ 207,859

(b) Financing costs

Financing costs were as follows:

	3 Months Ended June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 12,487**	**$ 1,997**	**$ 669**	**$ 2,596**	**$ -**	**$ 17,749**
Interest capitalized to properties under development	**-**	**-**	**-**	**-**	**(102)**	**(102)**
LP Class B Unit distribution	**-**	**-**	**-**	**-**	**1,120**	**1,120**
Other interest charges	**20**	**1**	**11**	**7**	**303**	**342**
Interest income	**-**	**-**	**-**	**-**	**(610)**	**(610)**
Amortization of deferred financing costs	**1,025**	**167**	**56**	**418**	**-**	**1,666**
Total	**$ 13,532**	**$ 2,165**	**$ 736**	**$ 3,021**	**$ 711**	**$ 20,165**

	3 Months Ended June 30, 2017					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 12,787	$ 2,052	$ 648	$ 2,004	$ -	$ 17,491
Interest capitalized to properties under development	-	(61)	-	-	(4)	(65)
LP Class B Unit distribution	-	-	-	-	2,517	2,517
Other interest charges	29	3	10	8	306	356
Interest income	-	-	-	-	(331)	(331)
Amortization of deferred financing costs	951	161	56	168	-	1,336
Total	$ 13,767	$ 2,155	$ 714	$ 2,180	$ 2,488	$ 21,304

	6 Months Ended June 30, 2018					
	Alberta	**Saskatchewan**	**Ontario**	**Quebec**	**Corporate**	**Total**
Interest on secured debt (mortgages payable)	**$ 24,763**	**$ 3,893**	**$ 1,306**	**$ 5,208**	**$ -**	**$ 35,170**
Interest capitalized to properties under development	**-**	**-**	**-**	**-**	**(230)**	**(230)**
LP Class B Unit distribution	**-**	**-**	**-**	**-**	**2,240**	**2,240**
Other interest charges	**48**	**5**	**23**	**12**	**606**	**694**
Interest income	**-**	**-**	**-**	**-**	**(1,142)**	**(1,142)**
Amortization of deferred financing costs	**1,983**	**322**	**112**	**826**	**-**	**3,243**
Total	**$ 26,794**	**$ 4,220**	**$ 1,441**	**$ 6,046**	**$ 1,474**	**$ 39,975**

	6 Months Ended June 30, 2017					
	Alberta	Saskatchewan	Ontario	Quebec	Corporate	Total
Interest on secured debt (mortgages payable)	$ 25,471	$ 4,092	$ 1,300	$ 4,003	$ -	$ 34,866
Interest capitalized to properties under development	-	(174)	-	-	(4)	(178)
LP Class B Unit distribution	-	-	-	-	5,034	5,034
Other interest charges	57	7	20	15	609	708
Interest income	-	-	-	-	(606)	(606)
Amortization of deferred financing costs	1,838	316	113	332	-	2,599
Total	$ 27,366	$ 4,241	$ 1,433	$ 4,350	$ 5,033	$ 42,423

(c) Depreciation

This represents depreciation on items carried at cost and primarily includes corporate assets, technology assets, site equipment and other assets.

(d) Income tax expense

This relates to any current and deferred taxes.

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

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

NOTE 23: APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved by the Board of Trustees and authorized on August 9, 2018.

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