



# Q4 2003 CONFERENCE CALL

## February 16, 2004

416-640-4127 (within Toronto) or 1-800-814-4861



# Q4 2003 Conference Call

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# Topics for Discussion

- Q4 and Year End Results - Overview
- Financial and Operations Review
  - Portfolio Highlights
  - Operations Review and Performance
  - Stabilized Building Analysis
  - Financial Overview and Summary
  - Outlook and Guidance
- Q&A



# Overview – Q4 Highlights

(\$ in Millions, except per share amounts)	3 Months Dec-03		% Change		12 Months Dec-03		% Change	
Rental revenue	\$ 69.9	up	9.6%	\$ 271.0	up	12.2%		
NOI	\$ 44.9	up	12.0%	\$ 176.2	up	8.2%		
Total FFO	\$ 18.3	up	35.6%	\$ 70.6	up	11.9%		
Total FFO per share	\$ 0.36	up	33.3%	\$ 1.39	up	10.3%		
FFO, excluding all property sales	\$ 18.3	up	35.6%	\$ 69.5	up	12.1%		
FFO per share, excluding all property sales	\$ 0.36	up	33.3%	\$ 1.37	up	10.5%		
FFO per share, excluding property sales and adjusting for 2002 utility rebate	\$ 0.36	up	38.5%	\$ 1.37	up	18.1%		



# Overview

- **Stabilized Building Analysis**

- 3 Months

- Same-property revenue up 1.3%; NOI up 1.4%
    - Adjusting for 2002 utility rebate NOI up 2.3%

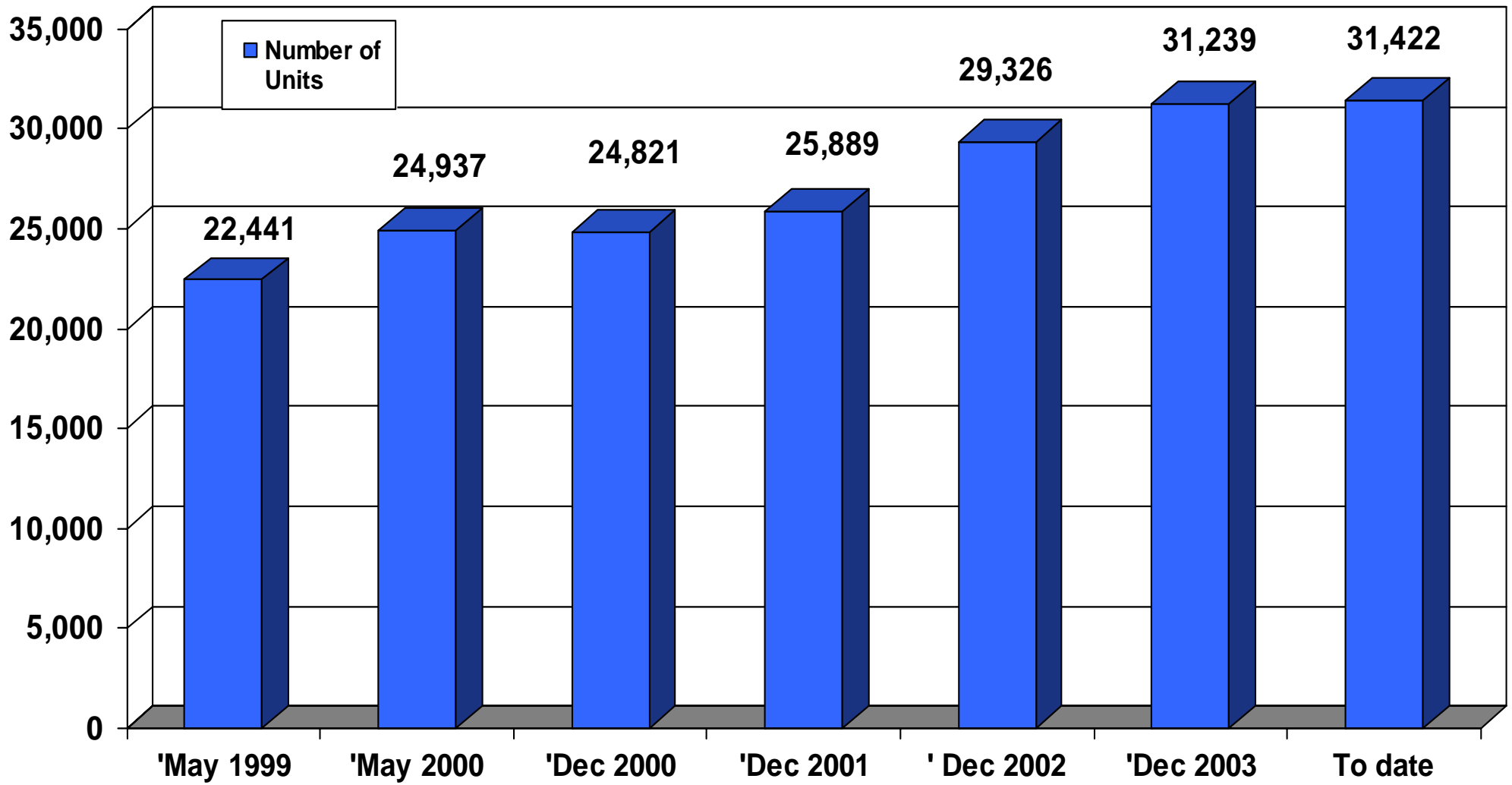
- 12 Months

- Same-property revenue up 2.1%; NOI down .8%
    - Adjusting for 2002 utility rebate NOI up 1.5%

- **External Growth**
- **Operational and Market Commentary**
- **REIT Update**



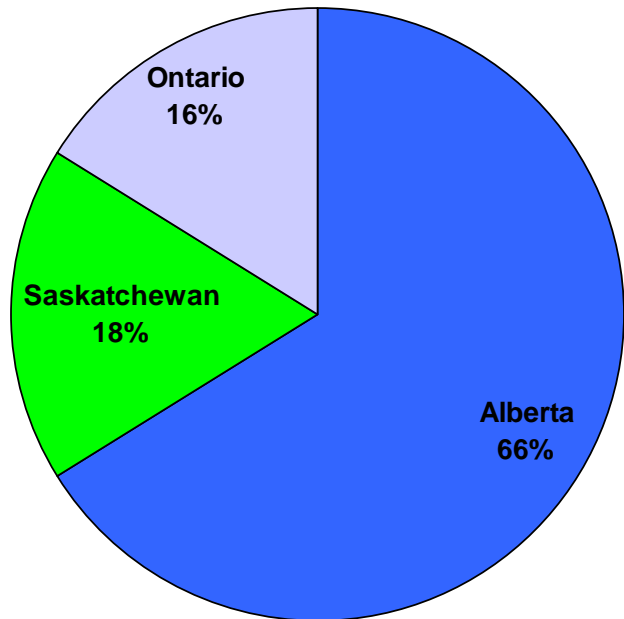
# Portfolio – Unit Growth





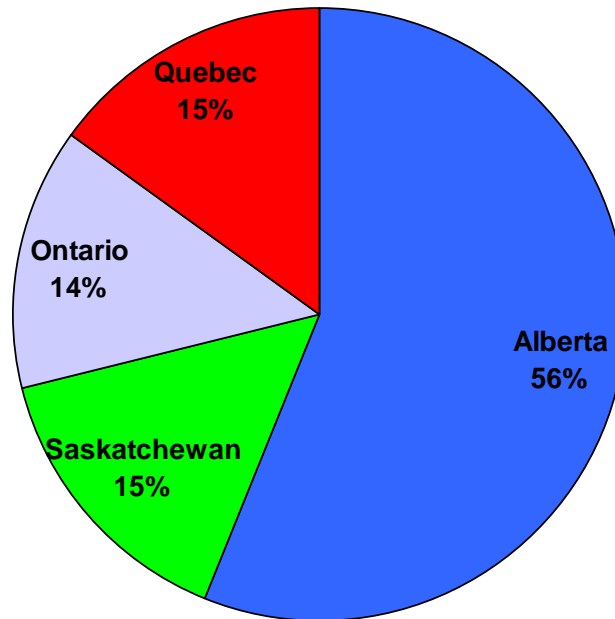
# Portfolio Growth and Diversification

Dec. 01



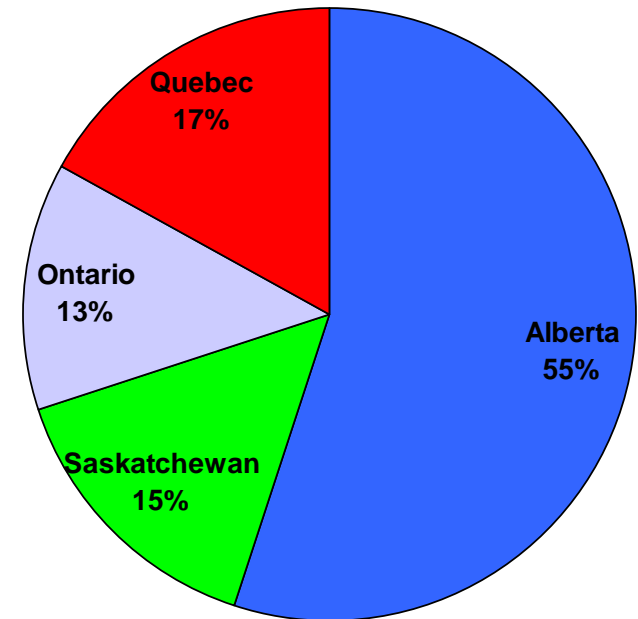
25,889 Units

Dec. 02

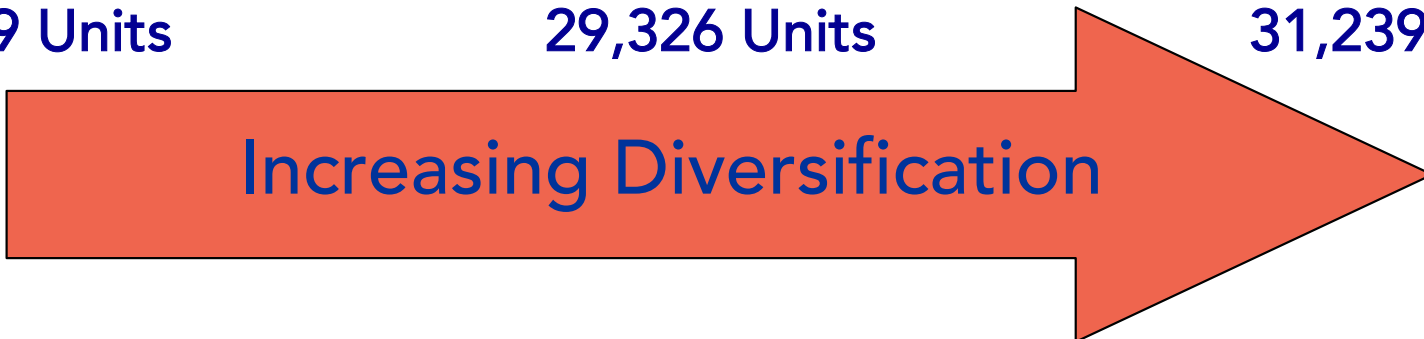


29,326 Units

Dec. 03



31,239 Units

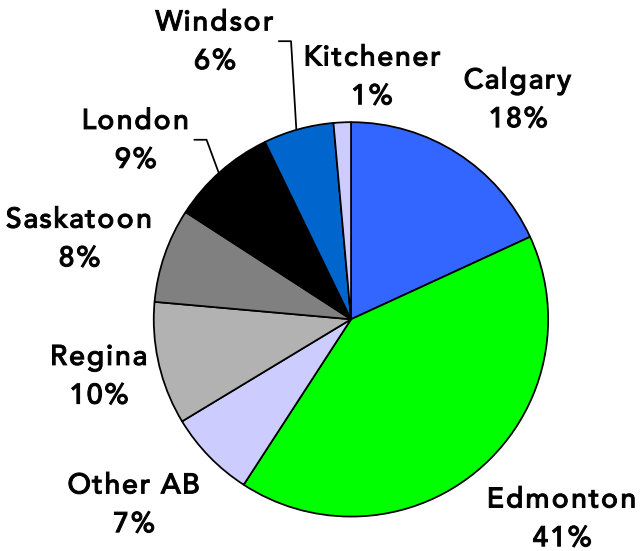


Increasing Diversification



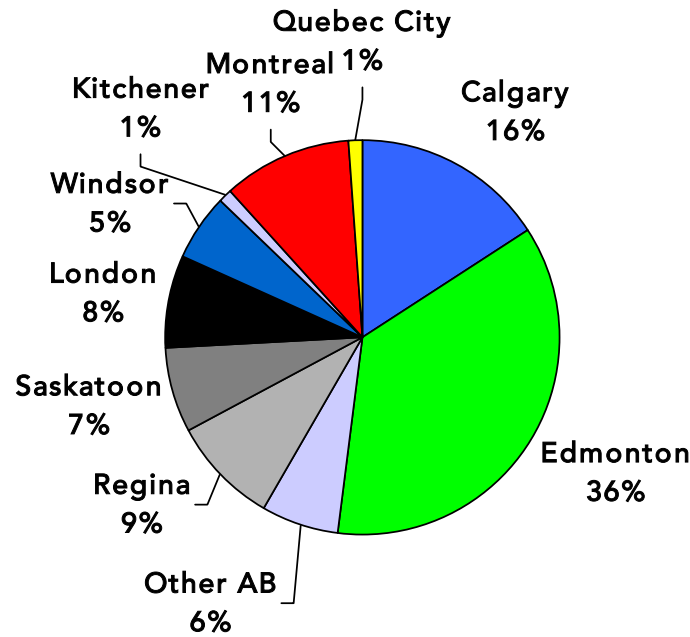
# Portfolio Growth and Diversification

Dec. 01



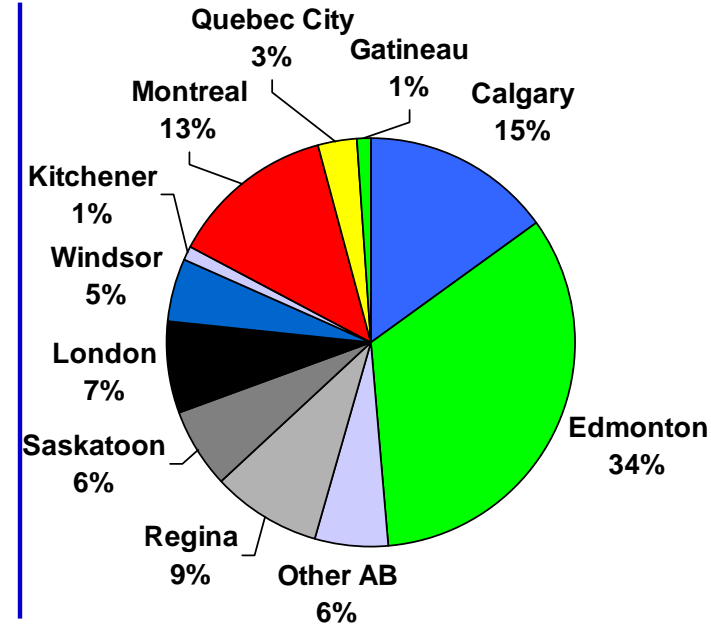
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Dec. 02

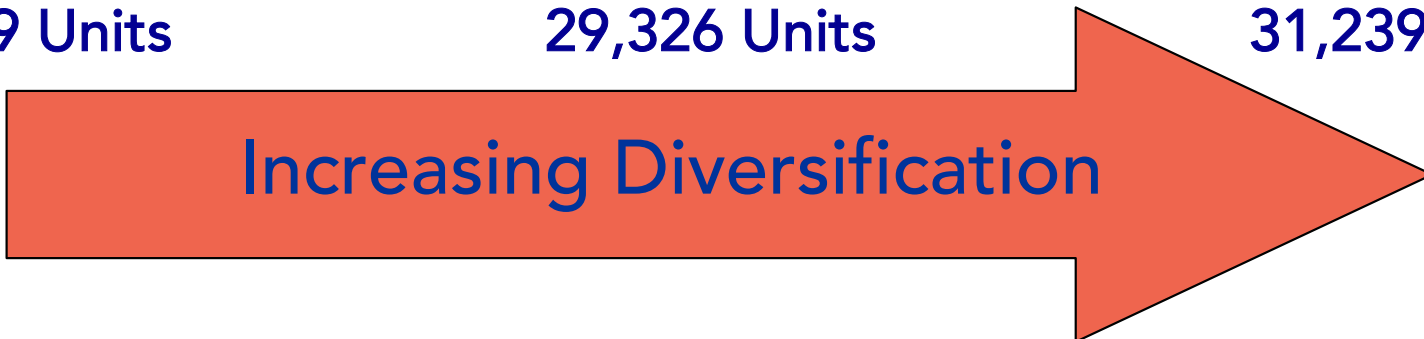


29,326 Units

Dec. 2003



31,239 Units





# Acquisitions Quarterly Summary

## Twelve Months – 2003

Building Name	Date Acquired	City	Units	Purchase Price	Price/Unit	Cap Rate	Avg. Sq. Ft.	Price/ Sq. Ft.
<b>Q3 2003</b>								
Les Appartements du Verdier Bilodeau Portfolio	30-Jul-03	Sainte-Foy	195	\$ 11,500,000	\$ 58,974	8.48%	783	\$ 75.32
Le Laurier	6-Aug-03	Quebec City	105	\$ 10,254,136	\$ 98,597	8.40%	721	\$ 136.75
Place Charlesbourg	6-Aug-03	Quebec City	105	\$ 4,395,222	\$ 40,697	8.40%	765	\$ 53.20
Place du Parc	6-Aug-03	Quebec City	111	\$ 7,277,097	\$ 65,559	8.40%	736	\$ 89.07
Place Samuel de Champlain	6-Aug-03	Quebec City	130	\$ 11,573,545	\$ 88,348	8.40%	795	\$ 111.13
<b>Q3 TOTAL</b>			<b>646</b>	<b>\$ 45,000,000</b>	<b>\$ 69,337</b>	<b>8.42%</b>	<b>765</b>	<b>\$ 90.70</b>
<b>Q2 2003</b>								
Les Jardins Bourassa	25-Jun-03	Montreal	178	\$ 6,955,000	\$ 39,073	8.34%	456	\$ 85.69
<b>Q2 TOTAL</b>			<b>178</b>	<b>\$ 6,955,000</b>	<b>\$ 39,073</b>	<b>8.34%</b>	<b>456</b>	<b>\$ 85.69</b>
<b>Q1 2003</b>								
Parc de la Montagne	9-Jan-03	Gatineau	321	\$ 13,700,000	\$ 42,679	8.52%	636	\$ 67.11
Domaine d'Iberville	4-Feb-03	Longueuil	720	\$ 34,500,000	\$ 47,917	10.13%	779	\$ 61.51
600 Cote Vertu	5-Feb-03	St. Laurent	88	\$ 5,800,000	\$ 65,909	8.46%	770	\$ 85.60
<b>Q1 TOTAL</b>			<b>1,129</b>	<b>\$ 54,000,000</b>	<b>\$ 47,830</b>	<b>9.54%</b>	<b>738</b>	<b>\$ 64.84</b>
<b>12 MONTHS TOTAL</b>			<b>1,953</b>	<b>\$ 105,955,000</b>	<b>\$ 54,169</b>	<b>8.99%</b>	<b>721</b>	<b>\$ 75.15</b>



# Portfolio Expansion – Recent Acquisition Highlights



## Complexe Laudance

(850 Rue Laudance),  
Quebec City (Sainte-Foy),  
Quebec

Units: 183

Date Acquired: February  
11, 2004

Purchase Price: \$16.9MM

Going in Cap Rate: 7.93%  
Per unit: \$92,000

Per sq. ft.: \$124.8 (avg.  
749 sq. ft.)





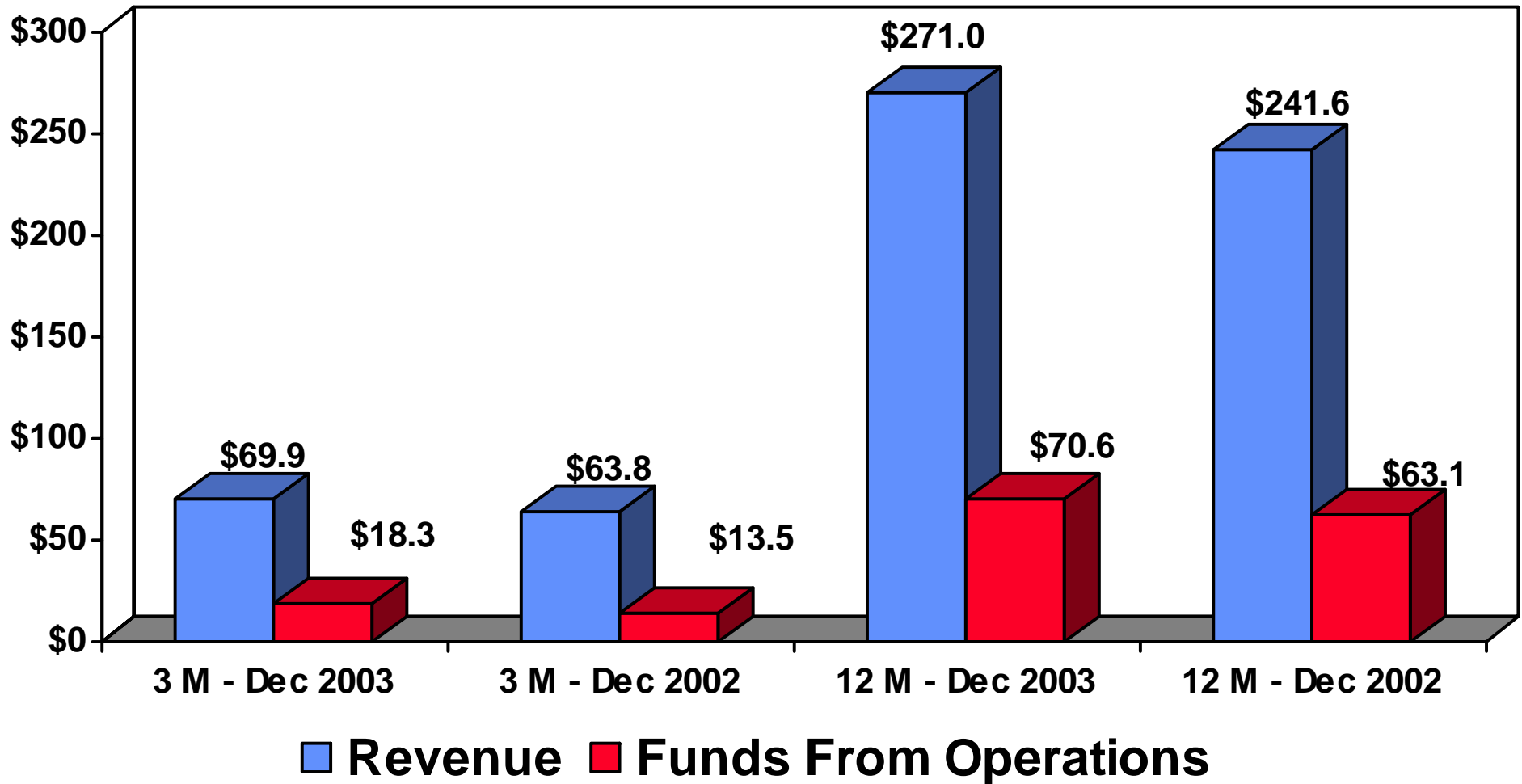
# Funds from Operations

(in 000's, except per share amounts)

		3 Months	3 Months	12 Months	12 Months
		Dec-03	Dec-02	Dec-03	Dec-02
Net earnings from continuing operations		\$ 3,546	\$ 2,214	\$ 12,013	\$ 11,553
Add					
	Earnings from discontinued operations	-	\$ (1)	\$ 751	\$ 23
	Deferred income taxes	\$ 1,579	\$ (797)	\$ 6,748	\$ 5,406
	Deferred Income taxes on discontinued operations	\$ -	\$ 1	\$ 329	\$ 14
	Amortization	\$ 13,176	\$ 12,747	\$ 50,766	\$ 46,748
			\$ (692)		\$ (692)
Total funds from operations		\$ 18,301	\$ 13,472	\$ 70,607	\$ 63,052
Funds from continuing operations (Note 1)		\$ 18,301	\$ 13,457	\$ 69,527	\$ 62,958
Funds from operations - excluding all property sales		\$ 18,301	\$ 13,457	\$ 69,527	\$ 61,991
Total funds from operations - per share		\$ 0.36	\$ 0.27	\$ 1.39	\$ 1.26
Funds from continuing operations - per share		\$ 0.36	\$ 0.27	\$ 1.37	\$ 1.25
Funds from operations (excluding all property sales) - per share		\$ 0.36	\$ 0.27	\$ 1.37	\$ 1.23
Note 1:	All disposals on or after January 1, 2003, and related results of operations and cash flows, are now classified as part of discontinued operations in accordance with CICA Handbook Section 3475. Disposals before January 1, 2003, and related results of operations and cash flow, continue to be classified as part of continuing operations.				

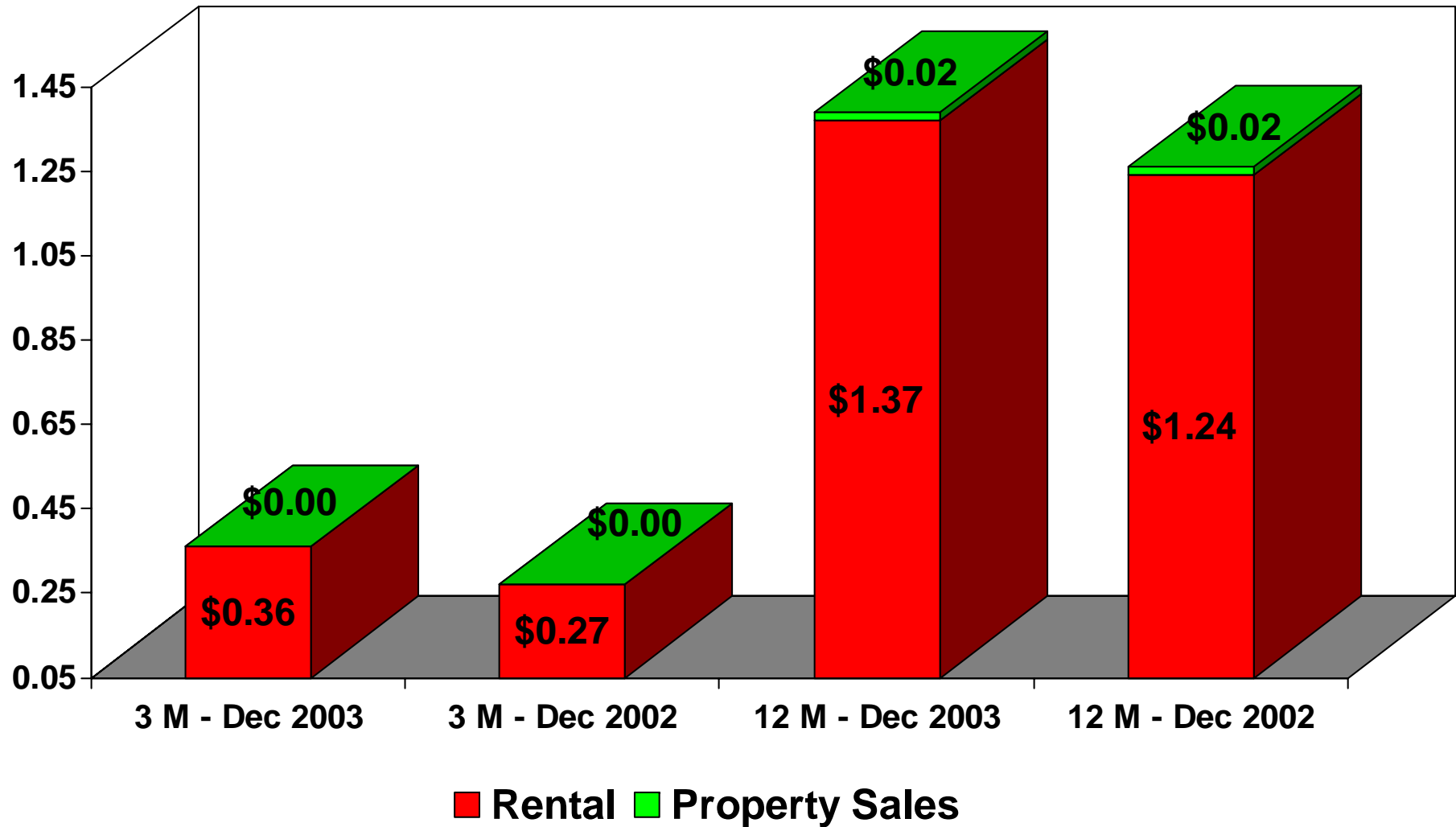


# Revenue and Funds From Operations (in Millions of dollars)





# Breakdown of FFO Per Share (cents per share)

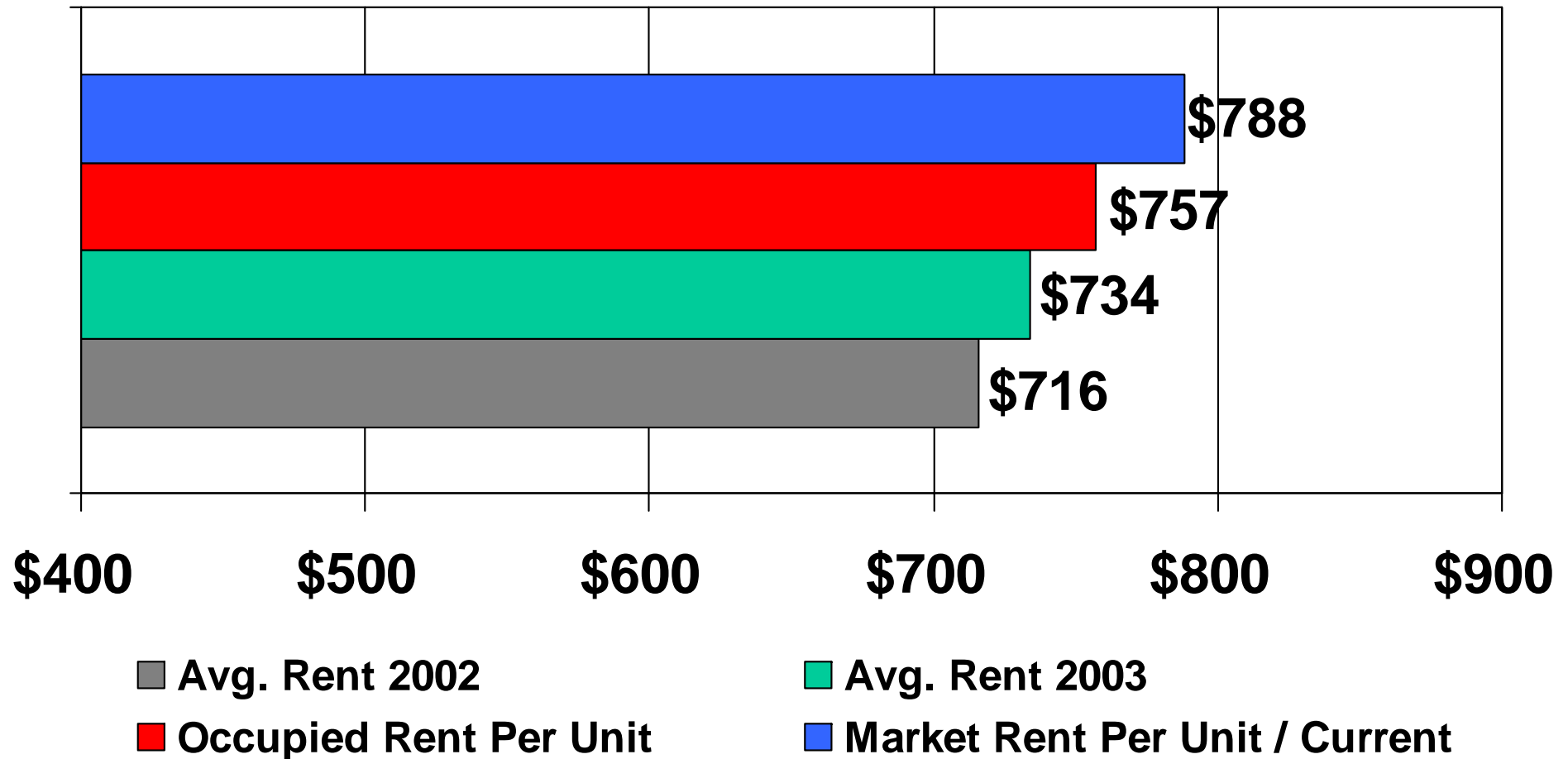




# Monthly Rental Revenue Statistics

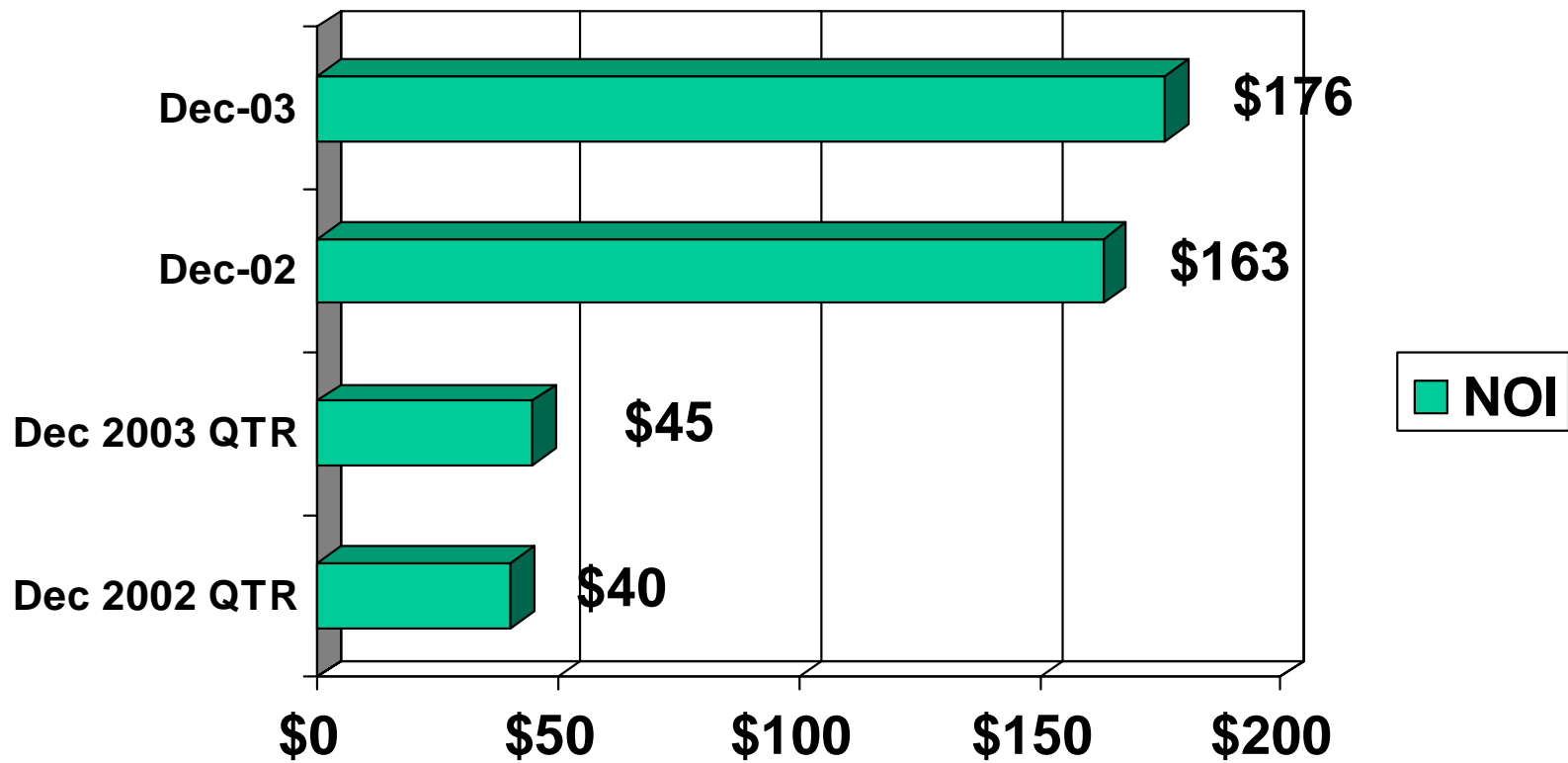
## 12 Months Ended December 2003

(Per Unit)



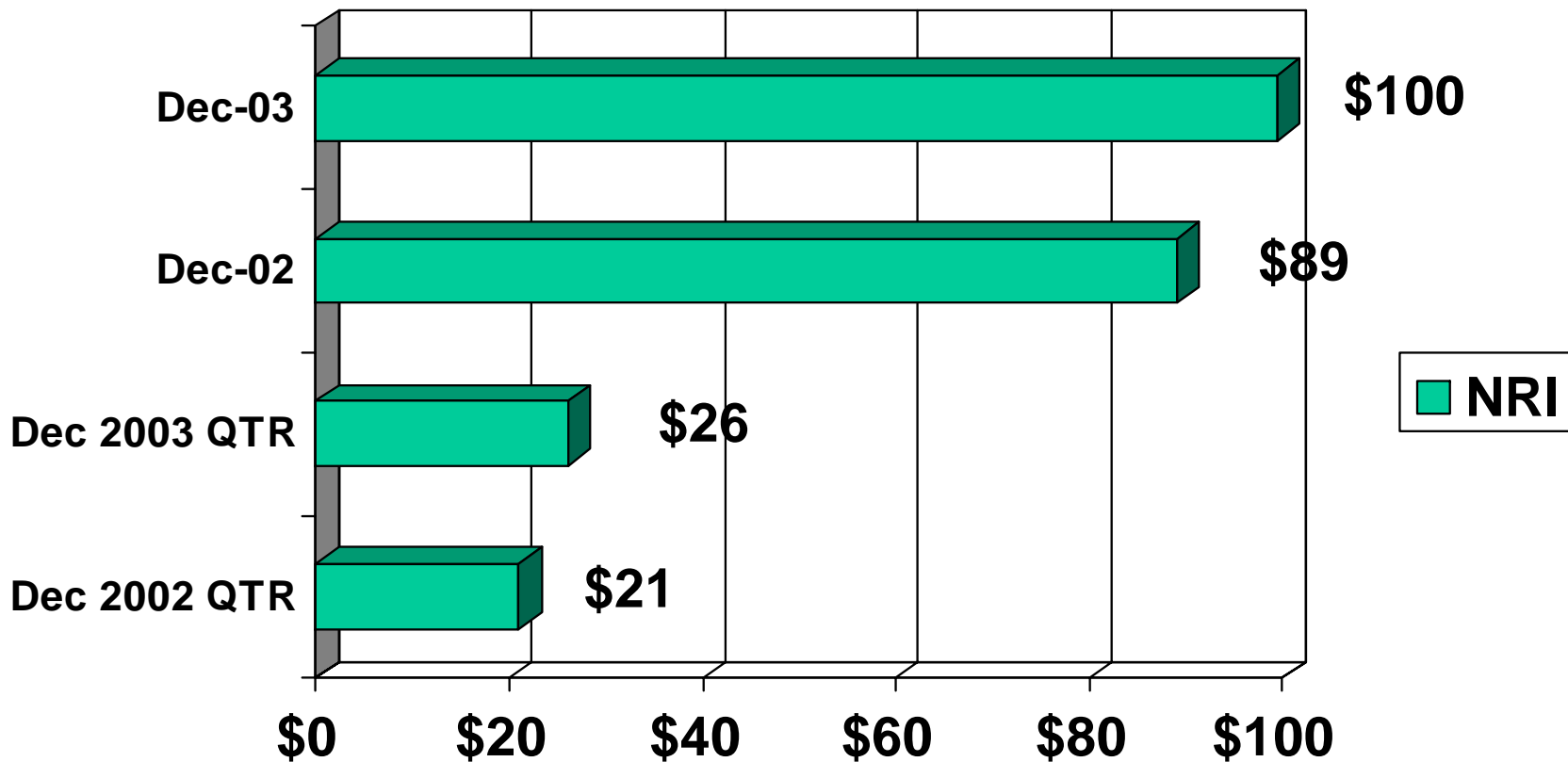


# Continued Strengthening of Rental Operations – Net Operating Income (in Millions of dollars)



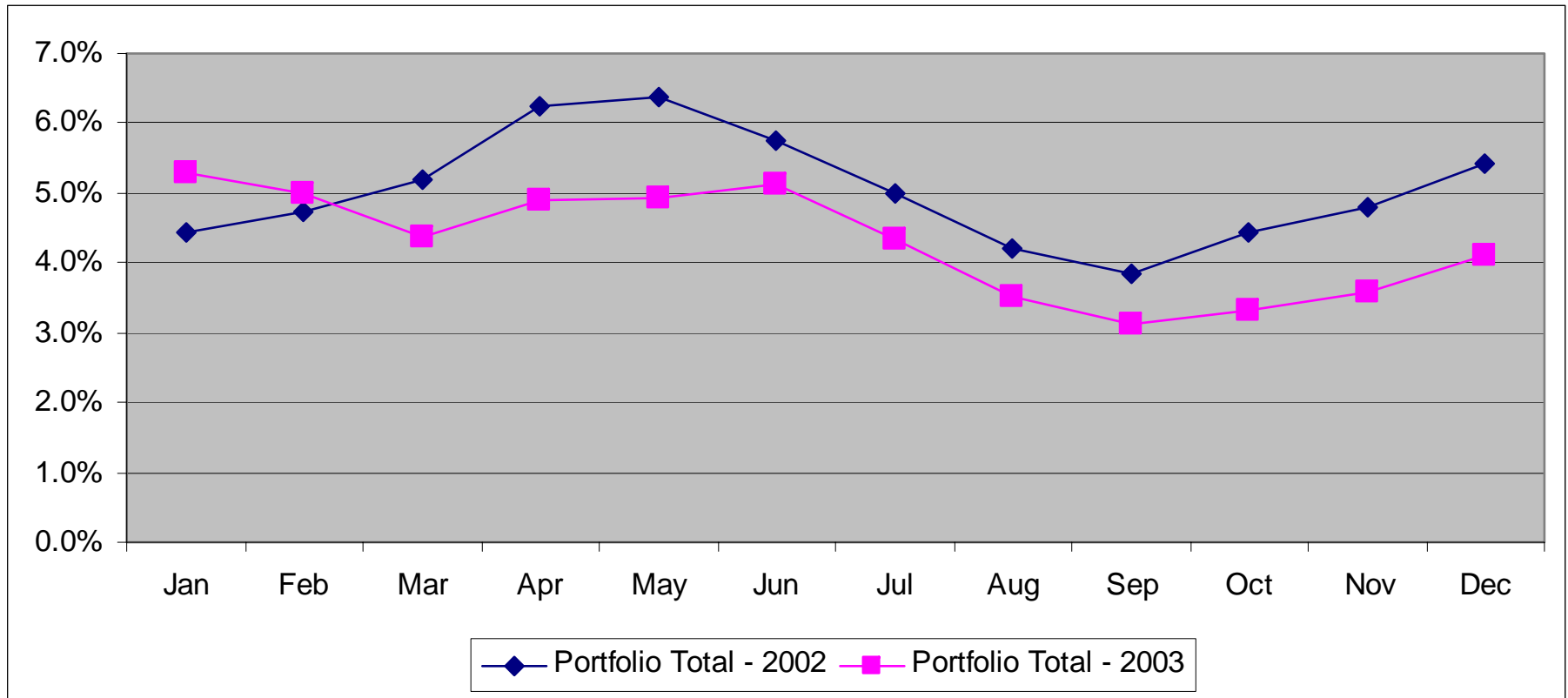


# Continued Strengthening of Rental Operations – Net Rental Income (in Millions of dollars)





# Vacancy Rates – 2003 vs. 2002





# Sensitivity Analysis

## Vacancy Rates:

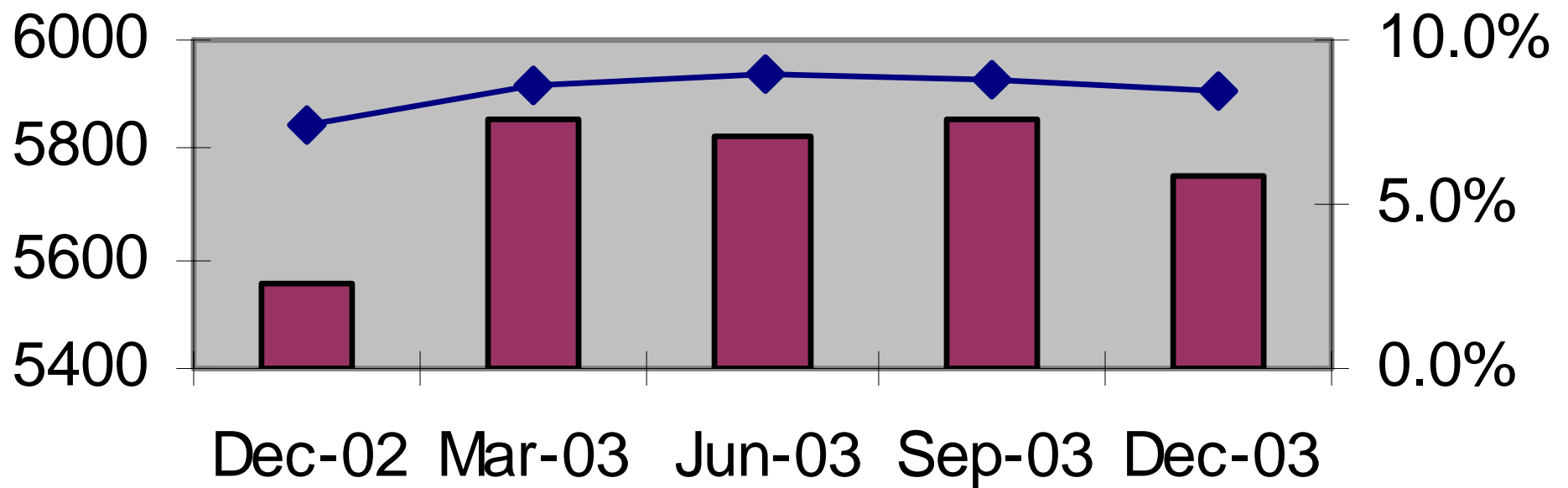
→ 1% change

- \$2.9 million
- \$0.06 per share



# Administration Review

(in 000's)

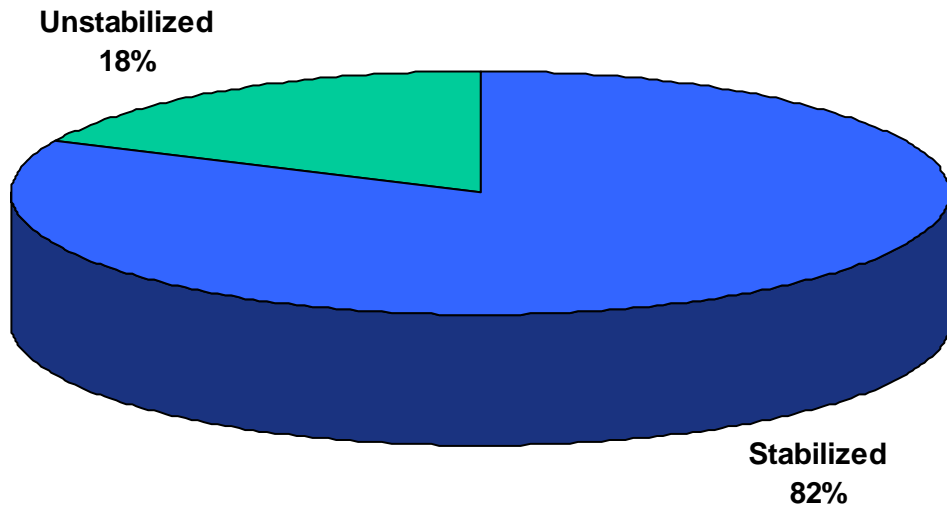


Administration — % of Rental Revenue

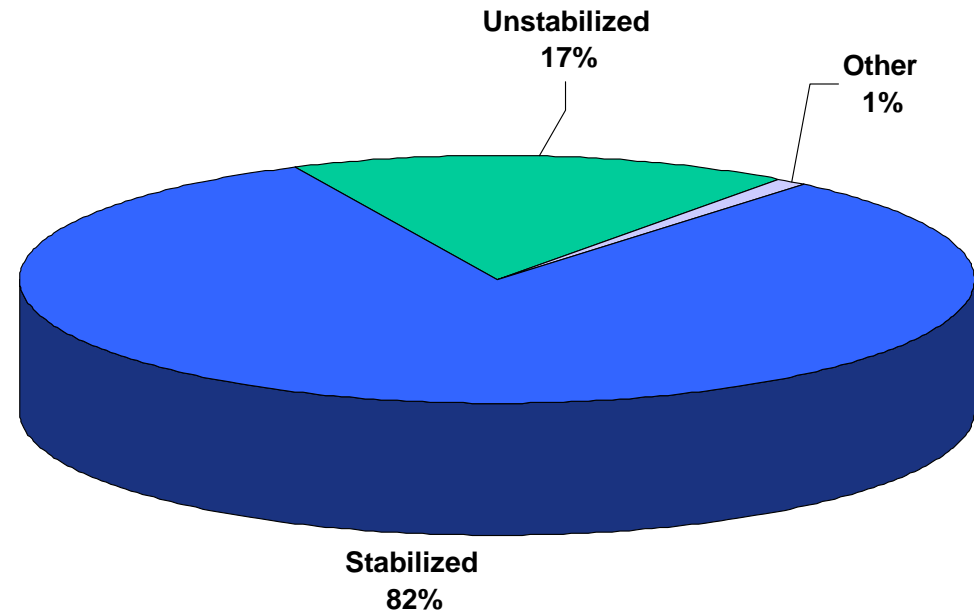


# Stabilized Analysis

### Units



### Gross Rental Revenue Analysis





# Stabilized Portfolio Review

## 3 Months Ended December 31, 2003

	Number of Units	Rental Revenue	Total Utilities	Other	Total Costs	NOI
Calgary	4,881	0.4%	-13.5%	-10.4%	-8.3%	4.5%
Edmonton	10,552	0.6%	-5.9%	-4.6%	-0.3%	1.1%
Other Alberta	1,604	4.6%	-7.0%	-8.8%	-3.8%	8.9%
Saskatchewan	4,606	0.2%	12.6%	0.5%	7.1%	-3.9%
Ontario	4,072	4.5%	20.7%	1.8%	11.5%	-0.7%
	25,715	1.3%	-1.6%	-3.6%	1.3%	1.4%
No Rebate		1.3%	-5.0%	-3.6%	-0.2%	2.3%



# Stabilized Portfolio Review

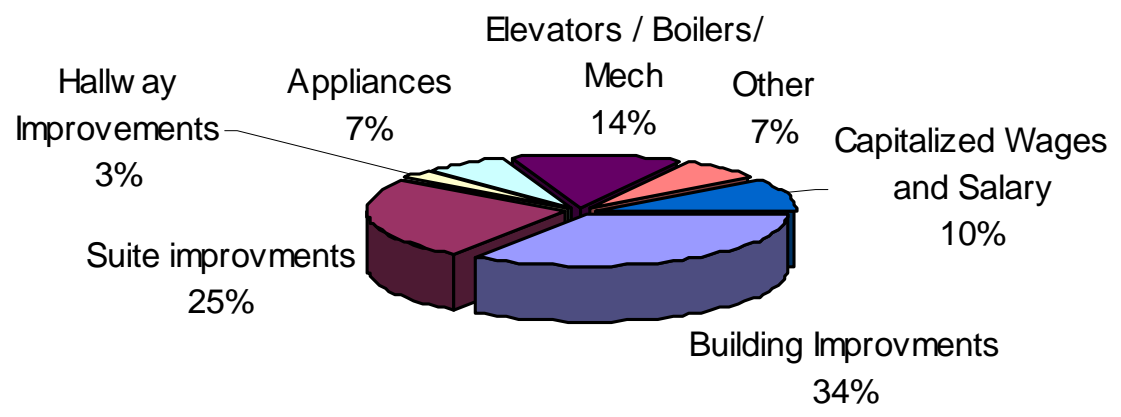
## 12 Months Ended December 31, 2003

	Number of Units	Rental Revenue	Utility Total	Other	Total Costs	NOI
Calgary	4,881	-0.5%	-4.5%	6.6%	2.1%	-1.5%
Edmonton	10,552	2.5%	19.9%	11.0%	14.5%	-2.5%
Other Alberta	1,604	1.0%	26.4%	8.8%	14.8%	-4.4%
Saskatchewan	4,606	2.7%	-2.8%	2.6%	0.9%	3.9%
Ontario	4,072	4.7%	14.7%	6.1%	9.1%	2.9%
	25,715	2.1%	10.8%	7.4%	8.6%	-0.8%
No Rebate		2.1%	-3.9%	7.4%	3.2%	1.5%



# Capital Investment Twelve Months - 2003

## Capital Improvements - 12 M December 2003



Total Capital Invested: \$49.1 Million



# Mortgage Maturity Schedule

<b>Fiscal Year</b>	<b>Mortgage Balance (in 000's)</b>	<b>Weighted Average Interest Rate</b>
2004	161,430	5.20%
2005	127,882	5.27%
2006	173,258	5.00%
2007	240,837	5.47%
2008	260,206	6.07%
2009	158,173	6.09%
2010	91,211	6.23%
2011	73,431	6.23%
2012	30,896	6.19%
2013	37,258	5.50%
2014	4,766	5.91%
Subsequent	27,720	6.59%
<b>Grand Total</b>	<b>1,387,067</b>	<b>5.68%</b>

**Weighted average Interest rate - 5.68%**

**Average term to maturity – 4.20 years**



# Mortgage Highlights

<b>Mortgages Outstanding in millions</b>	<b>\$</b>	<b>1,387</b>
<b>% NHA Insured</b>		<b>95%</b>
<b>Existing Bond Spreads</b>		<b>40 to 60 basis points</b>
<b>Interest Coverage</b>		
	<b>Q4 2003</b>	<b>2.03</b>
	<b>Fiscal 2003</b>	<b>2.00</b>



# 2003 FFO Guidance –

## How did we do?

			2003	2002	
Actual results					
	Rental		\$ 1.37	\$ 1.24	11%
	Property Sales		\$ 0.02	\$ 0.02	
			\$ 1.39	\$ 1.26	10%
			<b>Low</b>	<b>High</b>	
Revised Total FFO Guidance			\$ 1.34	\$ 1.38	
Original Total FFO Guidance			\$ 1.40	\$ 1.44	



# 2004 FFO Guidance – Annualized

## Key Forecast Assumptions – Non Conversion

- 2004 FFO Guidance \$1.44 to 1.50
  - Assumes 51.4 million fully diluted shares outstanding.
  - 2004 Acquisitions of between 1,000 to 2000 units.
  - Same store NOI increase of 1.0 to 2.0%
  - No anticipation of contributions from property sales.
  - \$1.0 million large corporations tax savings



# 2004 Key Forecast Assumptions

## Assuming Full REIT Conversion

- 2004 Unit Acquisitions – 1,000 to 2,000
- Shares Outstanding – 53.3 million
  - Current Outstanding - 50.9 million
  - Options - 2.4 million
  - Assuming no material share buy back
- 2004 Same Property NOI Growth 1 - 2%



# 2004 Key Forecast Assumption

## Assuming Full REIT Conversion

- Assumed Conversion would result in the following additional considerations
  - A further reduction in Large Corporations Tax is possible
  - Distribution % of Distributable Income (DI) would be in line with our peer real estate group



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