

NEWS RELEASE FOR IMMEDIATE DISTRIBUTION

BOARDWALK ANNOUNCES FIRST QUARTER FINANCIAL RESULTS

Calgary, Alberta – May 10, 2005 - Boardwalk Real Estate Investment Trust (“BEI.UN” - TSX)

Boardwalk Real Estate Investment Trust (“Boardwalk REIT” or the “Trust”) today announced solid financial results for the first quarter of 2005. For the three-month period ended March 31, 2005, the Trust reported Funds From Operations (“FFO”) from continuing operations of \$16.4 million and FFO from continuing operations per unit of \$0.31 on a diluted basis, compared to FFO from continuing operations of \$16.5 million and FFO from continuing operations per unit of \$0.32 for the same period last year. Distributable income (“DI”) for the quarter was \$17.3 million and DI per unit was \$0.33 on a diluted basis, compared to \$17.2 million and \$0.33 per unit for the same period last year.

Funds from operations (“FFO”) is a generally accepted measure of operating performance of real estate investment trusts and companies, however is a non-GAAP measurement. The Trust calculates FFO by taking net earnings after discontinued operations and adding non-cash items including future income taxes and amortization. The determination of this amount may differ from that of other real estate investment trusts and companies. Distributable income (“DI”) is calculated based on the definition as set out in the Trust’s declaration of trust and is computed by taking FFO from continuing operations and adding back amortization on any deferred financing charges incurred prior to May 3, 2004 as well as adjusting for any discounts or premiums relating to the amortization of mark-to-market debt adjustment incurred subsequent to the real estate investment trust conversion date of May 3, 2004.

Highlights of the Trust’s first quarter 2005 financial results include:

- Rental revenues of \$73.6 million, an increase of 5.6% compared to \$69.7 million for the three-month period ended March 31, 2004.
- Net operating income of \$44.6 million, representing a 3.2% increase from \$43.2 million in the same period last year.
- FFO from continuing operations of \$16.4 million, a decrease of 0.6% compared to \$16.5 million for the three-month period ended March 31, 2004.
- FFO from continuing operations per unit was \$0.31 on a diluted basis, down 3.1% compared to \$0.32 for the three-month period ended March 31, 2004.
- DI was \$0.33 per unit, unchanged from \$0.33 for the three months ended March 31, 2004.

Commenting on the Trust’s first quarter results, Sam Koliass, President and C.E.O., said, “Demand for our rental units remained strong during the first quarter. Total rentals versus move-outs for the three-month period were 3,569 and 3,123, respectively, for total positive absorption of 446 rental units. This compares to an absorption figure of 157 rental units during this same period last year, a very positive increase further pointing to improving fundamentals going forward.”

“Following a successful but very competitive year in 2004, 2005 is also expected to present various challenges going forward. We are confident we can continue to generate solid results as leading fundamentals point to an improving year for landlords. We are very pleased to see a continuing trend of lower resident turnovers into the spring accompanied with solid rentals. Springtime is typically a seasonally soft period for landlords; however, this spring has been the exception.”



Operational Highlights

The average vacancy rate across the Trust's portfolio for the first quarter of 2005 was 5.19%, up from 4.22% in the fourth quarter of 2004, and up from 4.32% in the first quarter of 2004.

The average monthly rent realized in the first quarter of 2005 was \$746 per unit, an increase of \$5 from \$741 per unit for the three-month period ended March 31, 2004. Management estimates that market rents for its properties at the end of March, 2005 averaged \$808 per unit per month, which compares to an average in-place monthly rent per occupied unit of \$785 for the same period. This translates into an estimated "loss-to-lease" of approximately \$8.7 million, maintaining existing occupancy rates.

Same-Property Results

Boardwalk showed slight negative NOI performance in its stabilized properties (defined as properties owned for over 24 months). The "same-property" results for the Trust's stabilized portfolio for the three-month period ended March 31, 2005 had rental growth of 0.3%, an increase in total expenses by 5.8% resulting in a decrease in NOI of 3.1%, compared to the same period last year. A total of 30,417 units, representing approximately 91% of Boardwalk's total portfolio, were classified as stabilized as at March 31, 2005.

Same-Property Results - Stabilized Portfolio Three Months Ended March 31, 2005 vs. Three Months Ended March 31, 2004

	Rental Revenues	Total Expenses	NOI	% of NOI
Calgary	1.1%	-0.1%	1.6%	20%
Edmonton	-0.6%	-0.4%	-0.7%	35%
Other Alberta	4.4%	14.9%	-0.8%	6%
Saskatchewan	-0.9%	7.5%	-7.2%	11%
Ontario	-0.4%	16.0%	-14.5%	10%
Quebec	1.3%	9.1%	-3.3%	17%
Total	0.3%	5.8%	-3.1%	100%

Acquisition/Disposition Activity

During the first quarter of 2005, the Trust has closed on an additional 1,325 rental units, at a total purchase price of \$115.2 million, in a series of new acquisitions spanning the provinces of Alberta, British Columbia and Quebec. The properties acquired were:

- Alberta and British Columbia portfolio** - This 848-unit portfolio had an acquisition price of approximately \$83.1 million, which equates to approximately \$97,900 per unit and approximately \$137.9 per rentable square foot. The acquisition price, per door and per rentable square foot, includes commercial space within the Surrey property described below consisting of 40,137 square feet of rentable area at a price of approximately \$98.62 per square foot. This transaction closed on February 1, 2005 and the acquisition had a going in cap rate of 6.39%. Further information on this transaction, including how the purchase of this portfolio was funded, is detailed in Boardwalk REIT's January 10, 2005 press release. The properties in the portfolio are:



- **Sarcee Trail Place – Calgary, AB** – a property consisting of two high-rise buildings and one mid-rise building with a total of 376 units. There are 188 one-bedroom and 188 two-bedroom unit types within the property.
- **Horizon Towers – Vancouver (Burnaby), BC** - Horizon Towers has two 13-storey high-rise buildings with a total of 206 units. There are 153 one-bedroom and 53 two-bedroom unit types within the property.
- **Surrey Village – Vancouver (Surrey), BC** - Surrey Village consists of one 18-storey high-rise building with a total of 266 apartment units. There are 60 bachelor, 163 one-bedroom and 43 two-bedroom unit types within the property. The property also includes a 3-storey stand-alone commercial property with 40,137 square feet of rentable area.
- **Varsity Place Apartments – Calgary, AB** - Varsity Place is a 3-storey walk-up wood frame property consisting of 30 one-bedrooms and 40 two-bedrooms for a total of 70 apartment units. The property had a purchase price of \$5.3 million, which equates to approximately \$75,000 per unit and approximately \$111.4 per rentable square foot. The purchase was funded using cash on hand. The going-in cap rate on the acquisition was approximately 6.86%, and the transaction closed on February 1, 2005.
- **Christie Point Apartments - Victoria, B.C.** - The Christie Point property consists of nine 2-storey townhouse and apartment style complexes with either two or three-bedroom types, for a total of 161 rental units. The property had a purchase price of \$16.8 million, which equates to approximately \$104,000 per unit and approximately \$107.8 per rentable square foot. The purchase was funded using cash on hand. The going-in cap rate on the acquisition was approximately 6.39%, and the transaction closed on February 16, 2005. Christie Point is located on an ocean front peninsula providing an extraordinary setting for apartment and townhouse living.
- **Place Chamonix / Place Sully – Quebec City (Charlesbourg), QC** - Not previously disclosed, these two properties consist of 2-storey townhouse units with either two or three bedroom types for a total of 246 rental units. These properties had a purchase price of \$10.2 million, which equates to approximately \$41,400 per unit and approximately \$43.0 per rentable square foot. The purchase was funded by a combination of cash on hand and the assumption of a \$5.35 million first mortgage with a fixed interest rate of 6.1% due on January 1, 2009. The going-in cap rate on the acquisition was 9.38%, and the transaction closed on March 10, 2005.

The Trust has unconditionally sold one property located in Edmonton, Alberta, which is expected to close on June 30, 2005. The property to be sold is Village Acres, a 186-unit, 2½-storey wood-frame project in the north east area of Edmonton. The sale price is for \$9.53 million or \$51,250 per door, with a cap rate of 5.78%.

Continued Financial Strength

The Trust maintained its solid financial position in the first quarter of 2005. Boardwalk's total mortgage debt was \$1.44 billion as at March 31, 2005, up from \$1.39 billion at March 31, 2004, reflecting the additional debt on acquisitions completed during the year. On January 21, 2005, Boardwalk REIT completed the issuance of unsecured debentures in a public offering in the aggregate amount of \$120 million. The debentures are rated "BBB" with a stable trend by Dominion Bond Rating Services, carry a coupon rate of 5.31% and will mature on January 23, 2012. Net proceeds of approximately \$119 million was be used to fund acquisitions, repay operating lines of credit and for general trust purposes.



As at March 31, 2005, the Trust's total debt had an average maturity of 3.8 years with a weighted average interest rate of 5.42%, and the Trust's total debt-to-total-market-capitalization ratio was 61.4%.

The Trust's interest coverage ratio, excluding gains, for the three-month period ended March 31, 2005 was 1.86 times compared to 1.93 times in the same period last year.

Outlook and 2005 Earnings Guidance

Commenting on the outlook for the Trust, Rob Geremia, Senior Vice President, Finance and CFO, said, "We are reaffirming our fiscal 2005 guidance for FFO and distributable income of between \$1.42 to \$1.49 and \$1.46 to \$1.53, respectively. These forecasts are based on the assumptions of approximately 0.0% to 1.0% stabilized NOI growth and new property acquisitions of between 1,000 to 2,000 new residential units for the year."

Supplementary Information

Boardwalk produces Quarterly Supplemental Information that provides detailed information regarding the Trust's activities during the quarter. The Fourth Quarter 2003 Supplemental Information is available on the INVESTOR section of our website (www.bwalk.com).

Teleconference on the First Quarter Financial Results

We invite you to participate in the teleconference that will be held to discuss these results this morning at 9:30 am ET. Senior management will speak to the financial results and provide an update. Presentation materials will be made available on our website (<http://www.boardwalkreit.com/>) prior to the call.

Participation & Registration: Please RSVP to Investor Relations at 403-531-9255 or by email to investor@bwalk.com.

Teleconference: The telephone numbers for the conference are: 416-640-4127 (within Toronto) or toll-free 1-800-814-4857 (outside Toronto).

Webcast: Investors will be able to listen to the call and view our slide presentation over the Internet by visiting <http://www.boardwalkreit.com/> 15 min. prior to the start of the call. An information page will be provided for any software needed and system requirements. The live audiocast will also be available at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1098680>.

Replay: An audio recording of the teleconference will be available from 12:30 pm ET on May 10th, 2005 until 11:59 pm ET on May 18th, 2005. You can access it by dialing 416-640-1917 and using the passcode 21122186 followed by the pound sign. An audio archive will also be available on our website (<http://www.boardwalkreit.com/>) approximately two hours after the conference call.

Corporate Profile

Boardwalk REIT is Canada's largest owner/operator of multi-family rental communities. Boardwalk REIT currently owns and operates in excess of 260 properties with over 33,000 rental units totalling approximately 28 million net rentable square feet. The Trust's portfolio is concentrated in the provinces of Alberta, British Columbia, Saskatchewan, Ontario and Quebec. Boardwalk REIT's Trust units are listed on the Toronto Stock Exchange, trading under the symbol BEI.UN. The Trust's total market capitalization at December 31, 2004 was \$2.4 billion.



Forward Looking Information

This press release may contain forward-looking statements. These statements relate, but are not limited to, Boardwalk REIT's expectations, intentions, plans and beliefs. These forward-looking statements can generally be identified by the use of words "anticipated", "expected" or the negative thereof or other comparable terminology. You should be aware that these statements are subject to known and unknown risks, uncertainties and other factors, including the risks discussed under the heading "Risk Factors" in the Management Information Circular of Boardwalk Equities Inc. available on www.sedar.com. Actual events or results may differ materially from those suggested by any forward-looking statements. You should not place undue reliance on any forward-looking statements contained in this press release.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although management of Boardwalk REIT believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurances that future results, levels of activity, performance or achievements will occur as anticipated. None of Boardwalk REIT nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements, and no one has any obligations to update or revise any forward-looking statement, whether as a result of new information, future events or such other factors which affect this information, except as required by law.

For further information please contact:

Boardwalk REIT

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CONSOLIDATED BALANCE SHEETS

(CDN\$ THOUSANDS)

As at

	March 31, 2005	December 31, 2004
	(Unaudited)	(Audited)
Assets		
Revenue producing properties	\$1,834,640	\$1,733,026
Properties held for resale	8,025	7,906
Deferred financing costs	41,747	39,056
Other assets	13,419	14,125
Future income taxes	596	547
Mortgages and accounts receivable	7,179	8,019
Segregated tenants' security deposits	6,841	6,460
Cash and cash equivalents	26,086	-
	<u>\$1,938,533</u>	<u>\$1,809,139</u>
Liabilities		
Mortgages payable	\$1,443,616	\$1,414,122
Debentures	120,000	-
Accounts payable and accrued liabilities	27,619	27,151
Refundable tenants' security deposits and other	10,087	9,543
Capital lease obligations	21	84
Bank indebtedness	-	2,723
	<u>\$1,601,343</u>	<u>\$1,453,623</u>
Unitholders' Equity		
Unitholders' capital	293,941	293,503
Accumulated earnings	43,249	62,013
	<u>\$337,190</u>	<u>\$355,516</u>
	<u>\$1,938,533</u>	<u>\$1,809,139</u>



CONSOLIDATED STATEMENTS OF EARNINGS

(CDN\$ THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	3 months ended March 31, 2005	3 months ended March 31, 2004
	(Unaudited)	(Unaudited)
Revenue		
Rental income	\$73,586	\$69,689
Expenses		
Revenue producing properties:		
Operating expenses	9,404	8,383
Utilities	12,250	12,229
Utility rebate	(636)	(812)
Property taxes	7,946	6,732
Administration	6,860	5,915
Financing costs	20,234	19,255
Deferred financing costs amortization	929	701
Amortization of capital assets	18,537	17,332
	<u>75,524</u>	<u>69,735</u>
Loss from continuing operations before income taxes	(1,938)	(46)
Large corporations taxes	245	792
Future income taxes (recovery)	(88)	354
Loss from continuing operations	(2,095)	(1,192)
Earnings (loss) from discontinued operations, net of tax	64	(35)
Net loss	<u>\$ (2,031)</u>	<u>\$ (1,227)</u>
Basic earnings (loss) per unit		
- from continuing operations	\$(0.04)	\$(0.02)
- from discontinued operations	-	-
Basic earnings (loss) per unit	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>
Diluted earnings (loss) per unit		
- from continuing operations	\$(0.04)	\$(0.02)
- from discontinued operations	-	-
Diluted earnings (loss) per unit	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>



CONSOLIDATED STATEMENTS OF ACCUMULATED EARNINGS
(CDN\$ THOUSANDS)

	3 months ended March 31, 2005	3 months ended March 31, 2004
	(Unaudited)	(Unaudited)
Accumulated earnings, beginning of period	\$62,013	\$32,993
Net loss	(2,031)	(1,227)
Distributions declared on units	(16,733)	(3,938)
Accumulated earnings, end of period	<u>\$43,249</u>	<u>\$27,828</u>



CONSOLIDATED STATEMENTS OF CASH FLOWS
(CDN\$ THOUSANDS)

	3 months ended March 31, 2005	3 months ended March 31, 2004
	(Unaudited)	(Unaudited)
Operating activities		
Net loss	\$(2,031)	\$(1,227)
Loss (earnings) from discontinued operations, net of tax	(64)	35
Future income taxes (recovery)	(88)	354
Amortization of capital assets	18,537	17,332
Funds from continuing operations	16,354	16,494
Funds from discontinued operations	103	(6)
Net change in operating working capital	4,649	(2,414)
Net change in properties held for resale	(119)	(108)
Total operating cash flows	20,987	13,966
Financing activities		
Issue of trust units (net of issue costs)	357	22,477
Restructuring costs	81	-
Distributions paid	(16,737)	(3,938)
Issue of debentures	120,000	-
Financing of revenue producing properties	46,468	35,199
Repayment of debt on revenue producing properties	(29,814)	(36,495)
Capital lease obligations	(63)	(310)
Deferred financing costs incurred (net of amortization)	(2,825)	(1,463)
	117,467	15,470
Investing activities		
Purchases of revenue producing properties	(103,289)	(9,174)
Project improvements to revenue producing properties	(5,961)	(6,087)
Technology for real estate operations	(395)	(447)
	(109,645)	(15,708)
Net increase (decrease) in cash and cash equivalents balance	28,809	(13,728)
Cash and cash equivalents (bank indebtedness), beginning of period	(2,723)	10,123
Cash and cash equivalents, end of period	\$26,086	\$23,851
Supplementary cash flow information:		
Taxes paid (received)	\$(10)	\$906
Interest paid	\$19,001	\$19,390