

NEWS RELEASE FOR IMMEDIATE DISTRIBUTION

Boardwalk REIT Announces February 2006 Distribution, New Property Acquisitions in Montréal, and Solid Full Year 2005 Financial Results with Fourth Quarter Same Store Revenues Accelerating Past Same Store Expenses.

CALGARY, February 16th, 2006 - Boardwalk Real Estate Investment Trust ("BEI.UN" - TSX)

Boardwalk Real Estate Investment Trust ("Boardwalk REIT" or the "Trust") today announced solid financial results for both fiscal 2005 and the fourth quarter of 2005.

For the fourth quarter ended December 31, 2005, the Trust reported Funds From Operations ("FFO") from continuing operations of \$17.9 million and FFO from continuing operations per unit of \$0.34 on a diluted basis, compared to FFO from continuing operations of \$17.7 million and FFO from continuing operations per unit of \$0.33 for the same period last year. Distributable income ("DI") from continuing operations for the quarter was \$18.8 million and DI from continuing operations per unit was \$0.35 on a diluted basis, compared to \$18.6 million and \$0.35 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, adjusting for gains or losses on disposal of discontinued operation assets and extraordinary items, 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 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 fourth quarter 2005 financial results include:

- Rental revenues of \$75.8 million, an increase of 7.1% compared to \$70.8 million for the three-month period ended December 31, 2004.
- Net operating income of \$46.3 million, representing an 8.1% increase from \$42.8 million in the same period last year.
- FFO of \$17.9 million, an increase of 0.6% compared to \$17.7 million for the three-month period ended December 31, 2004.
- FFO per unit was \$0.34 on a diluted basis, up 0.4% compared to \$0.33 last year for the three-month period ended December 31, 2004.
- DI was \$0.35 per unit, consistent with the \$0.35 for the three months ended December 31, 2004.

Highlights of the Trust's financial results for fiscal 2005 include:

- Rental revenues of \$297.5 million, an increase of 6.7% compared to \$278.7 million for the twelve-month period ended December 31, 2004.
- Net operating income of \$188.0 million, representing a 5.6% increase from \$178.0 million in the same period last year.
- FFO from continuing operations of \$74.8 million, a decrease of 1% compared to \$75.5 million for the twelve-month period ended December 31, 2004.
- FFO per unit from continuing operations was \$1.41 on a diluted basis, down 1.5% compared to \$1.43 for the twelve-month period ended December 31, 2004.
- DI from continued operations was \$1.46 per unit, down 2.0% compared to \$1.49 for the twelve months ended December 31, 2004.

Commenting on the Trust's fiscal 2005 results, Sam Kolas, President and C.E.O., said

“We are pleased to report on a solid fourth quarter and positive fiscal year, during which Boardwalk posted financial results in line with our predictions. Our fourth quarter results continue to reflect a turn around in our rental market fundamentals witnessed earlier this year in the spring and summer periods. The Trust’s strong operating results are driven in large part by Boardwalk’s nationally diversified property portfolio, superior operating platform, and the continued strength and improvement in many of our major rental markets across the country.”

“New rentals continue to outpace lower turnovers, resulting in higher occupancy levels and revenue growth through reduced customer incentives. The combined amount of customer incentives and vacancy loss is dropping on a quarterly and year over year basis. Revenues are rising as we continue to benefit from our three-pronged internal rental revenue strategy (focus on vacancy, timely adjustment of market rental rates and short term incentives to maximize revenues), as well as accretive acquisitions, strong financial positioning, and an on-going focus on our people, operations and assets. Our experienced team and elaborate IT systems enable us to identify and adjust for changing market fundamentals on a continual basis, ensuring our gross rental revenues are maximized.”

Operational Highlights

The average vacancy rate across the Trust's portfolio for the fourth quarter of 2005 was 3.73%, down from 4.54% in the third quarter of 2005, and down from 4.22% in the fourth quarter of 2004.

The average monthly rent realized in fiscal 2005 was \$747 per unit, an increase of \$6, or 1%, from \$741 per unit for the twelve-months ended December 31, 2004. Management estimates that market rents for its properties at the end of December, 2005 averaged \$803 per unit per month, which compares to an average in-place monthly rent per occupied unit of \$814 for the twelve-months ended December 31, 2005. This translates into an estimated "loss-to-lease" of approximately \$4 million, maintaining existing occupancy rates.

More detail on our operations can be found in our conference call presentation and is posted on our web site: www.boardwalkreit.com/FinancialReports/r2005/. The conference call audio for

this presentation is found on our web site:
www.boardwalkreit.com/FinancialReports/r2005/05_4_screen.asp

Same-Property Results

Boardwalk continued to show solid 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 twelve-month period ended December 31, 2005 had rental growth of 1.3% and NOI decline of 0.8% compared to the same period last year. For the three months ended December 31, 2005 same store revenues were up by 2.2% and NOI increased by 0.8%. A total of 31,058 units, representing approximately 93% of Boardwalk's total portfolio, were classified as stabilized as of December 31, 2005.

Same-Property Results - Stabilized Portfolio

Three Months Ended December 31, 2005 vs. December 31, 2004

	Units	Revenue	Operating Expenses	NOI	% of NOI
Calgary	4,887	5.0%	10.2%	2.7%	19.3%
Edmonton	10,369	2.2%	5.9%	-0.2%	31.6%
Montreal	3,278	1.8%	-8.2%	8.3%	13.0%
Ontario	4,136	-1.7%	0.3%	-3.5%	10.7%
Other Alberta	1,604	6.3%	19.8%	0.7%	6.0%
Other Quebec	2,124	2.7%	-4.5%	7.5%	7.3%
Saskatchewan	4,660	1.1%	14.8%	-6.3%	12.0%
Total	31,058	2.2%	4.5%	0.8%	100.0%

Twelve Months Ended December 31, 2005 vs. December 31, 2004

	Units	Revenue	Operating Expenses	NOI	% of NOI
Calgary	4,887	2.3%	7.3%	0.3%	18.9%
Edmonton	10,369	1.3%	2.8%	0.5%	32.9%
Montreal	3,278	0.6%	7.6%	-2.8%	12.8%
Ontario	4,136	-0.3%	6.1%	-5.6%	10.4%
Other Alberta	1,604	5.2%	15.5%	0.9%	5.9%
Other Quebec	2,124	2.1%	0.0%	3.3%	7.4%
Saskatchewan	4,660	0.5%	6.1%	-2.7%	11.7%
Total	31,058	1.3%	5.3%	-0.8%	100.0%

Commenting on Boardwalk's same-property results, President and CEO, Sam Kolias, said: "In the fourth quarter, we were pleased to see revenue growth accelerating more quickly than expense increases on a same store basis for the first time in 2005."

Acquisition/Disposition Activity

There were no new acquisitions announced in Q4 2005. In 2005, the Trust closed on 1,325 rental units in a series of acquisitions spanning the provinces of Alberta, British Columbia and Quebec. These previously announced acquisitions had a total purchase price of \$115.2 million, and in aggregate, a going-in cap rate of 6.68%. Disposition activity in Q4 2005 involved one

commercial property in Calgary totaling 78,000 rentable square feet which sold for \$10.5 million. Further details on the Trust's acquisition and disposition activities can be found in the supplemental information package available on Boardwalk REIT's website, located at www.boardwalkreit.com.

Commenting on the Trust's future property acquisitions, Bill Chidley, Senior Vice President, Corporate Development, said, "The acquisition market for multi-family rentals in Canada continues to be a highly competitive "seller's market" characterized by aggressive vendor expectations and compression in Cap Rates. We are currently in discussion on a number of properties; however, we cannot be certain of closing on any of these transactions. While market forces are making acquisitions more difficult, cap rate compression has had a positive effect on the overall valuation of our current holdings. Cap rates, spurred by increased investor interest in Canadian multi-family real estate, are expected to decline still further, resulting in a substantial increase in our portfolio's value as we look forward."

Continued Financial Strength

The Trust maintained its solid financial position in the fourth quarter of 2005. Boardwalk's total mortgage debt was \$1.54 billion as of December 31, 2005, up from \$1.41 billion at December 31, 2004, reflecting the additional debt on acquisitions completed during the year, as well as the addition of \$120 million unsecured debenture issued in January of 2005. As of December 31, 2005, the Trust's debt had an average maturity of 3.6 years with a weighted average interest rate of 5.38 %, and the Trust's debt-to-total-market capitalization ratio was 57%.

The Trust's interest coverage ratio, excluding gains, for the twelve-month period ended December 31, 2005 decreased to 1.95 times compared to 2.05 times in the same period last year. During 2005, Boardwalk successfully completed approximately \$146.3 million in mortgage refinancings and renewals.

Outlook and 2006 Earnings Guidance

Commenting on the outlook for the Trust, Rob Geremia, Senior Vice President, Finance and CFO, said "Our fiscal 2006 guidance for FFO and distributable income is between \$1.37 to \$1.46 and \$1.41 to \$1.51, respectively. These forecasts are based on the assumptions of approximately 0.0% stabilized NOI growth and new property acquisitions of between 1,000 to 2,000 new residential units for the year."

New Property Acquisitions and Dispositions

The Trust has entered into an unconditional contract to acquire 322 units in Montreal. This portfolio consists of one 10-storey and two 6-storey concrete buildings in the Montreal suburb of St. Laurent. The \$24 million purchase price equates to \$74,500 per unit, \$87 per square foot and a cap rate of 7.10%. This purchase is expected to close on March 15, 2006.

The Trust has also entered into unconditional contracts to sell two Calgary projects. Leighton House, a thirty-eight suite mid rise building, will sell for \$4,000,000 which equates to \$100,000 per suite and \$146 per square foot and represents a 5.4% capitalization rate. Glamis Green, a 156 unit townhouse project, sold for \$107,000 per suite and \$96 per square foot and represents a 5.5% capitalization rate.

February 2005 Monthly Distribution

The Trust has declared its February 2006 distribution in the amount of 10.5 cents per unit (\$1.26 annualized). The February distribution will be payable on March 15, 2006 to unitholders of record on February 28, 2006. To encourage participation and reward unitholders, investors registered in the Distribution Reinvestment Plan (“DRIP”) will continue to receive a “bonus” distribution of additional Trust Units representing 3% of the amount of their cash distributions reinvested pursuant to the Plan. A full copy of the DRIP can be found on Trust’s website at www.boardwalkREIT.com.

Supplementary Information

Boardwalk produces Quarterly Supplemental Information that provides detailed information regarding the Trust's activities during the quarter. The Fourth Quarter 2004 Supplemental Information is available on the INVESTOR section of our website (www.bwalk.com).

Teleconference on Fourth Quarter and Year End Financial Results

We invite you to participate in the teleconference that will be held to discuss these results this same morning at 11:00 am EST. Senior management will speak to the fourth quarter financial results and provide a corporate update. Presentation materials will be made available on the **INVESTOR** section of our website (www.bwalk.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: 416-644-3423 (within Toronto) or toll-free 1-800-814-4859 (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=1006500>.

Replay: An audio recording of the teleconference will be available from 1:00pm ET on February 16, 2006 until 11:59pm ET on February 23, 2006. You can access it by dialing 416-640-1917 and using the passcode 21172563 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 an open-ended real estate investment trust formed to acquire all of the assets and undertakings of Boardwalk Equities Inc. Boardwalk REIT’s principal objectives are to provide its unitholders with 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 revenue producing properties and the acquisition of additional properties. Boardwalk REIT currently owns and operates in excess of 260 properties with over 33,000

units totalling approximately 28 million net rentable square feet, and is Canada's largest owner/operator of multifamily rental communities. Boardwalk REIT's portfolio is concentrated in the provinces of Alberta, British Columbia, Saskatchewan, Ontario and Quebec.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements relating to our operations and the environment in which we operate, which are based on our expectations, estimates, forecast and projections, which we believe are reasonable as of the current date. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. For more exhaustive information on these risks and uncertainties you should refer to our most recently filed annual information form which is available at www.sedar.com. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made and should not be relied upon as of any other date. While we may elect to, we undertake no obligation to publicly update any such statement to reflect new information or the occurrence of future events or circumstances at any particular time.

CONSOLIDATED BALANCE SHEETS
(CDN\$ THOUSANDS)

As at	December 31, 2005 (Audited)	December 31, 2004 (Audited)
Assets		
Revenue producing properties	\$1,787,878	\$1,740,932
Deferred financing costs	43,029	39,056
Other assets	11,328	14,125
Future income taxes	929	547
Mortgages and accounts receivable	9,039	8,019
Segregated tenants' security deposits	7,280	6,460
Cash and cash equivalents	11,145	-
Discontinued operations	12,758	-
	<u>\$1,883,386</u>	<u>\$1,809,139</u>
Liabilities		
Mortgages payable	\$1,415,400	\$1,414,122
Debentures	120,000	-
Accounts payable and accrued liabilities	32,196	27,235
Refundable tenants' security deposits and other	10,486	9,543
Bank Indebtedness	-	2,723
Discontinued operations	9,562	-
	<u>\$1,587,644</u>	<u>\$1,453,623</u>
Unitholders' Equity		
Unitholders' capital	295,696	293,503
Accumulated earnings	46	62,013
	<u>\$295,742</u>	<u>\$355,516</u>
	<u>\$1,883,386</u>	<u>\$1,809,139</u>

CONSOLIDATED STATEMENTS OF EARNINGS

INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2004 COMBINES INFORMATION FROM BOARDWALK REAL ESTATE INVESTMENT TRUST AND ITS PREDECESSOR

(CDN\$ THOUSANDS, EXCEPT NUMBER OF UNITS AND PER UNIT AMOUNTS)

	3 Months Ended December 31, 2005	3 Months Ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2004
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue				
Rental income	\$75,791	\$70,783	\$297,478	\$278,721
Expenses				
Revenue producing properties:				
Operating expenses	10,639	10,105	39,026	35,266
Utilities	11,723	10,196	39,754	37,078
Utility rebate	(1,213)	(492)	(1,835)	(1,304)
Property taxes	8,359	8,176	32,514	29,671
Administration	6,652	5,689	27,787	23,865
Financing costs	20,532	18,819	82,039	75,020
Deferred financing costs amortization	1,248	920	3,963	3,111
Amortization of capital assets	19,071	18,446	74,896	71,452
	77,011	71,859	298,144	274,159
Earnings (loss) from continuing operations before the following	(1,220)	(1,076)	(666)	4,562
Recovery of write-down on technology business unit	-	-	(739)	-
Earnings (loss) from continuing operations before income taxes	(1,220)	(1,076)	73	4,562
Large corporations taxes	243	165	613	1,620
Future income taxes (recovery)	311	(138)	(493)	(1,669)
Earnings (loss) from continuing operations	(1,774)	(1,103)	(47)	4,611
Earnings from discontinued operations, net of tax	2,977	212	5,077	168
Net earnings (loss)	1,203	(891)	\$5,030	\$4,779
Basic earnings (loss) per unit				
- from continuing operations	\$(0.04)	\$(0.02)	\$(0.01)	\$0.09
- from discontinued operations	0.06	-	0.10	-
Basic earnings (loss) per unit	\$0.02	\$(0.02)	\$0.09	\$0.09
Diluted earnings (loss) per unit				
- from continuing operations	\$(0.04)	\$(0.02)	\$(0.01)	\$0.09
- from discontinued operations	0.06	-	0.10	-
Diluted earnings (loss) per unit	\$0.02	\$(0.02)	\$0.09	\$0.09
Weighted average number of units	53,213,332	53,102,959	53,167,640	52,750,208

CONSOLIDATED STATEMENTS OF ACCUMULATED EARNINGS

(CDN\$ THOUSANDS)

	Year ended December 31, 2005	Year ended December 31, 2004
Accumulated earnings, beginning of year	\$62,013	\$32,993
Net earnings (loss)	5,030	4,779
Distributions on units	(66,997)	(47,915)
Premium on unit repurchases	-	(1,397)
Elimination of future income taxes on conversion to trust	-	73,553
Accumulated earnings, end of year	<u>\$46</u>	<u>\$62,013</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

INFORMATION FOR THE YEAR DECEMBER 31, 2004 COMBINES INFORMATION FROM BOARDWALK REAL ESTATE INVESTMENT TRUST AND ITS PREDECESSOR

(CDN\$ THOUSANDS)

	3 Months Ended December 31, 2005 (Unaudited)	3 Months Ended December 31, 2004 (Unaudited)	Year ended December 31, 2005 (Audited)	Year ended December 31, 2004 (Audited)
Operating activities				
Net earnings (loss)	\$1,203	\$(891)	\$5,030	\$4,779
Earnings from discontinued operations, net of tax	(2,977)	(212)	(5,077)	(168)
Future income taxes (recovery)	311	(138)	(493)	(1,669)
Amortization of capital assets	19,071	18,446	74,896	71,452
Recovery of write-down on technology business unit	-	-	(739)	-
Funds from continuing operations	17,608	17,205	73,617	74,394
Funds from discontinued operations	233	529	1,178	1,126
Net change in operating working capital	6,289	1,624	6,401	7,099
Total operating cash flows	24,130	19,358	81,196	82,619
Financing activities				
Issue of trust units (net of issue costs)	405	165	2,202	28,934
Unit repurchase program	-	-	-	(2,163)
Restructuring costs	(9)	(654)	(9)	(10,174)
Distributions paid	(16,760)	(16,505)	(66,990)	(42,333)
Issue of debentures	-	-	120,000	-
Financing of revenue producing properties	18,656	42,901	146,245	138,241
Repayment of debt on revenue producing properties	(25,483)	(38,877)	(149,361)	(131,523)
Capital lease obligations	-	(61)	(84)	(3,431)
Deferred financing costs incurred (net of amortization)	227	(348)	(4,545)	(1,488)
	(22,964)	(13,379)	47,458	(23,937)
Investing activities				
Purchases of revenue producing properties	215	(17,949)	(103,074)	(40,212)
Improvements to revenue producing properties	(11,176)	(7,617)	(29,676)	(30,492)
Net cash proceeds from sale of properties	10,318	-	19,723	-
Technology for real estate operations	(235)	(284)	(1,759)	(824)
	(878)	(25,850)	(114,786)	(71,528)
Net increase (decrease) in cash and cash equivalents balance	288	(19,871)	13,868	(12,846)
Cash and cash equivalents (Bank indebtedness), beginning of period	10,857	17,148	(2,723)	10,123
Cash and cash equivalents (bank indebtedness), end of period	\$11,145	\$(2,723)	\$11,145	\$(2,723)
Supplementary cash flow information:				
Taxes paid (received)	\$250	\$(92)	\$1,100	\$1,150
Interest paid	\$22,256	\$19,075	\$79,787	\$76,300

For further information please contact:

Boardwalk REIT

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