securingvalue

BOARDWALK

Second Quarter Report – June 2001

Q2

Boardwalk continues with its strong results through the second quarter of 2001 and is pleased with its financial performance thus far. We are optimistic that we can continue to demonstrate solid performance for the second half of the year as we continue to pursue our goal of continually **securingvalue**.

financial highlights

Rental Revenues of $50.3 million, which compares to $46.8 million for the three-month period ended May 31, 2000.

Total Revenues of $50.3 million, compared to $66.0 million for the three-month period ended May 31, 2000.

Net Operating Income of $34.1 million, which compares to $29.8 million for the three-month period ended May 31, 2000.

Funds from Operations [FFO] of $12.5 million, compared to $13.7 million for the three-month period ended May 31, 2000.

FFO per share of $0.25, compared to $0.27 for the three-month period ended May 31, 2000.

Net Earnings of $2.9 million, compared to $1.2 million for the three-month period ended May 31, 2000.

EPS of $0.06, compared to $0.02 for the three-month period ended May 31, 2000.

We are pleased to report that we achieved record results from our core rental operations for the second quarter of 2001. For the quarter ended June 30, 2001, the Company had Total Revenues of $50.3 million, Funds From Operations ["FFO"] of $12.5 million and FFO per share of $0.25. For the six months ended June 30, 2001, Total Revenues were $118.3 million, FFO was $31.0 million and FFO per share was $0.62.

Effective December 31, 2000, the Company changed its fiscal period end to December 31 from May 31. Due to this change, an identical period for comparative purposes is not available. For illustrative purposes only, where applicable, we have presented the Company's results for the three-month and six-month periods ended May 31, 2000. Readers are cautioned that these results are not for identical comparable periods and that the real estate industry is subject to seasonal fluctuations that will affect straight comparisons of these amounts.

Highlights of the Company's second quarter 2001 financial results include:

- Rental revenues of $50.3 million, which compares to $46.8 million for the three-month period ended May 31, 2000.
- Total revenues of $50.3 million, compared to $66.0 million for the three-month period ended May 31, 2000.
- Net operating income of $34.1 million, which compares to $29.8 million for the three-month period ended May 31, 2000.
- Funds from operations [FFO] of $12.5 million, compared to $13.7 million for the three-month period ended May 31, 2000.
- FFO per share of $0.25, compared to $0.27 for the three-month period ended May 31, 2000. FFO per share prior to gains was $0.25, compared to $0.19 for the three-month period ended May 31, 2000.
- Net earnings of $2.9 million, compared to $1.2 million for the three-month period ended May 31, 2000.
- EPS of $0.06, compared to $0.02 for the three-month period ended May 31, 2000.

We are pleased with our financial performance in the first half of the year and are optimistic that we can continue to demonstrate solid performance for the balance of the year.

Boardwalk's core rental operations posted record results in the second quarter, driven by continued improvement in the performance of our portfolio. The average vacancy rate across the Company's portfolio for the second quarter of 2001 was 6.17%, up from 4.85% in the first quarter reflecting normal seasonal trends. As of July 2001, the vacancy rate has shown a decline to 5.39%. Average monthly rents realized in the second quarter of 2001 were $662 per unit, up $46, or 7.5%, from the $616 per unit for the three months ended May 31, 2000.

On a "same store basis," our stabilized portfolio [defined as properties owned for over 24 months], which now total 21,309 units, or 84% of our total portfolio, continued performing strongly. For the six-month period ended June 31, 2001, rental revenue grew by 6.5% and NOI grew by 10.3% versus the six-month period ended May 31, 2000.

Management estimates that market rents for the Company's properties at the end of June 2001, averaged $749 per unit, which compares to an average in-place rent per occupied unit of $703. This indicates a current "loss-to-lease" on the portfolio of approximately $12.5 – $13.0 million on an annualized basis.

The second quarter 2001 results do not include any operating profit from asset sales. In the comparable three-month period ended May 31, 2000, operating profits on asset sales totalled $4.0 million on sales of $19.1 million. These sales contributed $0.08 to FFO per share in the three-month period ended May 31, 2000.

The six-month results for 2001 include the sale of a property in the first quarter of the year, which resulted in $18.0 million of revenues and $7.5 million of pre-tax operating profit. The sale provided a $0.15 contribution to FFO per share in the period. For the comparable six-month period ended May 31, 2000, operating profits on asset sales totalled $4.2 million on sales of $21.0 million and contributed $0.08 to FFO per share.

Boardwalk's administrative expenses continued to trend downward in the current year both as a percentage of total rental revenues and on an absolute basis. The recorded amount of $7.8 million for the six months ended June 30, 2001, and $3.9 million for the second quarter of the year represented a 9% and 2% reduction over the comparable six- and three-month amounts reported for the period ended May 31, 2000. The decrease in administration expenses is the result of increased efficiencies now being recognized by the deployment of our on-site, real-time property management systems and streamlining of our on-site operations.

With the continued strength in employment, in our major markets, and our ongoing pursuit of remaining competitive in terms of compensation to attract and retain talented associates, we expect to begin seeing some wage cost pressure in the quarters ahead. In addition, some executives have already opted for salary and/or combination of salary plus bonus compensation versus pure option compensation as has been the practice in the past. It is anticipated that more executives will opt for salary or a blend of salary and options, which could have an impact of about two to three cents per share on an annualized basis. These additional costs are expected to be offset by the anticipated continued strength in the Company's rental operations.

Update on Suite Systems Inc. and Other Technology Initiatives. Boardwalk's 100%-owned subsidiary, Suite Systems Inc., continues to make advances on a number of fronts. In the first quarter of this year, Suite Systems started a trial roll-out of digital TV and high-speed Internet services to two Boardwalk buildings in Calgary. Penetration rates to date have been very favourable with approximately 140 customers in the trial.

On the telecom side, Suite Systems recently had all technical issues resolved regarding the achievement of its CLEC status and it is anticipated that it will be issued its CLEC license over the near-term. Dramatic declines in hardware prices are enabling Suite Systems to look at different network routes to deliver its services, which were not economically feasible in the past. Upon receipt of its CRTC license, Suite Systems will be proceeding with a trial for phone service in one of Boardwalk's buildings, O'Neil Towers in Calgary, via T-1 lines. Upon successful completion of the trial, Suite Systems expects to proceed to connect all of Boardwalk's Calgary properties.

As stated in previous releases, Suite Systems' negotiations with MEUs and other owners of rights-of-way and dark fiber have taken longer than originally expected due to a variety of factors, but are continuing and, in addition, alternatives are actively being pursued. It is anticipated that Suite Systems will be able to conclude such an agreement, or achieve alternative access over the next several quarters. Suite Systems has made a formal application to the CRTC for access to utility poles in Calgary and is continuing to work through that process. It is anticipated that the net result will more accurately reflect current market conditions for pricing and, therefore, be a more long-term, cost-effective, and scaleable business model.

As the telecommunication and technology markets continue to be extremely volatile, we want to stress that since the inception of Boardwalk, we have used the latest and most advanced tools and technology and believe we must continue doing so to succeed and to be able to capitalize on future opportunities. Over the years, our team has developed systems that are unique in the industry. They continue providing us controls and efficiencies that allow us to deliver a better industry level of service to our customers while making us more efficient. Our investment in technology has helped us develop a very unique brand, allowing us to create significant value for both our customers and shareholders alike.

With the cost of capital for developing technology at record highs, the price of certain equipment plummeting, a glut of dark fiber for which the pricing has yet to be reflected in the market place, and the changing regulatory environment, risks remain very high. We believe a continued, deliberate, more protracted, and much smaller scale strategy is best. Given the broad market sentiment of write-offs and write-downs, we continue to evaluate our technology assets to ensure there is a realistic reflection of appropriate values on the balance sheet. We have been developing technology systems for the Company for 17 years with wages and salaries virtually all historically expensed. The proprietary industry-specific systems that we have developed over the past many years to date remain unique in our industry. We are not aware of any other operators in our sector with the same level of technology implementation as Boardwalk. Therefore, it has always been our intention to prove the viability of this technology in our own portfolio first and, condition being appropriate, allowing other operators to have access.

We believe we continue to recover readily our investment in technology through increased efficiencies and added value to our own portfolio. The additional features we are implementing or assessing are what we consider "bolt-on" and complimentary features to our existing operating systems that we have developed and rolled out throughout our portfolio. Together, we have a unique proprietary apartment industry turnkey "operating system" that we believe has significant value and already saves us millions of dollars every year in operating efficiencies.

Boardwalk continues to develop additional features on an ongoing basis as part of its turnkey apartment "operating system". One such example is a smart card system that was recently developed in-house. The initial application for this smart card technology is a networked laundry system. It is currently up and running and being trialed in one of our properties, Chateau Apartments in Calgary. The Company will be able to offer discount pricing in off-peak times to better spread out utilization of the machines for all residents. From its customers' perspective, the system will increase convenience and eliminate the burden to carry change and increase accessibility to the machines. The smart card technology eliminates the need for manual coin collection and will reduce maintenance due to coin jams and security issues. As a result of this new system, we will move to eventually eliminate all of its lease contracts and take the laundry operations across its portfolio fully in-house. We currently spend about $95,000 per month on third party coin collection, maintenance, and lease services. Another future application will be for vending machines in our properties.

Boardwalk is also in the process of rolling out individual electrical submetering technology as part of its energy savings program and its strategy to reduce its exposure to energy prices going forward. We have just completed the submetering at Patrician Village, a 392-unit Boardwalk community in Calgary. The Company is also moving to complete a submetering program at Boardwalk Centre, a 596-unit twin high-rise property in Edmonton. It is anticipated that this will be completed by year-end with a further 2000 additional units expected to be submetered in 2002.

Outlook and Summary. The Company remains well positioned to show improved results over the balance of the year and going forward. Economic forecasts continue to show Alberta leading the country in economic growth through 2002. With our portfolio over two-thirds weighted in the Alberta market, we are very well positioned geographically to deliver solid results driven by strong internal growth over the next several years.

We continue to see the largest opportunity for the Company being the harvesting of the significant inherent upside that exists in our portfolio over time, as rents continue to rise towards replacement cost rents in our markets, a trend we have already witnessed over the past five-to-seven years in many U.S. cities. We will supplement this with both external growth opportunities and through an expanded array of value-added services to our residents and others in the multi-family sector.

We will continue to work diligently on behalf of all of our stakeholders with a focus on enhancing shareholder value over the longer term.

Sam Kolias
President and Chief Executive Officer

George J. Reti
Executive Vice President

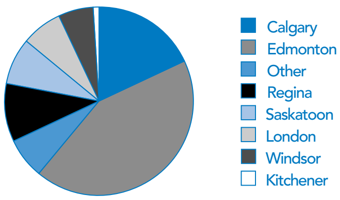
management's discussion and analysis

Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties, and other factors that may cause actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

The following should also be read in conjunction with the Management's Discussion and Analysis included in the Company's December 31, 2000 Financial Statements and the Notes thereto.

Review of Rental Operations. The first six months of fiscal 2001 continued to show strength in Boardwalk's overall rental portfolio. Boardwalk has changed its year-end to December 31 from May 31. The effect of this change will continue to impact the remainder of the 2001 fiscal year from a comparative standpoint. The following analysis will compare the current operating results to those reported for same periods ending May 31, 2000. Readers are cautioned that this comparison is not for identical periods and is therefore subject to seasonal fluctuations.

Current Portfolio



Boardwalk continues to have a diversified portfolio and as such, does not rely heavily on one specific municipal location. Despite this, the majority of Boardwalk's real estate assets are located in Alberta, a province whose economy continues to lead the nation in most economic categories.

Rental Operations

[CDN$ THOUSANDS, EXCEPT PER UNIT AMOUNTS]	**6 Months June 2001** [unaudited]	6 Months May 31, 2000 [unaudited]	6 Months % Change	**3 Months June 2001** [unaudited]	3 Months May 31, 2000 [unaudited]	3 Months % Change
Rental revenue	**$ 100,314**	$ 93,038	8%	**$ 50,347**	$ 46,808	8%
Expenses:						
Operating expenses	**12,088**	11,291	7%	**6,097**	5,916	3%
Utilities	**15,811**	12,389	28%	**5,719**	6,152	[7%]
Utilities rebate	**[3,733]**	–	–	**[468]**	–	–
Property taxes	**9,678**	9,325	4%	**4,868**	4,947	[2%]
Overall operating expenses	**33,844**	33,005	3%	**16,216**	17,015	[5%]
Net operating income	**$ 66,470**	$ 60,033	11%	**$ 34,131**	28,793	19%
Average rent per month	**$ 664**	$ 608	9%	**$ 662**	$ 616	7%
Current occupied rent levels	**703**			**705**		
Market rent levels	**749**			**749**		
Loss to lease	**$ 6,982**			**$ 3,339**		
Loss to lease % of revenue	**7%**			**7%**		

Rental Revenues. Included in Rental Revenues are amounts pertaining to revenue generated directly from the leasing of residential locations, as well as revenue generated from interest on invested cash and consolidated amounts from Boardwalk's 67%-owned subsidiary HomeXpress Limited. The amounts in Rental Revenues not associated directly from the leasing of residential locations reported, excluding Rental Revenues, represent less than 1% of the total Rental Revenues and as such, have not been reported separately. All amounts reported on a per unit basis exclude any amount associated with either of these auxiliary revenues.

Overall, Boardwalk's rental revenues have increased 8% for each of the three months and six months ended June 30, 2001, when compared to similar periods ended May 31, 2000. The increase is mainly the result of increased rental rates and additional revenues generated as a result of a slight increase in the size of the rental portfolio.

Boardwalk's Loss-to-Lease, representing the difference between the estimated existing market rents and those occupied rents at June 30, 2001, totalled approximately $12.5 to $13.0 million on an annualized basis at June 30, 2001, representing approximately 7% of annualized rental revenue generated during this period. This number is of significance as Loss-to-Lease is an indicator of future rental performance assuming consistent economic conditions.

Portfolio Vacancy Performance. The second quarter of fiscal 2001, as expected, experienced increased seasonal turnover and, as a result, increased overall vacancy levels. The vacancy level for the second quarter of 2001 in isolation was 6.17% compared to 4.85% for the first quarter of 2001. As shown in the table below, vacancy rates for July 2001 have already shown signs of improvement.

Vacancy Rates
[PERCENT]

Vacancy Rate City Summary	Q1 2001	Q2 2001	6-Month Average	July 2001
Calgary	5.23	4.58	4.91	4.28
Edmonton	3.94	5.20	4.57	4.94
Other	3.54	5.59	4.56	5.70
Regina	6.09	9.26	7.67	6.83
Saskatoon	5.02	11.48	8.25	7.41
Kitchener	2.74	2.63	2.68	3.34
London	9.33	7.85	8.59	6.86
Windsor	4.02	5.01	4.51	5.42
Portfolio Average	**4.85**	**6.17**	**5.51**	**5.39**

Operating Expenses. Boardwalk's operating expenses are made up of costs directly associated with the operations of the rental portfolio. Overall operating expenses increased by approximately 3% for the six months ended June 30, 2001, from those reported for the comparative peroid.

The most significant increase was noted in utility charges as they increased by 28% for the six months ended June 30, 2001, over the comparative period. The increase was the direct result of increasing natural gas pricing in the current period. To assist corporations with this, the Alberta Government introduced two separate rebate programs. These rebates are volume driven, and with the first quarter of 2001, represented by a disproportionate share of this volume, the upcoming quarters are not expected to report rebates of the same magnitude. Furthermore, due to the warm winter experienced in western Canada, particularly in Alberta, the Company's consumption of natural gas for the current period was down significantly from the May 31, 2000, period reported. No rebate program was in effect during the comparative period.

Same-Store Results. Boardwalk continued to show solid improvement in its stabilized properties [defined as properties owned for over 24 months]. A total of 21,309 units were classified as stabilized for the second quarter, representing 84% of Boardwalk's total portfolio. Again, due to the change in the Company's fiscal year-end, for illustrative purposes, the prior period comparisons is the six months ended May 31, 2000. On this basis, "same-store" results for the Company's stabilized portfolio continued improvement results with rental revenue growth of 6.52% and NOI growth of 10.32% versus comparable periods.

Stabilized Properties

PERCENTAGE CHANGE [6 MONTHS – JUNE 2001 VS. JUNE 2000]

	Rental Revenues	Rental Expenses	NOI	% of Stabilized NOI
Edmonton	9.15	[0.68]	14.48	47
Calgary	4.15	[5.37]	7.90	29
Other Alberta	9.72	[8.71]	18.57	7
Ontario	15.47	6.53	28.19	2
Saskatoon	[0.67]	0.30	[1.26]	6
Regina	1.51	7.68	[2.27]	9
Total Stabilized	**6.52**	**[0.71]**	**10.32**	**100**

Boardwalk's stabilized portfolio shows a simple annualized return on equity of approximately 22% and a simple annualized return on assets of 9.65%. We anticipate similar results for the last half of fiscal 2001.

Administration. Boardwalk's administrative expenses continue to trend downward. The recorded amount of $7.8 million and $3.9 million represent a 9% and 2% reduction over the comparable six- and three-month periods ended May 31, 2000. The bulk of the decrease in administration expenses is the result of increased efficiencies now being experienced due to the rollout of our on-site, real-time property management systems. With the continued strength in employment in our major markets and our ongoing pursuit of remaining competitive in terms of compensation to attract and retain talented associates, we expect to begin seeing some wage cost pressure in the quarters ahead. In addition, some executives have already opted for a blend of cash and option compensation versus pure option compensation, as has been the practice in the past. It is anticipated that more executives will opt for cash or a blend of cash and options, which could have an impact of about two to three cents per share on an annualized basis.

Financing Costs. Overall financing costs have increased 10% to $33.5 million from $30.5 million for the comparable six-month period and 12% to $16.9 as compared to the $15.1 million reported for the three-month period ended May 31, 2000. The increase is the result of additional leverage on Boardwalk's real estate assets as well as the current year's reported charge for the amortization of prepaid legal and financing costs. For the current six- and three-month periods, this amortization represents $857,000 and $448,000 respectively, and was not included in the comparative periods ended May 31, 2000.

Amortization. Overall amortization reported for the current six-month period has increased approximately 40% to $25.3 million as compared to $18.0 million for the comparative period. For the current three-month period, reported amortization of $12.8 million is 16% lower than the $15.3 million for the three-month period ended May 31, 2000. This increase in the six-month period is due to increased amortization on Boardwalk's buildings [the result of using the sinking fund method] and increased amortization on project improvements. The decrease during the three-month comparative periods is the result of Boardwalk's revised amortization for project improvements [which include building exteriors and major hallway renovations]. The revision occured during the three-month period ended May 31, 2000, and was applied retroactively to the entire 2000 fiscal year and as such, this period adjusted for 12 months of amortization.

Income Taxes. This quarter includes a $3.2 million future income tax recovery [$2 million year-to-date]. The recovery is due to the future income tax liability being adjusted to reflect the reduced income tax rates, substantially enacted as a result of provincial budget proposals and the release of draft legislation.

Financial Position. Total assets at June 30, 2001, were $1.47 billion as compared to $1.44 billion at December 31, 2000. During these six months, cash reserves decreased to $7.6 million from $21.1 million. This decrease was the result of Boardwalk paying down an existing secured demand facility of approximately $15 million, which remains available for future draw. In addition, there has been an increase in the technology initiative due to continued investment in Suite Systems.

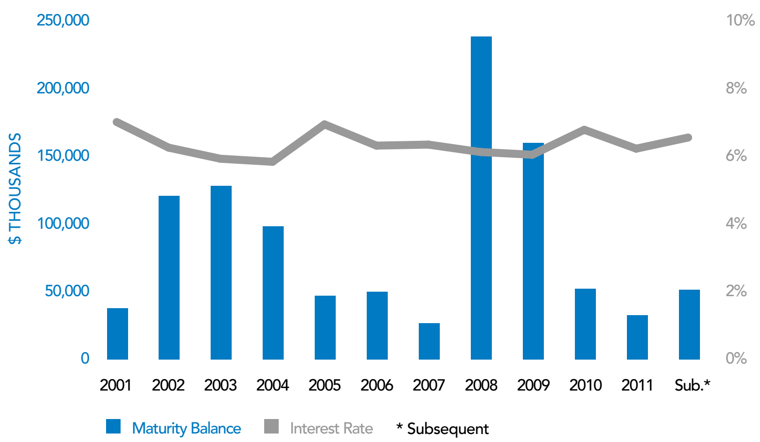
Acquisition and Disposition Activity. During the first half of fiscal 2001, the Company completed the acquisition of 711 units located primarily in Edmonton and Saskatoon. In aggregate, the acquisition cost of the properties totalled $27.9 million, or approximately $39,200 per unit. The details of the transaction involved Boardwalk assuming approximately $14.1 million of existing mortgage debt, the issuance of 649,125 shares for $7.1 million, and the payment of $6.7 million in cash. The anticipated going-in unleveraged return on the properties is in excess of 9.5%. Management believes that it will be able to enhance these returns through its proven property management and repositioning techniques and achieve very attractive returns on its equity investment in the projects.

Subsequent to the end of the quarter, the Corporation entered into agreements that have gone unconditional to acquire 531 units for an aggregate purchase price of $23.3 million. The acquisitions will be financed through cash of $6.7 million and the assumption of $16.6 million in existing mortgages. These acquisitions consist of two separate properties located in Edmonton, Alberta, and London, Ontario, with 172 units and 359 units respectively. Both of these properties are scheduled to close by the end of August 2001.

During the first quarter, the Company completed the sale of a project in Edmonton totalling 236 units. The project was sold for $18.0 million, or $76,300 per unit, with a pre-tax profit of $7.5 million, or $0.15 per share.The profit that Boardwalk realized on the sale of the property is another illustration of the Company's ability to acquire, reposition, and enhance returns and values significantly.

Liquidity and Capital resources. The Company's financial position continues to be a strength of the Corporation. With the overall mortgage level reported at 77% of depreciated book value, and with the portfolio over 95% CMHC insured, we have the ability to obtain additional capital through additional leverage. We also have cash and available credit facilities in excess of $46 million, all of which is available. For the six-month period ended June 30, 2001, the Company's interest coverage ratio was 1.97% compared to 1.83% in the six months ended May 31, 2001. The weighted average interest rate on the Company's mortgage debt as of June 30, 2001, was 6.25%.

Outstanding Mortgage Status



With the balance of the mortgages maturing in 2001 expected to be financed at rates below those currently reported and given the current interest rate environment, we are anticipating a continued downward trend pressure in the overall weighted average interest rate.

consolidated balance sheets

[CDN$ THOUSANDS]

As at	June 30, 2001 [unaudited]	December 31, 2000 [audited]
Assets		
Revenue producing properties	**$ 1,354,699**	$ 1,325,715
Properties held for development and resale	**6,489**	6,692
Mortgages and accounts receivable	**18,778**	17,230
Other assets	**15,791**	14,637
Deferred financing costs	**32,508**	31,460
Technology initiative	**33,721**	27,045
Cash and short-term investments	**7,568**	21,055
	$ 1,469,554	$ 1,443,834
Liabilities		
Mortgages payable	**$ 1,048,815**	$ 1,034,444
Accounts payable and accrued liabilities	**16,940**	24,795
Refundable security deposits and other	**9,936**	9,953
Capital lease obligations	**9,292**	8,404
Future income taxes	**69,357**	64,864
	$ 1,154,340	$ 1,142,460
Shareholders' equity		
Share capital	**262,151**	253,586
Retained earnings	**53,063**	47,788
	315,214	301,374
	$ 1,469,554	$ 1,443,834

consolidated statements of earnings

[CDN$ THOUSANDS, EXCEPT PER SHARE AMOUNTS] [UNAUDITED] FOR THE THREE AND SIX MONTHS ENDED

	6 Months June 2001	6 Months May 2000	**3 Months June 2001**	3 Months May 2000
Revenue				
Rental income	**$ 100,314**	$ 93,038	**$ 50,347**	$ 46,808
Sales – properties held for development and resale	**18,012**	21,044	**–**	19,146
	$ 118,326	$ 114,082	**$ 50,347**	$ 65,954
Expenses				
Revenue producing properties:				
Operating expenses	**$ 12,088**	$ 11,291	**$ 6,097**	$ 5,916
Utilities	**15,811**	12,389	**5,719**	6,152
Utility rebate	**[3,733]**	–	**[468]**	–
Property taxes	**9,678**	9,325	**4,868**	4,947
Cost of sales – properties held for development and resale	**10,501**	16,827	**–**	15,109
Administration	**7,829**	8,603	**3,945**	4,017
Financing costs	**33,538**	30,538	**16,851**	15,143
Amortization [NOTE 3]	**25,282**	18,029	**12,828**	15,349
	$ 110,994	$ 107,002	**$ 49,840**	$ 66,633
Operating earnings before income taxes	**$ 7,332**	$ 7,080	**$ 507**	$ [679]
Large corporations taxes	**1,578**	1,611	**824**	997
Future income taxes [NOTE 6]	**[2,017]**	892	**[3,211]**	[2,895]
Net earnings	**$ 7,771**	$ 4,577	**$ 2,894**	$ 1,219
Earnings per share				
Basic	**$ 0.16**	$ 0.09	**$ 0.06**	$ 0.02
Diluted	**$ 0.15**	$ 0.09	**$ 0.06**	$ 0.02

consolidated statements of retained earnings

[CDN$ THOUSANDS, EXCEPT PER SHARE AMOUNTS] [UNAUDITED] FOR THE SIX MONTHS ENDED

	June 2001	May 2000
Retained earnings, as previously stated	$ 47,788	$ 32,726
Adjustment for retroactive adoption of future income taxes	–	[1,500]
Retained earnings, beginning of period as restated	47,788	31,226
Net earnings	7,771	4,577
Dividends paid	[2,496]	–
Premium on share repurchases	–	[3,462]
Retained earnings, end of period	$ 53,063	$ 32,341

consolidated statements of cash flows

[CDN$ THOUSANDS] [UNAUDITED] FOR THE THREE AND SIX MONTHS ENDED

	6 Months June 30, 2001	6 Months May 31, 2000	3 Months June 30, 2001	3 Months May 31, 2000
		[restated Note 2]		
Cash flow obtained from [applied to]:				
Operating activities				
Net income	**$ 7,771**	$ 4,577	**$ 2,894**	$ 1,219
Future income taxes	**[2,017]**	892	**[3,211]**	[2,895]
Amortization	**25,282**	18,209	**12,828**	15,349
Funds from operations	**31,036**	23,498	**12,511**	13,673
Net change in operating working capital	**[10,573]**	19,073	**[3,757]**	15,194
Net change in property held for development	**9,583**	3,487	**[111]**	3,486
Total operating cash flows	**30,046**	46,058	**8,643**	32,353
Financing activities				
Issue of common shares [net of issue costs]	**$ 1,455**	$ 3,016	**$ 1,416**	$ 6,442
Stock repurchase program	**[5]**	[6,885]	**–**	[6,885]
Dividends paid	**[2,496]**	–	**–**	–
Financing of revenue producing properties	**71,437**	70,958	**38,799**	34,837
Repayment of debt on revenue producing properties	**[71,122]**	[39,285]	**[46,368]**	[31,660]
Capital lease payments	**[944]**	–	**[658]**	–
Deferred financing costs	**[1,637]**	[273]	**[574]**	299
	$ [3,312]	$ 27,531	**$ [7,385]**	$ 3,033
Investing activities				
Purchases of revenue producing properties net of debt on acquisitions of $14,055 [2000 – $32,032] and shares issued of $7,116 [2000 – $nil]	**[6,738]**	[26,523]	**–**	[8,466]
Project improvements to revenue producing properties	**[28,639]**	[35,760]	**[12,876]**	[14,400]
Technology initiative	**[4,844]**	[7,441]	**403**	[7,441]
	[40,221]	[69,724]	**[12,473]**	[30,307]
[Decrease] Increase in cash balance during the period	**[13,487]**	3,865	**[11,215]**	5,079
Cash and cash equivalents [indebtedness], beginning of period	**21,055**	[2,730]	**18,783**	[3,944]
Cash and cash equivalents, end of period	**$ 7,568**	$ 1,135	**$ 7,568**	$ 1,135
Funds from operations per share, basic and diluted	**$ 0.62**	$ 0.47	**$ 0.25**	$ 0.27
Taxes paid	**$ 1,760**	$ 1,228	**$ 882**	$ 819
Interest paid	**$ 32,293**	$ 30,176	**$ 16,246**	$ 15,259

notes to the consolidated financial statements

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001

1 BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"] and Canadian Institute of Public Real Estate Companies ["CIPREC"] and are consistent with those used in the audited consolidated financial statements as at and for the seven months ended December 31, 2000, except for the adoption of a new CIPREC requirement.The new standard requires the use of a funds from operations ["FFO"] calculation versus the traditional cash flow from operations calculation. As a result of this change, the Corporation will now calculate funds from operations per share instead of cash flow per share. Prior period figures have been restated.

The interim financial statements should be read in conjunction with the audited financial statements. As a result of the Corporation changing its year end from May 31 to December 31, comparative figures for the quarter are May 31, 2000.

Due to seasonality, the operating results for the three months and six months ended June 30, 2001, are not necessarily indicative of the results that may be expected for the full year ended December 31, 2001.

2 CHANGES IN ACCOUNTING POLICY

Effective June 1, 2000, the Corporation retroactively adopted the new CICA Handbook Section 3500. Under this section, diluted earnings per share and funds from operations per share are calculated using the "treasury stock" method, replacing the previous method of "imputed earnings per share". There was no effect on diluted earnings per share and diluted funds from operations per share for the three months and six months ended May 31, 2000.

3 AMORTIZATION OF CAPITAL ITEMS

During the six-month comparative period ending May 31, 2000, Boardwalk revised the amortization of project improvements to more closely reflect their estimated remaining useful lives. The revision was applied for the entire 2000 fiscal year and as such, a period reconciliation was required for the six months ended May 31, 2000. This resulted in the reduced amortization charge of $18 million for the six months ended May 31, 2000, versus the $25 million for the present period.

4 SHARE CAPITAL

	June 30, 2001		December 31, 2000	
	Number	**Amount**	Number	Amount
Common Shares outstanding [THOUSANDS]	**50,155**	**$ 262,151**	49,259	$ 253,586

5 PER SHARE CALCULATION

The following table sets forth the computation of basic and diluted earnings per share with respect to income from continuing operations [thousands, except per share amounts].

	6 Months June 30, 2001	6 Months May 31, 2000	**3 Months June 30, 2001**	3 Months May 31, 2000
Net Income	**$ 7,771**	$ 4,577	**$ 2,894**	$ 1,219
Denominator for basic earnings per share – weighted average shares	**49,954**	49,804	**49,992**	49,798
Effect of dilutive stock options	**222**	417	**223**	579
Denominator for diluted earnings per share adjusted for weighted average shares and assumed conversion	**50,176**	50,221	**50,215**	50,377
Basic earnings per share	**$ 0.16**	$ 0.09	**$ 0.06**	$ 0.02
Diluted earnings per share	**$ 0.15**	$ 0.09	**$ 0.06**	$ 0.02

6 INCOME TAX RATE REDUCTION

Effective April 1, 2001, the Alberta and Ontario governments passed legislation that reduced the provincial income tax rates. The future tax balances for the Company have been revalued at the new rates resulting in a cumulative future tax recovery of $2 million for the six months ended June 30, 2001. The new rates are reflected in the tax provisions for the current period.

7 COMMITMENTS

As disclosed in the March 31, 2001 quarterly report, the Corporation has entered into a one year supply arrangement with a gas utility company to supply the Corporation with 80% of its natural gas needs in Alberta for the 12-month period ending April 30, 2002. The agreement provides that the gas utility company supplies the commodity at $7.90 per gigajoule. The remaining 20% supply for November 2001 to March 2002 has been contracted at $6.60 per gigajoule.

As disclosed in the December 31, 2000, annual report, the Corporation has entered into long-term supply arrangements with two utility companies to supply the Corporation with its electrical power needs for Alberta for the next three to five years at a blended rate of approximately $0.07/kwh.These agreements provide that the Corporation purchase its power for all properties under contract for the upcoming years based on an approximation of the current year's demand levels.

In regards to the Corporation's technology initiative, at June 30, 2001, the Corporation had remaining commitments totalling $900,000 (December 31, 2000 – $ 4.0 million) with various suppliers with an average weighted interest rate of 10.3% (December 31, 2000 – 10.8%).

8 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

9 SUBSEQUENT EVENTS

Property Acquisitions. Subsequent to June 30, 2001, the Corporation has contracted to acquire 531 units for an aggregate purchase price of $23.3 million. The acquisitions were financed through cash of $6.7 million and the assumption of $16.6 million in existing mortgages.

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