

Letter To Unitholders

We are pleased to continue to deliver solid second quarter results on the heels of an exceptional springtime, which is typically a seasonally soft period for landlords. The summer and fall months are shaping up to be another well performing period for many of our markets, as leading rental fundamentals continue to support an improving trend for landlords going forward.

As discussed in prior quarters, our internal rental revenue strategy is a three-pronged approach involving the management of rental prices, incentives and vacancies. Overall we are starting to gain momentum into the summer with vacancies and rental revenues improving on a sequential quarter and year-over-year basis. Traditionally, the months of July and August are our strongest rental months. Of special note, Edmonton, our largest market representing 31% of the portfolio, has seen its stabilized rental revenue numbers improve from negative 0.7% in Q1 to positive 1.2% in the latest quarter.

Highlights of the Trust's second quarter 2005 financial results include:

- Rental revenues of \$74.6 million, an increase of 7.2% compared to \$69.6 million for the three-month period ended June 30, 2004.
- Net operating income of \$47.5 million, representing a 6.3% increase from \$44.7 million in the same period last year.
- FFO of \$18.7 million, an increase of 0.5% compared to \$18.6 million for the three-month period ended June 30, 2004.
- FFO per unit was \$0.35 on a diluted basis, unchanged compared to \$0.35 for the three-month period ended June 30, 2004.
- DI was \$0.37 per unit, unchanged from \$0.37 for the three months ended June 30, 2004.

Boardwalk Real Estate Investment Trust ("Boardwalk REIT", "Boardwalk" or the "Trust") 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 (as of June 30, 2005). 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 June 30, 2005 was \$2.6 billion.

Building on a Solid Foundation





Sarcee Trail Place
Calgary, AB

Highlights of the Trust's first half 2005 financial results include:

- Rental revenues of \$147.9 million, an increase of 6.4% compared to \$139.0 million for the six-month period ended June 30, 2004.
- Net operating income of \$92.1 million, representing a 4.9% increase from \$87.8 million in the same period last year.
- FFO of \$35.2 million, an increase of 0.3% compared to \$35.1 million for the six-month period ended June 30, 2004.
- FFO per unit was \$0.66 on a diluted basis, down 1.5% compared to \$0.67 for the six-month period ended June 30, 2004.
- DI was \$0.69 per unit, down 1.4% from \$0.70 for the six months ended June 30, 2004.

Some portfolio highlights for the second quarter include:

- The average vacancy rate across the Trust's portfolio for the second quarter of 2005 was 5.04%, down from 5.19% in the first quarter of 2005, and down from 5.67% compared to the same period last year.
- The average monthly rent realized in the first half of 2005 was \$748 per rental unit, up \$9 from \$739 per rental unit for the same period last year.
- The average market rent for the Trust's properties at the end of June 2005 was an estimated \$798 per rental unit per month which compares to an average in-place monthly rent per occupied unit of \$790 for the six-month period ended June 30, 2005. This translates into an estimated "loss-to-lease" of approximately \$3.3 million, maintaining existing occupancy rate levels.
- The "same-property" results for the Trust's stabilized portfolio (defined as properties owned for over 24 months) for the three-month period ended June 30, 2005 had rental revenue growth of 1.2%, an increase in total operating expenses by 3.6%, resulting in flat NOI growth compared to the same period last year. The "same-property" results for the six-month period ended June 30, 2005 showed rental revenue growth of 0.8%, an increase in total operating expenses by 4.8%, resulting in a decrease in NOI of 1.5% compared to the same period last year. A total of 30,597 units, representing approximately 92% of Boardwalk's total portfolio, were classified as stabilized as at June 30, 2005.



Horizon Towers
Vancouver (Burnaby), BC

Improving Rental Market Fundamentals

An annualized decrease in vacancy rates in our portfolio by 100 basis points would impact overall rental revenue by approximately \$3 million, or \$0.06 per unit on a diluted basis. Further rental revenue increases can be achieved as the use of customer incentives are scaled back as occupancy improves over time. This opportunity currently sits at approximately \$4.8 million, or \$0.09 per unit.

In a recent presentation, CMHC has reiterated its projections showing a decline in overall new housing activity across the country. In our two single largest markets of Edmonton and Calgary, representing 46% of Boardwalk's portfolio, we are expecting more double digit declines year over year in multi-family housing starts. Furthermore, the rental universe in these



Surrey Village
Vancouver (Surrey), BC



Varsity Place Apartments
Calgary, AB

two cities continues to shrink due to condominium conversions. Both markets are among the lowest in the country in terms of rental universe per capita.

As new home and condominium prices continue to rise to record levels, we are seeing fewer customers leaving to pursue home-ownership. In 2004, CMHC observed that purchase intentions among Calgary renters were down by over 13% year over year. This decline represents pent-up demand for home purchases being satisfied, and also due to continued increases in home prices and carrying costs.

On average it is currently over \$800 per month more expensive to own a condominium in Canada versus renting a 2-bedroom apartment after factoring in all costs including condo fees. Eroding affordability due to measured increases in mortgage rates further widens this price gap. In addition, with respect to our mortgage portfolio with a weighted average interest rate of 5.41% and an average maturity of just under 4 years, we have an approximate 150 basis point buffer compared to existing financing rates before inflationary pressures would impact us. Marking our debt to current market rates would save an additional \$23.2 million or \$0.43 per unit in interest, our largest expense.

Acquisition/Disposition Activity

There were no acquisitions announced in Q2 2005. The Trust completed the previously announced sale of one property located in Edmonton, Alberta, which closed on June 30, 2005. The property sold was Village Acres, a 186-unit, 2½-storey wood-frame project in the northeast area of Edmonton. The sale price was \$9.53 million or \$51,250 per door, with a cap rate of 5.78%.

To date in 2005, the Trust has 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 6.97%.

The acquisition market for multi-family rentals in Canada continues to be highly competitive, with most markets experiencing declining cap-rates and aggressive vendor expectations. In spite of this, we are in various stages of discussion regarding a number of potential acquisitions, but cannot be certain of closing any of these transactions.

Maintaining Financial Strength

The Trust maintained its solid financial position in the second quarter of 2005. Boardwalk's total mortgage and long-term debt was \$1.55 billion as at June 30, 2005. This is up from \$1.41 billion at June 30, 2004 reflecting the additional debt on acquisitions completed during the year, and also includes the issuance of unsecured debentures, which the Trust completed on January 21, 2005, 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 used to fund acquisitions, repay operating lines of credit and for general trust purposes.

As at June 30, 2005, the Trust's total debt had an average maturity of 3.8 years with a weighted average interest rate of 5.41%, and the Trust's total debt-to-total-market-capitalization ratio was 59.8%. The Trust's interest coverage ratio, excluding gains, for the three-month period ended June 30, 2005 was 1.92 times compared to 2.06 times in the same period last year.



*Christie Point Apartments
Victoria, B.C.*

Summary and Outlook

We are pleased to see how well the summer is shaping up, and leading to what should be a well performing fall for our operations. We are seeing the benefits of having a truly diversified portfolio, and look forward to continuing to create further stakeholder value.

I would like to express my sincere gratitude to our over 1,170 dedicated Associates who continue to persevere and succeed in this very competitive marketplace. It is because of their efforts that Boardwalk continues to be Canada's premiere multi-family residential Trust. Thank you for allowing me to be a part of this dynamic team.

Sincerely,

Sam Kolas
President and C.E.O.

Management's Discussion and Analysis

For the Quarter Ended June 30, 2005

Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of Boardwalk Equities Inc. ("Boardwalk" or the "Corporation") and Boardwalk Real Estate Investment Trust ("Boardwalk REIT" or the "Trust") 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 Boardwalk REIT's December 31, 2004 Financial Statements and the Notes thereto, along with all other publicly posted information on the Corporation and Boardwalk REIT.

Business Overview

Boardwalk Real Estate Investment Trust is an unincorporated, open-ended real estate investment trust created pursuant to a declaration of trust, dated January 9, 2004, as amended and restated on May 3, 2004 (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 within Canada, initially through the acquisition of the operations of the Corporation.

On May 3, 2004, the Corporation sold all of its assets and undertakings to Boardwalk REIT. Boardwalk REIT units trade on the Toronto Stock Exchange under the symbol "BEI.UN". Boardwalk REIT's principal objectives are to provide its unitholders ("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, accretive properties. As at the end of the second quarter of 2005, Boardwalk REIT currently owned and operated in excess of 260 properties, comprised of 33,298 units, totaling approximately 28 million net rentable square feet, and is Canada's largest owner/operator of multi-family rental communities. Boardwalk REIT's portfolio is concentrated in the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Quebec.

FINANCIAL REPORTING REVIEW

With the change in legal entity status from a corporation to a trust, we have reviewed the required financial reporting requirements. We have determined that Boardwalk REIT is a continuation of its predecessor, despite Boardwalk Equities Inc. and Boardwalk REIT having different legal forms, and should follow

the continuity of interest method of accounting in accordance with section 3.2 of Proposed National Policy 41-201, entitled "Income Trusts and Other Indirect Offerings". Under the continuity of interest method of accounting, Boardwalk REIT's acquisition of the operations of Boardwalk Equities Inc. is recorded at the net book value of the Corporation's assets and liabilities on May 3, 2004, and the unitholders' capital to Boardwalk REIT represents the shareholders' equity of the Corporation at that date.

The financial information, discussion and analysis for the six months ended June 30, 2005 reflect the activities of Boardwalk REIT. The comparative figures represent the activities of Boardwalk Equities Inc. for the period from January 1, 2004 to May 2, 2004 and Boardwalk REIT for the period from May 3, 2004 to June 30, 2004.

PERFORMANCE REVIEW

Boardwalk REIT generates revenues, cash flows and earnings from two separate sources - from rental operations and from the sale of 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 who have varying lease terms ranging from month-to-month to twelve-month leases.

Boardwalk REIT also generates additional income from the periodic sale of selective 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 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.

PERFORMANCE MEASURES

Boardwalk REIT assesses and measures segment operating results based on performance measures referred to as "Funds From Operations" ("FFO") and Distributable Income ("DI"). Both DI and FFO are widely accepted supplemental measures on the performance of a Canadian real estate investment trust; however, they are not measures defined by generally accepted accounting principles ("GAAP"). The GAAP measurement most directly comparable to DI and FFO is net earnings. DI and FFO should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP as indicators of Boardwalk REIT's performance. In addition, Boardwalk REIT's calculation methodology for FFO and DI may differ from that of other real estate companies and trusts.

DI is computed as outlined in the Trust's Declaration of Trust. The DOT also indicates that the Trust is required to pay out all taxable income to Unitholders in the form of monthly distributions. It is the current policy of the Trust to distribute to its unitholders 85% of DI on an annualized basis. The Trust has indicated that, on an annualized basis, it will distribute \$1.26 per outstanding unit (or \$.105 per trust unit on a monthly basis) for 2005. For the second quarter of 2005, a total of \$16.7 million was declared in DI. The Trust has also implemented a Distribution Reinvestment Plan ("DRIP"). The essence of this plan is that the Unitholder has

the option, in lieu of receiving monthly distributions, to receive trust units from treasury. The DRIP allows participants to accept all or part of their monthly distributions in additional units. To promote this plan, the Trust offers a 3% premium on the units distributed under the plan. This plan is relatively new and, to date, not a significant number of Unitholders have elected to participate in this option.

In the table below, Boardwalk REIT provides a reconciliation of net earnings in accordance with GAAP to FFO and DI for the period.

In \$000's, except per unit amounts	3 Months Jun-05	3 Months Jun-04	%	6 Months Jun-05	6 Months Jun-04	%
Net earnings from continuing operations	\$ 1,346	\$ 2,461		\$ (850)	\$ 1,316	
Adjustments						
Earnings (loss) from discontinued operations	\$ 1,583	\$ (46)		\$ 1,748	\$ (128)	
Deduct proceeds on disposition	\$ (1,508)	\$ -		\$ (1,508)	\$ -	
Future income taxes (recovery)	\$ (744)	\$ (1,698)		\$ (832)	\$ (1,344)	
Recovery of write-down on technology business unit	\$ (739)	\$ -		\$ (739)	\$ -	
Future income taxes (recovery) on discontinued operations	\$ (27)	\$ (20)		\$ 12	\$ (32)	
Amortization	\$ 18,802	\$ 17,925		\$ 37,339	\$ 35,298	
Funds from operations	\$ 18,713	\$ 18,622	0.5%	\$ 35,170	\$ 35,110	0.3%
Add deferred financing costs	\$ 935	\$ 824		\$ 1,865	\$ 1,525	
Deduct deferred financing costs amortization after May 3, 2004	\$ (250)	\$ (15)		\$ (316)	\$ (15)	
Add (deduct) net discounts (premiums) adjustment after May 3, 2004	\$ 4	\$ (17)		\$ 1	\$ (17)	
Distributable income	\$ 19,402	\$ 19,414	-0.1%	\$ 36,720	\$ 36,603	0.3%
Funds from operations - per unit	\$ 0.35	\$ 0.35	0.0%	\$ 0.66	\$ 0.67	-1.5%
Distributable income - per unit	\$ 0.37	\$ 0.37	0.0%	\$ 0.69	\$ 0.70	-1.4%

Overall, for the second quarter of fiscal 2005, Boardwalk REIT earned \$18.7 million and \$35.2 million in FFO (which excludes any gain or loss on sale of properties) for the three and six months ended June 30, 2005, respectively, marginally higher than the amounts reported for the same reporting periods in 2004. DI for the three and six months ended June 30, 2005 were \$0.37 and \$0.69 per unit, respectively, compared to \$0.37 and \$0.70 for the same periods last year.

Declaration Of Trust

The investment policies of the Trust are outlined in the Trust's DOT and a copy of this is available on request to all Unitholders. Further information of the DOT can also be located beginning on page 28 of the Annual Information Form dated March 31, 2005. Some of the main financial and operating guidelines as set out in the DOT are as follow:

INVESTMENT GUIDELINES

1. Acquire and operate multi-family residential property;

2. No single asset shall be acquired if the cost of this asset, net of debt secured by such asset, will exceed 15% of the Trust's "Gross Book Value" (as such term is defined in the DOT); and
3. Investments in joint ventures must include a minimum investment of 25%.

OPERATING POLICIES

1. Maximum debt capacity is 70% of Gross Book Value;
2. Maximum leverage on any specific asset may not be greater than 75% of the market value of noted asset;
3. No guaranteeing of third party debt outside its existing structure and potential joint venture partner structures;
4. Both structural and environmental third party surveys are required prior to the acquisition of a multi-family asset; and
5. Commitment to expending at least 8.5% of its gross consolidated annual rental revenues generated from properties that have been insured by Canada Mortgage and Housing ("CMHC").

At June 30, 2005, the Trust was in material compliance with all investment and operating policies stipulated in the DOT. More details will be provided later in this document with respect to certain detailed calculations.

	30-Jun-05 6 Months	30-Jun-05 3 Months
DI per unit - June 30, 2004	\$ 0.70	\$ 0.37
Stabilized properties	\$ (0.04)	\$ -
New acquisitions (under 24 months)	\$ 0.14	\$ 0.08
Dilution effect on prior year's DI	\$ (0.01)	\$ (0.01)
General & Administration	\$ (0.03)	\$ (0.02)
Financing and LCT	\$ (0.07)	\$ (0.05)
DI per unit - June 30, 2005	\$ 0.69	\$ 0.37

ACCOUNTING POLICIES

Note 2 of page 45 of Boardwalk REIT's 2004 annual report summarizes Boardwalk REIT's significant accounting policies. Note 3 of the June 30, 2005 unaudited interim financial statements provide an update to any significant changes to these accounting policies. The first significant accounting change relates to the treatment of an interest cash flow hedge the Trust entered as part of the process of issuing an unsecured debenture in January of 2005. This hedge was accounted in accordance with the

standards as set out in the new Canadian Accounting Standard section 3865 and the reported amount will be amortized through financing costs over the life of the debenture that being seven years from issuance.

The other significant accounting change relates to the presentation of certain capital assets. Prior to the commencement of the second quarter of 2005, certain excess land located in the province of Saskatchewan that was being developed and readied for sale was classified as "Properties Held for Resale". The Trust capitalized all direct costs, including financing and property tax costs, net of related revenue, associated with the land. Capitalization of costs continued to the end of the first quarter of 2005, when the development was substantially completed. Capitalized financing and property tax costs totalled \$0.1 million for the three months ended March 31, 2005 (\$0.4 million for the year ended December 31, 2004). Commencing in the second quarter of 2005, the excess land in the amount of \$8.0 million (December 31, 2004 - \$7.9 million) was reclassified as a component of revenue producing properties. . As this change was driven by the existence of new information the Trust has treated this change as a change in estimate and as such accounted for this prospectively in the current quarter.

Review of Rental Operations

In \$000's, except per unit amounts	3 Months Jun-05	3 Months Jun-04	%	6 Months Jun-05	6 Months Jun-04	%
Rental revenue	\$ 74,608	\$ 69,580	7.2%	\$ 147,885	\$ 138,956	6.4%
Expenses						
Operating expenses	\$ 10,005	\$ 8,707	14.9%	\$ 19,304	\$ 17,175	12.4%
Utilities	\$ 8,988	\$ 9,455	-4.9%	\$ 21,130	\$ 21,311	-0.8%
Utility rebate	\$ 15	\$ 0		\$ (621)	\$ (812)	-23.5%
Property taxes	\$ 8,069	\$ 6,761	19.3%	\$ 15,990	\$ 13,476	18.7%
	\$ 27,077	\$ 24,923	8.6%	\$ 55,803	\$ 51,150	9.1%
Net operating income	\$ 47,531	\$ 44,657	6.3%	\$ 92,082	\$ 87,806	4.9%
Average rent per unit per month	\$ 748	\$ 739	1.2%	\$ 748	\$ 741	0.9%
Operating costs per unit per month	\$ 271	\$ 265	2.3%	\$ 282	\$ 273	3.3%
Operating margins	64%	64%		62%	63%	

Overall, Boardwalk REIT's rental operations reported strong results. The reported increase of 7% and 6% for the three and six months ended June 30, 2005, respectively, in rental revenue is mainly the effect of new revenue generated through the acquisition of apartment units during the periods and the impact of those properties acquired during the last three quarters of fiscal 2004. Total rental expenses increased by 9% and 9%, respectively, for the three and six months ended June 30, 2005. In addition to the fact that Boardwalk REIT had additional units during the first half of 2005, operating expenses, which include repairs and maintenance, advertising and insurance, were up 15% and 12%, respectively, for the three and six months ended June 30, 2005 compared to same periods last year, mainly as a result of increased repair and maintenance costs.

Property taxes were also up significantly from the prior year, mainly the result of increased property tax assessments in Alberta and Saskatchewan. It is the Trust's policy to review all property tax assessments in detail and, where warranted, appeal the reported assessment. At this time, the Trust is in the process of appealing a number of these assessments and is optimistic that it will be successful in this process. However, due to the uncertainty of the amount and timing of any refund, we have not adjusted the reported numbers for these potential refunds.

Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents on June 30, 2005, adjusted for current occupancy levels, totalled \$3.3 million on an annualized basis. The reader should note that estimated loss-to-lease 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 consistent economic conditions and trends.

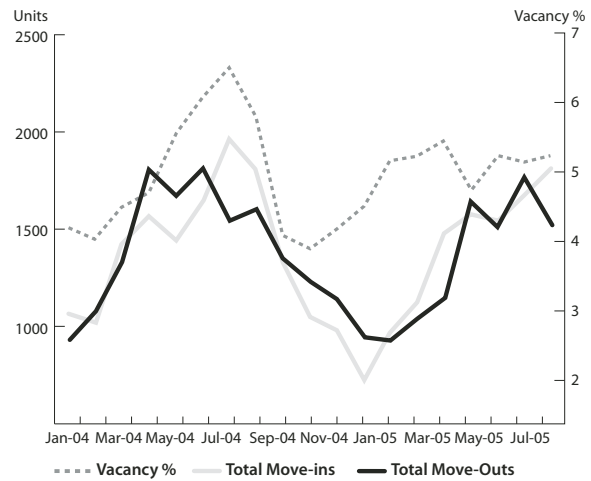
PORTFOLIO OCCUPANCY PERFORMANCE

City	Q2 2005	Q2 2004	Q1 2005	Q4 2004
Calgary	5.99%	5.77%	5.19%	4.29%
Edmonton	5.40%	6.64%	5.71%	4.65%
Kitchener	1.62%	5.47%	4.76%	2.23%
London	4.33%	3.55%	3.95%	3.05%
Montreal	1.51%	1.74%	1.97%	2.68%
Other Alberta	3.43%	4.29%	2.41%	2.56%
Quebec City	4.60%	2.63%	5.05%	4.38%
Regina	4.47%	4.63%	4.60%	3.48%
Saskatoon	4.49%	6.90%	6.15%	5.90%
Windsor	9.49%	9.04%	9.03%	6.39%
Vancouver	6.92%	0.00%	5.08%	0.00%
Victoria	6.63%	0.00%	2.48%	0.00%
Grand Total	5.04%	5.67%	5.19%	4.22%

BOARDWALK REIT'S PORTFOLIO VACANCY

The second quarter of fiscal 2005 saw the portfolio's overall vacancy rate decrease to 5.04% compared to 5.19% for the first quarter of the current year, and decrease compared to 5.67% for the second quarter of the prior year. The decrease compared to the first quarter of 2005 is mainly the result of declining vacancy in approximately one-half of our markets, with the exception of Calgary, other Alberta, London, Windsor, Vancouver and Victoria. Management attributes the overall vacancy rate decrease of 0.15% compared to the first quarter of 2005 primarily to our efforts on attracting and retaining tenants during the period.

DEMAND, SUPPLY AND VACANCY



The issue of demand and supply, as with other industries, 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 vacancy. The cumulative impact of demand being greater than supply is the primary driver in the reported vacancy rate.

SAME-PROPERTY RESULTS

With significant acquisitions in Quebec over the last several quarters, most notably the acquisition of the 3,100 unit Nun's Island portfolio in May 2002, Boardwalk REIT's overall percentage of stabilized properties was 92% of its total rental unit portfolio as at June 30 2005, or a total of 30,597 units. The following compares the "same-store" results for the three and six months ended June 30, 2005 with the same periods in the prior year.

3 Months	Revenue	Operating Expenses	NOI	% of NOI
Calgary	2.0%	10.1%	-1.3%	19%
Edmonton	1.2%	8.5%	-2.4%	33%
Other Alberta	4.7%	6.2%	4.1%	6%
Saskatchewan	0.6%	-3.7%	3.6%	12%
Ontario	0.9%	-2.7%	4.1%	11%
Quebec	0.3%	1.5%	-0.3%	19%
	1.2%	3.6%	0.0%	100%

6 Months	Revenue	Operating Expenses	NOI	% of NOI
Calgary	1.5%	4.9%	0.1%	19%
Edmonton	0.3%	4.0%	-1.7%	34%
Other Alberta	4.6%	10.7%	1.7%	6%
Saskatchewan	-0.2%	2.0%	-1.8%	12%
Ontario	0.2%	6.8%	-5.5%	11%
Quebec	0.8%	5.0%	-1.3%	18%
	0.8%	4.8%	-1.5%	100%

For the second quarter 2005, same-store revenue increased slightly as compared to the prior period. Overall rental expenses have also increased, primarily in Alberta. The increased operating expenses in Alberta related to increased property taxes as well as increased turnover costs and bad debts. For the six months ended June 30, 2005, same-store revenue increased marginally by 0.8% while rental expenses increased by 4.8%, resulting in a decline in net operating income of 1.5% compared to the same period in the prior year. An increase in turnover costs in Ontario and Other Alberta, higher one-time repairs and maintenance charges related to damages done to certain buildings that were below our current insurance deductible, higher utility costs, and higher property taxes across all our markets contributed to the increase in rental expenses.

The Trust continues to be in the process of appealing recent increases to property values in various cities across the portfolio; however, at this time we are not able to reasonably estimate potential future savings, if any.

As with the prior year, the Trust was the recipient of a provincial natural gas rebate based on usage and price in its Alberta portfolio in the first quarter of 2005. The amount of the rebate for 2005 was \$621 thousand as compared to \$812 thousand for the same period last year. The decrease is the result of lower overall usage and lower market resource prices. If we were to exclude these rebates from our analysis, net operating income for the six-month comparison would only have decreased by 1.3%.

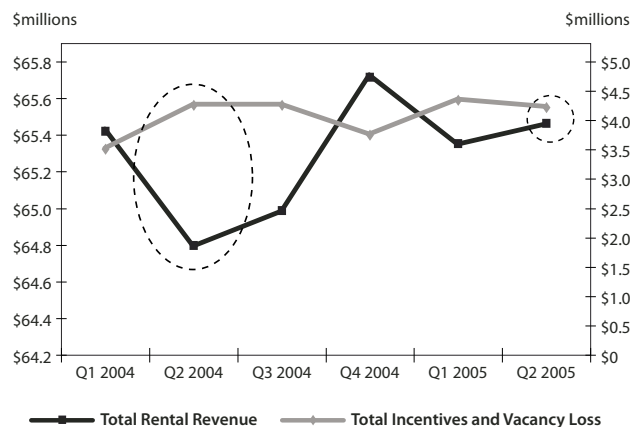
Boardwalk REIT closely monitors and manages individually the performance of each of its rental properties. For the reader's convenience, we have provided a summary of our operating results on a province-by-province basis.

Alberta Rental Operations

	3 Months Jun-05	3 Months Jun-04	% Change	6 Months Jun-05	6 Months Jun-04	% Change
In \$000's	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Rental revenue	\$ 39,116	\$ 37,472	4.4%	\$ 77,805	\$ 75,244	3.4%
Rental Expenses:						
Operating expenses	\$ 5,314	\$ 4,249	25.1%	\$ 9,970	\$ 9,078	9.8%
Utilities	\$ 4,923	\$ 4,853	1.4%	\$ 10,555	\$ 10,876	-3.0%
Utilities rebate	\$ -	\$ -		\$ (627)	\$ (812)	-22.8%
Property taxes	\$ 3,301	\$ 2,720	21.4%	\$ 6,552	\$ 5,396	21.4%
	\$ 13,538	\$ 11,822	14.5%	\$ 26,450	\$ 24,538	7.8%
Net operating income	\$ 25,578	\$ 25,650	-0.3%	\$ 51,355	\$ 50,706	1.3%
Operating margins	65.4%	68.5%		66.0%	67.4%	

Boardwalk REIT's Alberta operations for the three months ended June 30, 2005 have declined slightly from those reported for the same period in fiscal 2004. The decrease is partially due to higher repair and maintenance as a result of flooding events encountered in Calgary and Edmonton, higher bad debt expense, particularly in the Calgary market, as well as higher property taxes. As was previously discussed, we are in the process of appealing selective property tax assessments in both Calgary and Edmonton. However, at this time

VACANCY LOSS AND INCENTIVES ON STABILIZED PROPERTIES



Vacancy loss and rental incentives offered are strong indicators of current and future revenue performance. Depending on specific market conditions, the correct balance is important to maintain to best manage overall economic rental revenue. The above chart details, on a quarterly basis, total rental revenues versus combined incentive and vacancy loss. Overall, there has been an increase in reported rental revenue while incentives and vacancy loss levels have remained consistent. This is a strong sign of a strengthening rental market.

we are not able to make reasonable estimates on the property tax rebate, if any, we may receive and, as such, no provision for this rebate has been made. Results for the six months ended June 30, 2005 show a slight improvement compared to the same period in the prior year, due partially to the recent acquisition of a 246-unit complex in Calgary in January of 2005 and lower utility costs resulting from a milder winter in Alberta.

Saskatchewan Rental Operations

	3 Months Jun-05	3 Months Jun-04	% Change	6 Months Jun-05	6 Months Jun-04	% Change
In \$000's	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Rental revenue	\$ 8,531	\$ 8,482	0.6%	\$ 17,082	\$ 17,110	-0.2%
Rental Expenses:						
Operating expenses	\$ 1,319	\$ 1,167	13.0%	\$ 2,476	\$ 2,241	10.5%
Utilities	\$ 826	\$ 1,271	-35.0%	\$ 2,432	\$ 2,787	-12.7%
Property taxes	\$ 1,276	\$ 1,118	14.1%	\$ 2,502	\$ 2,235	11.9%
	\$ 3,421	\$ 3,556	-3.8%	\$ 7,410	\$ 7,263	2.0%
Net operating income	\$ 5,110	\$ 4,926	3.7%	\$ 9,672	\$ 9,847	-1.8%
Operating margins	59.9%	58.1%		56.6%	57.6%	

Boardwalk REIT's Saskatchewan operations for the three months ended June 30, 2005 reported results higher than those reported in the same period during fiscal 2004, due mainly to a decline in vacancy rates in both Saskatoon and Regina. The decline in utility costs reported as a result of lower gas consumption was partially mitigated by higher repairs and maintenance and property tax expense compared to the same period during fiscal 2004. Property taxes increased due to higher property assessments. For the six months ended June 30, 2005, results were slightly lower than the same period in the prior year, due to lower operating margins earned in the first quarter of this year compared to the first quarter of last year.

Ontario Rental Operations

	3 Months Jun-05	3 Months Jun-04	% Change	6 Months Jun-05	6 Months Jun-04	% Change
In \$000's	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Rental revenue	\$ 9,206	\$ 8,891	3.5%	\$ 18,455	\$ 17,865	3.3%
Rental Expenses:						
Operating expenses	\$ 1,230	\$ 1,073	14.6%	\$ 2,549	\$ 2,156	18.2%
Utilities	\$ 1,431	\$ 1,719	-16.8%	\$ 3,457	\$ 3,408	1.4%
Property taxes	\$ 1,649	\$ 1,445	14.1%	\$ 3,326	\$ 2,947	12.9%
	\$ 4,310	\$ 4,237	1.7%	\$ 9,332	\$ 8,511	9.6%
Net operating income	\$ 4,896	\$ 4,654	5.2%	\$ 9,123	\$ 9,354	-2.5%
Operating margins	53.2%	52.3%		49.4%	52.4%	

Boardwalk REIT's Ontario operations reported rental revenue increases for the three and six months ended June 30, 2005 of approximately 3% compared to the same periods last year, which was mainly the result of increasing market rents despite the fact that there was a significant increase in vacancies in both London and Windsor. The increase in vacancy had a material impact on the increase in reported operating expenses. The higher vacancy resulted in higher advertising and bad debt expense for both the current quarter and the year-to-date. Utility costs declined for the current quarter compared to the same period last year while property taxes continued to increase, the result of increased property tax assessment. Net operating income for the current quarter increased 5% compared to the same period in fiscal 2004. However, net operating income for the six months comparison declined by 2% as a result of higher first quarter repairs and maintenance due to fire damage to one unit in this portfolio, where restoration costs were below our deductible of \$100 thousand dollars, and utility costs due to colder temperatures reported in Eastern Canada when compared to the first quarter of fiscal 2004.

Quebec Rental Operations

	3 Months Jun-05	3 Months Jun-04	% Change	6 Months Jun-05	6 Months Jun-04	% Change
In \$000's	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Rental revenue	\$ 16,063	\$ 14,620	9.9%	\$ 31,731	\$ 28,459	11.5%
Rental Expenses:						
Operating expenses	\$ 1,737	\$ 1,430	21.5%	\$ 3,471	\$ 2,875	20.7%
Utilities	\$ 1,673	\$ 1,580	5.9%	\$ 4,279	\$ 4,211	1.6%
Property taxes	\$ 1,764	\$ 1,474	19.7%	\$ 3,497	\$ 2,893	20.9%
	\$ 5,174	\$ 4,484	15.4%	\$ 11,247	\$ 9,979	12.7%
Net operating income	\$ 10,889	\$ 10,136	7.4%	\$ 20,484	\$ 18,480	10.8%
Operating margins	67.8%	69.3%		64.6%	64.9%	

The majority of Boardwalk REIT's external growth over the last few fiscal years has come from the province of Quebec. Boardwalk REIT's Quebec operations reported strong gains in both revenue and net operating income. Reported revenue has increased by 10% and 11% for the three and six months ended June 30, 2005, respectively, compared to the same periods in the prior year on the combined effect of improving results on existing properties and the addition of new units in this market. Rental expenses, accordingly, have increased resulting in increases in net operating income for the three and six months ended June 30, 2005 of 7% and 11%, respectively, compared to the prior year.

ADMINISTRATIVE EXPENSES

Overall, the Trust's administrative expenses increased by \$ 1.8 million to \$14.1 million, from \$12.3 million reported for the six months ended June 30 2004. The increase is the combined result of the additional rental units along with a significant increase in wage inflation. In addition, reported professional costs including legal and accounting were up from those reported in the prior year.

FINANCING COSTS

Financing costs for the current quarter and year-to-date have increased slightly from prior years. This increase is the combined effect of an increase in overall leverage, partially offset by lower overall reported weighted average interest rates, and the issuance of unsecured debentures in the aggregate amount of \$120 million. A more detailed discussion on the issuance of this debenture will be provided later in this document.

Boardwalk REIT continues to take advantage of the current low interest environment to refinance and renew certain mortgages, resulting in a lower overall weighted average mortgage rate. The average maturity of the mortgage portfolio is approximately four years.

Boardwalk REIT's acquisition strategy involves locating and acquiring accretive properties at prices that are below replacement value. Once acquired, these properties undergo various value enhancing upgrades as part of Boardwalk REIT's stabilization program. Boardwalk REIT utilizes external financing to leverage these properties up to, in accordance with the DOT, a maximum of 75% of the purchase price and, where appropriate, Boardwalk REIT adds additional financing for all upgrades performed.

Boardwalk REIT concentrates on multi-family residential real estate; thus, it is eligible to obtain government-backed insurance through the National Housing Act ("NHA"), which is administered by the Canadian Mortgage and Housing Corporation ("CMHC"). The benefits of purchasing this insurance are twofold.

The first benefit of using CMHC insurance is that Boardwalk REIT can normally obtain lower interest rate spreads on its property financing. Although the amount of the interest rate spreads will vary, they are currently between 40 and 60 basis points above the respective Government of Canada Bonds. This compares favourably to the spreads on conventional financing, which currently range from 120 to 175 basis points above such bonds.

The second benefit of the CMHC insurance relates to the lowering of 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.

At June 30, 2005, approximately 96% of Boardwalk REIT's mortgage debt was backed by this NHA insurance with a weighted average amortization period of approximately 23 years.

DEFERRED FINANCING COSTS AMORTIZATION

The amounts reported here relate primarily to the amortization of CMHC premiums, which are paid as part of first mortgage financing. Under current reporting requirements, 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 of this, and due to the variable timing and strategy of each mortgage at maturity, the amounts reported will vary. In the current quarter, Boardwalk REIT continued to take advantage of CMHC's new product to increase its leverage rather than refinance the entire mortgage.

AMORTIZATION

The amounts reported as amortization of capital assets for the three and six months ended June 30, 2005 of \$18.8 million and \$37.3 million, respectively, have increased from the \$17.8 million and \$35.0 million reported in the comparable periods last year. The increase is the result of the increase in the depreciable asset base, particularly the acquisition of new rental apartment complexes.

RECOVERY OF WRITE-DOWN ON TECHNOLOGY BUSINESS UNIT

In fiscal 2001, the Trust's predecessor company, Boardwalk Equities Inc., took a charge against earnings of approximately \$29 million related to the discontinuation of an endeavour referred to as "Suite Systems". At the time of making the provision, internal estimate determined that, given the telecommunications market at that time, there was really no estimated salvage value of any of the related assets. Subsequent to this period, the Trust has been able to sell a portion of these items to arm's-length third parties. The amount reported of \$739 thousand on the financial statements this quarter relate to the net funds received to date on the sale of these items. The amount recovered in this section has no impact on reported FFO and DI.

EARNINGS FROM DISCONTINUED OPERATIONS

During the quarter, the Trust sold one property located in Edmonton Alberta to an arm's-length third party. Although, as was previously noted, the selective selling of rental properties is part of its business strategy, under existing generally accepted accounting principles, the selling of this asset is deemed to be the sale of a discontinued operations asset and, as such, is accounted for separately and is reported net of any applicable tax. The amount reported of \$1.6 million is not included when the Trust computes either FFO or DI and, therefore, has no impact on reported FFO and DI.

Real Estate Assets

ACQUISITIONS

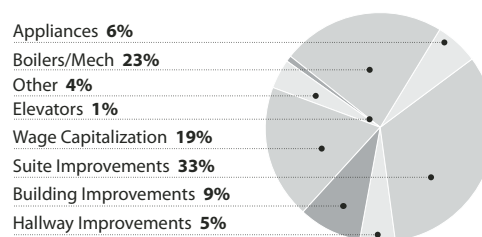
During the six months of 2005, Boardwalk REIT acquired a total of 1,325 rental units for a total acquisition cost of \$116.4 million, or \$87.8 thousand per residential unit, excluding a fair value adjustment to assumed debt of approximately \$(0.2) million. A portion (approximately \$3.7 million) of the purchase price has been allocated to the value of the in-place operating leases as is now required under EIC-140. All of these acquisitions occurred in the first quarter of 2005.

DISPOSITIONS

During the second quarter of 2005, Boardwalk REIT disposed of a 186-unit property located in Edmonton, Alberta for a sales price of \$9.5 million. Cost of sales was approximately \$8.0 million, resulting in a gain on disposition of \$1.5 million.

CAPITAL IMPROVEMENTS

For the first six months fiscal 2005, Boardwalk REIT invested approximately \$12.3 million in its properties in the form of project enhancements. The following chart details which areas these funds were expended.



Capital Improvements

The amount expended is down from the \$12.8 million invested in the first half of fiscal 2004. The decrease was expected as Boardwalk REIT begins to leverage off the approximately \$300 million its predecessor spent on upgrading its assets over the past five fiscal years.

Included in these amounts is approximately \$2.4 million of capitalized on-site wages and salaries, representing approximately 19% of total capital expenditures for the current six-month period. This amount is an estimate of site personnel cost associated with the completion of these capital projects, and is consistent with internal expectations since a significant portion of the improvements are now performed "in-house".

LIQUIDITY AND CAPITAL RESOURCES

Boardwalk REIT's financial position continues to be strong, with the overall debt level reported at 64% of Gross Book Value ("GBV"). GBV is a non-GAAP term that is defined in the Trust's DOT. In general, it is determined by taking total reported assets of the Trust, adding back accumulated amortization and making a one-time adjustment in the amount of approximately \$231 million. The following chart sets out the Trust's recomputed GBV:

	Jun-05	Dec-04
Total reported assets	\$ 1,916,204	\$ 1,809,139
Reported amortization	\$ 321,296	\$ 304,489
	\$ 2,237,500	\$ 2,113,628
Conversion adjustment (May 2004)	\$ 231,460	\$ 231,460
	\$ 2,468,960	\$ 2,345,088
Mortgages payable	\$ 1,434,372	\$ 1,414,122
Debentures	\$ 120,000	\$ -
Market adjustment on mortgages (May 2004)	\$ 36,108	\$ 39,750
	\$ 1,590,480	\$ 1,453,872
Debt to GBV	64%	62%
DOT Limit	70%	70%

With a DOT limit of 70% on Debt-to-Gross Book Value, Boardwalk REIT has the ability to add additional leverage on its existing portfolio to assist with future investment in new assets.

Currently, Boardwalk REIT has an operating facility with a major financial institution with excess available of approximately \$95 million. In addition, at the date of writing, Boardwalk REIT has approximately \$13 million of cash available for investment. For the second quarter of 2005, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. earnings before interest, taxes, depreciation and amortization) to interest expense after excluding gains was 1.92 as compared to 2.06 for the same period last year.

MORTGAGE AND DEBT SCHEDULE

Fiscal Year	Mortgage Balance as at Jun 30, 2005	Average by year
2005	100,051	4.48%
2006	162,689	5.03%
2007	244,728	5.27%
2008	246,968	6.08%
2009	208,775	5.73%
2010	248,356	4.90%
2011	108,251	5.94%
2012	167,303	5.38%
2013	36,063	5.46%
2014	4,576	5.91%
Subsequent	26,612	6.59%
Grand Total	1,554,372	5.41%

UNSECURED DEBENTURE

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 used to fund acquisitions, repay operating lines of credit and for general trust purposes. In conjunction with the debenture issue, the Trust also entered into a bond forward contract to hedge the risk of interest rate fluctuations prior to the final pricing of the debenture. The bond forward contract were settled when the debentures were issued for the settlement amount of \$0.7 million. The settlement amount will be amortized over the term of the unsecured debentures.

OUTSTANDING UNIT DATA

Boardwalk REIT has one class of voting securities known as "REIT Units". As at June 30, 2005, there were 48,697,429 REIT units issued and outstanding. In addition, there are currently 4,475,000 Class "B" special voting units of Boardwalk REIT Limited Partnership ("LP B Units"). Each LP B Unit is exchangeable for REIT units on a one-for-one basis at the option of the holder. Each LP B 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 53,172,429.

Critical Accounting Policies

Boardwalk REIT's accounting policies are described in Note 2 to the consolidated financial statements for the year ended December 31, 2004. These statements were prepared in accordance with the recommendations of the handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") and with the recommendations of the Real Property Association of Canada ("RealPac"). In applying these policies, in certain cases, it is necessary to use estimates. In determining estimates, management uses the information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness. Any change to these estimates is applied prospectively in compliance with Canadian generally accepted accounting principles. A more detailed discussion of Boardwalk REIT's critical accounting policies can be found on page 36 of Boardwalk REIT's 2004 annual report, and any new or changes to these policies can be found in Note 3 to the unaudited consolidated financial statements for the quarter ended June 30, 2005.

Financial Outlook and Market Guidance

In its 2004 annual report, Boardwalk REIT outlined specific targets for its fiscal 2005 overall financial performance. These targets, and any revisions, are outlined below:

2005 GUIDANCE

The reported results for the second quarter are in line with our internal estimates and, as such, we are reconfirming our 2005 market guidance. The following chart reiterates the Trust's 2005 full year guidance:

	2005 Objectives	2004 Actuals
FFO Rental Operations	\$1.42 to \$1.49	\$1.43
Distributable Income	\$1.46 to \$1.53	\$1.49
New Unit Acquisitions	1,000 to 2,000	917
Stabilized Buildings NOI growth	0% to 1.0%	0.3%

Forward-Looking Statements

This discussion contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements are statements that involve risks and uncertainties, including, but not limited to, changes in the demand for apartment and townhome rentals, the effects of economic conditions, the impact of competition and competitive pricing, the effects of Boardwalk REIT's accounting policies and other matters detailed in Boardwalk REIT's and Boardwalk Equities Inc.'s filings with Canadian and United States securities regulators available on SEDAR in Canada and by request through the Securities and Exchange Commission in the United States, including matters set forth in Boardwalk REIT's Annual Report to Unitholders for the year ended December 31, 2004, under the heading "Management's Discussion and Analysis". Because of these risks and uncertainties, the results, expectations, achievements, or performance described in this release may be different from those currently anticipated by Boardwalk REIT.

ADDITIONAL INFORMATION

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

Respectfully,

Roberto A. Geremia
Senior Vice President, Finance and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

(Cdn\$ Thousands)

As at	June 30, 2005	December 31, 2004
	(Unaudited)	(Audited)
ASSETS		
Revenue producing properties (NOTES 3 and 5)	\$ 1,818,243	\$ 1,740,932
Deferred financing costs	43,317	39,056
Other assets	13,058	14,125
Future income taxes (NOTE 9)	1,366	547
Mortgages and accounts receivable	7,856	8,019
Segregated tenants' security deposits	6,948	6,460
Cash and cash equivalents	18,292	–
Discontinued operations (NOTE 5)	7,124	–
	\$ 1,916,204	\$ 1,809,139
LIABILITIES		
Mortgages payable (NOTE 5)	\$ 1,429,913	\$ 1,414,122
Debentures (NOTE 6)	120,000	–
Accounts payable and accrued liabilities	27,592	27,151
Refundable tenants' security deposits and other	10,071	9,543
Capital lease obligations	–	84
Bank indebtedness	–	2,723
Discontinued operations (NOTE 5)	4,459	–
	\$ 1,592,035	\$ 1,453,623
UNITHOLDERS' EQUITY		
Unitholders' capital (NOTE 7)	294,735	293,503
Accumulated earnings	29,434	62,013
	\$ 324,169	\$ 355,516
	\$ 1,916,204	\$ 1,809,139

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF EARNINGS

(Cdn\$ Thousands, except per UNIT amounts)

	3 months ended June 30		6 months ended June 30	
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE				
Rental income	\$ 74,608	\$ 69,580	\$ 147,885	\$ 138,956
EXPENSES				
Revenue producing properties:				
Operating expenses	10,005	8,707	19,304	17,175
Utilities	8,988	9,455	21,130	21,311
Utility rebate (NOTE 10)	15	–	(621)	(812)
Property taxes	8,069	6,761	15,990	13,476
Administration	7,160	6,253	14,063	12,302
Financing costs	20,898	18,615	41,119	37,765
Deferred financing costs amortization	934	818	1,863	1,519
Amortization of capital assets	18,802	17,799	37,339	35,047
	74,871	68,408	150,187	137,783
	(263)	1,172	(2,302)	1,173
Recovery of write-down on technology business unit	(739)	–	(739)	–
Earnings (loss) from continuing operations before income taxes	476	1,172	(1,563)	1,173
Large corporations taxes	(126)	408	119	1,200
Future income taxes (recovery) (NOTE 9)	(744)	(1,697)	(832)	(1,343)
Earnings (loss) from continuing operations	1,346	2,461	(850)	1,316
Earnings (loss) from discontinued operations, net of tax (NOTE 5)	1,583	(46)	1,748	(128)
Net earnings	\$ 2,929	\$ 2,415	\$ 898	\$ 1,188
Basic earnings (loss) per unit (NOTE 8)				
- from continuing operations	\$ 0.02	\$ 0.05	\$ (0.01)	\$ 0.02
- from discontinued operations	\$ 0.03	–	\$ 0.03	–
Basic earnings per unit	\$ 0.05	\$ 0.05	\$ 0.02	\$ 0.02
Diluted earnings (loss) per unit (NOTE 8)				
- from continuing operations	\$ 0.02	\$ 0.05	\$ (0.01)	\$ 0.02
- from discontinued operations	\$ 0.03	–	\$ 0.03	–
Diluted earnings per unit	\$ 0.05	\$ 0.05	\$ 0.02	\$ 0.02

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF ACCUMULATED EARNINGS

(Cdn\$ Thousands)

As at	6 months ended June 30, 2005	6 months ended June 30, 2004
	(Unaudited)	(Audited)
Accumulated earnings, beginning of period	\$ 62,013	\$ 32,993
Net earnings	898	1,188
Distributions declared on units	(33,477)	(14,878)
Premium on unit repurchases	-	(1,023)
Elimination of future income taxes on conversion to trust	-	73,553
Accumulated earnings, end of period	\$ 29,434	\$ 91,833

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Cdn\$ Thousands)

	3 months ended June 30		6 months ended June 30	
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities				
Net earnings	\$ 2,929	\$ 2,415	\$ 898	\$ 1,188
Loss (earnings) from discontinued operations, net of tax	(1,583)	46	(1,748)	128
Future income taxes (recovery)	(744)	(1,697)	(832)	(1,343)
Amortization of capital assets	18,802	17,799	37,339	35,047
Recovery of write-down on technology business unit	(739)	–	(739)	–
Funds from continuing operations	18,665	18,563	34,918	35,020
Funds from discontinued operations	49	59	253	90
Net change in operating working capital	(1,500)	12,618	3,149	10,204
Total operating cash flows	17,214	31,240	38,320	45,314
Financing activities				
Issue of trust units (net of issue costs) (NOTE 7)	840	6,165	1,197	28,642
Unit repurchase program	–	(1,633)	–	(1,633)
Restructuring costs	(46)	(8,500)	35	(8,500)
Distributions paid	(16,744)	(10,940)	(33,481)	(14,878)
Issue of debentures (NOTE 6)	–	–	120,000	–
Financing of revenue producing properties	66,494	34,656	112,962	69,855
Repayment of debt on revenue producing properties	(76,430)	(29,978)	(106,244)	(66,473)
Capital lease obligations	(21)	(274)	(84)	(584)
Deferred financing costs incurred (net of amortization)	(1,736)	(1,504)	(4,561)	(2,967)
	(27,643)	(12,008)	89,824	3,462
Investing activities				
Purchases of revenue producing properties (NOTE 4)	–	(13,089)	(103,289)	(22,263)
Project improvements to revenue producing properties	(6,233)	(6,766)	(12,313)	(12,961)
Net cash proceeds from sale of properties	9,405	–	9,405	–
Technology for real estate operations	(537)	165	(932)	(282)
	2,635	(19,690)	(107,129)	(35,506)
Net increase (decrease) in cash and cash equivalents balance	(7,794)	(458)	21,015	13,270
Cash and cash equivalents (bank indebtedness), beginning of period	26,086	23,851	(2,723)	10,123
Cash and cash equivalents, end of period	\$ 18,292	\$ 23,393	\$ 18,292	\$ 23,393
Supplementary cash flow information:				
Taxes paid	\$ 668	\$ 336	\$ 658	\$ 1,242
Interest paid	\$ 19,341	\$ 18,901	\$ 38,343	\$ 38,291

See accompanying notes to the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2005

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

(unaudited)

1. ORGANIZATION OF TRUST

Boardwalk Real Estate Investment Trust ("Boardwalk REIT" or the "Trust") is an unincorporated, open-ended real estate investment trust created pursuant to the Declaration of Trust, dated January 9, 2004 and as amended and restated on May 3, 2004, under the laws of the Province of Alberta. Boardwalk REIT was created to invest in revenue producing multi-family residential properties or interests within Canada, initially through the acquisition of operations of Boardwalk Equities Inc. (the "Corporation"), which was acquired on May 3, 2004.

2. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of Boardwalk Real Estate Investment Trust (the "Trust") have been prepared in accordance with the recommendations of the handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") and are consistent with those used in the audited consolidated financial statements as at and for the year ended December 31, 2004, except as described in Note 3 below. These interim financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles ("Canadian GAAP") applicable to annual financial statements and, therefore, they should be read in conjunction with the audited consolidated financial statements.

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and to make disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Due to seasonality, the operating results for the three and six months ended June 30, 2005 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2005.

The comparative figures for the three months ended June 30, 2004 represent the activities of Boardwalk Equities Inc. for the period from April 1, 2004 to May 2, 2004 combined with the activities of Boardwalk REIT for the period from May 3, 2004 to June 30, 2004. The comparative figures for the six months ended June 30, 2004 represent the activities of the Boardwalk Equities Inc. for the period from January 1, 2004 to May 2, 2004 combined with the activities of Boardwalk REIT for the period from May 3, 2004 to June 30, 2004. Certain comparative figures have been reclassified to conform to the presentation of the current period, or as a result of accounting changes.

3. ACCOUNTING CHANGES

a) Accounting Policy Changes

(i) Hedge Accounting

Beginning January 1, 2005, the Trust adopted hedge accounting in accordance with the transitional provisions of CICA Handbook Section 3865. Hedge accounting was applied to a bond forward contract (see NOTE 6) entered into by the Trust to mitigate future cash interest payments associated with our unsecured debentures, which was completed on January 21, 2005.

(ii) Consolidation of Variable Interest Entities

These consolidated financial statements include the accounts of Boardwalk REIT and its wholly owned subsidiaries, as well as variable interest entities over which it exercises control on a basis other than ownership of voting interests in accordance with CICA Handbook Accounting Guideline 15 (AcG-15), Consolidation of Variable Interest Entities. All inter-company transactions have been eliminated.

b) Reclassification of Properties Held For Resale

Prior to the commencement of the second quarter of 2005, certain excess land located in the province of Saskatchewan that was being developed and made ready for sale was classified as "Properties Held for Resale". The Trust capitalized all direct costs, including financing and property tax costs, net of related revenue, associated with the land.

Capitalization of costs continued to the end of the first quarter of 2005, when the development was substantially completed. Capitalized financing and property tax costs totalled \$0.1 million for the three months ended March 31, 2005 (\$0.4 million for the year ended December 31, 2004).

Commencing in the second quarter of 2005, the excess land in the amount of \$8.0 million (December 31, 2004 - \$7.9 million) was reclassified as a component of revenue producing properties.

4. REVENUE PRODUCING PROPERTIES

Acquisitions

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Cash paid	\$ -	\$ 13,089	\$ 103,289	\$ 22,263
Debt assumed	-	10,409	13,144	18,321
Total purchase price	\$ -	23,498	\$ 116,433	40,584
Fair value adjustments to debt	-	774	(207)	1,334
Book value	\$ -	\$ 24,272	\$ 116,226	\$ 41,918
Allocation of book value to revenue producing properties	\$ -	\$ 23,235	\$ 112,569	\$ 40,145
Allocation of book value to other assets	-	1,037	3,657	1,773
	\$ -	\$ 24,272	\$ 116,226	\$ 41,918
Units acquired	-	354	1,325	537

Dispositions

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Cash received	\$ 9,405	\$ -	\$ 9,405	\$ -
Cost of dispositions	127	-	127	-
Total proceeds	9,532	-	9,532	-
Net book value	8,025	-	8,025	-
Gain on sale	\$ 1,507	\$ -	\$ 1,507	\$ -
Units sold	186	-	186	-

5. DISCONTINUED OPERATIONS

During the first quarter of 2005, a commercial building in Calgary was classified as discontinued operations as a result of the Trust initiating an active program to dispose of this property. This property is available for immediate sale and is being marketed for sale at a price that is reasonable in relation to its current fair value. During the second quarter of 2005, the Trust completed the sale of a 186-unit rental property located in Edmonton, Alberta. This rental property formed part of our Alberta segment in our segmented information disclosure.

The following tables set forth the results of operations as well as the assets and liabilities associated with the discontinued operations.

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Revenue				
Rental income	\$ 514	\$ 460	\$ 1,036	\$ 909
Expenses				
Revenue producing properties:				
Operating expenses	53	62	113	133
Utilities	66	100	179	198
Utility rebate	(8)	–	(8)	–
Property taxes	42	23	67	53
Administration	18	15	36	39
Financing costs	293	195	394	390
Deferred financing cost amortization	1	6	2	6
Amortization of capital assets	–	126	–	251
	465	527	783	1,070
	49	(67)	253	(161)
Gain on disposition	1,507	–	1,507	–
Operating earnings (loss) from discontinued operations before income taxes				
	1,556	(67)	1,760	(161)
Future income taxes (recovery)	(27)	(21)	12	(33)
Earnings (loss) from discontinued operations				
	\$ 1,583	\$ (46)	\$ 1,748	\$ (128)

	June 30, 2005
Discontinued Assets	
Revenue producing properties	\$ 6,761
Other assets	363
Total	\$ 7,124
Discontinued Liabilities	
Mortgages payable	\$ 4,459
Total	\$ 4,459

6. DEBENTURES

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 used to fund acquisitions, repay operating lines of credit and for general trust purposes. In conjunction with the debenture issue, the Trust also entered into a bond forward contract to hedge the risk of interest rate fluctuations prior to the final pricing of the debenture. The bond forward contract were settled when the debentures were issued for the settlement amount of \$0.7 million. The settlement amount will be amortized over the term of the unsecured debentures.

7. UNITHOLDERS' CAPITAL

The Plan of Arrangement (the "Arrangement") to convert Boardwalk Equities Inc. from a share corporation to a real estate investment trust was completed on May 3, 2004. On conversion of Boardwalk Equities Inc. to a trust, \$10.1 million was incurred for restructuring costs. Under the Arrangement, the former shareholders of Boardwalk Equities Inc. received Boardwalk REIT units or Class B Limited Partnership ("LP Class B") units of a controlled limited partnership of the Trust, Boardwalk REIT Limited Partnership.

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. 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 will entitle 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 issued are included in the unitholders' capital contributions on the balance sheet. The changes in unitholders' capital contribution are as follow:

	Shares	Amount
Share capital of Boardwalk Equities Inc. at December 31, 2003	50,868,119	\$ 275,509
Options exercised	2,345,155	28,372
Share capital of Boardwalk Equities Inc. at May 2, 2004 exchanged for trust units	53,213,274	\$ 303,881
Summary of Unitholders' Capital Contributions		
	Units	Amount
Units issued in exchange for Boardwalk Equities Inc. shares	53,213,274	\$ 303,881
Issuance of 15,000 units for cash at \$18.00 per unit on May 3, 2004	15,000	270
Unit repurchases, recorded at book value of units	(138,400)	(766)
Units issued under distribution reinvestment plan	17,693	292
Restructuring costs	-	(10,174)
December 31, 2004	53,107,567	\$ 293,503
Units issued under distribution reinvestment plan	64,862	1,197
Restructuring cost recovery	-	35
June 30, 2005	53,172,429	\$ 294,735

The Declaration of Trust authorizes Boardwalk REIT to issue an unlimited number of units for the consideration and on terms and conditions established by the Trustees without the approval of any unitholders. 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 beneficial interest of the two classes of units is as follows:

(a) REIT Units

REIT Units represent an undivided beneficial interest in Boardwalk REIT and in distributions made by Boardwalk REIT. The REIT Units are freely transferable, subject to applicable securities regulatory requirements. Each REIT Unit entitles the holder to one vote at all meetings of unitholders. Except as set out under the redemption rights below, the REIT Units have no conversion, retraction, redemption or pre-emptive rights.

REIT Units are redeemable at any time, in whole or in part, on demand by the holders. Upon receipt by Boardwalk REIT of a written redemption notice and other documents that may be required, all rights to and under the REIT Units tendered for redemption shall be surrendered and the holder shall be entitled to receive a price per REIT Unit equal to the lesser of:

- i) 90% of the "market price" of the REIT Units on the principal market on which the REIT Units are quoted for trading during the twenty- day period ending on the trading day prior to the day on which the REIT Units were surrendered to Boardwalk REIT for redemption; and
- ii) 100% of the "closing market price" of the REIT Units on the principal market on which the REIT Units are quoted for trading on the redemption date.

(b) Special Voting Units

The Declaration of Trust provides for the issuance of an unlimited number of Special Voting Units that will be used to provide voting rights to holders of LP Class B units or other securities that are, directly or indirectly, exchangeable for REIT Units.

Each Special Voting Unit entitles the holder to the number of votes at any meeting of unitholders, which is equal to the number of REIT Units that may be obtained upon surrender of the LP Class B unit to which the Special Voting Unit relates. The Special Voting Units do not entitle or give any rights to the holders to receive distributions or any amount upon liquidation, dissolution or winding-up of Boardwalk REIT.

The breakdown of trust units of Boardwalk REIT by class is as follows:

	Units	Amount
Boardwalk REIT Units	48,697,429	
Special Voting Units issued to holders of LP Class B units	4,475,000	
Total trust units	53,172,429	\$ 294,735

8.

DISTRIBUTABLE INCOME AND PER UNIT INFORMATION

Distributable income per unit

Boardwalk REIT makes distributions to unitholders on a monthly basis on or about the 15th day of the following month. The reconciliation of distributable income and per unit information begins with net earnings calculated in accordance with Canadian generally accepted accounting principles and as defined in the Declaration of Trust for Boardwalk REIT. However, distributable income and the per unit information are non-GAAP measures that do not have any standardized meaning prescribed by Canadian GAAP and, therefore, unlikely to be comparable to similar measures presented by other real estate companies and trusts.

	6 months ended June 30, 2005
Net earnings	\$ 898
Add:	
Amortization of capital assets	37,339
Amortization of deferred financing costs incurred prior to May 3, 2004	1,549
Amortization of net discount on long-term debt assumed after May 2, 2004	1
Deduct:	
Future income tax recovery	(820)
Gain on disposal	(1,507)
Recovery of write-down on technology business unit	(739)
Distributable income	\$ 36,721
Distribution to unitholders	\$ 33,477
Weighted average units outstanding – basic and diluted	53,133,122
Distributable income earned per unit	\$ 0.691
Actual distributions declared per unit	\$ 0.630

Earnings per unit

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Numerator				
Earnings (loss) from continuing operations	\$ 1,346	\$ 2,461	\$ (850)	\$ 1,316
Earnings (loss) from discontinued operations	\$ 1,583	\$ (46)	\$ 1,748	\$ (128)
Denominator				
Denominator for basic earnings per unit - weighted average units (THOUSANDS)	53,150	53,091	53,133	52,395
Effect of dilutive units				
Units issued (stock options before May 3, 2004) in respect of long-term incentive plan (THOUSANDS)	-	-	-	-
Denominator for diluted earnings per unit adjusted for weighted average units and assumed conversion (THOUSANDS)	53,150	53,091	53,133	52,395
Earnings (loss) per unit from continuing operations				
Basic	\$ 0.02	\$ 0.05	\$ (0.01)	\$ 0.02
Diluted	\$ 0.02	\$ 0.05	\$ (0.01)	\$ 0.02
Earnings (loss) per unit from discontinued operations				
Basic	\$ 0.03	\$ 0.00	\$ 0.03	\$ 0.00
Diluted	\$ 0.03	\$ 0.00	\$ 0.03	\$ 0.00

9.

INCOME TAXES

Boardwalk REIT is a "mutual fund trust" as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that its income is distributed to its unitholders. This exemption does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax. Total future income tax recovery for the three and six months ended June 30, 2004 combines the results of Boardwalk Equities Inc. prior to May 3, 2004 with the results of Boardwalk REIT subsequent to May 2, 2004. The adjustment for change in effective tax rate reflects the reduction of the current combined federal and provincial substantially enacted rate in the province of Alberta.

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Continuing operations	\$ (744)	\$ (1,697)	\$ (832)	\$ (1,343)
Discontinued operations	(27)	(21)	12	(33)
Total future income taxes (recovery)	\$ (771)	\$ (1,718)	\$ (820)	\$ (1,376)

Future income taxes (recovery) consist of the following:

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Tax (recovery) expense based on expected rate	\$ (90)	\$ 233	\$ (139)	\$ 201
Adjustment to future income tax liabilities	(601)	(188)	(601)	(26)
Adjustment for change in effective tax rate	(80)	(1,763)	(80)	(1,551)
Future income taxes (recovery)	\$ (771)	\$ (1,718)	\$ (820)	\$ (1,376)

The future income tax asset (liability) is calculated as follows:

As at	June 30, 2005	December 31, 2004
Tax assets related to operating losses	\$ 1,055	\$ 1,034
Tax liabilities related to differences in tax and book basis	311	(487)
Future income tax asset (liability)	<u>\$ 1,366</u>	<u>\$ 547</u>

10. COMMITMENTS AND CONTINGENCIES

At June 30, 2005, the Trust had long-term supply arrangements with two electrical utility companies to supply the Trust with its electrical power needs for Alberta for the next six to eighteen months at a blended rate of approximately \$0.066/kwh. These agreements provide that the Trust purchase its power for all Alberta properties under contract for the upcoming months.

The Trust also has a physical settlement fixed-price supply contract for Alberta natural gas requirements. This contract fixes the price of natural gas for 37.5% of the Trust's requirements in Alberta. The contract is for physical settlement, runs from October 1, 2003 to September 30, 2005, and provides the commodity at a price of \$6.16/GJ.

In Saskatchewan, the Trust has a physical supply agreement to supply 100% of the Trust's natural gas requirements for that province. The agreement extends until October 31, 2005 at a fixed price of \$5.20/GJ.

In Eastern Canada, Boardwalk REIT has procured approximately 37% of its gas usage requirements under a physical fixed-price supply contract until August 2005, priced near \$6.00/GJ.

While the above utility contracts for both electrical power and natural gas reduce the risk of exposure to adverse changes in commodity prices, they also reduce the potential benefits of favourable changes in commodity prices. For accounting purposes, all settlements are recorded as utility expense in the period the settlement occurs.

Beginning in November 2003, the Alberta government implemented a natural gas rebate program covering the winter usage months of November through March. This program will be in effect for a remaining nine-month term ending March 31, 2006. The rebate program becomes active when the natural gas consumer price exceeds \$5.50/GJ for any individual winter usage month. For January to March 2005, Boardwalk REIT was eligible for rebates totalling approximately \$0.6 million. For January to March 2004, Boardwalk REIT's predecessor was eligible for rebates totalling approximately \$0.8 million.

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust. 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 that the outcome of legal and other claims filed against the Trust or its predecessor will not be material to Boardwalk REIT.

11. GUARANTEES

In the normal course of business, various agreements may be entered that may contain features that meet the AcG-14 definition of a guarantee. AcG-14 defines a guarantee to be a contract (including an indemnity) that contingently requires an entity to make payments to the guaranteed party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty, (ii) failure of another party to perform under an obligating agreement or (iii) failure of a third party to pay its indebtedness when due.

In connection with the sales of properties, a mortgage assumed by the purchaser will have an indirect guarantee provided to the lender until the mortgage is refinanced by the purchaser. In the event of default by the purchaser, the seller would be liable for the outstanding mortgage balance. Boardwalk REIT's maximum exposure at June 30, 2005 is approximately \$5.8 million. In the event of default, Boardwalk REIT's recourse for recovery includes the sale of the respective building asset. Boardwalk REIT expects that the proceeds from the sale of the building asset will cover, and in most likelihood exceed, the maximum potential liability associated with the amount being guaranteed. Therefore, at June 30, 2005, no amounts have been recorded in the consolidated financial statements with respect to the above noted indirect guarantees.

Boardwalk REIT specializes in multi-family residential housing and operates primarily within one business segment in four provinces located in Canada. The following summary presents segmented financial information for Boardwalk REIT's business by geographic location. The comparative figures represent the activities of Boardwalk Equities Inc.

	3 months ended June 30, 2005	3 months ended June 30, 2004	6 months ended June 30, 2005	6 months ended June 30, 2004
Alberta				
Revenue	\$ 39,116	\$ 37,472	\$ 77,805	\$ 75,244
Expenses				
Operating	5,314	4,249	9,970	9,078
Utilities	4,914	4,853	10,555	10,876
Utility rebates	9	–	(627)	(812)
Property taxes	3,301	2,720	6,552	5,396
	13,538	11,822	26,450	24,538
Net operating income	\$ 25,578	\$ 25,650	\$ 51,356	\$ 50,706
Saskatchewan				
Revenue	\$ 8,531	\$ 8,482	\$ 17,082	\$ 17,110
Expenses				
Operating	1,319	1,167	2,476	2,241
Utilities	826	1,271	2,432	2,787
Property taxes	1,276	1,118	2,502	2,235
	3,421	3,556	7,410	7,263
Net operating income	\$ 5,110	\$ 4,926	\$ 9,672	\$ 9,847
Ontario				
Revenue	\$ 9,206	\$ 8,891	\$ 18,455	\$ 17,865
Expenses				
Operating	1,230	1,073	2,549	2,156
Utilities	1,431	1,719	3,457	3,408
Property taxes	1,649	1,445	3,326	2,947
	4,310	4,237	9,332	8,511
Net operating income	\$ 4,896	\$ 4,654	\$ 9,123	\$ 9,354
British Columbia				
Revenue	\$ 1,483	\$ –	\$ 2,415	\$ –
Expenses				
Operating	283	–	298	–
Utilities	106	–	213	–
Property taxes	66	–	88	–
	455	–	599	–
Net operating income	\$ 1,028	\$ –	\$ 1,816	\$ –
Quebec				
Revenue	\$ 16,063	\$ 14,620	\$ 31,731	\$ 28,459
Expenses				
Operating	1,737	1,430	3,471	2,875
Utilities	1,673	1,580	4,279	4,211
Property taxes	1,764	1,474	3,497	2,893
	5,174	4,484	11,247	9,979
Net operating income	\$ 10,889	\$ 10,136	\$ 20,484	\$ 18,480
Total				
Net operating income	\$ 47,501	\$ 45,366	\$ 92,450	\$ 88,387
Unallocated revenue*	10,255	575	10,965	1,187
Unallocated expenses**	(54,827)	(43,526)	(102,517)	(88,386)
Net earnings for the period	\$ 2,929	\$ 2,415	\$ 898	\$ 1,188

As at	June 30, 2005	December 31, 2004
Alberta		
Identifiable assets		
Revenue producing properties	\$ 960,503	\$ 939,735
Mortgages and accounts receivable	969	297
Deferred financing costs	26,045	24,392
Tenants' security deposit	5,432	5,243
	<u>\$ 992,949</u>	<u>\$ 967,667</u>
Saskatchewan		
Identifiable assets		
Revenue producing properties	\$ 178,812	\$ 181,230
Mortgages and accounts receivable	90	102
Deferred financing costs	4,411	4,467
Tenants' security deposits	1,292	1,216
	<u>\$ 184,605</u>	<u>\$ 187,015</u>
Ontario		
Identifiable assets		
Revenue producing properties	\$ 216,155	\$ 218,740
Mortgages and accounts receivable	179	246
Deferred financing costs	3,578	3,329
	<u>\$ 219,912</u>	<u>\$ 222,315</u>
British Columbia		
Identifiable assets		
Revenue producing properties	\$ 61,670	\$ -
Mortgages and accounts receivable	7	-
Tenants' security deposits	228	-
	<u>\$ 61,905</u>	<u>\$ -</u>
Quebec		
Identifiable assets		
Revenue producing properties	\$ 397,364	\$ 389,866
Mortgages and accounts receivable	4,687	4,465
Deferred financing costs	6,135	5,417
	<u>\$ 408,186</u>	<u>\$ 399,748</u>
Total assets		
Identifiable assets	\$ 1,867,557	\$ 1,778,745
Unallocated assets***	48,647	37,334
	<u>\$ 1,916,204</u>	<u>\$ 1,809,139</u>

* Unallocated revenue includes property sales, interest income, revenue from discontinued operations and other non-rental income.

** Unallocated expenses include cost of property sales, operating expenses from discontinued operations, non-rental operating expenses, administration, financing costs, amortization, income taxes and other provisions.

*** Unallocated assets include discontinued assets, cash, short-term investments and other assets.



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⁽¹⁾ Member of the Audit and
Risk Management Committee

⁽²⁾ Member of the Compensation,
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