



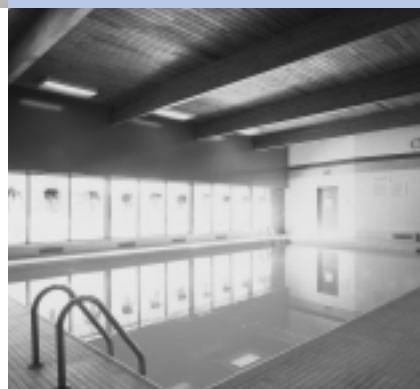
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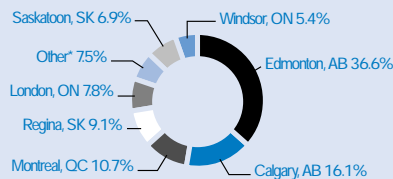
FIRST QUARTER
REPORT 2002



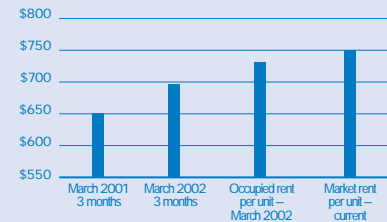
boardwalkvalue



Portfolio Breakdown by City



Rental Revenue Growth



letter to shareholders

We are pleased to report strong financial results for the first quarter of 2002, with our Funds From Operations (“FFO”) per share from rental operations growing by 31.8% over the first quarter of 2001.

Our core rental operations continued to show improving results in the first quarter of the year. The fundamentals for the multi-family rental sector in Canada remain attractive with very limited new supply and record low vacancy rates. Boardwalk’s portfolio is concentrated in markets that continue to have very strong economic indicators. We believe these factors, combined with our recently announced portfolio acquisition in Montreal, will enable us to generate strong internal and external growth in the current year.

Financial and operating highlights of the first quarter of 2002 include

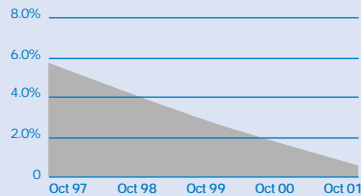
- Rental revenues of \$54.8 million, an increase of 9.6% compared to \$50.0 million for the three-month period ended March 31, 2001.
- Net Operating Income (“NOI”) of \$36.6 million, representing a 13.2% increase from \$32.4 million in the same period last year.
- FFO of \$14.3 million, a decline of 23.0% compared to \$18.5 million for the three-month period ended March 31, 2001. FFO excluding gains of \$14.3 million, an increase of 29.2% compared to \$11.0 million for the three-month period ended March 31, 2001.
- FFO per share of \$0.29 on a diluted basis, compared to \$0.37 for the three-month period ended March 31, 2001. FFO per share from rental operations, which excludes gains on sales, of \$0.29 on a diluted basis, up 31.8% compared to \$0.22 for the three-month period ended March 31, 2001.
- The average vacancy rate across the Company’s portfolio for the first quarter of 2002 was 4.8%, down slightly from 4.9% in the first quarter of last year.
- Average monthly rent realized in the first quarter of 2002 was \$696 per unit, up \$46, or 7.1%, from \$650 per unit for the same period last year.
- Our stabilized properties (defined as properties owned for more than 24 months) continued to demonstrate strong “same-property” performance with rental revenue growth of 7.8% and NOI growth of 8.0% in the first quarter versus the same period last year.

Major portfolio purchase in montreal

Subsequent to quarter-end, the Company closed on the acquisition of 3,100 units located on Nuns’ Island, located immediately south of downtown Montreal, Quebec. The acquisition represented Boardwalk’s initial entry into the Montreal market and closed effective May 1, 2002.

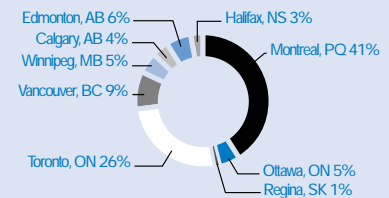
The acquisition cost of \$180.2 million, including property transfer charges, was funded by a combination of cash on hand and available acquisition facilities together with the assumption of \$110 million of existing first and second mortgage financing with a weighted average interest rate of 9.32%. The purchase price equates to approximately \$58,000 per unit and under \$59 per net rentable square foot.

Apartment Vacancy Rate – Montreal



Source: CMHC

Canadian Apartment Universe Major Markets



Source: Moody's, Assessment of Canadian Property Markets, May 2001

The acquisition of the properties was by way of an existing ground lease which expires in 2064. The portfolio consists of a total of 59 apartment buildings and 260 townhouse units, all clustered within an 80-acre land parcel on Nuns' Island. The portfolio includes high-rise, mid-rise and townhouse style rental buildings, with a total of 3.1 million rentable square feet, with an average unit size of approximately 1,000 square feet.

We had been investigating the Montreal market for the right opportunity over the past several years, and are very pleased to have been able to conclude the purchase of such a prime portfolio. Nuns' Island is a very attractive location and is literally minutes away from Montreal's downtown core. Nuns' Island is noted for its natural setting and amenities, including parks and bike trails, and is an extremely popular location for people attracted to the lifestyle aspects of living on the island, yet still being in very close proximity to the downtown.

Montreal is the largest rental market in the country, with more than 460,000 rental units, and the city has experienced a significant decline in its vacancy rate during the past few years. The vacancy rate in the city has fallen to 0.6%, which is the second lowest in the country.

We anticipate that, based on the existing financing in place on the properties, the acquisition will add in excess of \$0.14 to FFO per share on an annualized basis.

Summary and outlook

Boardwalk remains well positioned to show a strong improvement in results in the current year, driven by both internal and external growth. We continue to demonstrate strong same-property performance with our core markets continuing to be very robust. Our recently completed acquisition of the 3,100-unit portfolio on Nuns' Island just south of the downtown core in Montreal will also make a strong contribution to improved results.

We also continue to be optimistic of the Company's longer-term growth prospects. The recent completion of the portfolio purchase in Montreal represents our initial entry into the largest multi-family market in the country. We will look at continuing to identify opportunities to increase our presence in that market over time as part of our strategy of continuing to broaden and diversify our operations into a truly national platform.

We would like to thank you for your continued support and look forward to continuing to work towards building value for all our stakeholders.

Respectfully,

Sam Kolia
President and Chief Executive Officer

Mike Hough
Senior Vice President

management's discussion & analysis

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 the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

management's discussion and analysis

The following should also be read in conjunction with the Management's Discussion and Analysis included in the Company's December 31, 2001, financial statements and the notes thereto.

REVIEW OF OPERATIONS

The first quarter of fiscal 2002 reported continued strong rental results. The Company reported FFO of \$0.29, down from the \$0.37 reported for the three months ended March 31, 2001. The decrease is the result of there being no comparative disposition of property in the first quarter of 2002. Eliminating the reported sale we note that overall FFO on a pure rental basis increased 31% to \$0.29 from the \$0.22 reported in the prior period. The increase in rental FFO is largely attributable to both increasing rental revenues and the gas rebate received from ATCO Gas relating to the sale of its Viking-Kinsella producing assets in Northern Alberta.

Boardwalk continues to have a diversified portfolio located in 13 different cities, and as such does not rely heavily on one specific municipal location. The majority of Boardwalk's units 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)

	3 months ended March 31, 2002	3 months ended March 31, 2001	Change
Rental revenue	(UNAUDITED) \$ 54,762	(UNAUDITED) \$ 49,970	10%
Expenses			
Operating expenses	\$ 5,869	\$ 5,967	(2%)
Utilities	10,296	10,092	2%
Utilities rebate	(3,236)	(3,265)	(1%)
Property taxes	5,206	4,810	(8%)
	\$ 18,135	\$ 17,604	(3%)
Average rent per month	\$ 696	\$ 650	7%
Occupied rental levels	\$ 731		
Estimated market rent levels	\$ 751		
Estimated loss-to-lease (annualized)	\$ 5,673		

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. The amount reported as interest income represents less than 1% of total rental revenue and as such, has not been reported separately. All amounts reported on a per unit basis exclude interest income.

Overall, Boardwalk's rental revenues have increased by 10% for the three months ended March 31, 2002, versus the comparative periods. The increase is mainly the result of internal growth augmented with continued external growth through acquisitions.

Boardwalk's estimated reported loss-to-lease, representing the difference between the estimated market rents and those occupied rents at March 31, 2002, totalled \$5.7 million on an annualized basis. Over the past few quarters the Corporation has been closing the gap between its existing rental and those reported market rents. The reader is cautioned that market rents can be very seasonal and as such will vary by quarter. The significance of this change could materially impact the amount above reported as "estimated loss-to-lease". The significance of this estimate is that it can be an indicator of future rental performance assuming consistent economic conditions.

Portfolio occupancy performance

In the first quarter of fiscal 2002, the Company vacancy rate declined slightly to 4.79% as compared to 4.85% for the three months ended March 31, 2001. Although on a city-by-city basis the vacancy rates are fairly consistent there was a noted decrease in the

London vacancy rate mainly the result of the continued stabilization of this portfolio. The increase in the vacancy rate in Other Alberta is the result of increased turnover in these projects.

	Vacancy rates					Total
	Q1 2002	Q1 2001	Q2 2001	Q3 2001	Q4 2001	
Calgary	6.20%	5.23%	4.58%	3.65%	3.36%	4.37%
Edmonton	3.47%	3.94%	5.20%	5.00%	4.02%	4.44%
Kitchener	2.84%	2.74%	2.63%	2.63%	2.13%	2.56%
London	4.79%	9.33%	7.85%	4.87%	4.20%	6.88%
Other Alberta	7.74%	3.54%	5.59%	4.75%	5.71%	4.79%
Regina	5.50%	6.09%	9.26%	4.56%	3.10%	6.00%
Saskatoon	5.14%	5.02%	11.48%	5.40%	3.67%	6.36%
Windsor	5.05%	4.02%	5.01%	4.36%	4.17%	4.43%
Grand total	4.79%	4.85%	6.17%	4.63%	3.89%	4.93%

Expenses

Operating expenses are made up of costs directly associated with the operations of the rental portfolio. Overall, operating expenses have increased by 3% as compared to those reported in the comparative period. The increase was mainly the result of increased property taxes and utilities somewhat offset by a decrease in repairs and maintenance.

Viking-Kinsella rebate

As of March 2, 2002, ATCO Gas, the transporters of all natural gas in Alberta, distributed a non-recurring rebate to its Northern Alberta customers. The Alberta Energy and Utility Board instructed ATCO to rebate a portion of the sale proceeds of the Viking-Kinsella producing assets to ATCO North customers in the form of a one time rebate. The rebate was distributed to all ATCO North customers, based on historical usage, at a rate of \$3.325/GJ. The comparative period reported rebate relates to Alberta provincial gas and electrical rebates that expired on April 30, 2001, and December 31, 2001, respectively.

Same-property results

Boardwalk continued to show solid improvement in its stabilized properties (defined as properties owned for more than 24 months). A total of 24,216 units were classified as stabilized at March 31, 2002, representing 93% of Boardwalk's total portfolio. The following compares the "same-property" results for the three months ended March 31, 2002, to the comparable period in the 2001 fiscal period.

3 MONTHS ENDED MARCH 31, 2002	Rental expenses					% of stabilized NOI
	Rental revenues	Utilities	Other	Total	NOI	
Edmonton	10.2%	27.6%	(6.2%)	5.2%	12.20%	45%
Calgary	8.2%	128.2%	0.6%	44.7%	(2.30%)	25%
Other Alberta	(1.1%)	54.4%	(7.6%)	7.7%	(3.80%)	7%
Ontario	7.6%	(24.2%)	5.4%	(9.1%)	29.10%	11%
Saskatchewan	4.8%	(1.0%)	2.1%	0.9%	7.80%	12%
Total stabilized	7.8%	20.7%	(1.2%)	7.3%	8.04%	100%

Boardwalk's stabilized portfolio continues to report strong results, with "same property" revenue growth of 7% and 8% NOI growth. Edmonton's stabilized portfolio continued to demonstrate strength, the result of a maturing portfolio and strong market fundamentals, while the significant increase in Calgary's rental expenses were the result of the high contracted gas prices reported during this period. This above-market natural gas contract expired on April 30, 2002. Unlike Boardwalk's stabilized Edmonton portfolio, Calgary did not receive a portion of the refund from the sale of the Viking-Kinsella producing assets.

Administration

Boardwalk's administrative expenses increased by approximately \$500,000 or 13%. The increase was the combined result of an increasing real estate portfolio wage inflation and the initiation of the executive compensation plan which, effective January 1, 2002,

management's discussion & analysis

consisted of a cash component. As well, Boardwalk is currently experiencing an increase in administrative wages. These factors are expected to result in some upward pressure on administrative expenses in the upcoming quarters.

Financing costs

Overall, financing costs have increased 4% to \$17.3 million from \$16.7 million for the comparable three-month period ended March 31, 2001. The increase is the result of an increased level of leverage for the Company as a whole, offset somewhat by lower market interest rates.

Amortization

Overall, amortization reported for the three-month period has decreased slightly from the comparative period. The decrease is mainly the result of an adjustment to the estimates of the existing non building assets. The change in estimate was treated prospectively.

Financial position and liquidity

Total assets at March 31, 2001, were \$1.52 billion as compared to \$1.49 billion at December 31, 2001. During the current quarter the Corporation increased its cash reserves by an additional \$30 million through the combined effects of operational cash flow, increasing the leverage on maturing mortgages and the release of specific mortgage holdbacks. These cash reserves were being accumulated to assist in the closing of the announced property acquisitions which closed at the end of April 2002. More detail on this will be provided on this transaction in the Subsequent Events section of the MD&A.

Acquisition and disposition activity

During the first quarter of fiscal 2002, the Corporation acquired for cash one 60-unit complex for a purchase price of \$2.8 million, or \$47,000 per unit. There were no dispositions of properties during the current period.

Liquidity and capital resources

The Company's financial position continues to be strong. With the overall mortgage level reported at 82% of depreciated book value and with the portfolio more than 95% CMHC insured, we have the ability to obtain additional capital through leverage. The Company also has cash and available credit facilities in excess of \$65 million as at March 31, 2002, with additional mortgage capital released subsequent to the end of the quarter to increase the overall liquidity to approximately \$75 million. The weighted average interest rate on the Company's mortgages was 6.04% as at March 31, 2002. For the current period Boardwalk's interest coverage ratio was 1.86 times. This compares to the coverage ratio of 1.71, excluding gains on property sales for the three months ended March 31, 2001. The increase is the combined result of overall increased internal performance and a lower overall weighted average interest rate.

Mortgage schedule

(CDN\$ THOUSANDS)

Maturity year	Balance	Interest rate	% of
	March 31, 2002		total
2002	\$ 102,434	5.15%	9.02%
2003	133,968	5.88%	11.80%
2004	98,967	5.86%	8.71%
2005	68,722	6.36%	6.05%
2006	81,036	5.97%	7.14%
2007	69,134	5.96%	6.06%
2008	236,252	6.16%	20.77%
2009	163,320	6.09%	14.33%
2010	62,736	6.89%	5.53%
2011	76,049	6.23%	6.70%
2012	11,393	6.34%	1.00%
Subsequent	33,374	6.44%	2.89%
Grand total	\$ 1,137,385	6.04%	100.00%

Normal course issuer bid

Under the Company's normal course issuer bid, Boardwalk bought back a total of 91,800 common shares in the first quarter of 2002 at an average price of \$11.85. The issuer bid expired in March 2002, and it is the intention of management to renew this bid if it feels that the Corporation's stock is trading significantly below its net asset value.

Commitments

Boardwalk has taken a proactive approach to the management of its utility price risk. The Company has entered into several financial and physical settlement (five in total) fixed-price supply contracts for natural gas. These contracts fix the price of natural gas for 75% of the Company's forecasted requirements in Alberta. Three financial settlement contracts were entered into for October, November and December of 2002, respectively, for 75% of the Company's forecasted requirements in Alberta. The remaining two contracts are for physical settlement, and each represents 37.5% of the Company's forecasted Alberta requirements. The first of these contracts runs from January 1, 2003, to September 30, 2003, and the second contract runs from January 1, 2003, to September 30, 2004. In aggregate these contracts provide the commodity at \$5.43/GJ. The remaining 25% supply will float at spot prices.

The Corporation has an existing supply arrangement with a natural gas retailer to supply the Corporation with 80% of its natural gas requirements 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 Corporation has long-term supply arrangements with two utility companies to supply the Corporation with its electrical power needs for Alberta for the next one to three 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.

SUBSEQUENT EVENTS

Property acquisitions

Subsequent to March 31, 2002, the Corporation has acquired 3,100 units in the city of Montreal for a purchase price of \$180.2 million. The acquisition was financed through cash of \$70.2 million and the assumption of \$110 million of existing first and second mortgage financing with a weighted average interest rate of 9.32%.

Property dispositions

Subsequent to March 31, 2002, the Corporation sold a total of 121 units to unrelated parties for an aggregate purchase price of \$7.9 million. These transactions will result in a \$1.0 million pre-tax gain.

Financial outlook

The first quarter of fiscal 2002 has started out on a very positive note. With the receipt of the Viking gas refund the Corporation was able to offset the above average gas costs it was incurring on its previous gas contract. Rental operations continue to improve as rents continue to increase. The subsequent acquisition of the Montreal portfolio is an accretive acquisition and will have a positive impact on the operating results of 2002.

Market guidance

With the positive events that have occurred in and subsequent to the first quarter we are revising our market guidance upward. Management anticipates FFO, excluding gains, for fiscal 2002 in the range of \$1.20 to \$1.23 per share. In addition we anticipate an additional \$0.02 FFO per share on the sale of properties increasing the total FFO range to \$1.22 to \$1.25 per share.

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 town home rentals, the effects of economic conditions, the impact of competition and competitive pricing, the effects of the Company's accounting policies and other matters detailed in the Company'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 the Company's Annual Report to Shareholders 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 the Company.

Respectfully,



Roberto A. Geremia

Senior Vice President, Finance, and Chief Financial Officer

consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(CDN\$ THOUSANDS)

As at	March 31, 2002	December 31, 2001
	(UNAUDITED)	(AUDITED)
Assets		
Revenue producing properties	\$ 1,382,727	\$ 1,381,541
Properties held for resale	6,763	6,630
Mortgages and accounts receivable	15,228	22,325
Other assets	15,152	14,423
Deferred financing costs	34,484	32,957
Technology	5,599	5,743
Cash and short-term investments	55,750	25,672
	<u>\$ 1,515,703</u>	<u>\$ 1,489,291</u>
Liabilities		
Mortgages payable	\$ 1,137,385	\$ 1,108,406
Accounts payable and accrued liabilities	16,094	19,525
Refundable security deposits and other	10,610	10,418
Capital lease obligations	6,905	7,203
Future income taxes (NOTE 5)	60,200	58,755
	<u>\$ 1,231,194</u>	<u>\$ 1,204,307</u>
Shareholders' equity		
Share capital (NOTE 2)	\$ 258,853	\$ 258,202
Retained earnings	25,656	26,782
	<u>\$ 284,509</u>	<u>\$ 284,984</u>
	<u>\$ 1,515,703</u>	<u>\$ 1,489,291</u>

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Approved by the Board:



Sam Kolia
Director



David V. Richard
Director

CONSOLIDATED STATEMENTS OF EARNINGS

(CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	3 Months ended March 31, 2002	3 Months ended March 31, 2001
	(UNAUDITED)	(UNAUDITED)
Revenue		
Rental income	\$ 54,762	\$ 49,970
Sales – properties held for resale	–	18,009
	<u>\$ 54,762</u>	<u>\$ 67,979</u>
Expenses		
Revenue-producing properties:		
Operating expenses	\$ 5,869	\$ 5,967
Utilities	10,296	10,092
Utility rebate (NOTE 7)	(3,236)	(3,265)
Property taxes	5,206	4,810
Cost of sales – properties held for resale	–	10,525
Administration	4,389	3,883
Financing costs	17,316	16,687
Amortization	10,906	12,454
	<u>\$ 50,746</u>	<u>\$ 61,153</u>
Operating earnings before income taxes	<u>\$ 4,016</u>	<u>6,826</u>
Large corporations taxes	661	754
Income taxes (NOTE 5)	1,421	1,194
Net earnings for the period	<u>\$ 1,934</u>	<u>\$ 4,878</u>
Net earnings per share (NOTE 3)		
Basic	\$ 0.04	\$ 0.10
Diluted	<u>\$ 0.04</u>	<u>\$ 0.10</u>

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(CDN\$ THOUSANDS)

	3 Months ended March 31, 2002	3 Months ended March 31, 2001
	(UNAUDITED)	(UNAUDITED)
Retained earnings, beginning of period	\$ 26,782	\$ 47,788
Net earnings	1,934	4,878
Dividends paid	(2,477)	(2,496)
Premium on share repurchases	(583)	(2)
Retained earnings, end of period	<u>\$ 25,656</u>	<u>\$ 50,168</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

(CDN\$ THOUSANDS)

	3 Months ended March 31, 2002	3 Months ended March 31, 2001
	(UNAUDITED)	(UNAUDITED)
Cash obtained from (applied to):		
Operating activities		
Net earnings	\$ 1,934	\$ 4,878
Income taxes	1,421	1,194
Amortization	10,906	12,454
Funds from operations	\$ 14,261	\$ 18,526
Net change in operating working capital	\$ 3,112	\$ (6,815)
Net change in properties held for resale	(133)	9,694
Total operating cash flows	\$ 17,240	\$ 21,405
Financing activities		
Issue of common shares for cash (net of issue costs)	\$ 1,112	\$ 39
Stock repurchase program	(1,045)	(5)
Dividends paid	(2,477)	(2,496)
Financing of revenue producing properties	85,181	32,638
Repayment of debt on revenue producing properties	(58,202)	(24,754)
Deferred financing costs	(1,815)	(1,063)
	\$ 22,754	\$ 4,359
Investing activities		
Purchases of revenue producing properties (NOTE 4)	\$ (2,826)	\$ (6,738)
Project improvements to revenue producing properties	(6,536)	(15,763)
Technology	(554)	(5,533)
	\$ (9,916)	\$ (28,034)
Increase (decrease) in cash and cash equivalents balance during period	\$ 30,078	\$ (2,270)
Cash and cash equivalents, beginning of period	25,672	21,055
Cash and cash equivalents, end of period	\$ 55,750	\$ 18,785
Funds from operations per share		
Basic	\$ 0.29	\$ 0.37
Diluted	\$ 0.29	\$ 0.37
Taxes paid	\$ 753	\$ 609
Interest paid	\$ 16,797	\$ 16,393

SEE ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

notes to the consolidated financial statements

For the three months ended March 31, 2002

(TABULAR AMOUNTS IN CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with the recommendations of the handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") and with the recommendations of the Canadian Institute of Public and Private Real Estate Companies ("CIPPREC") and are consistent with those used in the audited consolidated financial statements as at and for the year ended December 31, 2001. The interim financial statements should be read in conjunction with the audited financial statements.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("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 months ended March 31, 2002, are not necessarily indicative of the results that may be expected for the full year ended December 31, 2002.

2. SHARE CAPITAL

(a) Issued

	March 31, 2002		December 31, 2001	
	Number	Amount	Number	Amount
Common shares outstanding (THOUSANDS)	49,427	\$ 258,853	49,404	\$ 258,202

(b) Stock options

The Corporation has a stock option plan that provides for the granting to directors, officers and associates of the Corporation options to purchase up to 10,643,636 (December 31, 2001 – 9,136,441) common shares. As at March 31, 2002, there are a total of 4,393,253 (December 31, 2001 – 3,647,834) options outstanding to directors, officers and associates. The exercise prices range from \$9.11 to \$22.92 (December 31, 2001 – \$9.11 to \$22.92). These options expire up to March 14, 2012. All options are issued at market prices.

	March 31, 2002		December 31, 2001	
	3 months options	Weighted-average exercise price	12 months options	Weighted-average exercise price
Outstanding at beginning of period	3,647,834	\$ 12.60	4,399,288	\$ 12.37
Granted	886,922	12.08	205,000	10.48
Exercised	(106,900)	10.14	(371,157)	5.63
Forfeited	(34,603)	14.38	(585,297)	14.55
Outstanding at end of period	4,393,253	\$ 12.53	3,647,834	\$ 12.60

Options exercisable at period end

The following table summarized information about the options outstanding at March 31, 2002:

Range of exercise prices	Options outstanding			Options exercisable		
	Number outstanding	Weighted-average remaining contract life (years)	Weighted-average exercise price	Number exercisable	Weighted-average remaining contract life (years)	Weighted-average exercise price
\$9.01 to \$11.00	844,000	8.0	\$ 9.48	783,000	8.0	\$ 9.48
\$11.01 to \$13.00	2,474,722	6.7	\$ 11.90	1,351,598	6.8	\$ 11.73
\$13.01 to \$15.00	394,431	6.6	\$ 13.98	243,015	6.4	\$ 13.81
\$15.01 to \$17.00	391,400	5.8	\$ 16.07	240,240	4.9	\$ 16.10
\$17.01 to \$19.00	84,700	0.9	\$ 17.93	80,450	0.9	\$ 17.97
\$19.01 to \$21.00	128,000	0.9	\$ 20.12	128,000	0.9	\$ 20.12
\$21.01 to \$23.00	76,000	1.1	\$ 22.53	57,000	1.1	\$ 22.53
	4,393,253	6.5	\$ 12.53	2,883,303	6.4	\$ 12.42

The Company accounts for its stock-based compensation plans using the intrinsic-value method whereby no costs have been recognized in the financial statement for share options granted to employees and directors. As now required by Canadian GAAP; the impact on compensation costs of using the fair value method, whereby compensation costs had been recorded in net earnings, must be disclosed. If the fair value method had been used, the Company's net earnings and net earnings per share would approximate the following pro forma amounts:

(CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	March 31, 2002
Compensation costs	\$ 318
Net earnings	
As reported	\$ 1,934
Pro forma	\$ 1,616
Net earnings per common share	
Basic	
As reported	\$ 0.04
Pro forma	\$ 0.03
Diluted	
As reported	\$ 0.04
Pro forma	\$ 0.03

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

Risk free interest rate	5.83%
Expected lives (years)	7-10
Expected volatility	42.64%
Dividend per share	\$ 0.05

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3. PER SHARE CALCULATIONS

The following table sets forth the computation of basic and diluted earnings per share with respect to earnings.

(CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	3 months March 31, 2002	3 months March 31, 2001
Numerator		
Net earnings for the period	\$ 1,934	\$ 4,878
Funds from operations	\$ 14,261	\$ 18,526
Denominator		
Denominator for basic earnings per share – weighted average shares	49,370	49,908
Effect of dilutive securities		
Stock options	305	272
Denominator for diluted earnings per share adjusted for weighted average shares and assumed conversion	49,675	50,180
Basic earnings per share	\$ 0.04	\$ 0.10
Diluted earnings per share	\$ 0.04	\$ 0.10
Basic FFO per share	\$ 0.29	\$ 0.37
Diluted FFO per share	\$ 0.29	\$ 0.37

4. PURCHASES OF REVENUE PRODUCING PROPERTIES

	3 months March 31, 2002	3 months March 31, 2001
Cash	\$ 2,826	\$ 6,738
Debt assumed	–	14,047
Shares issued	–	7,116
Total purchase price	\$ 2,826	\$ 27,901
Number of units	60	711

5. FUTURE INCOME TAXES

The recovery of income taxes is computed as follows:

	3 months March 31, 2002	3 months March 31, 2001
Tax expense based on expected rate of 36% (2001 – 40%)	\$ 1,421	\$ 2,704
Non-taxable portion of capital gains and other	–	(1,510)
Income tax expense	\$ 1,421	\$ 1,194

The future income tax liability is calculated as follows:

As at	March 31, 2002	December 31, 2001
Tax assets related to operating losses	\$ 54,304	\$ 52,991
Tax liabilities related to differences in tax and book basis	(114,504)	(111,746)
Future income tax liability	\$ (60,200)	\$ (58,755)

6. COMMITMENTS

The Corporation has entered into several financial and physical settlement (five in total) fixed-price supply contracts for natural gas. These contracts fix the price of natural gas for 75% of the Corporation's requirements in Alberta. Three financial settlement contracts were entered into for October, November and December of 2002, respectively, for 75% of the Corporation's requirements in Alberta. The remaining two contracts are for physical settlement, and each represents 37.5% of the Corporation's Alberta requirements. The first of these contracts runs from January 1, 2003, to September 30, 2003, and the second contract runs from January 1, 2003, to September 30, 2004. In aggregate these contracts provide the commodity at \$5.43/GJ. The remaining 25% supply will float at spot prices.

The Corporation has long-term supply arrangements with two utility companies to supply the Corporation with its electrical power needs for Alberta for the next one to three 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.

7. UTILITY REBATE

As of March 2, 2002, ATCO Gas, the transporter of all natural gas in Alberta, distributed a non-recurring rebate. The Alberta Energy and Utility Board instructed ATCO to rebate a portion of the sale proceeds of the Viking-Kinsella producing assets to ATCO North customers in the form of a one time rebate. The rebate was distributed to all ATCO North customers, based on historical usage, at a rate of \$3.325/GJ.

For the period ended March 31, 2001, the Alberta Government introduced two separate rebate programs to assist corporations with the increase in energy prices in 2001. The natural gas rebate program expired in April 2001 (resulting in a disproportionate share of this rebate in the first quarter of 2001) and the electrical rebate program expired on December 31, 2001. Due to the current electricity pricing environment, there was not an extension of this program in 2002.

8. SUBSEQUENT EVENTS

Property acquisitions

Subsequent to March 31, 2002, the Corporation has acquired 3,100 units in the city of Montreal for a purchase price of \$180.2 million. The acquisition was financed through cash of \$70.2 million and the assumption of \$110 million of existing first and second mortgage financing with a weighted average interest rate of 9.32%. The Corporation anticipates recording additional costs of approximately \$15.0 million to reflect the fair value and subsequent refinancing of mortgages assumed on this transaction, bringing the total acquisition cost for accounting purposes to approximately \$195.2 million.

Property dispositions

Subsequent to March 31, 2002, the Corporation sold a total of 121 units to unrelated parties for an aggregate purchase price of \$7.9 million. These transactions will result in a \$1.0 million pre-tax gain.

corporate information

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