Q1 2010


Centre Pointe West, Calgary AB

TSX: **BEI.UN**

BOARDWALK RENTAL COMMUNITIES

CORPORATE PROFILE

Boardwalk Real Estate Investment Trust ("Boardwalk REIT," "Boardwalk," or "the Trust") is Canada's largest owner / operator of multi-family rental communities. Boardwalk REIT owns and operates in excess of 230 properties with 36,098 rental units totaling approximately 31 million net rentable square feet (as of March 31, 2010). The Trust's portfolio is concentrated in the provinces of British Columbia, Alberta, 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 enterprise value at March 31, 2010 was $4.35 billion. Boardwalk was incorporated as Boardwalk Equities Inc. (the "Corporation") in 1994. On May 3, 2004, the Corporation announced the successful completion of its reorganization to Boardwalk Real Estate Investment Trust. The Trust's principal objectives are to provide its Unitholders with stable and growing cash flow distributions and to increase the value of its Trust Units through the effective management of its residential, multi-family, revenue-producing properties and the acquisition of additional properties.

LETTER TO UNITHOLDERS

We are pleased to report on a solid first quarter of 2010 for Boardwalk Real Estate Investment Trust ("Boardwalk", "Boardwalk REIT", or the "Trust"). Funds from Operations (FFO) and FFO per Unit decreased approximately 4.8% and 3.5%, respectively, over the same quarter last year. Distributable Income (DI) and DI per Unit decreased approximately 4.8% and 3.4%, respectively, year-over-year. FFO and DI are non-GAAP measures; the reconciliation of FFO and DI to Net Earnings and Total Operating Cash Flows, respectively, can be found in the Management's Discussion and Analysis (MD&A) for the first quarter ended March 31, 2010, under the section titled, "Performance Measures".

The first quarter of 2010 produced steady results for the Trust. We continued to see improvement, as overall occupancy for our portfolio was higher both quarter-over-quarter and year-over-year for the first three months of 2010. Calgary and Edmonton, two of our largest markets, both saw occupancy increases compared to the same period last year. While occupancy in our Saskatchewan market increased year-over-year, it was lower compared to the last three months of 2009. Our Ontario and Quebec portfolios also saw occupancy gains for the first quarter of 2010, compared to the same period in the prior year. With increased occupancy and improving market conditions resulting in stable revenue for the Trust, we are moving away from incentives, especially in our Alberta market. Mark-to-market remained negative for the first quarter, a result of lower market rents, and occupied rents are expected to adjust downward gradually over the remainder of fiscal 2010. Saskatchewan continued to see the greatest revenue growth, increasing 9.0% compared to the same three months in 2009.

WITH YOU EVERY STEP OF THE WAY

Highlights of the Trust's First Quarter 2010 Financial Results

$ million, except per unit amounts	**Three Months March 2010**	Three Months March 2009	% Change
Rental Revenue	**$ 105.0**	$ 106.0	-1.0%
Net Operating Income (NOI)	**$ 63.1**	$ 64.2	-1.8%
Funds From Operations (FFO)	**$ 29.0**	$ 30.5	-4.8%
Adjusted Funds From Operations (AFFO)	**$ 24.9**	$ 26.3	-5.3%
FFO Per Unit	**$ 0.55**	$ 0.57	-3.5%
AFFO Per Unit	**$ 0.47**	$ 0.49	-4.1%
Distributable Income (DI)	**$ 29.3**	$ 30.8	-4.8%
DI Per Unit	**$ 0.56**	$ 0.58	-3.4%
Distributions Declared	**$ 23.7**	$ 24.0	
Distributions Declared Per Unit *(2010 Target $1.80 Per Unit on an annualized basis)*	**$ 0.45**	$ 0.45	
Payout as a % AFFO	**95.2%**	91.0%	
Payout as a % DI	**81.1%**	77.9%	

For further detail, please refer to pages 11 & 12 of the MD&A.

Portfolio Highlights for the First Quarter 2010

	March 2010	December 2009	March 2009
Average Occupancy (3 Months)	**96.85%**	96.63%	94.66%
Average Monthly Rent (3 Months)	**$ 973**	$ 981	$ 979
Average Market Rent (Period Ended)	**$ 988**	$ 998	$ 1,023
Average Occupied Rent (Period Ended)	**$ 1,002**	$ 1,013	$ 1,030
Loss-to-Lease (Period Ended) ($ million)	**$ (6.0)**	$ (6.4)	$ (3.1)
Loss-to-Lease Per Trust Unit (Period Ended)	**$ (0.11)**	$ (0.12)	$ (0.06)
Cash & Cash Equivalents (Period Ended) ($ million)	**$ 168.1**	$ 190.3	$ 123.2
Debt-to-GBV ("Gross Book Value") (Period Ended)	**60.9%**	61.1%	60.6%
Operating Margin (3 Months)	**60.1%**	62.7%	60.6%

Same Property Results	**% Change Year-Over-Year 3 Months March 2010**
Rental Revenue	**-0.7%**
Operating Costs	**1.1%**
Net Operating Income (NOI)	**-1.9%**

For further detail, please refer to pages 15-18 of the MD&A.

Sequential Revenue Analysis

Stabilized Revenue Growth	# of Units	Q1 2010 vs. Q4 2009	Q4 2009 vs. Q3 2009	Q3 2009 vs. Q2 2009	Q2 2009 vs. Q1 2009
Calgary	4,937	-3.1%	-0.9%	-1.2%	-0.7%
Edmonton	12,425	-1.2%	0.1%	-0.4%	-1.2%
Other Alberta	2,203	-1.9%	-1.7%	-3.4%	-1.6%
British Columbia	954	1.4%	2.2%	0.1%	-0.2%
Ontario	4,265	0.0%	2.1%	-0.2%	0.0%
Quebec	6,088	0.4%	1.4%	0.4%	0.7%
Saskatchewan	4,660	1.1%	2.0%	2.4%	3.2%
	35,532	-0.8%	0.5%	-0.2%	-0.2%

On a sequential basis, stabilized revenues decreased 0.8% from Q4 2009 to Q1 2010, increased 0.5% from Q3 2009 to Q4 2009, decreased 0.2% from Q2 2009 to Q3 2009, and decreased 0.2% from Q1 2009 to Q2 2009.

For further detail, please refer to page 17 of the MD&A.

Rental Market Fundamentals From Across Canada:

UNEMPLOYMENT, MIGRATION AND WAGES

Market Fundamentals	BC		Alberta		Saskatchewan		Ontario		Quebec	
	April 2010	April 2009	**April 2010**	April 2009	**April 2010**	April 2009	**April 2010**	April 2009	**April 2010**	April 2009
Unemployment Rate	**7.3%**	7.4%	**7.4%**	6.0%	**5.2%**	5.0%	**8.8%**	8.7%	**7.9%**	8.4%
	Q4 2009	Q4 2008	**Q4 2009**	Q4 2008	**Q4 2009**	Q4 2008	**Q4 2009**	Q4 2008	**Q4 2009**	Q4 2008
Net Interprovincial Migration	**2,306**	1,453	**-2,780**	6,198	**762**	949	**-712**	-6,517	**267**	-2,139
Net International Migration	**9,027**	10,083	**3,295**	8,462	**1,367**	1,557	**5,406**	5,337	**6,278**	6,359
Total Net Migration	**11,333**	11,536	**515**	14,660	**2,129**	2,506	**4,694**	-1,180	**6,545**	4,220
	Feb 2009 to Feb 2010	Feb 2008 to Feb 2009	**Feb 2009 to Feb 2010**	Feb 2008 to Feb 2009	**Feb 2009 to Feb 2010**	Feb 2008 to Feb 2009	**Feb 2009 to Feb 2010**	Feb 2008 to Feb 2009	**Feb 2009 to Feb 2010**	Feb 2008 to Feb 2009
Average Weekly Wages Growth	**2.7%**	-0.5%	**2.5%**	5.4%	**3.4%**	3.5%	**3.4%**	1.1%	**2.7%**	2.2%

Source: Statistics Canada

WESTERN CANADA:

Overall, economic fundamentals in the West continued to show improvement in the first three months of 2010. In the month of April, Saskatchewan again had the lowest unemployment rate out of the provinces, at 5.2%. Although Alberta was the only province to see an employment decline since July 2009, losing 3,000 jobs in March, employment in the province rose by 10,000 in April, pushing the unemployment rate down to 7.4%. BC had an unemployment rate of 7.3% for the same month, with employment gains of 13,000. Employment growth for all three provinces is expected to be positive in 2010, a positive indicator for the rental market. According to the most recent numbers, Saskatchewan and BC saw gains from interprovincial migration, while Alberta posted interprovincial losses for the second consecutive quarter. BC had the largest gains in international and interprovincial migration out of all the provinces, with more than half its interprovincial gains from Alberta. Despite losses in interprovincial migration, Alberta still saw gains from international migration, along with BC and Saskatchewan, contributing to rental demand. The western provinces saw positive wage growth on a year-over-year basis, and are expected to see healthy GDP growth this year, with BC forecasted to have the highest GDP growth out of all the provinces, at 3.7%. In Alberta, oil sands investment is currently estimated at $142 billion, and is expected to rise 10% in 2010, but remain well below the peak levels seen in 2008.

The moderate pace will allow for more sustainable long-term growth in the province. As a result of reduced demand for natural gas combined with increased supply, drilling is expected to recover only slightly in 2010, while prices will remain fairly low.

EASTERN CANADA:

Ontario and Quebec are also showing signs of recovery, with employment and GDP growth expected to increase in 2010. Unemployment in Ontario for April 2010 remained unchanged at 8.8%, and with an employment gain of 41,000, employment in the province has been on the rise since May 2009. Following little employment change between October 2009 and March 2010, the manufacturing industry saw a loss of 21,000 jobs in April. In Quebec, unemployment was down slightly, at 7.9% for April, compared to 8.0% the previous month, and employment increased by 35,000. Both Ontario and Quebec continue to see gains from international migration. Quebec saw its first gains from interprovincial migration since 1988, and Ontario saw its lowest interprovincial losses for the quarter since 2001.

MLS Housing Prices

British Columbia	**Vancouver CMA**		**Victoria CMA**	
	March 2010	March 2009	**March 2010**	Mar 2009
Average Single Family	**na**	na	**$ 633,938**	$ 534,689
Average Condo	**na**	na	**$ 336,779**	$ 295,624
Average Overall	**$ 584,435**	$ 485,845	**na**	na
Alberta	**Calgary CMA**		**Edmonton CMA**	
	March 2010	March 2009	**March 2010**	Mar 2009
Average Single Family	**$ 471,269**	$ 420,354	**$ 388,473**	$ 349,716
Average Condo	**$ 296,660**	$ 284,056	**$ 252,416**	$ 230,469
Saskatchewan	**Saskatoon CMA**		**Regina CMA**	
	March 2010	March 2009	**March 2010**	Mar 2009
Average Overall	**$ 282,615**	$ 266,620	**$ 250,826**	$ 246,718
Ontario	**London CMA**		**Windsor CMA**	
	March 2010	March 2009	**March 2010**	Mar 2009
Average Single Family	**$ 242,557**	$ 215,343	**na**	na
Average Condo	**$ 172,214**	$ 147,282	**na**	na
Average Overall	**na**	na	**$ 150,632**	$ 147,695
Quebec	**Montreal CMA**			
	March 2010	March 2009		
Average Overall*	**$ 280,574**	$ 254,502		

Internally generated, NA = Data not available, * Internally calculated based on volume of sales and total sales as provided by the Greater Montreal Real Estate Board. Source: Association of Regina REALTORS®, Calgary Real Estate Board, Canada Mortgage and Housing Corporation, Canadian Real Estate Association, Edmonton Real Estate Board, Greater Montreal Real Estate Board, London and St. Thomas Association of REALTORS®, Real Estate Board of Greater Vancouver, Saskatoon Region Association of REALTORS®, Victoria Real Estate Board, Windsor-Essex County Real Estate Board

WESTERN CANADA:

The housing market in Western Canada continues to stabilize, with more balance between supply and demand. As of March 2010, resale prices continued to be higher year-over-year, while sales and listings were on the rise, as people took advantage of opportunities to buy or sell before mortgage rates increase. Housing starts are expected to rise in 2010, contributing to supply. In Calgary, single-family and condominium prices for March were up 12% and 4%, respectively, year-over-year. Edmonton also saw price increases in March, with single-family and condominium prices increasing 11% and 10%, respectively, year-over-year. Sales and listings for both cities were up for the month of March compared to the same time last year. Home prices in Saskatchewan saw a more moderate increase for March, with the average residential sale price in Saskatoon rising 6%, and the average residential sale price for Regina increasing 2%, year-over-year. In Regina, new listings helped balance out reduced inventory levels.

Housing prices remain strong in BC, with the average residential sale price in Vancouver rising 20% in March, compared to the same time last year. In Victoria, single-family and condominium prices rose 19% and 14% year-over-year, respectively, in March. While sales increased year-over-year, inventory was slightly lower, but up from the previous month. As interest rates and home prices increase, renting will become a more affordable option.

EASTERN CANADA

Eastern Canada housing markets are also performing well, compared to the same time last year. In London, single-family and condominium prices were up 13% and 17% for the month of March, and Windsor's average residential sale price was up 2% year-over-year for the same period. Sales in Windsor were up compared to the same time last year, while listings in March were lower year-over-year, but up from the previous month. In Montreal, residential sales for March were up 38% year-over-year, and the average overall price increased 10% in the same period. Single-family and condominium sales increased 21% and 17%, respectively.

Dispositions

As of May 17, 2010, the Trust's dispositions were as follow:

Building Name	City	Type	# Units	Price	Cap Rate	$/unit	$/sq ft	Date Closed
Habitat du Lac Leamy	Gatineau, QC	High Rise	321	$ 19,350,000	6.89%	$ 60,280	$95	March 16, 2010
Heritage Gardens	Calgary, AB	Mid Rise	95	$ 13,585,000	6.20%	$143,000	$211	April 23, 2010
Les Jardins Bourassa	Montreal, QC	Mid Rise	178	$ 8,925,000	6.36%	$ 50,140	$104	April 30, 2010
Total			594	$ 41,860,000	6.56%	$ 70,471	$118	

For further detail, please refer to page 20 of the MD&A.

Unit Buyback

In August 2009, Boardwalk successfully renewed its Normal Course Issuer Bid, which allows Boardwalk to purchase up to 3,932,211 Trust Units, representing 10% of its public float of Trust Units, through the facilities of the Toronto Stock Exchange. The Bid commenced on August 24, 2009 and will terminate on August 23, 2010 or such earlier time as the Bid is complete.

With its significant liquidity position, the Trust continues to look for opportunities to deploy a portion of surplus funds. The Trust continues to view the purchase of its Trust Units on the public market as a good investment; however, it believes that a balanced approach is necessary with respect to its buyback strategy compared to other options for deploying surplus cash. During the first quarter of 2010, no Trust Units were purchased. Cumulatively, since August 17, 2007, the Trust purchased and canceled 3,958,447 Trust Units, representing a total purchase cost of $146.7 million, or an average cost of $37.07 per Trust Unit. The Trust continues to review all available options that management believes will provide the greatest return to our Unitholders.

As at March 31, 2010, Boardwalk REIT had 48,277,704 issued and outstanding Trust Units, plus 4,475,000 Class "B" Units of Boardwalk REIT Limited Partnership exchangeable for Trust Units on a one-for-one basis at the option of the holder. Accordingly, if all of the LP B Units were exchanged for REIT Units, the total issued and outstanding REIT Units would be 52,752,704.

For further detail, please refer to pages 21 & 22 of the MD&A.

Liquidity and Continued Financial Strength

The Trust maintained its solid financial position throughout the first quarter of 2010. Boardwalk REIT's total principal mortgage and debt outstanding was $2.32 billion as of March 31, 2010, as compared to $2.35 billion as of December 31, 2009. As of March 31, 2010, the Trust's total debt had an average term maturity of approximately 3 years with a weighted average interest rate of 4.49% and the debt-to-total enterprise value ratio was 51.1%.

The Trust's current liquidity position remains stable, as the following table highlights:

Cash position March, 2010	$ 168,116,000
Subsequent Committed Additional Financing	$ 56,980,000
	$ 225,096,000
Committed Revolving Credit Facility	$ 198,228,000
Total Available Liquidity	$ 423,324,000

Current new and renewal interest financing rates on National Housing Act insured mortgages are well below the stated 4.54% on its 2010 maturing mortgages.

The Trust's interest coverage ratio, excluding gains, for the first quarter ended March 31, 2010 was 2.17 times compared to 2.19 times for the same period last year.

For further detail, please refer to pages 23-25 of the MD&A.

Outlook and 2010 Financial Guidance

Our Financial Guidance for 2010 remains unchanged, and is as follows:

Description	Original Guidance
Acquisitions	None
Stabilized Building NOI growth	-2% to 0%
FFO per Trust Unit	$2.45 to $2.60
DI per Trust Unit	$2.47 to $2.62

As is customary, management will update the market on our Annual 2010 Guidance on a quarterly basis. The reader is cautioned that this information is forward-looking information and actual results may vary materially from those reported.

For further detail, please refer to pages 28 & 29 of the MD&A.

Supplementary Information

Boardwalk produces the Quarterly Supplemental Information that provides detailed information regarding the Trust's activities during the quarter. The First Quarter 2010 Supplemental Information is available on our investor website at http://www.boardwalkreit.com/FinancialReports/.

In Conclusion

I would like to thank our team of over 1,500 Associates, who continue to go the extra mile to ensure we provide the best possible quality and value to our Customers.

I would also like to thank our Board of Trustees for their indispensable guidance and continued focus on governance, and our Unitholders and key financial community and operational partners for their continued support of the Trust.

Finally, I would like to thank our Customers for calling Boardwalk home.

Sincerely,

Sam Kolias,
Chairman and CEO

Management's Discussion and Analysis

For the Three Months Ended March 31, 2010

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking statements

The terms "Boardwalk", "Boardwalk REIT", "the Trust", "we", "us" and "our" in the following Management's Discussion and Analysis ("MD&A") refer to Boardwalk Real Estate Investment Trust and its consolidated financial position and results of operations for the three months ended March 31, 2010. Our MD&A should be read in conjunction with our interim financial statements along with the audited consolidated financial statements and MD&A for the two years ended December 31, 2009 and 2008 and all other publicly posted information on the Trust, including the most recently filed Annual Information Form. All these documents are located on SEDAR (www.sedar.com). Historical results and percentage relationships contained in our annual consolidated financial statements and MD&A, including trends which might appear, should not be taken as indicative of our future operations.

Advisory: Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our objectives for 2010 and future periods, our strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described in the MD&A of Boardwalk REIT's 2009 Annual Report under the heading Risks and Risk Management, which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include risks associated with real property ownership, competition for real estate investments, financing and interest rates, governmental regulations, environmental matters, as well as Unitholder liability. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include that the general economy remains stable, interest rates are relatively stable, acquisition capitalization rates are stable, competition for acquisitions of residential apartments remains intense, and equity and debt markets continue to provide access to capital. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements in this report are qualified by these cautionary statements. Except as required by applicable law, Boardwalk REIT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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, and as amended and restated on May 3, 2004, May 10, 2006, May 10, 2007, May 13, 2008, and May 13, 2009 (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 and interests within Canada, initially through the acquisition of the operations of Boardwalk Equities Inc. (the "Corporation").

On May 3, 2004, the Corporation sold all of its assets and undertakings to Boardwalk REIT. Boardwalk REIT Trust Units trade on the Toronto Stock Exchange under the symbol "BEI.UN". Boardwalk REIT's principal objective is to enhance Unitholder value by providing stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, through capitalization of opportunities created by existing market conditions. At the end of the first quarter of 2010, Boardwalk REIT owned and operated in excess of 230 properties, comprised of 36,098 units (of which, 269 units were sold and closed subsequent to the quarter-end), totaling approximately 31 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 Alberta, British Columbia, Saskatchewan, Ontario, and Quebec.

Outlook

The first quarter of 2010 continued to show signs of stability returning to the Canadian and global real estate markets. Whether this is temporary or a more permanent stabilization remains uncertain. There appears to be an increased ability for select companies to access capital in a less dilutive manner. Overall market sentiments appear to be one of cautious optimism. Although history has shown that the apartment real estate asset class tends to demonstrate lower volatility to these types of changes, it is not immune to them. Notwithstanding these factors, we believe that the fundamentals of our asset class and, in particular, our specific assets, generally remain strong, mainly due to the affordability of renting versus the cost of owning a home. This fact has kept our overall occupancy levels high and, when combined with our non-exposure to any major customer, has kept revenue relatively stable. On the debt capital front, the fact that approximately 99% of our secured debt carries NHA insurance, the benefits of which will be detailed later in this report, has significantly assisted us in renewing and obtaining new financing on our assets at rates that currently are better than the maturing interest rates. The Trust continues to be well-positioned in this current market place with a distribution payout ratio of approximately 81% of distributable income for the first three months of 2010 (please note that the first quarter has typically higher heating costs and last year's payout ratio was 70.6% of distributable income for the year). The Trust continued to have access to low rate Government of Canada-backed debt in the form of NHA insurance, which is administrated by Canada Mortgage and Housing Corporation.

As we move forward for the balance of 2010, we remain in a strong liquidity position, details of which will also be discussed later in this report. However, at this time we are looking for accretive opportunities to deploy a portion of these funds while still maintaining a strong overall liquidity position. We are in compliance with our existing Declaration of Trust and all existing debt covenants.

Harmonized Sales Tax

Effective July 1, 2010, the Provinces of British Columbia and Ontario will merge their provincial sales tax (PST) with the federal goods and services tax (GST) into a single harmonized sales tax (HST) that will be applied to many of the input costs currently incurred by the Trust. Many costs that prior to this tax implication were not subject to PST will, effective July 1, 2010, be subject to this tax. The affected costs include gas, heat, electricity and other operating costs. The ability of the Trust to pass these costs on to our Customers may be limited by existing rental legislation or rental market condition. The Trust's operations in British Columbia and Ontario represented approximately 2.8% and 6.9%, respectively of total 2009 net operating income reported by the Trust. The estimated impact of the HST is higher operating costs of $0.1 million for British Columbia and $0.7 million for Ontario on an annualized basis.

Declaration of Trust

The investment guidelines of the Trust are outlined in the Trust's DOT, a copy of which is available on request to all Unitholders. Further information of the DOT can also be located on page 38 of the Annual Information Form dated February 17, 2010. Some of the main investment guidelines and operating policies as set out in the DOT are as follows:

INVESTMENT GUIDELINES

1. Acquire and operate multi-family residential properties; and
2. Enter into investments in joint ventures as long as the Trust's interest in the joint venture is at least 25%.

OPERATING POLICIES

1. Maximum debt capacity not to exceed 70% of Gross Book Value;
2. No guaranteeing of third-party debt outside its existing structure and potential joint venture partner structures, except under certain specific conditions and meeting certain defined criteria;
3. Both structural and environmental third party surveys are required prior to the acquisition of any property; and

4. 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 Corporation ("CMHC") on-site maintenance, compensation to on-site associates, repairs and maintenance, as well as capital upgrades.

COMPLIANCE WITH DOT

At March 31, 2010, the Trust was in material compliance with all investment guidelines and operating policies stipulated in the DOT. More details will be provided later with respect to certain detailed calculations.

FFO RECONCILIATION – Q1 2009 VERSUS Q1 2010

FFO Reconciliation – Per Trust Unit	3 Months
FFO Opening – March 2009	$ 0.57
NOI from Stabilized	$ (0.02)
FFO Closing – March 2010	$ 0.55

The Trust's cash position was $168.1 million as at March 31, 2010. This large cash position was achieved as a result of the advantageous refinancing of matured mortgages at historically low interest rates in 2009. While others in the real estate industry were more concerned about simply renewing existing maturing debt, the Trust was able to not only renew its matured debt, but was also able to raise additional funds for future opportunities. However, there is a cost to having this much liquidity on the balance sheet, which is currently earning a very conservative but safe investment return. The Trust is looking into alternative investments for its excess liquidity.

In late 2009, the Trust entered into an agreement with the existing mortgage lender of its largest CMHC-secured property, which had outstanding mortgages totaling approximately $216.8 million, to extend the maturity date of these mortgages for an additional two years. As the 2012 year previously had the highest amount of maturing mortgages, the Trust felt it would be prudent to move some of these maturing mortgages to another period. This early renewal resulted in an early renewal fee of approximately $11 million dollars. The Trust is amortizing this early renewal fee over the term of the new mortgages and this has resulted in approximately $500 thousand dollars in additional deferred financing amortization being reported.

HEDGING ACTIVITIES

There were no new hedging activities in the first quarter of 2010.

In 2008, the Trust entered into forward hedging arrangements with respect to some of its mortgage interest obligations. The strategy consisted of hedging, or locking in, the interest rates on the underlying bonds used to set mortgage interest rates while layering an interest rate swap on top of this to reduce overall interest rates and variability in cash flows from fluctuating interest rates.

BOND FORWARD TRANSACTION

In the beginning of 2008, the Trust entered into a forward bond transaction (the "Transaction") with a major Canadian financial institution. In total, the transaction, which is comprised of bond forward contracts on specific mortgages set to mature and to be renewed in 2008, was for a total nominal amount of $101.6 million with a weighted average term and interest rate of 7.2 years and 3.63%, respectively. Subsequent to entering into this Transaction, the Trust initiated changes to the terms of one of the contracts, with a nominal amount of approximately $21.8 million, and negotiated a settlement loss of $100 thousand related to these changes. Boardwalk REIT assessed this one particular bond forward contract as no longer being an effective hedge and payment of this $100 thousand settlement loss was included as part of the financing costs in the quarter ended March 31, 2008.

During the second quarter ended June 30, 2008, the remaining bond forward contracts in the Transaction were settled. Except for one of the contracts, all remaining contracts were assessed to be ineffective hedges and the net settlement loss of $168 thousand was included in financing costs in 2008. The bond forward contract assessed to be an effective hedge was settled for a loss of $284 thousand, and the loss is being amortized over the term of the new financing. As at March 31, 2010, the unamortized amount of this effective hedge was $214 thousand.

INTEREST RATE SWAP

During the first quarter of 2008, Boardwalk REIT entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. These interest rate swap agreements were designated as cash flow hedges on March 11, 2008. The effective date of the hedges was May 1, 2008, and will continue to be designated as such until the date of maturity, May 1, 2015. Hedge accounting has been applied to these agreements in accordance with CICA Handbook section 3865.

Boardwalk REIT has determined that there is no ineffectiveness in the hedging of its interest rate exposure in the above referenced swap. The effectiveness of the hedging relationship will be reviewed on a quarterly basis and measured at fair value. Any gains or losses which arise as a result of the "effectiveness" of the hedge will be recognized in Other Comprehensive Income ("OCI"). The ineffective portion of the hedging gain or loss on the swap transaction will be recognized immediately in net earnings. On recognition of the financial liability of the hedged item on the balance sheet, the associated gains or losses that were recognized in OCI will be reclassified into net earnings in the same period or periods during which the interest payments of the hedged item affect net earnings. However, if all or a portion of the net loss recognized in OCI will not be recovered in one or more future periods, this amount will be immediately reclassified into net earnings.

As at March 31, 2010, the interest rate swap agreement was assessed to be an effective hedge and, consistent with the assessment at December 31, 2009, any gains or losses on the interest rate swap agreement were recognized in earnings in the periods during which the interest payments on the hedged items were recognized.

DEBENTURES

During the first quarter of 2009, the Trust acquired in the open market a total face value of $7.6 million of its unsecured debentures for cancellation. These were purchased at a discount to the face value and the cost paid by the Trust was $7.2 million, of which $55 thousand represented accrued interest. The remaining difference of $408 thousand between the face value and the discounted price paid has been reported as "Other Income" on the financial statements. There have been no debenture buy backs since the first quarter of 2009.

The debenture holders, in a special meeting held July 30, 2008, approved an amendment to the Unsecured Debentures Indenture amending the definition of Gross Book Value ("GBV") for an additional $410 million to be added to the one-time adjustment to assets, thereby, increasing it from $231 million to $641 million. In addition, the Consolidated Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") to Consolidated Interest Expense financial covenants was amended to 1.75 to 1 from 1.50 to 1 and the rate of interest on the debenture was increased to 5.61% from 5.31% commencing July 30, 2008 until the maturity date of January 23, 2012.

Non-GAAP Financial Measures

Boardwalk REIT assesses and measures operating results based on performance measures referred to as "Funds From Operations" ("FFO"), "Distributable Income" ("DI") and Adjusted Funds From Operations ("AFFO"). DI, FFO and AFFO are widely accepted supplemental measures of the performance of a Canadian real estate investment trust; however, they are not measures defined by generally accepted accounting principles ("GAAP"). The GAAP measurements most comparable to FFO and DI are net earnings and total cash flow from operating activities, respectively. The reconciliation from Net Earnings to FFO and the reconciliation from Total Operating Cash Flows to DI can be found below, under the section titled, "Performance Measures". The reconciliation from FFO to AFFO can be found in the section titled, "Maintenance of Productive Capacity". FFO, DI and AFFO, however, 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, DI and AFFO may differ from that of other real estate companies and trusts.

Performance Review

Boardwalk REIT generates revenues, cash flows and earnings from two separate sources – from rental operations and from the periodic sale of 'non-core' 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 'non-core' real estate properties or, on a very selective basis, the condominium conversion and sale of these suites. 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 ("Trust Units") in the public securities market.

Performance Measures

DI is computed as outlined in the Trust's Declaration of Trust ("DOT"). The DOT requires the Trust to determine its DI and distribute it in the form of monthly distributions at the discretion of its Trustees. Currently, the Trust, at a minimum, pays out all taxable income to Unitholders in the form of monthly distributions. The Trust is distributing $1.80 per Trust Unit on an annualized basis (or $0.15 per Trust Unit on a monthly basis).

For the three months ended March 31, 2010, the Trust declared distributions of $23.7 million, representing approximately 81.1% of the reported DI. The reader should note that the overall operating performance of the first and fourth quarters tend to generate the highest payout ratio, mainly due to the high seasonality in operating expenses. In particular, these quarters tend to be the highest demand periods for natural gas, a major operational cost for the Trust. The reader should not simply annualize these reported results. On a quarterly basis, the Trust's Board of Trustees reviews the current level of distributions and determines if any adjustment to the distributed amount is warranted.

In the following tables, Boardwalk REIT provides a reconciliation of both FFO and DI, both non-GAAP measures, to their closely related GAAP measures for the current period.

FFO Reconciliation *In $000's, except per unit amounts*	**3 months March 2010**	3 months March 2009	% Change
Net earnings from continuing operations	**$ 7,793**	$ 17,673	
Adjustments			
Earnings from discontinued operations	**$ 2,772**	$ (4)	
Gain on dispositions	**$ (2,663)**	$ 56	
Other Income	**$ –**	$ (408)	
Future income taxes (recovery)	**$ (418)**	$ (8,570)	
Amortization of assets (capital and intangibles)	**$ 21,525**	$ 21,709	
Funds from operations	**$ 29,009**	$ 30,456	(4.8)%
Funds from operations – per unit	**$ 0.55**	$ 0.57	(3.5)%

Distributable Income Reconciliation *In $000's, except per unit amounts*	**3 months March 2010**	3 months March 2009	% Change
Total operating cash flows	**$ 23,330**	$ 23,282	
Net change in operating working capital	**$ 7,453**	$ 8,377	
Deduct deferred financing costs amortization post May 2, 2004	**$ (1,474)**	$ (877)	
Mark-to-market debt adjustment post May 2004	**$ (26)**	$ (25)	
Distributable income	**$ 29,283**	$ 30,757	(4.8)%
Distributable income – per unit	**$ 0.56**	$ 0.58	(3.4)%

Overall, Boardwalk REIT earned FFO of $29.0 million for the three months ended March 31, 2010 compared to $30.5 million for the same period last year. FFO on a per unit basis for the current quarter ended March 31, 2010 decreased approximately 3.5% compared to the same period in the prior year, from $0.57 to $0.55. DI for the three months ended March 31, 2010 was $0.56 per unit compared $0.58 for the same period last year. The slight decrease was the result of lower net operating income generated by its stabilized rental properties, mostly as a result of lower rental revenue.

Review of Rental Operations

In 000's, except per apartment unit amounts	**3 months March 2010**	3 months March 2009	% Change
Rental revenue	**$ 104,954**	$ 106,004	(1.0)%
Expenses			
Operating expenses	**$ 18,860**	$ 18,171	3.8%
Utilities	**$ 14,107**	$ 15,619	(9.7)%
Utility rebate	**$ –**	$ (376)	–
Property taxes	**$ 8,910**	$ 8,367	6.5%
	$ 41,877	$ 41,781	0.2%
Net operating income	**$ 63,077**	$ 64,222	(1.8)%
Average rental revenue per unit per month	**$ 973**	$ 979	0.3%
Operating costs per unit per month	**$ 385**	$ 379	1.6%
Operating margins	**60%**	61%	

Overall, Boardwalk REIT's rental operations for the first quarter of 2010 reported slightly lower results compared to the same period in 2009. The Trust reported a 1.0% decrease in revenue for the three months ended March 31, 2010, compared to the same period in the prior year. The decrease in rental revenue for the three months ended March 31, 2010 is mainly attributable to the performance of our properties in the province of Alberta. While occupancy levels increased in the province, this increase was more than offset by the decrease in market rents and the increase in incentives. Total rental expenses remained relatively consistent with only a 0.2% increase for the three months ended March 31, 2010. The slight increase is mainly attributable to higher rental operating expenses and property taxes, despite a decrease in utility costs. Utility cost decreases occurred largely in the province of Alberta as a result of lower natural gas and electrical prices. Overall property taxes increased 6.5% for the three months ended March 31, 2010, compared to the same period last year, primarily due to increased property valuations, largely in the province of Alberta. Property taxes in Alberta increased 11.9%, despite the Trust receiving property tax rebates for properties in the cities of Calgary and Edmonton in the first quarter of 2010. The Trust is constantly reviewing property tax assessments and related charges and, where it feels appropriate, will appeal all or a part of the related assessment. It is not uncommon for the Trust to receive property tax refunds; however, due to the uncertainty of the amount and timing of the refunds, these amounts are included in income when they are received.

Overall, the operating margin for the current quarter was slightly lower at 60%, compared to the 61% for the same period in 2009.

Boardwalk REIT closely monitors and individually manages 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.

BRITISH COLUMBIA RENTAL OPERATIONS

In $000's	3 months March 2010 (Unaudited)	3 months March 2009 (Unaudited)	% Change
Rental revenue	$ 2,903	$ 2,803	3.6%
Rental Expenses:			
Operating expenses	$ 435	$ 161	169.6%
Utilities	$ 347	$ 391	(11.3)%
Property taxes	$ 157	$ 151	4.3%
	$ 939	$ 703	33.5%
Net operating income	$ 1,964	$ 2,100	(6.4)%
Operating margins	67.7%	74.9%	

Boardwalk REIT's British Columbia portfolio continued to report good results. Rental revenues increased by 3.6% as a result of increased occupancy levels in the first quarter of 2010 compared to the same period in 2009. Operating expenses increase significantly in the quarter compared to Q1 2009, mainly the result of an insurance refund the Trust received in the first quarter of 2009 resulting in a significant decrease in the reported costs for this period. In addition to this, Q1 2009 also experienced an inventory adjustment that also lowered reported operating costs. Operating margins for the first quarter of 2010 decreased compared to the same period in the prior year, largely a result of operating expenses being normalized for the current quarter.

ALBERTA RENTAL OPERATIONS

In $000's	3 months March 2010 (Unaudited)	3 months March 2009 (Unaudited)	Change
Rental revenue	$ 61,548	$ 64,306	(4.3)%
Rental Expenses:			
Operating expenses	$ 10,553	$ 10,374	1.7%
Utilities	$ 7,345	$ 7,906	(7.1)%
Utilities rebate	$ –	$ (374)	(100.0)%
Property taxes	$ 4,537	$ 4,054	11.9%
	$ 22,436	$ 21,960	2.2%
Net operating income	$ 39,112	$ 42,346	(7.6)%
Operating margins	63.5%	66.0%	

Boardwalk REIT's Alberta operations for the three months ended March 31, 2010 posted decreased rental revenues of 4.3% when compared to the amount reported in the same period during fiscal 2009. The reported rental revenue changes are largely the result of lower market rents and increased rental incentives offered in an effort to increase occupancy rates. Operating costs have increased for the three months ended March 31, 2010, mainly as a result of an increase in reported property taxes despite a decrease in overall utility charges.

SASKATCHEWAN RENTAL OPERATIONS

In $000's	**3 months March 2010 (Unaudited)**	3 months March 2009 (Unaudited)	Change
Rental revenue	**$ 13,694**	$ 12,563	9.0%
Rental Expenses:			
Operating expenses	**$ 1,733**	$ 1,799	(3.7)%
Utilities	**$ 1,608**	$ 2,091	(23.1)%
Property taxes	**$ 981**	$ 1,157	(15.2)%
	$ 4,322	$ 5,048	(14.4)%
Net operating income	**$ 9,372**	$ 7,515	24.7%
Operating margins	**68.4%**	59.8%	

Boardwalk REIT's Saskatchewan operations reported strong results for the three months ended March 31, 2010 compared to the same period in fiscal 2009. For the current quarter, overall rental revenue increased by 9.0%. The increase is mainly the result of strong rental market fundamentals in both Regina and Saskatoon. Rental expenses decreased by 14.4% for the three months ended March 31, 2010 compared to the same period in the prior year, mainly as a result of lower operating expenses, a decrease in property taxes and lower utility charges. The Trust locked into a fixed price natural gas contract for its Saskatchewan natural gas consumption in November 2009 after the previous contract expired in October of 2009. This new contract expires in October 2010. The previous natural gas contract locked the price of natural gas at $8.28/GJ compared to $4.98/GJ under the current contract, resulting in a decrease in utility charges for Q1 2010. More details of this commitment are reported in NOTE 16 of the Trust's consolidated financial statements for the three months ended March 31, 2010.

ONTARIO RENTAL OPERATIONS

In $000's	**3 months March 2010 (Unaudited)**	3 months March 2009 (Unaudited)	Change
Rental revenue	**$ 9,618**	$ 9,440	1.9%
Rental Expenses:			
Operating expenses	**$ 1,607**	$ 1,800	(10.7)%
Utilities	**$ 2,077**	$ 2,026	2.5%
Property taxes	**$ 1,505**	$ 1,338	12.5%
	$ 5,190	$ 5,164	0.5%
Net operating income	**$ 4,429**	$ 4,276	3.6%
Operating margins	**46.0%**	45.3%	

Boardwalk REIT's Ontario operations reported an increase in rental revenue for the three months ended March 31, 2010 compared to the same period last year. Rental expenses remained relatively consistent for the three months ended March 31, 2010 compared to the same period in the prior year, as a result of an increase in property taxes on our Ontario portfolio which was offset by a decline in rental operating expenses. There is currently a fixed price natural gas contract in place for Ontario. The details of this are reported in NOTE 16 of the Trust's consolidated financial statements for the three months ended March 31, 2010. The fixed price of $7.65/GJ for 50% of our Ontario usage is well above the current floating prices for natural gas. Property tax increases were the result of tax refunds the Trust received on its London properties in the first quarter of 2009.

QUEBEC RENTAL OPERATIONS

In $000's	3 months March 2010 (Unaudited)	3 months March 2009 (Unaudited)	Change
Rental revenue	$ 16,884	$ 16,503	2.3%
Rental Expenses:			
Operating expenses	$ 3,592	$ 2,860	25.6%
Utilities	$ 2,564	$ 2,909	(11.9)%
Property taxes	$ 1,701	$ 1,647	3.3%
	$ 7,858	$ 7,415	6.0%
Net operating income	$ 9,027	$ 9,087	(0.7)%
Operating margins	53.5%	55.1%	

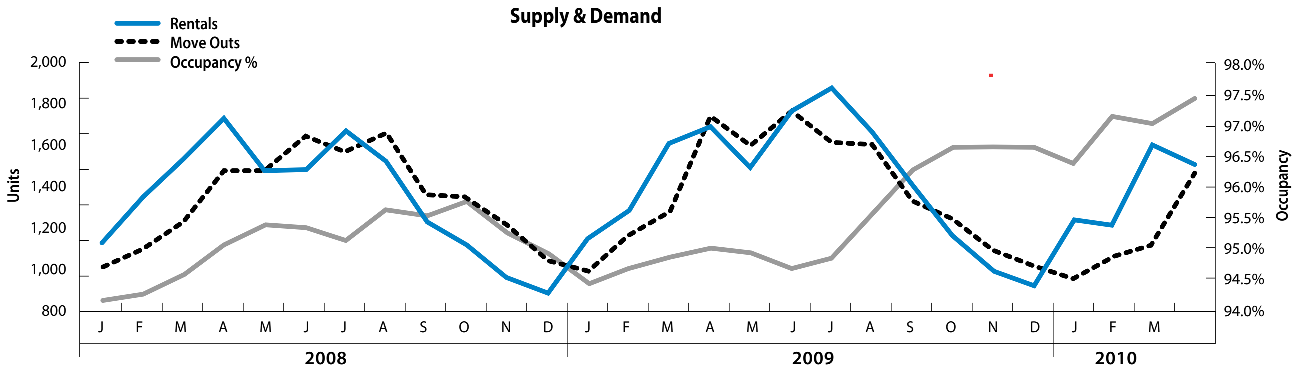
Boardwalk REIT's Quebec operations reported an increase in rental revenues of 2.3% for the three months ended March 31, 2010 compared to the same period in the prior year, due to improving results on its stabilized properties. Reported rental expenses for the current quarter were up from the same period in the prior year due to insurance-related adjustments on its Nuns' Island portfolio recorded in the first quarter of 2009. Utilities were lower for the first quarter of 2010 compared to the same period in the prior year due to lower natural gas and electricity consumption. Similar to Ontario, there is currently a fixed natural gas price in Quebec for 50% of the usage in the province. Additional details on this supply contract can be found in NOTE 16 of the Trust's consolidated financial statements for the three months ended March 31, 2010.

BOARDWALK'S RENTAL STRATEGY

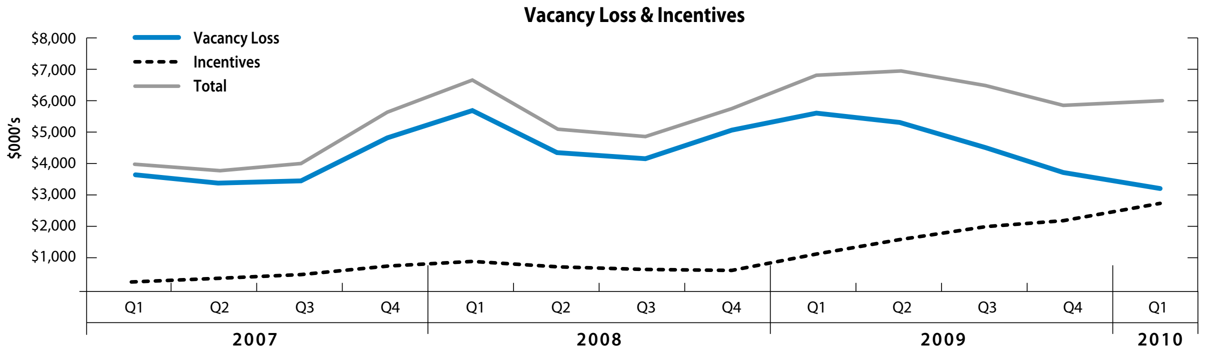
Boardwalk rental revenue strategy focuses on maximizing rental revenues through actively managing three main variables: occupancy levels, incentives offered and market rents. It is important to note that these variables are in constant flux and may be different between regions and buildings within the same region. The main goal of our strategy is to maximize revenues over the year. In a more competitive market like the one we are in, the Trust locks in rentals on selective suites for future months but do not collect revenue for certain months in the immediate future. What this means is that the Trust may decide to rent a suite today with the Customer not moving in until later in the year. Although the suite is rented, it will not generate revenue until the Customer actually moves in, for example, in April, which corresponds to the next quarter. The percentages reported as occupancy levels below represent those occupied units that are generating revenue for the period noted. The Trust closely monitors 'apartment availability', which represents unoccupied units not generating revenue for the period, after taking into account forward committed leases. Although occupancy rates provide a good indication of current revenue, apartment availability provides the reader a more detailed indication of future potential revenue.

City	Q1 2010	Q1 2009
Calgary	98.41%	94.31%
Edmonton	96.28%	94.41%
Kitchener	98.58%	97.57%
London	97.27%	95.49%
Other Alberta	92.88%	93.28%
Regina	96.83%	96.19%
Saskatoon	97.58%	93.53%
Windsor	96.34%	89.14%
Montreal	97.29%	96.19%
Quebec City	98.13%	97.58%
Gatineau	98.91%	97.81%
Vancouver	98.47%	95.22%
Verdun	96.87%	96.00%
Victoria	97.92%	95.07%
Grand Total	96.85%	94.66%

The first quarter of fiscal 2010 saw the portfolio's overall occupancy rate increase to 96.85% from 94.66% for the same period in the prior year. At this time in the rental cycle, Boardwalk REIT is much more focused on increasing occupancy as this will result in higher overall revenue being earned. The 92.88% occupancy rate for "Other Alberta" includes Grande Prairie, which continued to experience lower occupancies as a result of a significant decrease in natural gas exploration and development activity.



The factors of demand and supply, as with any industry, are 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 occupancy relating to our portfolio. The cumulative impact of demand being greater than supply, or vice versa, is the primary driver in the reported occupancy rate. During 2009, the Trust made the decision to adjust downward market rents in selective markets – in particular, Alberta. This strategy was initiated with the intent of increasing occupancy rates in these markets. This strategy continues to be viewed as a success as we have demonstrated a significant increase in occupancy levels compared to the occupancy rate of 94.31% for the first quarter of 2009, mitigating the negative effects on our revenue from a contracting economy. Boardwalk REIT will continue with this strategy; however, the Trust is now in the position whereby we may see some upward rental adjustments in certain selective markets. The reader is cautioned that adjusting market rental rates is an on-going process for the Trust and consistent with its overall strategy of maximizing overall reported revenues; consequently, it will adjust rents upward or downward when it is deemed necessary.



Vacancy loss and rental incentives are strong indicators of current and future revenue potential. Depending on specific market conditions, to best manage overall economic rental revenue, the correct balance between rental incentives and vacancy loss is important. The above chart details, on a quarterly basis, rental incentives versus vacancy loss. The reported decrease in vacancy loss while seeing incentives increase during the second and third quarter of 2009 was mainly the result of Boardwalk REIT's continued strategy of maximizing overall revenues through the optimization of the key revenue variables, these being market rents, vacancy levels and suite-selective incentives.

STABILIZED PROPERTY RESULTS

Boardwalk REIT defines a stabilized property as one that the Trust has owned for a period of at least two years. The definition is simply one of term of ownership, and the Trust believes the metric to be the most useful on a comparative basis to the prior year. It is not the intent for the definition to indicate market maturity. Boardwalk REIT's overall percentage of stabilized properties was 98% of its total rental unit portfolio as at March 31, 2010, or a total of 35,532 units. The following compares the stabilized property results for the three ended March 31, 2010 with the same period in the prior year.

March 31, 2010 – 3 Month	# of Units	% Revenue Growth	% Operating Expense Growth	% Net Operating Income Growth	% of NOI
Calgary	4,937	-5.7%	-6.5%	-5.3%	17.6%
Edmonton	12,425	-2.6%	8.0%	-8.4%	37.0%
Other Alberta	2,203	-8.3%	-11.2%	-6.6%	6.2%
British Columbia	954	3.6%	33.5%	-6.4%	3.1%
Ontario	4,265	1.9%	0.5%	3.6%	7.0%
Quebec	6,088	2.3%	6.0%	-0.7%	14.3%
Saskatchewan	4,660	9.0%	-14.4%	24.7%	14.8%
	35,532	-0.7%	1.1%	-1.9%	100.0%

For the first quarter of 2010, same-store revenue decreased by 0.7% compared to the same period in the prior year. Operating expenses increased by 1.1% and overall net operating income decreased by 1.9%. The decrease in reported stabilized revenue was driven mainly by the Trust's Alberta operations, which account for approximately 60.8% of the Trust's reported stabilized net operating income. The majority of the reported increase in rental operating expenses for the three months ended March 31, 2010 was due to higher property tax assessments in Edmonton and insurance-related claims and adjustments recorded in the first quarter of 2009.

Stabilized Revenue Growth	# of Units	Q1 2010 vs. Q4 2009	Q4 2009 vs. Q3 2009	Q3 2009 vs. Q2 2009	Q2 2009 vs. Q1 2009
Calgary	4,937	-3.1%	-0.9%	-1.2%	-0.7%
Edmonton	12,425	-1.2%	0.1%	-0.4%	-1.2%
Other Alberta	2,203	-1.9%	-1.7%	-3.4%	-1.6%
British Columbia	954	1.4%	2.2%	0.1%	-0.2%
Ontario	4,265	0.0%	2.1%	-0.2%	0.0%
Quebec	6,088	0.4%	1.4%	0.4%	0.7%
Saskatchewan	4,660	1.1%	2.0%	2.4%	3.2%
	35,532	-0.8%	0.5%	-0.2%	-0.2%

The reader is cautioned that, due to seasonality and the timing of these related expenses, a better gauge of the performance of the stabilized properties is on a yearly basis. On a sequential basis, stabilized revenues reported in the first quarter of 2010 decreased slightly by 0.8% over Q4 2009, decreased by 0.3% compared to Q3 2009, decreased by 0.5% over Q2 2009 and decreased by 0.7% over Q1 2009. As expected, occupancy levels have increased as a result of increased rental incentives and reduced market rents being offered. An aggressive approach to this strategy has resulted in a slight decrease in overall rental revenues, despite an increase in the Trust's occupancy rate. The Trust strives toward balancing the optimum level of rental incentives and occupancy rates in order to achieve its revenue maximization strategy. The Trust continues to control operating expenses, in addition to its revenue-maximization strategy. Operating expenses have increased slightly in the first quarter of 2010 largely as a result of higher occupancy rates despite lower revenue. These changes have resulted in a decrease in net operating income by 1.9% compared to the same period last year.

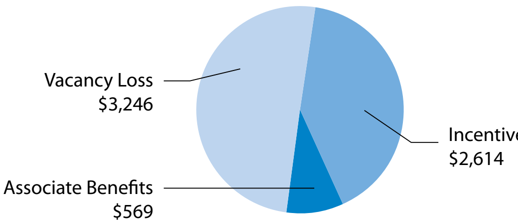
Estimated Loss-to-Lease Calculation

Boardwalk REIT's estimated loss-to-lease, representing the difference between estimated market rents and actual occupied rents on March 31, 2010, adjusted for current occupancy levels, totaled $(6.0) million on an annualized basis, or ($0.11) per outstanding Trust Unit. The estimated negative loss-to-lease is the direct result of Boardwalk's proactive strategy to reduce rents in Alberta to increase its occupancy. The reader should note that the estimated loss-to-lease, calculated at a point in time, is a non-GAAP measure, of which there is no comparable 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.

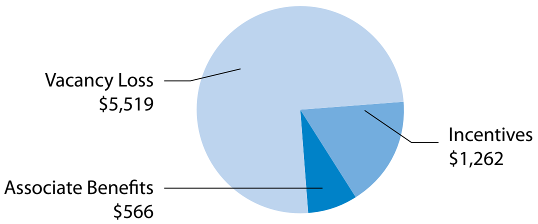
	March 2010 Occupied Rent	March 2010 Market Rent	Mark to Market Per Month	Annualized Mark to Market Adjusted for Vacancies ($000's)	Weighted Average Units	% of Portfolio
Calgary	$ 1,084	$ 1,049	$ (35)	$ (2,257)	5,401	15%
Edmonton	$ 1,068	$ 1,028	$ (40)	$ (5,790)	12,585	36%
Other Alberta	$ 1,026	$ 999	$ (27)	$ (587)	1,936	5%
Total Alberta	$ 1,068	$ 1,031	$ (37)	$ (8,634)	19,922	56%
Saskatchewan	$ 1,008	$ 1,017	$ 8	$ 433	4,660	13%
Ontario	$ 780	$ 792	$ 12	$ 570	4,265	12%
Quebec	$ 942	$ 964	$ 22	$ 1,590	6,266	17%
British Columbia	$ 970	$ 972	$ 1	$ 17	954	2%
Total Portfolio	$ 1,002	$ 988	$ (14)	$ (6,024)	36,067	100%

The decrease in the negative loss-to-lease for our portfolio, from $(6.4) million at December 2009 to $(6.0) million at March 2010, was due primarily to the Trust's focused strategy to reduce market rent prices in an attempt to lower overall vacancy and increase reported rental revenue. As with prior quarters, Boardwalk REIT continues to focus on the maximization of overall rental revenue by establishing appropriate levels of market rents with certain occupancy level targets, as well as offering suite-selective incentives, when warranted.

Revenue Opportunities



Q1 2010



Q1 2009

As was previously mentioned, the opportunity in the short term will be to significantly reduce the amount of reported vacancy loss and suite-specific incentives. Boardwalk will continue to focus on these areas, trying to balance the amount of increased incentives we offer to new and existing customers with the increased revenue derived from a decrease in the noted vacancy loss. Since vacancy loss is a factor of market rents, as we have adjusted market rents downward the amount as vacancy loss will also decrease accordingly.

Financing Costs

Financing costs for the first quarter 2010 have decreased from the same period in the prior year, from $26.4 million to $26.1 million, due primarily to lower interest rates. Boardwalk Trust's overall liquidity as at May 2010 is estimated to be approximately $423.3 million; the details of this will be discussed later in this report. Of this, approximately $168.1 million is represented by cash reported on its March 31, 2010 balance sheet.

As at March 31, 2010, the reported weighted average interest rate on its mortgage and debt portfolio was 4.49% compared to 4.52% at December 31, 2009, 4.62% reported at September 30, 2009, 4.69% at June 2009 and 4.77% at March 31, 2009. The average term maturity of the mortgage and debt portfolio is approximately 3 years. Subsequent to the end of the third quarter of 2009, as a normal part of Boardwalk's review of its mortgage maturity schedule, the Trust was successful in "blending and extending" its largest mortgage scheduled to mature in 2012. The Trust was able, on a non-dilutive basis, to extend the maturity of this debt for an additional 2 years. Boardwalk REIT concentrates on multi-family residential real estate; thus, it is able 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 compared to spreads on conventional mortgage financing, leading to a lower overall cost of debt after including the cost of the NHA insurance.

The second benefit of the CMHC insurance relates to the lowering of Boardwalk REIT's debt 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.

Management cannot over-emphasize the importance of this Government-backed mortgage insurance program administered by Canada Mortgage and Housing Corporation. Despite the recent volatility in the overall credit markets, the Trust has not had any difficulty finding mortgage lenders willing to assume or underwrite additional mortgages under this program.

At March 31, 2010, approximately 99% of Boardwalk REIT's mortgage secured debt was backed by this NHA insurance with a weighted average amortization period of approximately 32 years.

Administration

Administration expenses remained relatively consistent at $6.6 million for the three months ended March 31, 2010 compared to $6.8 for the same period in the prior year. This represents a decrease of approximately 3.0% in comparison to the corresponding period in 2009.

Deferred Financing Costs Amortization

The amounts reported here relate primarily to the amortization and write-off of CMHC premiums, which are paid as part of its mortgage financing. Under current reporting requirements, if Boardwalk REIT pays off 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 included in earnings in the period that this occurs. In late 2009, the Trust entered into an agreement with the existing mortgage lender of its largest CMHC-secured property, which had an outstanding balance of approximately $216.8 million, to extend the maturity date of these mortgages for an additional two years. As the 2012 year previously had the highest amount of maturing mortgages, the Trust felt it would be prudent to move some of these maturing mortgages to another period. This early renewal resulted in an early renewal fee of approximately $11 million dollars. The Trust is amortizing this fee paid over the term of the new mortgages and, as such, recorded approximately $500 thousand dollars in additional deferred financing amortization in the current quarter.

Amortization

The amount reported as amortization of capital and intangible assets from continuing operations for the three months ended March 31, 2010 was $21.3 million, compared to $21.2 million for the same period in the prior year.

Real Estate Assets

Dispositions *($000's)*	**3 months ended March 31, 2010**	3 months ended March 31, 2009
Cash received	$ 19,350	$ –
Cost of dispositions	–	(56)
Net cash received	19,350	(56)
Net book value	16,687	–
Gain (loss) on dispositions	$ 2,663	$ (56)
Multi-family units sold	321	–

During the three months ended March 31, 2009 and 2010, Boardwalk REIT did not acquire any additional rental units. During the first quarter of 2010, the Trust completed the disposition of one property. This sale consisted of a 321-unit building located in Gatineau, Quebec. In the first three months of 2009, there were no dispositions, however, the cost of disposition amount of $56 thousand above relates to costs recorded under the percentage of completion method relating to a 90-unit property located in Calgary, Alberta, which was developed into condominium units for sale. The final unit of this property was sold in the third quarter of 2009. It should be noted that the Trust does not include any gain or loss reported on the sale of any of its assets in the computation of FFO.

Capital Improvements

For the first three months of fiscal 2010, Boardwalk REIT invested approximately $13.1 million on its properties in the form of project enhancements, a decrease of $2.6 million from the $15.7 million invested in the same period in 2009. The decrease from the previous year is mainly the result of more selective capital investment undertaken due to current market conditions as compared to the same period in the prior year.

Included in these amounts is approximately $4.5 million of capitalized on-site wages and salaries, compared to $3.3 million for the same period last year. The increase is the direct result of the Trust continuing to internalize work that was previously contracted out to a third party. This amount is an estimate of site personnel cost associated with the completion of capital projects, and is consistent with internal expectations, as a significant portion of the improvements are now performed "in-house".

MAINTENANCE OF PRODUCTIVE CAPACITY

The Trust has two separate areas in which capital is invested back into its residential buildings. These are referred to as 'maintenance capital expenditures' and 'stabilizing and value enhancing capital expenditures'.

Maintenance capital expenditures are funded from operating cash flows. These expenditures are deducted from FFO in order to estimate a sustainable amount of Adjusted Funds From Operations ("AFFO") that can be distributed to Unitholders.

Maintenance capital includes those expenditures of a capital nature that are not considered to add to productive capacity, and relate more to maintaining the existing earnings capacity of our property portfolio. In contrast, stabilizing and value-enhancing capital expenditures are more discretionary in nature and more focused on increasing the productivity of the property, with the goal of increasing the FFO generated at that property.

The following chart provides Management's estimate of the two capital expenditure categories.

In $000's except per suite amounts	3 months March 2010	Per Suite
Maintenance Capital Expenditures	**$ 4,082**	$ 113
Stabilizing and value Enhancing Capital Expenditures	**$ 9,045**	$ 249
	$ 13,127	$ 362

If we compare the funds generated by the Trust after adjusting for the required maintenance capital expenditures, we note that the Trust is currently paying out an estimated 81.8% of reported FFO and 95.2% of AFFO for the current quarter ended March 31, 2010.

(000's)	3 months March 2010
Funds From Operations (FFO)	**$ 29,009**
Maintenance Capital Expenditures	**$ 4,082**
Adjusted Funds From Operations (AFFO)	**$ 24,927**
Unitholder Distributions	**$ 23,737**
Distribution as a % of FFO	**81.8%**
Distribution as a % of AFFO	**95.2%**

Maintenance capital expenditures for our income-producing properties are dependent upon many factors, including but not limited to the number of suites, age and location of our properties and the Trust's policy of ongoing investment that results in safe and desirable apartments (for Customers and Associates).

Unitholders' Equity

The following chart discloses the changes in reported Unitholders' Capital:

Summary of Unitholders' Capital Contributions	Units	Amount
December 31, 2008	53,477,042	$ 256,773
Deferred unit plan	–	389
Units issued for vested deferred units	57,425	1,979
Units purchased and cancelled	(790,000)	(22,756)
December 31, 2009	52,744,467	$ 236,385
Deferred unit plan	–	289
Units issued for vested deferred units	8,237	318
Units purchased and cancelled	–	–
March 31, 2010	**52,752,704**	**$ 236,992**

In the third quarter of fiscal 2007, Boardwalk REIT filed an application for a Normal Course Issuer Bid (the "First Bid"), which received regulatory approval from the Toronto Stock Exchange on August 10, 2007. The Bid allowed Boardwalk REIT to purchase and cancel up to 4,267,048 Trust Units, representing 10% of the public float of its Trust Units at the time of the TSX approval. The Bid terminated on August 17, 2008.

In August of 2008, Boardwalk REIT filed an application for a Normal Course Issuers Bid (the "Second Bid"), which received regulatory approval from the Toronto Stock Exchange on August 18, 2008. The Second Bid allowed Boardwalk REIT to purchase and cancel up to 4,040,192 Trust Units representing 10% of the public float of its Trust Units at the time of the TSX approval. The Second Bid terminated on August 19, 2009.

Under the Second Bid, the Trust purchased and cancelled, on a cumulative basis, 1,436,000 REIT Units (790,000 in the first nine months of 2009 and 646,000 in fiscal 2008), representing a total market value of approximately $42.9 million (first nine months of 2009 – $22.8 million and fiscal 2008 – $20.1 million), or an average of $29.86 per Trust Unit.

In August of 2009, Boardwalk REIT filed an application for a Normal Course Issuer bid (the "Third Bid"), which received regulatory approval from the Toronto Stock Exchange on August 24, 2009. The Third Bid allows Boardwalk REIT to purchase and cancel up to 3,932,211 Trust Units, representing 10% of the public float of its Trust Units at the time of the TSX approval. The Third Bid will terminate on the earlier of August 23, 2010 or at such time as the purchases under the Third Bid are complete.

As of March 31, 2010 no Trust Units were purchased and cancelled under the Third Bid.

As is reported on the face of the balance sheet, the Trust has Unitholders' Equity (Deficit) of $ (57.6) million. To better allow the reader to review the details of this account, the Trust now includes a separate Consolidated Statement of Unitholders' Equity. As shown on this statement, there is a continued drawdown of reported cumulative income, which is the direct result of the Trust's distributions paid to its Unitholders. The Trust's monthly distribution has two components. The first relates to the distribution of income and the second relates to a return of capital for tax purposes. On an annualized tax basis, it is estimated that about 60% of Boardwalk REIT's distribution will be in the form of a return of capital with the remaining 40% constituting income and capital gains, if any.

As these two components together determine the reported distributions, it was inevitable that the Trust would, over time, distribute amounts in excess of reported cumulative earnings. The Trust moved closer to reporting cumulative distributions being in excess of cumulative earnings at the end of the second quarter of 2007, when it recorded a future tax loss of $111.1 million. The Income Tax Act (Canada) (the "Tax Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"). The SIFT Legislation provides for a transition period until 2011 for publicly traded trust which existed prior to November 1, 2006. In addition, the SIFT Legislation will not impose tax on a trust which qualifies as a real estate investment trust ("REIT") as defined in the Tax Act. Based on a detailed review of the SIFT Legislation at the time, it could be interpreted that the Trust will not qualify as a REIT. The future tax liability as a result of the SIFT Legislation is reviewed and adjusted quarterly, as necessary. As at the end of the 2009 fiscal year, this future tax liability was $95.2 million. This future tax liability was decreased by $0.4 million for the three months ended March 31, 2010 to $94.8 million due to a decrease in enacted future tax rates.

As a result of Bill C-10, which passed Third Reading in the House of Commons on March 4, 2009, technical amendments proposed in December 2007 were enacted, which clarified the definition of a REIT for Canadian income tax purposes, including the definition of what is considered "rent from real or immoveable properties". However, despite this clarification, further clarification is still needed, particularly as it relates to gains on the disposition of real or immoveable properties and whether such gains retain their characteristics as they flow from one trust entity to another trust. As a result, the previously recorded future income tax liability will continue to be reported by the Trust until further clarity for qualifying as a REIT for Canadian income tax purposes become available. This topic will be discussed in more detail later in the MDA.

Boardwalk REIT, as was previously noted, calculates its distributions not on net earnings but rather on distributable income (DI). As was previously noted, DI is a non-GAAP measure and we have provided a reconciliation from reported total operating cash flows (which is a GAAP measurement). The basis for this is that, like most other real estate entities, the key determination for these distributions is available cash generated from operations.

Boardwalk REIT has one class of voting securities known as "REIT Units". As at March 31, 2010, there were 48,277,704 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 of which also has a Special voting Unit in the REIT. 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 through the Special Voting 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 52,752,704. Under Canadian GAAP the LP B Units are included as equity. Under IFRS, the LP B Units may have to be reported as debt in the future. Based on our preliminary review, this reclassification will have no impact on any of Boardwalk's reported Debt or equity covenants.

Liquidity and Capital Resources

Liquidity refers to the Trust's ability to generate sufficient cash to fund our on-going operations and capital commitments as well as our distributions to Unitholders. Generally, distributions are funded from FFO. However, in common with the majority of real estate entities, we rely on lending institutions for a significant portion of capital required to fund mortgage principal payments, capital expenditures, acquisitions, unit buyback and refinancing maturing debt.

Over the past fiscal year, many of our lending partners have suffered losses that were mainly the result of the overall weaker economy and a general erosion of financial strength. As a result, many of these lenders have tightened their lending standards, making access to additional cost-effective debt capital more difficult. Although it is impossible to eliminate this risk, the Trust does significantly mitigate this with the use of NHA mortgage insurance, the benefits of which are discussed in detail earlier. In these current volatile times, the ability to access this financing product has been very beneficial to the Trust.

The Trust's current liquidity position remains stable as the following table highlights:

Cash position March, 2010	$ 168,116,000
Subsequent Committed Additional Financing	$ 56,979,000
	$ 225,095,000
Committed Revolving Credit Facility	$ 198,228,000
Total Available Liquidity	$ 423,323,000

In addition to these amounts, the Trust anticipates that, assuming market conditions remain the same, if warranted the Trust could arrange an additional $182.7 million of net new mortgage financing proceeds to be in place prior to the end of the fiscal year 2010. This would not include any new financing on its portfolio of $282.4 million in unencumbered assets, of which $94.4 million are pledged against the Trust's committed revolving credit facility.

Approximately 99% of Boardwalk REIT's secured mortgages carry NHA insurance. Maturing mortgages that already have commitments are at interest rates that are lower than their existing (maturing) interest rates.

The reader should also be aware that all of the $387.0 million of debt coming due in 2010 (as shown in the table below) 92% has NHA insurance and represents in aggregate approximately 46% (1) of the current estimated values on those individually secured assets. Currently, interest rates for terms five years or less are well below the reported weighted average interest rates we have coming due in 2010 and 2011. The reader, however, is cautioned that these rates do fluctuate and by the time these maturing mortgages are set for renewal, with or without additional financing, interest rates may have changed materially.

(1) This does not include dispositions which occurred subsequent to March 31, 2010. See NOTE 19 in the unaudited consolidated financial statements for March 31, 2010.

MORTGAGE AND DEBT SCHEDULE

Year	% NHA Insured	Principal Outstanding as at Mar 31, 2010	Weighted Average Interest Rate By Maturity	% of Total
2010	92%	386,987,911	4.54%	16.69%
2011	100%	207,397,342	4.99%	8.94%
2012	100% (1)	583,754,634	4.88%	25.17%
2013	100%	273,483,533	4.52%	11.79%
2014	100% (2)	438,376,966	3.51%	18.90%
2015	100%	209,227,557	4.40%	9.02%
2016	100%	126,681,869	4.67%	5.46%
2017	100%	5,452,745	4.00%	0.24%
2018	100%	6,156,546	6.18%	0.27%
2019	100%	78,225,507	5.10%	3.37%
2020	100%	3,330,885	7.24%	0.15%
Total Principal Outstanding	99%	2,319,075,495	4.49%	100.00%

(1) Excludes Principal balance of Unsecured Debenture.

(2) In September 2009, approximately $216.8 million secured by our Nuns' Island Portfolio was extended to a maturity date of October 1, 2014 on an anti-dilutive basis.

In Q3 2009, as part of Boardwalk's normal review of its mortgage maturity schedule, the Trust entered into an agreement with the existing mortgage lender of its largest CMHC-secured property with an outstanding balance of approximately $216.8 million to extend the maturity date for an additional two years. The 2012 year has the highest amount of maturing mortgages. On a non-dilutive basis, the arrangement known as a "blend and extend" extended the maturity of this mortgage from November 1, 2012 to October 1, 2014.

Notwithstanding the Trust's current liquidity situation, Boardwalk REIT's liquidity and access to capital resources were previously constrained by certain tests that were adopted in both its Declaration of Trust and Unsecured Debentures Indenture. The most constraining was what is referred to as its Debt-to-Gross Book Value. With this in mind, the Trust recommended and received approval from both its Unitholders as well as its Unsecured Debenture Holders for an interim step of adjusting upward the current basis of this calculation. At its Unitholders meeting in May of 2008 and at the Debenture Holders special meeting dated July 30, 2008, the holders of these instruments approved an additional provisional bump to the calculation of the Trust's Gross Book Value. The additional bump was in the amount of $410 million. The determination was completed in a similar manner to the original one completed in May of 2004 in conjunction with our conversion to a Trust – with one significant difference. In the most recent adjustment, we recommended an adjustment that would only move the Trust to one-half of the estimated enterprise value of its investment assets, an amount the Trust feels is still well below the fair value of its assets. In total, the adjustment of $641 million will improve the Trust's ability to fully implement its strategy.

Boardwalk REIT's financial position better reflects its low leverage, with the overall debt level reported at 61% 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 $641 million ($231 million prior to May 13, 2008 – see NOTE 13 to the unaudited consolidated financial statements for the three months ended March 31, 2010). The following chart sets out the Trust's recomputed GBV:

Gross Book Value Calculation *($000's)*	**March 2010**	December 2009
Total reported assets	**$ 2,332,147**	$ 2,378,278
Accumulated amortization	**693,976**	677,613
Conversion adjustment	**641,460**	641,460
	$ 3,667,583	$ 3,697,351
Mortgages payable	**$ 2,119,859**	$ 2,145,638
Debentures	**111,928**	111,834
	$ 2,231,787	$ 2,257,472
Debt to GBV	**61%**	61%
DOT Limit	**70%**	70%

With a DOT stipulation not to exceed 70% of Debt-to-Gross Book Value, Boardwalk REIT has the ability to add additional leverage on its existing portfolio of approximately $335.5 million to facilitate the Trust's business and financial strategies.

Currently, Boardwalk REIT has a committed revolving credit facility with a major financial institution with the amount available varying with the value of pledged real estate assets and with a maximum limit not to exceed $200 million and an available limit of $200 million. As at March 31, 2010, no amount of the credit facility was owing and outstanding. For the first three months of 2010, Boardwalk REIT's overall interest coverage ratio of adjusted EBITDA (i.e. earnings before interest, taxes, depreciation and amortization) to interest expense excluding gains was 2.17 as compared to 2.19 for the same period last year.

Critical Accounting Policies

Boardwalk REIT's accounting policies are described in NOTE 2 (on page 63 of Boardwalk REIT's 2009 Annual Report) to the consolidated financial statements for the year ended December 31, 2009. 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.

NOTE 3 of Boardwalk REIT's unaudited interim consolidated financial statements for the three months ended March 31, 2010 provides an update to Boardwalk REIT's critical accounting policies. No new accounting pronouncements have been issued in the first quarter of 2010 that are expected to have a significant impact on Boardwalk REIT.

FUTURE INCOME TAXES

The Income Tax Act (Canada) (the "Tax Act") contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation"). Based on a detailed review of the SIFT Legislation, it could be interpreted that the Trust will not qualify as a 'real estate investment trust' ("REIT") in accordance with the definition contained in the legislation, which would be exempt from the specified investment flow-through ("SIFT") rules nor remain within certain "normal growth" limits. As such, Boardwalk REIT recorded an estimate of its the future income tax liability at June 30, 2007, and adjusted quarterly, if necessary, recognizing the probability that it would be subject to the tax prescribed by the SIFT rules on January 1, 2011. The Trust adjusted the June 30, 2007 estimate and reported a future income tax liability at December 31, 2007 of $99.9 million, which was revised upward by $0.3 million to $100.2 million at December 31, 2008 and revised downward by $5.0 million to $95.2 million at December 31, 2009.

On March 4, 2009, Bill C-10 passed Third Reading in the House of Commons and on March 12, 2009 received Royal Assent, and therefore considered substantively enacted under Canadian GAAP. This Bill clarifies the definition of and criteria for being a "real estate investment trust" for Canadian income tax purposes, including the definition of what is considered "rent from real or immoveable properties". However, despite clarifying the definition of and criteria for qualifying as a "real estate investment trust", further clarification is still needed within these definitions, particularly as it relates to gains on the dispositions of real or immovable properties and whether such gains retain their characteristics as they flow from one trust entity to another trust. As a result, the Trust continues to report a future income tax liability until further clarity for qualifying as "real estate investment trust" becomes available. If further clarification is not provided, it is still the belief of management that we will be able to adjust existing policies and/or restructure to qualify as a "real estate investment trust" under the new SIFT rules at January 1, 2011.

Management continues to work with industry organizations as well as the Department of Finance on these and other outstanding issues.

FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Boardwalk REIT monitors new CICA accounting pronouncements to assess the applicability and impact, if any, these new pronouncements may have on the consolidated financial statements and note disclosures. During 2008, the CICA issued two new accounting standards that are effective for the Trust's fiscal year commencing January 1, 2011:

Section 1582 – Business Combinations will replace the current Section 1581 – Business Combinations while Sections 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests will replace the current Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners, members or participants. As such, transactions which are now typically accounted for as an asset acquisition will likely come within the scope of a business combination. Finally, acquisition costs are not part of the consideration and, with the exception of Trust Unit issue costs, acquisition-related costs are to be expensed when incurred. With the adoption of these standards, Boardwalk expects that more transactions which are now typically accounted for as an asset acquisition will be considered a business combination and all acquisition related costs will be expensed through the income statement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the change over date of January 1, 2011 as the date in which all publicly accountable enterprises ("PAEs"), including Boardwalk REIT, will be required to report all interim and annual financial statement information in accordance International Financial Reporting Standards ("IFRS"), which will become Canadian GAAP.

The impact of the adoption of IFRS on the consolidated financial statements of Boardwalk REIT will likely be significant and the Trust continues to develop its convergence and implementation plan in order to transition its financial statement reporting, presentation and disclosure for IFRS to meet the January 1, 2011 deadline. Boardwalk REIT continues the process of evaluating the potential impact of IFRS on its consolidated financial statements. The process will be an on-going one as new standards and recommendations are issued by the International Accounting Standards Board and the AcSB.

The Canadian Securities Administrators issued Staff Notice 52-321, "Early Adoption of International Financial Reporting Standards", which provided issuers with the option to early adopt IFRS effective January 1, 2009. Boardwalk REIT has chosen not to early adopt IFRS standards.

The following table outlines certain elements of the Trust's transition plan to IFRS and an assessment of the related progress. The reader should be aware that as the Trust works through its detailed project plan certain project activities and milestones could change. Given the progress of the project and the outcomes identified, changes in regulation or economic condition at the date of transition or throughout the project could result in changes to the project activities outlined.

KEY ACTIVITY	KEY MILESTONES	STATUS
Accounting Policy and Implementation • Identify differences in Canadian GAAP and IFRS accounting policies. • Select Boardwalk's ongoing IFRS policies • Assess and quantify the effects of change upon initial and continuous IFRS implementation • Develop financial statement format under IFRS	• Detailed analysis of IFRS standards and their impact on the Trust's financial statements • Prepare January 1, 2010 opening balance sheet in accordance with IFRS standards • Board sign-off of IFRS policies which will be implemented upon transition to IFRS • Develop action plans to implement policy choices • Develop mock up financial statements under IFRS which outline disclosure requirements	• A large portion of the analyses of the relevant IFRS standards has essentially been completed in 2009; however, further analysis on more detailed items within various standards will continue in 2010. • Board sign off of the policy choices to be implemented under IFRS is expected in 2010. • The completion of mock up financial statements is expected in 2010.
Information Technology and Data Systems • IT initiatives required, developed and tested	• Identify information requirements under IFRS and develop IT initiatives to meet these requirements • Design and develop these IT initiatives • Test IT systems to ensure information requirements are met • Implementation of new systems	• The identification of systems and information requirements under IFRS was completed in 2008. • The design and development of systems required was essentially completed in 2009. • Testing of new systems has been completed in 2010 and the new systems are operational.
Internal Controls over Financial Reporting and Disclosure • For all IFRS accounting policy changes, assess control design and effectiveness implications • Document and test process changes	• Assess material impacts of IFRS standards on entity level, information technology, disclosure and business process controls. • Map and test process and control changes which result from the implementation of IFRS standards.	• Analysis of control issues is currently under way.
Financial Reporting Expertise • Define and introduce the appropriate level of IFRS expertise for the IFRS transition team, accounting staff, senior management and Audit Committee/Board of Trustees	• Training for the IFRS transition team to occur on an ongoing basis as required • Training for accounting staff, Audit Committee and Board on an ongoing basis as required	• Project team expert resources have been identified and training for the project team members is occurring throughout the project • Training of accounting staff and Board/ Audit Committee is ongoing throughout the project
Business Activities • Assess impact of transition to IFRS on businesses activities such as hedging, debt covenants, performance measures and compensation arrangements	• Determine the impact of IFRS policies on various business activities • Identify changes to structure, Declaration of Trust or other requirements which need to be addressed prior to the transition date.	• Preliminary projections of the impact to debt covenants and the Declaration of Trust have already been completed in 2009. Assessment of business activities and documentation requirements continue to be assessed in 2010.
External Communications • Assess the impact of IFRS related accounting policy on external communications including, investor communications, public reporting documents and processes implemented to deal with IFRS queries from the public.	• Assess the initial and ongoing impact the transition to IFRS will have on all public forms of communication • Disclose the effects of the implementation to the public • Develop a process to receive and deal with external IFRS inquiries.	• IFRS disclosure in the MD&A will be updated throughout the project in accordance with CSA Staff Notice 52-320. • Individuals involved in the completion of the external communication are part of the IFRS project team.

Boardwalk continues to evaluate and assess the impact of IFRS standards, their differences from Canadian GAAP and the effects of these differences on the Trusts financial statements, As this convergence project moves through its life cycle and towards the transition date of January 1, 2011, areas are being identified where significant differences from Canadian GAAP may not have initially been considered, but upon further examination have been identified. One such area exists within IAS 32- Financial Instruments: Presentation. Upon initial examination of this standard, the Trust disclosed in its 2009 Annual Report that Boardwalk expects its REIT Units and LP Class B Units to be treated as equity under IFRS. However, upon further examination, the Trust has now identified that while the REIT Units are still expected to be treated as equity, the LP Class B Units may be treated as either equity or debt. If these LP Units are classified as Debt, any distributions would then be treated as financing costs. In either case, the Trust will continue to be on-side with all of its debt covenants. The Trust continues to evaluate this issue within IAS 32 and its impact on the Trust's financial statements prepared in accordance with IFRS.

Additional disclosure on the Trust's transition to IFRS and its convergence plan is outlined in Boardwalk REIT's 2009 Annual Report.

Disclosure Controls and Procedures & Internal Control over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO, President and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

The preparation of this information is supported by a set of disclosure controls and procedures implemented by management. In fiscal 2009, these controls and procedures were reviewed and the effectiveness of their design and operation was evaluated. This evaluation confirmed the effectiveness of the design and operation of disclosure controls and procedures as at December 31, 2009. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") control framework adopted by the Trust and the requirements of Multilateral Instrument 52-109 of the Canadian Securities Administrators, Certification of Disclosure in Issuers' Annual and Interim Filings.

Boardwalk REIT continues to review the design of disclosure controls and procedures to provide reasonable assurance that material information relating to Boardwalk REIT is made known to the CEO, President and CFO. As at December 31, 2009, Boardwalk REIT also confirmed the effectiveness of the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial statements and information. Boardwalk REIT may, from time to time, make changes aimed at enhancing their effectiveness and ensuring that our systems evolve with our business. There were no changes made in our internal controls over financial reporting during the quarter ended March 31, 2010, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

2010 Financial Outlook and Market Guidance

As is customary, the Trust on a quarterly basis reviews its key assumptions used in deriving its public financial guidance. Based on this review, we are confirming our previously reported 2010 Financial Guidance range. We estimate that for fiscal 2010, we will report FFO per Trust Unit of between$2.45 to $2.60 (DI of $2.47 to $2.62).

The following table summarizes our 2010 Financial Guidance:

Description	Guidance
Acquisitions	No new apartment acquisitions
Stabilized Building NOI growth	-2.0% to 0%
FFO per Trust Unit	$2.45 to $2.60
DI per Trust Unit	$2.47 to $2.62

In addition to the above financial guidance for 2010, the Trust has assumed the following capital will be invested back into its existing portfolio for the 2010 fiscal year.

Capital Budget	2010 Budget	Per Suite	Three months ended March 2010	Per Suite
Total Approved	$ 79,000	$ 2,155	$ 13,127	$ 362
Maintenance Capital	$ 16,493	$ 450	$ 4,082	$ 113
Stabilizing & Value Added Capital	$ 62,507	$ 1,705	$ 9,045	$ 249
	$ 79,000	$ 2,155	$ 13,127	$ 362

For the first three months of 2010, Boardwalk REIT has incurred $13.1 million (or $362 per apartment unit) of capital improvements.

Additional Information

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

Respectfully,

Roberto A. Geremia
President

William Wong
Chief Financial Officer

Consolidated Balance Sheets

(Cdn$ Thousands) (UNAUDITED)

As at	March 31, 2010	December 31, 2009
ASSETS		
Revenue producing properties (NOTE 4)	**$ 2,122,949**	$ 2,130,798
Other assets (NOTE 5)	**14,681**	13,908
Mortgages and accounts receivable	**2,489**	3,049
Segregated tenants' security deposits	**12,843**	12,917
Cash and cash equivalents	**168,116**	190,325
Discontinued operations (NOTE 6)	**11,069**	27,281
	$ 2,332,147	$ 2,378,278
LIABILITIES		
Mortgages payable	**$ 2,110,500**	$ 2,124,013
Debentures (NOTES 7 and 11)	**111,928**	111,834
Accounts payable and accrued liabilities	**47,075**	54,627
Refundable tenants' security deposits and other	**16,342**	16,263
Discontinued operations (NOTE 6)	**9,359**	21,625
	2,295,204	2,328,362
Future income taxes (NOTE 12)	**94,538**	94,956
	2,389,742	2,423,318
UNITHOLDERS' EQUITY (DEFICIT)		
Unitholders' equity (deficit)	**(57,595)**	(45,040)
	$ 2,332,147	$ 2,378,278

Commitments and contingencies (NOTE 16)

Guarantees (NOTE 17)

See accompanying notes to the consolidated financial statements

On behalf of the Trust:

Sam Kolias
Trustee

Al Mawani
Trustee

Consolidated Statements of Earnings and Comprehensive Income

(Cdn$ Thousands, except NUMBER OF UNITS and PER UNIT amounts) (UNAUDITED)	**3 months ended March 31, 2010**	3 months ended March 31, 2009
REVENUE		
Rental revenue	**$ 104,954**	$ 106,004
EXPENSES		
Revenue producing properties:		
Operating expenses	**18,860**	18,171
Utilities	**14,107**	15,619
Utility rebate and rebate adjustments (NOTE 16)	**–**	(376)
Property taxes	**8,910**	8,367
Administration	**6,561**	6,757
Financing	**26,089**	26,395
Amortization of deferred financing costs	**1,744**	1,173
Amortization of capital assets	**21,308**	20,819
Amortization of intangibles	**–**	373
	97,579	97,298
Earnings from continuing operations before the following	**7,375**	8,706
Other income (NOTE 11)	**–**	408
Earnings from continuing operations before income taxes	**7,375**	9,114
Current income taxes	**–**	11
Future income taxes (recovery) (NOTE 12)	**(418)**	(8,570)
Earnings from continuing operations	**7,793**	17,673
Earnings (loss) from discontinued operations, net of tax (NOTE 6)	**2,772**	(4)
Net earnings	**10,565**	17,669
Other comprehensive income (NOTE 15)	**10**	9
Comprehensive income	**$ 10,575**	$ 17,678
Basic earnings per unit (NOTE 10)		
– from continuing operations	**$ 0.15**	$ 0.33
– from discontinued operations	**0.05**	–
Basic earnings per unit	**$ 0.20**	$ 0.33
Diluted earnings per unit (NOTE 10)		
– from continuing operations	**$ 0.15**	$ 0.33
– from discontinued operations	**0.05**	–
Diluted earnings per unit	**$ 0.20**	$ 0.33
Weighted average number of units – fully diluted (NOTE 10)	**52,752,184**	53,323,441

See accompanying notes to the consolidated financial statements

Consolidated Statements of Unitholders' Equity

(Cdn$ Thousands, EXCEPT NUMBER OF UNITS) (UNAUDITED)	**3 months ended March 31, 2010**	3 months ended March 31, 2009
Trust units (NOTE 9)		
Balance, beginning of period	**$ 236,385**	$ 256,773
Deferred unit plan (NOTE 8)	**289**	229
Units issued for vested deferred units (NOTE 8)	**318**	184
Units purchased and cancelled (NOTE 9)	**–**	(7,887)
Balance, end of period	**$ 236,992**	$ 249,299
Cumulative earnings		
Balance, beginning of period	**$ 203,343**	$ 141,276
Net earnings	**10,565**	17,669
Balance, end of period	**$ 213,908**	$ 158,945
Cumulative distributions to unitholders		
Balance, beginning of period	**$ (484,544)**	$ (389,294)
Distributions declared to unitholders (NOTE 10)	**(23,737)**	(23,955)
Balance, end of period	**$ (508,281)**	$ (413,249)
Deficit	**$ (294,373)**	$ (254,304)
Accumulated other comprehensive income (loss)		
Balance, beginning of period	**$ (224)**	$ (262)
Other comprehensive income (NOTE 15)	**10**	9
Balance, end of period	**$ (214)**	$ (253)
Total unitholders' equity (deficit)	**$ (57,595)**	$ (5,258)
Units issued and outstanding (NOTE 9)	**52,752,704**	53,179,086

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows

(Cdn$ Thousands) (UNAUDITED)	**3 months ended March 31, 2010**	3 months ended March 31, 2009
Operating activities		
Net earnings	**$ 10,565**	$ 17,669
(Earnings) loss from discontinued operations, net of tax	**(2,772)**	4
Future income taxes (recovery)	**(418)**	(8,570)
Amortization of deferred financing costs	**1,744**	1,173
Amortization of capital assets	**21,308**	20,819
Amortization of intangibles	**–**	373
Other income (NOTE 11)	**–**	(408)
	30,427	31,060
Cash from discontinued operations	**356**	599
Net change in operating working capital (see below)	**(7,453)**	(8,377)
	23,330	23,282
Financing activities		
Issuance of trust units (net of issue costs) (NOTE 9)	**–**	184
Distributions paid to unitholders	**(23,736)**	(24,002)
Unit repurchase program (NOTE 9)	**–**	(7,887)
Financing of revenue producing properties	**–**	46,284
Repayment and maturity of debt on revenue producing properties	**(27,547)**	(45,973)
Repurchase of debentures (NOTE 11)	**–**	(7,187)
Deferred financing costs incurred	**(211)**	(1,820)
Bond forward settlement, net of amortization (NOTE 15)	**10**	9
	(51,484)	(40,392)
Investing activities		
Improvements to revenue producing properties	**(13,127)**	(15,700)
Net cash proceeds from sale of properties (NOTE 4)	**19,350**	–
Additions to corporate technology assets	**(278)**	(308)
	5,945	(16,008)
Net decrease in cash and cash equivalents	**(22,209)**	(33,118)
Cash and cash equivalents, beginning of period	**190,325**	123,234
Cash and cash equivalents, end of period	**$ 168,116**	$ 90,116
Supplementary cash flow information:		
Taxes paid	**$ –**	$ 11
Interest paid	**$ 28,029**	$ 28,763
Net change in operating working capital:		
Net change in mortgages and accounts receivable	**$ 560**	$ 3,164
Net change in other assets	**(614)**	(1,026)
Net change in tenants' security deposits	**153**	60
Net change in accounts payable and accrued liabilities	**(7,552)**	(10,575)
	$ (7,453)	$ (8,377)

See accompanying notes to the consolidated financial statements

Notes To Consolidated Financial Statements

THREE MONTHS ENDED MARCH 31, 2010

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

NOTE 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 ("DOT"), dated January 9, 2004 and as amended and restated on May 3, 2004, May 10, 2006, May 10, 2007, May 13, 2008 and May 13, 2009, under the laws of the Province of Alberta. Boardwalk REIT was created to invest in revenue producing multi-family residential properties or interests, initially through the acquisition of the assets and operations of Boardwalk Equities Inc. (the "Corporation"), which was acquired on May 3, 2004.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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 are consistent with those used in the audited consolidated financial statements as at and for the year ended December 31, 2009, except as disclosed 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, the 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.

The operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2010 due to seasonal variations in utility costs and other factors. Historically, Boardwalk REIT has experienced higher utility expenses in the first and fourth quarter as a result of the winter months, resulting in variations in the quarterly results.

Certain comparative figures have been reclassified to conform to the presentation of the current period, or as a result of accounting changes.

NOTE 3. ACCOUNTING CHANGES

Future Changes in Significant Accounting Policies

Boardwalk REIT monitors new CICA accounting pronouncements to assess the applicability and impact, if any, these new pronouncements may have on the consolidated financial statements and note disclosures. During 2008, the CICA issued three new accounting standards that are effective for the Trust's fiscal year commencing January 1, 2011:

Section 1582 – Business Combinations will replace the current Section 1581 – Business Combinations while Sections 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests will replace the current Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners, members or participants. As such, transactions, which are now typically accounted for as an asset acquisition, will likely come within the scope of a business combination. Thus, as a result, acquisition costs are not part of the consideration and, with the exception of trust unit issue related costs, acquisition-related costs are to be expensed when incurred. With the adoption of these Standards, Boardwalk expects that more transactions will be considered a business combination and all acquisition related costs will be expensed through the income statement.

International Financial Reporting Standards ("IFRS") – On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed a changeover date of January 1, 2011 as the date in which all publicly accountable enterprises ("PAEs") will be required to adopt IFRS in the preparation of their financial disclosure. At that date, all PAEs, including Boardwalk REIT, will be required to report all interim and annual financial statement information, including comparative information for the prior period, in accordance with IFRS. The impact of the adoption of IFRS on the consolidated financial statements of the Trust will be significant and, as such, the Trust has developed a convergence plan in order to transition its financial statement reporting, presentation and disclosure for IFRS to meet the January 1, 2011 deadline. Boardwalk REIT continues the process of evaluating the potential impact of IFRS on its consolidated financial statements. The process will be an on-going one as new standards and recommendations are issued by the International Accounting Standards Board and AcSB. It is not Boardwalk REIT's intention to early adopt IFRS prior to January 1, 2011.

NOTE 4. REVENUE PRODUCING PROPERTIES

Acquisitions

During the three months ended March 31, 2010 and 2009, the Trust did not acquire any rental units.

Dispositions

	3 months ended March 31, 2010	3 months ended March 31, 2009
Cash received	**$ 19,350**	$ –
Cost of dispositions	**–**	(56)
Net cash proceeds	**19,350**	(56)
Net book value	**16,687**	–
Gain (loss) on dispositions	**$ 2,663**	$ (56)
Multi-family units sold	**321**	–

Dispositions for the first quarter ended March 31, 2010 consist of the sale of a 321-unit rental property located in Gatineau, Quebec.

There were no dispositions for the first quarter ended March 31, 2009. For the first quarter ended March 31, 2009, under the percentage of completion method relating to a 90-unit property located in Calgary, Alberta that was developed into condominium units for sale, sales of $nil were recorded against cost of sales of $56 thousand. The final unit of this property was sold in the third quarter of 2009.

NOTE 5. OTHER ASSETS

As at	**March 31, 2010**	December 31, 2009
Corporate technology assets	**$ 19,577**	$ 19,302
Less: accumulated amortization	**(16,433)**	(16,147)
Head office building	**4,418**	4,406
Less: accumulated amortization	**(1,532)**	(1,482)
Prepaid parts and supplies	**2,877**	2,899
Prepaid property taxes	**2,231**	739
Prepaid and other	**3,543**	4,191
	$ 14,681	$ 13,908

NOTE 6. DISCONTINUED OPERATIONS

During the first quarter of 2010, the Trust: (i) completed the sale of a 321-unit rental property located in Gatineau, Quebec. This property formed part of our Quebec segment in our segmented information disclosure; (ii) reclassified a revenue producing property consisting of 91 units in Calgary, Alberta as discontinued operations as a result of an unconditional sale to a third party that is scheduled to close subsequent to the quarter-end. This property was previously part of our Alberta segment in our segmented information disclosure; and (iii) reclassified a revenue producing property consisting of 178 units in Montreal, Quebec as discontinued operations as a result an unconditional sale to a third party that is scheduled to close subsequent to the quarter-end. This property was previously part of our Quebec 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 March 31, 2010	3 months ended March 31, 2009
Revenue		
Rental revenue	**$ 1,120**	$ 2,225
Expenses		
Revenue producing properties:		
Operating expenses	**222**	441
Utilities	**216**	466
Utilities rebate	**–**	(2)
Property taxes	**113**	205
Financing	**213**	516
Amortization of deferred financing costs	**30**	30
Amortization of capital assets	**217**	517
	1,011	2,173
	109	52
Gain (loss) on dispositions (NOTE 4)	**2,663**	(56)
Earnings (loss) from discontinued operations	**$ 2,772**	$ (4)

As at	**March 31, 2010**	December 31, 2009
Discontinued Assets		
Properties held for redevelopment and sale	**$ 11,069**	$ 27,281
Discontinued Liabilities		
Mortgages payable	**$ 9,359**	$ 21,625

NOTE 7. 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 5.61% (5.31% prior to July 30, 2008), and will mature on January 23, 2012. Net proceeds of approximately $119 million were 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 was settled when the debentures were issued for the settlement amount of $0.7 million. The settlement amount is being amortized over the term of the unsecured debentures.

During the first quarter of 2009, the Trust acquired in the open market a total face value of $7.6 million of these unsecured debentures for cancellation. These were purchased at a discount to the face value of the reported debentures (see NOTE 11).

The debenture holders, in a special meeting held July 30, 2008, approved an amendment to the Trust Indenture amending the definition of Gross Book Value ("GBV") to increase the Bump (see NOTE 13) to its existing GBV calculation by an additional $410 million, resulting in a total asset bump of $641 million. In addition, the Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") to Consolidated Interest Expense financial covenant was amended to 1.75 to 1 from 1.50 to 1 and the rate of interest on the debenture was increased to 5.61% from 5.31% commencing July 30, 2008 until the maturity date of January 23, 2012.

These covenants are discussed in NOTE 14(d).

NOTE 8. DEFERRED UNIT PLAN

During 2006, the Trust implemented a deferred unit plan. The plan entitles trustees and executives, at the participant's option, to receive deferred units in consideration for trustee fees or a portion of executive cash bonuses, respectively, with the Trust matching the number of units received. The deferred units vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries, subject to provisions for earlier vesting in certain events. The deferred units earn additional deferred units for the distributions that would otherwise have been paid on the deferred units (i.e., had they instead been issued as Trust Units on the date of grant). Once vested, participants are entitled to receive an equivalent number of Trust Units representing the vesting deferred units and the corresponding additional deferred units. Cash is granted for any fractional units. The deferred unit plan was approved by unitholders on May 10, 2006 and amended on May 13, 2008 and May 13, 2009. The deferred units had a weighted average fair value of $38.05 per unit at the grant date in the first quarter of 2010 (2009 – $31.98). For the quarter ended March 31, 2010, total compensation costs of $0.3 million were recognized (2009 – $0.4 million) in income related to executive bonuses and trustee fees under the deferred unit plan.

The status of the outstanding deferred units is as follows:

Summary of Deferred Unit Plan	# of Units Outstanding	# of Units Vested
December 31, 2008	**184,865**	–
Deferred units granted	**62,822**	54,317
Additional deferred units earned on units	**11,633**	3,121
Deferred units converted to Trust Units or cash	**(57,438)**	(57,438)
December 31, 2009	**201,882**	–
Deferred units granted	**19,499**	13,361
Additional deferred units earned on units	**2,330**	2,337
Deferred units converted to Trust Units or cash	**(8,240)**	(8,240)
March 31, 2010	**215,471**	7,458

NOTE 9. 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, Boardwalk Equities Inc. incurred $10.3 million in 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 entitles 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 follows:

Summary of Unitholders' Capital Contributions	**Units**	Amount
December 31, 2008	**53,477,042**	$ 256,773
Deferred unit plan (NOTE 8)	**–**	389
Units issued for vested deferred units (NOTE 8)	**57,425**	1,979
Units purchased and cancelled	**(790,000)**	(22,756)
December 31, 2009	**52,744,467**	$ 236,385
Deferred unit plan (NOTE 8)	**–**	289
Units issued for vested deferred units (NOTE 8)	**8,237**	318
March 31, 2010	**52,752,704**	$ 236,992

In August of 2007, Boardwalk REIT filed an application for a normal course issuer bid (the "First Bid"), and received regulatory approval from the Toronto Stock Exchange on August 10, 2007. The First Bid allowed Boardwalk REIT to purchase and cancel up to 4,267,048 Trust Units, representing 10% of the public float of its Trust Units at the time of the TSX approval. The First Bid terminated on August 17, 2008.

In August of 2008, Boardwalk REIT filed an application for a normal course issuer bid (the "Second Bid"), and received regulatory approval from the Toronto Stock Exchange on August 18, 2008. The Second Bid allows Boardwalk REIT to purchase and cancel up to 4,040,192 Trust Units, representing 10% of the public float of its Trust Units at the time of the TSX approval. The Second Bid terminated on August 19, 2009.

Under the Second Bid, the Trust purchased and cancelled, on a cumulative basis, 1,436,000 REIT Units (790,000 in fiscal 2009 and 646,000 in fiscal 2008), representing a total purchase cost of approximately $42.9 million (fiscal 2009 – $22.8 million and fiscal 2008 – $20.1 million), or an average of $29.86 per Trust Unit (fiscal 2009 – $28.81 per Trust Unit and fiscal 2008 – $31.15 per Trust Unit).

In August of 2009, Boardwalk REIT filed an application for a Normal Course Issuer bid (the "Third Bid"), and received regulatory approval from the Toronto Stock Exchange on August 24, 2009. The Third Bid allows Boardwalk REIT to purchase and cancel up to 3,932,211 Trust Units representing 10% of the public float of its Trust Units at the time of the TSX Approval. The Third Bid will terminate on the earlier of August 23, 2010 or at such time as the purchases under the Third Bid are complete.

As of March 31, 2010, no Trust Units were purchased and cancelled under the Third Bid.

To date since August 2007, on a cumulative basis, the Trust has purchased and cancelled 3,958,447 REIT Units, representing a total purchase cost of approximately $146.7 million, or an average of $37.07 per Trust Unit.

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:

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:

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

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.

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	48,277,704	
Special Voting Units issued to holders of LP Class B units	4,475,000	
Total trust units	52,752,704	$ 236,992

NOTE 10. 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 reported distributable income is defined under the Trust's Declaration of Trust ("DOT"). Under the DOT, as amended and restated, the monthly distributions are determined at the discretion of the Board of Trustees. It is the current policy of the Trust to distribute, at a minimum, its reported taxable income to Unitholders; however, the amount of this distribution is at the absolute discretion of the Board of Trustees, who is authorized to determine and declare a different amount. The reconciliation of distributable income and per unit information begins with total operating cash flows calculated in accordance with Canadian generally accepted accounting principles and is 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.

	3 months ended March 31, 2010	3 months ended March 31, 2009
Total operating cash flows	$ 23,330	$ 23,282
Net change in operating working capital	7,453	8,377
Deduct:		
Deferred financing costs amortization post May 2, 2004	(1,474)	(877)
Amortization of net premium on long-term debt assumed after May 2, 2004	(26)	(25)
Distributable income	$ 29,283	$ 30,757
Distribution declared to unitholders	$ 23,737	$ 23,955
Distributable income withheld	5,546	6,802
	$ 29,283	$ 30,757
Weighted average units outstanding – basic	52,748,456	53,323,311
Weighted average units outstanding – diluted	52,752,184	53,323,441
Distributable income earned per unit – basic and diluted	$ 0.555	$ 0.576
Actual distributions declared per unit – basic and diluted	$ 0.450	$ 0.449
Distributions declared as a % of distributable income	81.1%	77.9%

Earnings per unit

	3 months ended March 31, 2010	3 months ended March 31, 2009
Numerator		
Earnings from continuing operations	$ 7,793	$ 17,673
Earnings (loss) from discontinued operations	2,772	(4)
Denominator		
Denominator for basic earnings per unit – weighted average units	52,748,456	53,323,311
Denominator for diluted earnings per unit adjusted for weighted average units and assumed conversion	52,752,184	53,323,441
Earnings per unit from continuing operations		
Basic	$ 0.15	$ 0.33
Diluted	$ 0.15	$ 0.33
Earnings per unit from discontinued operations		
Basic	$ 0.05	$ –
Diluted	$ 0.05	$ –

NOTE 11. OTHER INCOME

During the first quarter of 2009, the Trust purchased and cancelled $7.6 million of unsecured debentures (see NOTE 7) at a discount to their face value. The cost paid by the Trust was $7.2 million, of which $55 thousand related to accrued interest. The remaining difference of $408 thousand between the face value and the discounted purchase price has been included in other income.

NOTE 12. 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 taxable income is distributed to its unitholders. This exemption does not extend to the corporate subsidiaries of Boardwalk REIT that are subject to income tax.

The Income Tax Act (Canada) (the “Tax Act”) contains legislation affecting the tax treatment of publicly traded trusts (the “SIFT Legislation”). Based on a detailed review of the SIFT Legislation, it could be interpreted that the Trust will not qualify as a Real Estate Investment Trust (“REIT”) in accordance with the definition contained in the legislation, which would be exempt from the specified investment flow-through (“SIFT”) rules nor remain within certain "normal growth" limits. As such, the Trust recorded an estimate of its the future income tax liability at June 30, 2007, which is adjusted quarterly if necessary, recognizing the probability that it would be subject to the tax prescribed by the SIFT rules on January 1, 2011. The Trust reported a future income tax liability at December 31, 2007 of $99.9 million, which was revised upward by $0.3 million to $100.2 million at December 31, 2008, and revised downward by $5.0 million to $95.2 million at December 31, 2009.

On March 4, 2009, Bill C-10 passed Third Reading in the House of Commons and on March 12, 2009 received Royal Assent, and therefore considered substantively enacted under Canadian GAAP. This Bill clarifies the definition of and criteria for being a REIT, including the definition of what is considered 'rent from real or immoveable properties'. However, despite clarifying the definition of and criteria for being a REIT, further clarification is still required on the characteristics of gains on dispositions of real or immoveable properties as it flows through the Trust's organizational structure. While the Trust waits for such further clarification from the Government of Canada, Boardwalk REIT continued to carry forward the previously recorded future income tax liability of $95.2 million as at December 31, 2009, and decreased the amount by $0.4 million for the three months ended March 31, 2010 to $94.8 million due to a decrease in enacted future tax rates.

	3 months ended March 31, 2010	3 months ended March 31, 2009
Continuing operations	**$ (418)**	$ (8,570)
Total future income taxes (recovery)	**$ (418)**	$ (8,570)

Future income taxes consist of the following:

	3 months ended March 31, 2010	3 months ended March 31, 2009
Tax expense (recovery) based on expected rate	**$ (64)**	$ (306)
Adjustment to future income tax liability	**(354)**	(8,264)
Future income taxes (recovery)	**$ (418)**	$ (8,570)

The future income tax liability is calculated as follows:

As at	**March 31, 2010**	December 31, 2009
Tax asset related to operating losses	**$ 338**	$ 594
Tax liability related to differences in tax and book basis	**(94,876)**	(95,550)
Future income tax liability	**$ (94,538)**	$ (94,956)

NOTE 13. CAPITAL MANAGEMENT

The Trust defines capital resources as the aggregate of Unitholders' equity at market value, debt (both secured and unsecured), internally generated funds, amounts available under credit facilities and cash on hand. The Trust's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to Boardwalk REIT's DOT as well as existing debt covenants and continue building long-term Unitholder value while maintaining sufficient capital contingency. The main components of the Trust's capital allocation are approved by its Unitholders as stipulated in the Trust's DOT and on a regular basis by its Board of Trustees (the "Board") through their annual review of the Trust's strategic plan and budget, supplemented by periodic Board and Board Committee meetings. Capital adequacy is monitored by the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the DOT and debt covenants. Boardwalk REIT's DOT provides for a maximum total debt level of up to 70% of Gross Book Value ("GBV"), defined in the DOT as total assets plus accumulated amortization of income properties as recorded by the Trust (and calculated in accordance with Canadian GAAP) and to this amount an additional amount of $641 million (the "Bump") is added as previously approved by the Trust's Unitholders. As a matter of internal policy, the Trust has a target of total debt levels not to exceed 65% of GBV. The following table highlights Boardwalk REIT's existing leverage ratio in accordance with the DOT:

As at	March 31, 2010	December 31, 2009
Total assets	$ 2,332,147	$ 2,378,278
Accumulated amortization on building and non-building assets	693,976	677,613
Exchange value bump	641,460	641,460
	$ 3,667,583	$ 3,697,351
Mortgages payable	$ 2,119,859	$ 2,145,638
Unsecured debentures	111,928	111,834
	$ 2,231,787	$ 2,257,472
Adjusted Debt-to-GBV	61%	61%

With a DOT limit not to exceed 70% on Adjusted Debt-to-Gross Book Value, Boardwalk REIT has the ability to add additional debt of approximately $335.5 million (2009 – $330.7 million) to its existing portfolio. Additionally, the Trust's DOT contains provisions that have the effect of limiting capital expended by the Trust.

As outlined in NOTE 14(d), Boardwalk REIT's debenture and committed revolving credit facility agreements contain financial covenants.

Boardwalk REIT's capital resources, comprised of cash on hand, long-term fixed rate debt (both secured and unsecured), Unitholders' capital and amounts available under its committed revolving credit facility, totalled $2.5 billion as at March 31, 2010 (December 31, 2009 – $2.6 billion). Available liquidity as at March 31, 2010 included cash on hand of $168.1 million (December 31, 2009 – $190.3 million) as well as an unused committed revolving credit facility of $198.2 million (December 31, 2009 – $198.2 million). As at March 31, 2010 and 2009, the Trust was in compliance with all covenants in both its DOT and all existing debt facilities.

NOTE 14. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Trust's financial instruments consist of mortgages and accounts receivable, tenants' security deposits, cash and cash equivalents, mortgages payable, debentures and accounts payable and accrued liabilities. All of the Trust's financial instruments were classified as either held for trading (cash and cash equivalents), loans and receivables (carried at amortized cost) or other financial liabilities (carried at amortized cost using the effective interest rate method). The fair values of the Trust's financial instruments were determined as follows:

i) The carrying amounts of mortgages and accounts receivable, tenants' security deposits, cash and cash equivalents, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

ii) The fair values of the Trust's mortgages payable and debentures are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Trust for similar financial instruments subject to similar risks and maturities. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in estimates could significantly affect fair values. The significant financial instruments of Boardwalk REIT and their carrying values as at March 31, 2010 and December 31, 2009 are as follows:

As at	March 31, 2010	December 31, 2009
Mortgages and accounts receivable		
Carrying value	$ 2,489	$ 3,049
Fair market value	$ 2,489	$ 3,049
Mortgages payable and debentures		
Carrying value	$ 2,231,787	$ 2,257,472
Fair market value	$ 2,292,434	$ 2,309,217

The fair value of the Trust's mortgages payable and debentures exceeded the recorded value by approximately $60.6 million at March 31, 2010 (December 31, 2009 – $51.7 million), due to changes in interest rates since the dates on which the individual mortgages and debentures were last contracted. The fair value of the mortgages payable and debentures have been estimated based on the current market rates for mortgages and debentures with similar terms and conditions. The fair value of the Trust's mortgages payable and debentures is an amount computed based on the interest rate environment prevailing at March 31, 2010 and December 31, 2009, respectively; the amount is subject to change and the future amounts will converge. There are no additional costs or penalties to Boardwalk REIT if the mortgages and debentures are held to maturity.

The fair value hierarchy of financial instruments measured at fair value on the balance sheet is as follows:

As at	March 31, 2010			December 31, 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets:						
Cash and cash equivalents	$ 168,116	$ –	$ –	$ 190,325	$ –	$ –

The three levels of the fair value hierarchy are described as follow:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As at March 31, 2010 and December 31, 2009, the Trust had no embedded derivatives requiring separate recognition.

The nature of these financial instruments and the Trust's operations expose the Trust to certain principal financial risks. The main objective of the Trust's risk management process is to properly identify financial risks and minimize the exposure to potential losses arising from those risks. The principal financial risks to which the Trust is exposed are described below.

Risk Management

a) Interest rate risk

The Trust is exposed to interest rate risk as a result of its mortgages payable, debentures and credit facilities; however, this risk is minimized through the Trust's current strategy of having the majority of its mortgage payable and debentures in fixed terms arrangements. As such, the Trust's cash flows are not significantly impacted by a change in market interest rates. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to interest rates in any one year. The majority of the Trust's mortgages are also insured by the Canadian Mortgage and Housing Corporation ("CMHC") under the National Housing Act ("NHA") mortgage program. This added level of insurance offered to lenders allows the Trust to receive advantageous interest rates while minimizing the risk of mortgage renewals or extensions, and significantly reduces the potential for a lender to call a loan prematurely. In addition, management is constantly reviewing its committed revolving credit facility (floating-rate debt) and, if market conditions warrant, the Trust has the ability to convert its existing floating-rate debt to fixed rate debt.

As at March 31, 2010, the Trust had no amount outstanding on its committed revolving credit facility and, as such, of the Trust's total debt at March 31, 2010, 100% was fixed-rate debt and 0% was floating-rate debt. For the quarter ended March 31, 2010, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $nil (March 31, 2009 – $nil).

b) Credit risk

The Trust is exposed to credit risk as a result of its mortgages receivable and accounts receivable. This balance is comprised of mortgage holdbacks and refundable mortgage fees, accounts receivable from significant customers and tenant receivables. As at March 31, 2010, no balance relating to mortgage holdbacks, refundable mortgage fees or accounts receivable from significant customers was past due.

In relation to mortgage holdbacks and refundable mortgage fees, the Trust's exposure to credit risk is low given the nature of these balances. These funds will be advanced when the Trust has met the conditions pursuant to the mortgage agreement (in the case of the mortgage holdback) or when financing is completed (in the case of refundable mortgage fees), both of which are expected to occur.

Similar to mortgage holdbacks and refundable mortgage fees, the Trust assesses the credit risk on accounts receivable to be low due to the assured collection of these balances. The majority of the balance relates to money owing from an energy provider as a result of the Alberta government natural gas rebate program and the Trust's revenue sharing initiatives. Given the Trust's collection history and the nature of these customers, credit risk is assessed as low. Additionally, an amount is owed by insurance companies in relation to current outstanding claims. In all circumstances, the insurance deductible has been paid and amounts incurred and owing for reimbursement are due to an insurable event. Recoverability may differ from the amount owing solely due to discrepancies between the Trust and the insurance provider regarding the value of replacement costs.

With tenant receivables, credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease term commitments. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Rent payments from tenants are due on the first of the month and tenants generally pay a security deposit – both of these actions mitigate against bad debts.

As stated above, the carrying amount of tenant receivables reflects management's assessment of the credit risk associated with its tenants; however, the Trust mitigates this risk of credit loss by geographically diversifying its existing portfolio, by limiting its exposure to any one tenant and by conducting thorough credit checks with respect to all new rental leasing arrangements. In addition, where legislation allows, the Trust obtains a security deposit from a tenant to assist in the recovery of monies owed to the Trust.

Past due receivables are reviewed by management on a monthly basis and tenant receivables are considered for impairment on a case-by-case basis. The Trust takes into consideration the tenant's payment history, their credit worthiness and the current economic environment however tenant receivable balances exceeding 60 days are typically written off to bad debt expense as the Trust does not utilize an allowance for doubtful accounts. The amount of the loss is recognized in the consolidated statement of earnings and comprehensive income within operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses during the period of settlement. As tenant receivables are typically written off after 60 days, none of the balance is considered to be past due by the Trust.

The credit risk of both Boardwalk REIT and the counter party have been taken into account in determining the fair value of Boardwalk REIT's mortgages receivable and accounts receivable.

c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust maintains what it believes to be conservatively leveraged assets and can finance any future growth through one or a combination of internally generated cash flows (including potential asset sales), borrowing under an existing committed revolving credit facility, the issuance of debt or the issuance of equity, according to its capital management objectives. In addition, the Trust structures its financings so as to stagger the maturities of its debt, thereby minimizing the Trust's exposure to liquidity risk in any one year. In addition, cash flow projections are completed and reviewed on a regular basis to ensure the Trust has sufficient cash flows to make its monthly distributions to its Unitholders. Given the Trust's currently available liquid resources (from both financial assets and on-going operations) as compared to its contractual obligations, management assesses the Trust's liquidity risk to be low.

d) Debt covenants

As outlined in its mortgages payable agreements, the Trust is required to make equal monthly payments of principal and interest based on the respective amortization period. Additionally, the Trust must ensure that all property taxes have been paid in full when they become due and that no arrears exist.

CMHC provides mortgage loan insurance in connection with mortgages made to Boardwalk REIT. In an agreement dated September 13, 2002 and as amended and restated on January 19, 2005 and April 25, 2006, the Trust agreed to provide certain financial information to the CMHC and be subject to certain restrictive covenants, including limitation on additional debt, payment of distributions in respect to unitholders' capital in the event of default, and maintenance of certain financial ratios. In the event of default, the Trust's total financial liability under this Agreement is limited to a one-time penalty payment of $250 thousand under a Letter of Credit issued in favour of CMHC.

In accordance with the debenture agreement, the Trust is required to pay semi-annual interest instalments on January 23 and July 23 of each year. The Trust is also required to maintain in good condition, repair and working order all of the properties owned by it or any of its subsidiaries while maintaining property and liability insurance.

The Trust's Unsecured Debenture agreement contains three financial covenants as follows:

i) The Trust will maintain a Consolidated EBITDA, as defined, to Consolidated Interest Expense ratio of not less than 1.75 to 1. As at March 31, 2010, this ratio was 2.17 to 1 (March 31, 2009 – 2.19 to 1) and the Trust was in compliance.

ii) The Trust will not incur or assume any indebtedness unless the quotient obtained by dividing the Adjusted Consolidated Indebtedness by the Adjusted Gross Book Value would be less than or equal to 70%. As outlined in NOTE 13, as at March 31, 2010, this amount was 61% (December 31, 2009 – 61%) and the Trust was in compliance.

iii) The Trust will maintain at all times, an Adjusted Unitholders' Equity of at least $300 million. Adjusted Unitholders' Equity was $1.3 billion as at March 31, 2010 (December 31, 2009 – $1.3 billion) and the Trust was in compliance.

The Trust has a committed revolving credit facility with a major financial institution. This credit facility is secured by a pledge of a group of specific real estate assets (estimated value less prior encumbrances at December 31, 2009 of approximately $206.0 million). The amount available through the committed revolving credit facility varies with the value of the pledged assets, with a maximum limit not to exceed $200.0 million and an available limit of $200.0 million as at March 31, 2010. The revolving facility requires monthly interest payments and is renewable annually subject to the mutual consent of the lender and the Trust. In the event the committed revolving credit facility is not extended, the drawn-down principal would be due 364 days later.

The credit facility contains three financial covenants as follows:

i) The Trust will maintain an overall Debt Service Coverage Ratio of at least 1.20. As at March 31, 2010, this ratio was 1.62 (December 31, 2009 – 1.73).

ii) The Trust will maintain a Debt Service Coverage Ratio, specific to the Security Portfolio of at least 1.15 (tested semi-annually). As at December 31, 2009, this ratio was 1.51 and, as such, the Trust was in compliance.

iii) Total indebtedness of the Trust will not exceed 70% of the GBV of all assets as defined in the DOT. As outlined in NOTE 13, as at March 31, 2010, this ratio was 61% (December 31, 2009 – 61%).

As at March 31, 2010, the Trust was in compliance with all covenants.

e) Utility risk

The Trust is exposed to utility risk as a result of fluctuations in the prices of natural gas and electricity service charges. As outlined in NOTE 16, the Trust has commitments to certain utility contracts to reduce the risk of exposure to adverse changes in commodity prices.

NOTE 15. HEDGING TRANSACTIONS

In the beginning of 2008, the Trust entered into a forward bond transaction (the "Transaction") with a major Canadian financial institution. In total, the Transaction, which comprised of bond forward contracts on specific mortgages set to mature and be renewed in 2008, was for a total nominal amount of $101.6 million with a weighted average term and interest rate of 7.2 years and 3.63%, respectively. Subsequent to entering into this Transaction, the Trust initiated changes to the terms of one of the contracts in the Transaction and negotiated a settlement loss of $100 thousand related to the changes. This contract was assessed to be an ineffective hedge and the settlement loss of $100 thousand was included in financing costs for the quarter ended March 31, 2008. During the second quarter ended June 30, 2008, the remaining bond forward contracts in the Transaction were settled. Except for one of the contracts, all remaining contracts were assessed to be ineffective hedges and the net settlement loss of $168 thousand was included in financing costs for the second quarter. The bond forward contract assessed to be an effective hedge was settled for a loss of $284 thousand, which will be amortized over the term of the new financing. As at March 31, 2010, the unamortized balance is $214 thousand (December 31, 2009 unamortized balance – $224 thousand) as $10 thousand was recognized in income under financing charges for the three months ended March 31, 2010.

During the first quarter of 2008, the Trust entered into an interest rate swap agreement on the mortgages of specific properties within its portfolio in an effort to hedge the variability in cash flows attributed to fluctuating interest rates. These interest rate swap agreements were designated as cash flow hedges on March 11, 2008. The effective date of the hedge was May 1, 2008 and the agreements will continue to be designated as such until May 1, 2015. Settlements on both the fixed and variable portion of the interest rate swap will occur on a monthly basis. The fixed interest rate is 4.15%, plus a stamping fee of 0.25%, while the total amount of the mortgage debt subject to the interest rate swap is $91.5 million. Hedge accounting has been applied to these agreements in accordance with CICA Handbook section 3865.

The Trust has determined the interest rate swap agreement described above to be an effective cash flow hedge. The effectiveness of the hedging relationship will be reviewed on a quarterly basis and measured at fair value. The portion of the gain or loss on the swap transaction that is determined to be an effective hedge will be recognized in other comprehensive income ("OCI"). The ineffective portion of the hedging gain or loss on the swap transaction will be recognized immediately in net earnings. On recognition of the financial liability of the hedged item on the balance sheet, the associated gains or losses that were recognized in OCI will be reclassified into net earnings in the same period or periods during which the interest payments of the hedged item affected net earnings. However, if all or a portion of the net loss recognized in OCI will not be recovered in one or more future periods, the amount not expected to be recovered will be immediately reclassified into net earnings.

As at March 31, 2010, the interest rate swap agreement was reassessed to be an effective hedge and, consistent with the previous periods, any gains or losses on the interest rate swap agreement were recognized in earnings in the periods during which the interest payments on the hedged items were recognized.

NOTE 16. COMMITMENTS AND CONTINGENCIES

The Alberta government implemented natural gas rebate program ended March 31, 2009. The rebate program became active when the natural gas consumer price charged by two of the three major gas companies in Alberta exceeded $5.50/GJ for any individual winter usage month. For January through March 2009, Boardwalk REIT was eligible for estimated rebates totalling approximately $0.4 million.

From time to time, the Trust enters into various supply contracts for energy commodities to hedge its usage.

A supply contract was entered into to provide price certainty for natural gas usage in the province of Saskatchewan. The contract covered all of the Trust's natural gas requirements for this province. The contract was for the period from November 1, 2008 to October 31, 2009 and provided the commodity at a price of $8.28/GJ. The Trust also negotiated a new physical supply agreement for Saskatchewan, which covers the period from November 1, 2009 to October 31, 2010. The new supply contract provides the commodity at a price of $4.98/GJ.

In addition to the province of Saskatchewan, the Trust entered into a natural gas supply contract for the provinces of Ontario and Quebec. The contract covers between 85% and 95% of the Trust's natural gas requirements for these provinces. The physical supply agreement for Ontario and Quebec covered the period from November 1, 2008 to October 31, 2009 and provided the commodity at a price of $7.68/GJ. Furthermore, an additional supply contract covering the period from November 1, 2009 to October 31, 2010 was negotiated to ensure supply of approximately 50% of the natural gas usage for Ontario and Quebec at a price of $7.65/GJ.

Boardwalk REIT, in the normal course of operations, will become subject to a variety of legal and other claims against the Trust, most of which are minor in nature. 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.

NOTE 17. GUARANTEES

In the normal course of business, various agreements may be entered into 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 may 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 March 31, 2010 is approximately $3.0 million (December 31, 2009 – $3.1 million). In the event of default by the purchaser, 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 March 31, 2010 and December 31, 2009, no amounts have been recorded in the consolidated financial statements with respect to the above noted indirect guarantees.

NOTE 18. SEGMENTED INFORMATION

Boardwalk REIT specializes in multi-family residential housing and operates primarily within one business segment in five provinces located in Canada. The following summary presents segmented financial information for Boardwalk REIT's business by geographic location.

	3 months ended March 31, 2010	3 months ended March 31, 2009
Alberta		
Revenue	$ 61,548	$ 64,306
Expenses		
Operating	10,553	10,374
Utilities	7,345	7,906
Utility rebate	–	(374)
Property taxes	4,537	4,054
	22,435	21,960
Net operating income	$ 39,113	$ 42,346
Saskatchewan		
Revenue	$ 13,694	$ 12,563
Expenses		
Operating	1,733	1,799
Utilities	1,608	2,091
Property taxes	981	1,157
	4,322	5,047
Net operating income	$ 9,372	$ 7,516
Ontario		
Revenue	$ 9,618	$ 9,440
Expenses		
Operating	1,607	1,800
Utilities	2,077	2,026
Property taxes	1,505	1,338
	5,189	5,164
Net operating income	$ 4,429	$ 4,276
Quebec		
Revenue	$ 16,884	$ 16,503
Expenses		
Operating	3,592	2,860
Utilities	2,564	2,909
Property taxes	1,701	1,647
	7,857	7,415
Net operating income	$ 9,027	$ 9,087
British Columbia		
Revenue	$ 2,903	$ 2,803
Expenses		
Operating	435	161
Utilities	347	391
Property taxes	157	151
	939	703
Net operating income	$ 1,964	$ 2,100
Total		
Net operating income	$ 63,905	$ 65,325
Unallocated revenue*	307	389
Unallocated expenses**	(53,647)	(48,045)
Net earnings for the period	$ 10,565	$ 17,669

As at	March 31, 2010	December 31, 2009
Alberta		
Identifiable assets		
Revenue producing properties	$ 1,278,472	$ 1,283,098
Mortgages and accounts receivable	857	1,171
Tenants' security deposit	9,437	9,538
	$ 1,288,766	$ 1,293,807
Saskatchewan		
Identifiable assets		
Revenue producing properties	$ 163,716	$ 164,063
Mortgages and accounts receivable	551	556
Tenants' security deposits	2,879	2,824
	$ 167,146	$ 167,443
Ontario		
Identifiable assets		
Revenue producing properties	$ 201,339	$ 202,320
Mortgages and accounts receivable	190	191
	$ 201,529	$ 202,511
Quebec		
Identifiable assets		
Revenue producing properties	$ 377,067	$ 379,194
Mortgages and accounts receivable	293	339
	$ 377,360	$ 379,533
British Columbia		
Identifiable assets		
Revenue producing properties	$ 95,412	$ 95,343
Mortgages and accounts receivable	25	30
Tenants' security deposits	492	483
	$ 95,929	$ 95,856
Total assets		
Identifiable assets	$ 2,130,730	$ 2,139,150
Unallocated assets***	201,417	239,128
	$ 2,332,147	$ 2,378,278

* 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, corporate administration, financing costs, amortization, income taxes and other provisions.

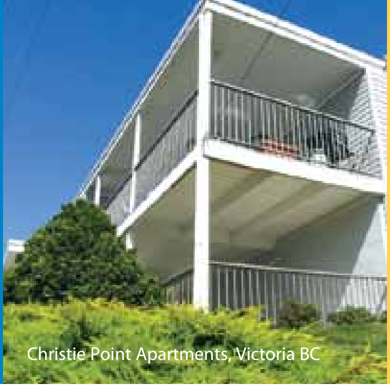
*** Unallocated assets include discontinued assets, cash, short-term investments and other assets.

NOTE 19. SUBSEQUENT EVENTS

On April 23, 2010, the Trust closed and completed the sale of a 91-unit property located in Calgary, Alberta for a purchase price of $13.6 million.

On April 30, 2010, the Trust closed and completed the sale of a 178-unit property located in Montreal, Quebec for a purchase price of $8.9 million.

These properties were included as discontinued operations for the period ended March 31, 2010.


Christie Point Apartments, Victoria BC

CORPORATE INFORMATION

EXECUTIVE OFFICES

Calgary
First West Professional Building
Suite 200, 1501 – 1 Street SW
Calgary, Alberta T2R 0W1
Phone: 403.531.9255
Fax: 403.531.9565
Web: www.boardwalkREIT.com

BOARD OF TRUSTEES

(1) Lead Trustee

(2) Member of the Audit and Risk Management Committee

(3) Member of the Compensation, Governance and Nominations Committee

SENIOR MANAGEMENT

Jonathan Brimmell
Vice President, Operations
Ontario and Quebec

Dean Burns
General Counsel and
Secretary

William Chidley
Senior Vice President,
Corporate Development

Jean Denis
Vice President, Acquisitions
Eastern Canada

Ian Dingle
Vice President, Purchasing
and Contracts

Roberto Geremia
President

Michael Guyette
CIO, Vice President, Operations
for Southern Alberta and BC

Sam Kolias
Chief Executive Officer

Van Kolias
Senior Vice President,
Quality Control

Kelly Mahajan
Vice President,
Customer Service and
Process Design

Helen Mix
Vice President,
Human Resources

Lisa Russell
Vice President, Acquisitions
Western Canada

William Wong
Chief Financial Officer

Bill Zigomanis
Vice President, Investments