

## NEWS RELEASE FOR IMMEDIATE DISTRIBUTION

Boardwalk REIT Announces First Quarter Financial Results; FFO Per Unit down 3.5% and DI Per Unit down 3.4% YOY; and Confirms Monthly Per Unit Distribution for May, June, and July 2010.

### CALGARY, May 17, 2010 - Boardwalk Real Estate Investment Trust ("BEI.UN" - TSX)

Boardwalk Real Estate Investment Trust ("Boardwalk", "Boardwalk REIT" or the "Trust") today announced financial results for the first quarter of 2010: Funds From Operations ("FFO") per unit down 3.5% and Distributable Income ("DI") per unit down 3.4% compared to the same period last year; and confirmed its May, June, and July 2010 Monthly Distribution of \$0.15 per Trust Unit. FFO and DI are non-GAAP measures; the reconciliation 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".<sup>1</sup> During the first quarter of 2010, the Trust sold a 321-unit property in Gatineau, Quebec.

For the first quarter ended March 31, 2010, the Trust reported FFO of \$29.0 million and FFO per unit of \$0.55 on a diluted basis, compared to FFO of \$30.5 million and FFO per unit of \$0.57 for the same period last year. DI for the quarter was \$29.3 million and DI per unit was \$0.56 on a diluted basis, compared to \$30.8 million and \$0.58 per unit for the same period last year.

#### Impact of HST on our Ontario and BC Markets:

Effective July 1, 2010, the Provinces of British Columbia and Ontario will merge their provincial sales tax with the federal goods and services tax (GST) into a single harmonized sales tax (HST) that will be applied to many of our input costs currently incurred by the Trust. The affected costs include utilities and other operating costs in those provinces. The ability of the Trust to pass on these costs to our Customers may be limited by existing rental legislation or rental market conditions. 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.

#### Additional Information

A more detailed analysis is included in the Management's Discussion and Analysis and Consolidated Financial Statements, which have been filed on SEDAR and can be viewed at [www.sedar.com](http://www.sedar.com) or on the Trust's website at [www.boardwalkreit.com](http://www.boardwalkreit.com). Additionally, more detail on our operations can be found in our conference call presentation and other supplemental materials, which are posted on our web site at <http://www.boardwalkreit.com/FinancialReports/>. A conference call to discuss these results will be held tomorrow morning (May 18, 2010) at 9:00 am EST. Please refer to the end of this press release for more details.

<i>\$ million, except per unit amounts</i>			
<b>Highlights of the Trust's First Quarter 2010 Financial Results</b>			
	<b>Three Months Mar 2010</b>	<b>Three Months Mar 2009</b>	<b>% Change</b>
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	\$0.45	\$0.45	
(2010 Target \$1.80 Per Unit on an annualized basis)			
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.

<b>Portfolio Highlights for the First Quarter 2010</b>			
	<b>Mar 2010</b>	<b>Dec 2009</b>	<b>Mar 2009</b>
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 (\$ million) (Period Ended)	(\$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
<b>Debt-to-GBV ("Gross Book Value") (Period Ended)</b>	60.9%	61.1%	60.6%
Operating Margin (3 Months)	60.1%	62.7%	60.6%
<b>Same Property Results</b>	<b>% Change Year-Over- Year - 3 Months Mar 2010</b>		
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.

## Economic 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:**

As the rental market is in direct competition with the housing market, Boardwalk reports on MLS Housing Prices each quarter. MLS Housing Prices have historically been a leading indicator for rental rates.

<b>MLS Housing Prices</b>					
<b>British Columbia</b>	<b>Vancouver CMA</b>		<b>Victoria CMA</b>		
	<b>Mar 2010</b>	<b>Mar 2009</b>	<b>Mar 2010</b>	<b>Mar 2009</b>	
	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	
<b>Alberta</b>	<b>Calgary CMA</b>		<b>Edmonton CMA</b>		
	<b>Mar 2010</b>	<b>Mar 2009</b>	<b>Mar 2010</b>	<b>Mar 2009</b>	
	Average Single Family	\$471,269	\$420,354	\$388,473	\$349,716
	Average Condo	\$296,660	\$284,056	\$252,416	\$230,469
<b>Saskatchewan</b>	<b>Saskatoon CMA</b>		<b>Regina CMA</b>		
	<b>Mar 2010</b>	<b>Mar 2009</b>	<b>Mar 2010</b>	<b>Mar 2009</b>	
	Average Overall	\$282,615	\$266,620	\$250,826	\$246,718
	<b>Ontario</b>	<b>London CMA</b>		<b>Windsor CMA</b>	
<b>Mar 2010</b>		<b>Mar 2009</b>	<b>Mar 2010</b>	<b>Mar 2009</b>	
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	
<b>Quebec</b>	<b>Montreal CMA</b>				
	<b>Mar 2010</b>	<b>Mar 2009</b>			
	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:

#### Dispositions

Building Name	City	Type	Units	Price	Cap Rate	\$/Unit	\$/Sq.Ft.	Closing Date
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
<b>Total</b>			<b>594</b>	<b>\$ 41,860,000</b>	<b>6.56%</b>	<b>\$ 70,471</b>	<b>\$ 118</b>	

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 (the "Third 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 and cancelled under the Third Bid. 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%.

At March 31, 2010, the Trust had available cash of approximately \$168 million. In addition, the Trust had available under its committed revolving credit facility an amount of approximately \$198 million, resulting in a total current liquidity of \$366 million. For the remainder of fiscal 2010, the Trust has maturing mortgages totalling approximately \$381.0 million, which currently represents an approximate 46% loan-to-underwriting value ratio and, thus, represents a source of additional potential liquidity.

Current new and renewal interest financing rates on National Housing Act insured mortgages are well below the stated 4.63% 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.

### **2010 Distribution**

As is its normal practice, the Trust's Board of Trustees confirmed distributions for the next three months in the amount of \$0.15 per Trust Unit (\$1.80 on an annualized basis) as per the following schedule:

Month	Record Date	Distribution Date
May 2010	May 31, 2010	Jun 15, 2010
June 2010	Jun 30, 2010	Jul 15, 2010
July 2010	Jul 30, 2010	Aug 16, 2010

## 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/>.

## Teleconference on First Quarter 2010 Financial Results

We invite you to participate in the teleconference that will be held to discuss these results tomorrow morning (May 18, 2010) at 9:00 am EST. Senior management will speak to the first quarter financial results and provide an update. Presentation and supplemental materials will be made available on our investor website at [www.boardwalkreit.com](http://www.boardwalkreit.com) prior to the call.

Participation & Registration: Please RSVP to Investor Relations at 403-206-6808 or by email to [investor@bwalk.com](mailto:investor@bwalk.com).

**Teleconference:** The telephone numbers for the conference are 647-427-7450 (local/international callers) or toll-free 1-888-231-8191 (within North America).

Note: Please provide the operator with the below Conference Call ID or Topic when dialing in to the call.

Conference ID: 63694476

Topic: Boardwalk First Quarter Results

**Webcast:** Investors will be able to listen to the call and view our slide presentation over the Internet by visiting <http://www.boardwalkreit.com/> the morning of the call. The webcast and slide presentation will also be available at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3001460>.

Replay: An audio recording of the teleconference will be available from 1:00 pm ET on Tuesday, May 18, 2010 until 11:59 pm ET on Tuesday, May 25, 2010. You can access it by dialing 416-849-0833 or 1-800-642-1687 and using the passcode 63694476.

## Corporate Profile

Boardwalk REIT is an open-ended real estate investment trust formed to acquire all of the assets and undertakings of Boardwalk Equities Inc. Boardwalk REIT's principal objectives are to provide its unitholders with monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its units through the effective management of its residential multi-family revenue producing properties and the acquisition of additional properties. Boardwalk REIT currently owns and operates in excess of 230 properties with 35,829 units totaling approximately 30 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.

<sup>1</sup> Funds From Operations ("FFO") is a generally accepted measure of operating performance of real estate investment trusts and companies; however, it is a non-GAAP measure. The Trust calculates FFO by taking net earnings after discontinued operations, adjusting for gains or losses on disposal of discontinued operation assets and extraordinary items, and adding non-cash expenses including future income taxes and amortization. The determination of this amount may differ from that of other real estate investment trusts and companies. Distributable Income ("DI") is calculated based on the definition as set out in the Trust's declaration of trust and is computed by taking FFO and adding back amortization on any deferred financing charges incurred prior to May 3, 2004 as well as adjusting for any discounts or premiums relating to the amortization of mark-to-market debt adjustment incurred subsequent to the real estate investment trust conversion date of May 3, 2004.

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

*This news release contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in this News Release, and other statements concerning Boardwalk's objectives, its 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", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "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. All forward-looking statements in this News Release are qualified by these cautionary statements.*

*These statements are not guarantees of future events or performance and, by their nature, are based on Boardwalk's estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risks and Uncertainties" in the Management's Discussion & Analysis of Boardwalk REIT's 2009 Annual Report, which could cause actual events or results to differ materially from the forward-looking statements contained in this News Release. Those risks and uncertainties include, but are not limited to, those related to: liquidity in the global marketplace associated with current economic conditions, occupancy levels, access to debt and equity capital, interest rates, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions or dispositions, construction, environmental matters, legal matters, reliance on key personnel, income taxes, the conditions to the transactions not being satisfied resulting in the failure to complete some or all of the proposed transactions described herein, the trading price of the securities of Boardwalk, lack of availability of acquisition or disposition opportunities for the Trust and exposure to economic, real estate and capital market conditions in North America. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: that the general economy remains stable, interest rates are relatively stable, acquisition/disposition capitalization rates are stable, competition for acquisition or disposition of residential apartments remains intense, and equity and debt markets continue to provide access to capital. These assumptions, although considered reasonable by the Trust at the time of preparation, may prove to be incorrect. For more exhaustive information on these risks and uncertainties you should refer to our most recently filed annual information form which is available at [www.sedar.com](http://www.sedar.com).*

*Although the forward-looking information contained in this News Release 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. Certain statements included in this News Release may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this News Release. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.*