LANESBOROUGH REIT

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

LANESBOROUGH REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

	March 31 2006	December 31 2005 (audited)
Assets		
Income properties (Note 3)	**$173,189,760**	$159,989,300
Mortgage loans receivable	**9,350,000**	9,350,000
Deferred charges (Note 4)	**3,256,329**	2,701,397
Cash	**29,172,871**	22,965,597
Other assets (Note 5)	**5,391,681**	3,815,427
Intangible assets (Note 6)	**2,829,612**	2,191,630
	$223,190,253	$201,013,351
Liabilities and Equity		
Mortgage loans payable (Note 7)	**$123,829,683**	$116,827,895
Convertible debentures (Note 8)	**24,572,202**	14,496,971
Accounts payable and accrued liabilities (Note 9)	**3,325,621**	3,000,755
Future income taxes (Note 10)	**4,003,598**	140,972
Distribution payable	**789,166**	-
	156,520,270	134,466,593
Equity	**66,669,983**	66,546,758
	$223,190,253	$201,013,351

Approved by the Trustees

"Arni C. Thorsteinson"

"Charles K. Loewen"

The accompanying notes are an integral part of these financial statements.
(unaudited)

LANESBOROUGH REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF EQUITY

Three Months Ended March 31, 2006:

	Units In $	Loss	Distributions	Equity Component of Debentures	Total
Equity, December 31, 2005	$ 75,115,429	$ (4,231,487)	$ (8,272,429)	$ 3,935,245	$ 66,546,758
Equity component of issued debentures	-	-	-	3,564,376	3,564,376
Issue costs	(248,314)	-	-	-	(248,314)
Conversion of debentures	295,046	-	-	(54,890)	240,156
Unit-based compensation	3,989	-	-	-	3,989
Loss	-	(1,072,182)	-	-	(1,072,182)
Distributions	-	-	(2,364,800)	-	(2,364,800)
Equity, March 31, 2006	$ 75,166,150	$ (5,303,669)	$ (10,637,229)	$ 7,444,731	$ 66,669,983

Three Months Ended March 31, 2005 (Restated):

	Units In $	Income (Loss)	Distributions	Equity Component of Debentures	Total
Equity, December 31, 2004, as restated	25,292,265	(2,096,382)	(2,042,422)	2,701,497	23,854,958
Private placement of units	6,857,500	-	-	-	6,857,500
Equity component of issued debentures	-	-	-	2,847,555	2,847,555
Issue costs	(655,961)	-	-	-	(655,961)
Conversion of debentures	1,213,603	-	-	(170,257)	1,043,346
Unit-based compensation	2,847	-	-	-	2,847
Loss	-	(459,395)	-	-	(459,395)
Distributions	-	-	(1,129,803)	-	(1,129,803)
Equity, March 31, 2005	$ 32,710,254	$ (2,555,777)	$ (3,172,225)	$ 5,378,795	$ 32,361,047

LANESBOROUGH REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF LOSS

	Three Months Ended March 31 2006	Three Months Ended March 31 2005 (restated)
Revenue		
Rentals from income properties (Note 14)	**$ 5,989,719**	$ 2,700,607
Interest and other income (Note 15)	**452,316**	365,993
	6,442,035	3,066,600
Expenses		
Property operating costs	**3,190,710**	1,343,844
Operating income	**3,251,325**	1,722,756
Financing expense	**2,503,295**	1,390,849
Trust expense	**202,385**	45,784
Amortization of income properties	**929,202**	348,778
Amortization of deferred charges	**202,973**	296,882
Amortization of intangible assets	**494,328**	99,858
	4,332,183	2,182,151
Loss before income taxes	**(1,080,858)**	(459,395)
Future income tax recovery (Note 10)	**(8,676)**	-
Loss	**$ (1,072,182)**	$ (459,395)
Loss per unit (Note 16)		
Basic	**$ (0.064)**	$ (0.061)
Diluted	**(0.064)**	(0.061)

The accompanying notes are an integral part of these financial statements.
(unaudited)

LANESBOROUGH REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31 2006	2005 (restated)
Cash provided by (used in) operating activities		
Loss from operations	**$ (1,072,182)**	$ (459,395)
Items not affecting cash		
Accrued rental revenue	**(10,310)**	(22,275)
Amortization of above market in-place leases	**3,209**	4,498
Amortization of below market in-place leases	**(3,183)**	(3,612)
Accretion on debt component of convertible debentures (Note 8)	**813,823**	687,043
Unit-based compensation	**3,989**	2,847
Amortization of income properties	**929,202**	348,778
Amortization of deferred charges	**202,973**	296,882
Amortization of intangible assets	**494,328**	99,858
Future income taxes	**(8,676)**	-
Interest paid on convertible debentures	**(721,239)**	(355,873)
Cash from operations	**631,934**	598,751
Changes in non-cash operating items (net of effects of acquisition of income properties)	**(165,236)**	(334,941)
Tenant inducements and leasing expenses incurred through leasing activity	**(46,622)**	(58,575)
	420,076	205,235
Cash provided by (used in) financing activities		
Proceeds of mortgage loan financing	**5,550,000**	12,000,000
Proceeds of convertible debentures	**13,680,000**	12,000,000
Repayment of mortgage loans	**(717,639)**	(9,730,961)
Private placement of units	**-**	6,857,500
Financing costs	**(711,283)**	(759,179)
Issue costs	**(248,314)**	(655,961)
Distributions paid	**(1,575,634)**	-
	15,977,130	19,711,399
Cash provided by (used in) investing activities		
Income properties acquired (Note 2)	**(8,825,555)**	(3,201,036)
Additions to income properties	**(190,500)**	(3,876)
Mortgage loan receivable advance	**-**	(1,475,000)
Deposits on potential acquisitions	**(1,200,000)**	(1,250,000)
Change in restricted cash	**26,123**	(126,303)
	(10,189,932)	(6,056,215)
Cash increase	**6,207,274**	13,860,419
Cash, beginning of period	**22,965,597**	19,263,779
Cash, end of period	**$ 29,172,871**	$ 33,124,198
Supplementary cash flow information		
Interest paid on mortgage loans payable	**$ 1,915,137**	$ 295,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

1 Organization

Lanesborough Real Estate Investment Trust ("the Trust") is a closed-end real estate investment trust which was created under a Declaration of Trust on April 23, 2002.

Basis of presentation
The interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements reflect the operations of the Trust and its wholly owned operating subsidiary Riverside Terrace Inc. The interim financial statements have been prepared on a consistent basis with the December 31, 2005 audited financial statements. These financial statements do not include all the information and disclosure required by Canadian generally accepted accounting principles for annual financial statements, and should be read in conjunction with the December 31, 2005 audited financial statements and notes thereto.

2 Acquisitions

Effective January 1, 2006, the Trust acquired Willowdale Gardens, a residential property located in Brandon, Manitoba for a total cost of $4,419,425. The acquisition was funded from the assumption of a first mortgage loan of $2,169,426, with the balance paid in cash.

On February 2, 2006, the Trust acquired Broadview Meadows, a residential property located in Sherwood Park, Alberta for a total cost of $6,825,556. The acquisition was funded entirely in cash. On February 6, 2006, a first mortgage loan was obtained in the amount of $5,550,000 bearing interest at 5.303% and due March 1, 2016.

The net assets acquired in the transactions are as follows:

Land	$ 2,121,664
Buildings	7,750,027
Furniture, equipment and appliances	196,170
Intangible assets	
Lease origination costs	1,027,900
Tenant relationships	107,619
Mortgage loans payable assumed	(2,169,426)
Working capital, net	41,601
	$ 9,075,555
Consideration:	
Cash	$ 8,825,555
Deposits made in year ended December 31, 2005	250,000
	$ 9,075,555

Deposits of $250,000 were applied to the acquisitions of income properties during the three months ended March 31, 2006.

3 Income properties

	Cost	Accumulated Amortization	Net Book Value March 31 2006	Net Book Value December 31 2005 (audited)
Land	$ 19,081,741	$ -	$ 19,081,741	$ 16,960,077
Buildings	154,166,407	(3,929,775)	150,236,632	139,245,084
Appliances	4,366,355	(494,968)	3,871,387	3,784,139
	$177,614,503	$ (4,424,743)	$173,189,760	$159,989,300

The cost of the major renovation, including capitalized carrying costs, at Highland Tower for the three months ended March 31, 2006 of $190,500 (March 31, 2005 - nil) is included in the cost of the buildings. Carrying costs incurred during the period of major in-suite renovations of income properties are capitalized in the cost of the building. Carrying costs consist of financing and certain property opertating costs including property taxes, utilities, common area maintenance and salary costs during the period the suites are removed from the rental market. The period that the suites are removed from the rental market during major renovations is normally expected to be not more than three months. Carrying costs of $37,948 for the three months ended March 31, 2006 have been capitalized to the cost of buildings. Carrying costs are amortized when the suites are returned to the rental market.

During the three months ended March 31, 2006, the cost of the building was increased by an amount of $3,871,302 relating to an adjustment of the net assets acquired on the purchase of Riverside Terrace Inc.

4 Deferred charges

	Cost	Accumulated Amortization	Net Book Value March 31 2006	Net Book Value December 31 2005 (audited)
Tenant inducements	$ 1,736,347	$ (703,605)	$ 1,032,742	$ 1,065,743
Financing costs	2,412,623	(688,030)	1,724,593	1,117,207
Leasing expenses	171,050	(66,092)	104,958	106,225
Amounts recorded on acquisition of income properties				
Tenant inducements	569,203	(175,167)	394,036	412,222
	$ 4,889,223	$ (1,632,894)	$ 3,256,329	$ 2,701,397

4 Deferred charges (continued)

Amortization of deferred charges consists of the following:

	Three Months Ended March 31 2006	Three Months Ended March 31 2005 (restated)
Tenant inducements	$ 73,882	$ 71,259
Financing costs	103,897	199,650
Leasing expenses	7,008	6,521
Amounts recorded on income property acquisition		
Tenant inducements	18,186	19,452
	$ 202,973	$ 296,882

5 Other assets

	March 31 2006	December 31 2005 (audited)
Amounts receivable	$ 1,147,494	$ 867,711
Loan receivable from tenant	229,890	236,105
Property tax deposits and other	1,038,465	669,966
Deposits on potential acquisitions	1,860,000	910,000
Deferred rent receivable	192,405	182,095
Restricted cash	923,427	949,550
	$ 5,391,681	$ 3,815,427

Restricted cash consists of funds held in trust for residential tenant security deposits.

6 Intangible assets

	Cost	Accumulated Amortization	Net Book Value March 31 2006	Net Book Value December 31 2005 (audited)
Lease origination costs	$ 3,338,141	$ (1,112,035)	$ 2,226,106	$ 1,649,972
Tenant relationships	697,237	(175,586)	521,651	456,594
	4,035,378	(1,287,621)	2,747,757	2,106,566
Above market in-place leases	123,726	(41,871)	81,855	85,064
	$ 4,159,104	$ (1,329,492)	$ 2,829,612	$ 2,191,630

6 *Intangible assets (continued)*

Amortization of intangible assets consists of the following:

	Three Months Ended March 31 2006	Three Months Ended March 31 2005
Lease origination costs	$ 451,766	$ 58,979
Tenant relationships	42,562	15,879
Cash flow guarantee	-	25,000
	494,328	99,858
Above market in-place leases	3,209	4,498
	$ 497,537	$ 104,356

Amortization of the above market in-place leases is charged to rentals from income properties.

7 *Mortgage loans payable*

Mortgage loans payable consists of the following:

	Interest Rates at March 31, 2006			
	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	March 31 2006
Fixed rate mortgage loans payable	4.1% - 7.7%	5.6%	7.0 years	$121,403,639
Floating rate mortgage loans payable	6.0% - 6.5%	6.2%	Demand	2,176,044
Non-interest bearing vendor takeback second mortgage loans payable	-	-	0.3 years	250,000
				$123,829,683

	Interest Rates at December 31, 2005			
	Range	Weighted Average Interest Rate	Weighted Average Term to Maturity	December 31 2005 (audited)
Fixed rate mortgage loans payable	4.1% - 7.4%	5.6%	7.2 years	$114,388,293
Floating rate mortgage loans payable	6.0%	6.0%	Demand	2,189,602
Non-interest bearing vendor takeback second mortgage loans payable			0.5 years	250,000
				$116,827,895

7 Mortgage loans payable (continued)

Approximate principal repayments are as follows:

Year ending December 31	
2006 - remainder of year	$ 7,195,396
2007	4,895,188
2008	6,971,898
2009	23,598,894
2010	2,710,932
Thereafter	78,457,375
	$123,829,683

The floating rate mortgage loans payable are payable on demand until such time as the interest rate and term are fixed. The income properties have been pledged as security under the related mortgage agreements.

8 Convertible debentures

The Trust issued $13,680,000 of Series F debentures by way of private placement on March 10, 2006. The Series F debentures bear interest at 7.5%, mature on March 9, 2011 and are subordinate to the Series A debentures, Series D debentures and Series E debentures. The Series F debentures are convertible at the request of the holder at any time during the year ending March 9, 2009 at a conversion price per unit of $6.00, during the year ending March 9, 2010 at $6.60, and during the year ending March 9, 2011 at $7.30.

During the three months ended March 31, 2006, holders of convertible debentures exercised their right to convert to units as follows:

		Units Issued	
Convertible Debentures	Conversion Price	Three Months Ended March 31 2006	Three Months Ended March 31 2005
Series A	$ 5.00	-	102,200
Series B	5.00	-	19,000
Series C	4.50	-	111,111
Series D	5.00	54,200	5,000

The following allocation of the convertible debentures to debt and equity components is based on the net present value of future interest and principal payments with an estimated cost of borrowing without conversion option of 15% for Series A, Series D, Series E and Series F debentures:

March 31, 2006	Debt	Equity	Total
Convertible debentures			
Series A - 10%, due August 30, 2007	$ 1,658,109	$ 307,280	$ 1,965,389
Series D - 8%, due March 15, 2008	3,172,029	725,520	3,897,549
Series E - 8%, due February 17, 2010	9,598,401	2,847,555	12,445,956
Series F - 8%, due March 9, 2011	10,143,663	3,564,376	13,708,039
	$ 24,572,202	$ 7,444,731	$ 32,016,933

8 Convertible debentures (continued)

December 31, 2005 (audited)	Debt	Equity	Total
Convertible debentures			
Series A - 10%, due August 30, 2007	$ 1,640,931	$ 307,280	$ 1,948,211
Series D - 8%, due March 15, 2008	3,368,169	780,410	4,148,579
Series E - 8%, due February 17, 2010	9,487,871	2,847,555	12,335,426
	$ 14,496,971	$ 3,935,245	$ 18,432,216

The accretion of the debt component for the three months ended March 31, 2006 of $813,823 (2005 - $687,043), which increases the debt component from the initial carrying amount, is included in financing expense.

9 Accounts payable and accrued liabilities

	March 31 2006	December 31 2005 (audited)
Accounts payable and accrued liabilities	$ 1,311,051	$ 983,512
Mortgage interest payable	952,894	1,026,663
Tenant security deposits	1,034,273	959,994
Below market in-place leases, net of accumulated amortization of $48,191 (2005 - $45,008)	27,403	30,586
	$ 3,325,621	$ 3,000,755

10 Future income taxes

The future income tax liability of Riverside Terrace Inc., a wholly-owned operating subsidiary which is subject to income taxes, consists of the following:

	March 31 2006	December 31 2005 (audited)
Tax liabilities related to difference in tax and book value	$ 4,071,749	$ 195,885
Tax assets related to operating losses	(68,151)	(54,913)
	$ 4,003,598	$ 140,972

The acquisition of Riverside Terrace Inc. comprised the purchase of shares of Riverside Terrace Inc. by a wholly-owned subsidiary of the Trust and the subsequent amalgamation of the two companies. The future tax liability and related increase in the cost of the building is recorded in the period.

10 Future income taxes (continued)

The future income tax recovery of Riverside Terrace Inc. consists of the following:

	Three Months Ended March 31 2006	Three Months Ended March 31 2005
Temporary differences	$ 4,570	$ -
Current period operating loss	(13,246)	-
	$ (8,676)	$ -

11 Related party transactions

Management agreement
The Trust incurred property management fees to Shelter Canadian Properties Limited of $214,525 for the three months ended March 31, 2006 (2005 - $82,291).

Included in accounts payable and accrued liabilities at March 31, 2006 is a balance of $69,323 (2005 - $27,356), payable to Shelter Canadian Properties Limited.

Services agreement
The Trust entered into a services agreement, for an initial term expiring August 30, 2007, with Shelter Canadian Properties Limited, a Unitholder. Under the services agreement, Shelter Canadian Properties Limited provides the Trust management and support services for the administration of the day-to-day activities of the Trust. On January 17, 2006, the terms of the service agreement between the Trust and Shelter Canadian Properties Limited were modified. For the period commencing on January 1, 2006 and concluding June 30, 2006, a service fee will be paid to Shelter Canadian Properties Limited, equal to 0.3% of the net book value of the assets of the Trust, excluding cash and accumulated amortization.

The Trust incurred service fees to Shelter Canadian Properties Limited of $129,159 for the three months ended March 31, 2006 (2005 - $nil)

Unit-based compensation expense for the period ended March 31, 2006 of $2,847 (2005 - $2,847), relating to options issued under the services agreement, was recorded to amortize the fair value of the unit-based compensation over the term of the services agreement.

Acquisition
Effective January 1, 2006, the Trust acquired Willowdale Gardens. Prior to the acquisition a related party, 2668921 Manitoba Ltd., the parent company of Shelter Canadian Properties Limited, which is owned by the Arni Thorsteinson Family Trust, the Chief Executive Officer and a trustee of the Trust, held an 18.67% undivided interest in Willowdale Gardens. From January 1, 2006 until March 31, 2006, the assumed first mortgage loan was guaranteed by Shelter Canadian Properties Limited.

12 *Units*

A summary of the status of the units and changes during the period is as follows:

	Three Months Ended March 31 2006	Year Ended December 31 2005 (audited)
Outstanding, beginning of period	16,855,286	6,461,213
Units issued by private placement	-	7,668,740
Units issued on conversion of debentures	54,200	2,715,333
Units issued on exercise of unit option	-	10,000
Outstanding, end of period	16,909,486	16,855,286

13 *Unit options*

Unit option plan
On January 17, 2006, the Trust granted options to the three Trustees and the Chief Financial Officer to acquire 7,500 units each at $5.42 per unit. The options have vested and expire on January 17, 2011.

The fair value of each unit option granted is estimated on the date of grant using the Black-Scholes option pricing model. The assumptions used for the options granted on January 17, 2006 are dividend yield of 10.13%, expected volatility of 36.22%, risk-free interest rate of 3.84% and the expected life of the options is 5 years.

Unit based compensation expense of $1,142 for the three months ended March 31, 2006 (2005 - nil), relating to options issued to trustees and officers, was recorded to expense the fair value of unit based compensation.

A summary of the status of the unit options changes during the period is as follows:

	Three Months Ended March 31, 2006		Year ended December 31, 2005	
Options	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Outstanding, beginning of period	10,000	$ 4.00	20,000	$ 4.00
Granted, January 17, 2006	30,000	5.42	-	-
Exercised	-	-	(10,000)	4.00
Weighted average diluted number of units	40,000	$ 5.07	10,000	$ 4.00

14 *Rentals from income properties*

Rental revenue contractually due from tenants include the recovery of property operating costs and property taxes from tenants of $452,215 (2005 - $428,620) and meal revenue of $120,633 (2005 - nil) for the three months ended March 31, 2006.

15 *Interest and other income*

	Three Months Ended March 31 2006	2005
Cash flow guarantee	$ -	$ 22,458
Interest on mortgage loans receivable	192,822	88,188
Other interest	208,296	243,202
Alberta natural gas rebates	51,198	12,145
	$ 452,316	$ 365,993

16 *Per unit calculations*

Basic per unit information is calculated based on the weighted average number of units outstanding for the period. The diluted per unit information is calculated based on the weighted average diluted number of units for the period, considering the potential exercise of outstanding unit options to the extent that the unit options are dilutive and the potential conversion of outstanding convertible debentures to the extent that the debentures are dilutive.

Loss per unit calculations are based on the following:

	Three Months Ended March 31 2006	2005 (restated)
Loss	$ (1,072,182)	$ (459,395)
Diluted loss	$ (1,072,182)	$ (459,395)
Weighted average number of units	16,875,991	7,494,251
Weighted average diluted number of units	16,875,991	7,494,251

17 *Segmented financial information*

The assets are located in and revenue is derived from the operation of commercial, light industrial and residential real estate in Canada. Commercial real estate consists of retail properties and office and retail mixed-use properties.

Three months ended March 31, 2006:

	Commercial	Light Industrial	Residential	Trust	Total
Rentals from income properties	1,055,371	97,533	4,836,815	-	5,989,719
Interest and other income	13,045	3,449	83,980	351,842	452,316
Property operating costs	483,791	12,453	2,694,466	-	3,190,710
Operating income	584,625	88,529	2,226,329	351,842	3,251,325
Financing expense	253,924	29,783	1,405,765	813,823	2,503,295
Amortization of income properties	82,314	7,836	839,052	-	929,202
Amortization of deferred charges	103,343	268	17,266	82,096	202,973
Amortization of intangible assets	44,455	-	449,873	-	494,328
Income (loss)	100,589	50,642	(476,951)	(746,462)	(1,072,182)
Total assets	20,046,182	2,800,192	159,470,441	40,873,438	223,190,253

17 Segmented financial information (continued)

Three months ended March 31, 2005 (restated):

	Commercial	Light Industrial	Residential	Trust	Total
Rentals from income properties	1,046,226	84,605	1,569,776	-	2,700,607
Interest and other income	16,558	730	84,832	263,873	365,993
Property operating costs	440,322	12,446	891,076	-	1,343,844
Operating income	622,462	72,889	763,532	263,873	1,722,756
Financing expense	224,239	28,387	451,180	687,043	1,390,849
Amortization of income properties	82,050	7,836	258,892	-	348,778
Amortization of deferred charges	98,259	268	13,421	184,934	296,882
Amortization of intangible assets	51,945	-	47,913	-	99,858
Income (loss)	165,771	36,398	(7,874)	(653,888)	(459,593)
Total assets	23,594,205	2,936,516	56,281,292	35,689,217	118,501,230

Three months ended March 31, 2006:

	Alberta	British Columbia	Manitoba	Ontario	Northwest Territories	Saskatchewan	Trust	Total
Rentals from income properties	1,987,022	263,425	1,408,976	30,795	641,738	1,657,763	-	5,989,719
Interest and other income	72,275	3,134	16,699	119	3,194	5,053	351,842	452,316
Property operating costs	889,689	303,265	705,583	1,279	334,275	956,619	-	3,190,710
Operating income	1,169,608	(36,706)	720,092	29,635	310,657	706,197	351,842	3,251,325
Financing expense	624,709	93,530	365,122	14,351	231,403	360,357	813,823	2,503,295
Amortization of income properties	341,854	44,004	165,712	3,180	123,197	251,255	-	929,202
Amortization of deferred charges	13,825	251	105,404	268	510	619	82,096	202,973
Amortization of intangible assets	99,238	-	318,934	-	-	76,156	-	494,328
Income (loss)	89,982	(174,491)	(235,079)	11,837	(44,454)	26,485	(746,462)	(1,072,182)
Total assets	67,580,221	11,032,061	33,305,037	1,230,984	24,895,578	44,272,934	40,873,438	223,190,253

Three months ended March 31, 2005 (restated):

	Alberta	British Columbia	Manitoba	Ontario	Northwest Territories	Saskatchewan	Trust	Total
Rentals from income properties	607,325	293,570	1,111,087	30,795	451,738	206,092	-	2,700,607
Interest and other income	77,274	1,309	16,985	235	2,907	3,410	263,873	365,993
Property operating costs	258,311	252,282	502,509	1,279	198,149	131,314	-	1,343,844
Operating income	426,288	42,597	625,563	29,751	256,496	78,188	263,873	1,722,756
Financing expense	194,387	97,214	224,239	14,625	131,670	41,671	687,043	1,390,849
Amortization of income properties	104,309	44,004	89,223	3,180	74,159	33,903	-	348,778
Amortization of deferred charges	13,169	251	98,260	268	-	-	184,934	296,882
Amortization of intangible assets	45,574	2,058	51,944	-	282	-	-	99,858
Income (loss)	68,849	(100,930)	161,897	11,678	50,385	2,614	(653,888)	(459,395)
Total assets	21,340,154	11,280,427	25,021,561	1,276,820	14,268,445	9,624,606	35,689,217	118,501,230

18 Subsequent events

Acquisitions
On April 6, 2006, the Trust agreed to acquire Village West Townhouses, a residential property located in Saskatoon, Saskatchewan for a total cost of $5,150,000. The acquisition will be funded from the assumption of a first mortgage loan of $2,350,000, the issuance of Class B Limited Partnership Units of a wholly-owned limited partnership, to be established by the Trust, in the aggregate amount of $2,649,990, with the balance in cash.

On April 18, 2006, the Trust agreed to acquire Chateau St. Michaels, a seniors housing complex located in Moose Jaw, Saskatchewan for a total cost of $7,600,000. The acquisition will be funded with a new first mortgage loan of $5,500,000, with the balance in cash.

On May 3, 2006, the Trust agreed to acquire Woodland Park, a residential property currently under construction, located in Fort McMurray, Alberta for a total cost of $37,865,000. The acquisition will be funded with a new first mortgage loan of $25,000,000, with the balance in cash. Subsequent to March 31, 2006, the Trust has provided a $5,000,000 second mortgage loan, bearing interest at Royal Bank prime rate, to be credited towards the purchase price upon closing.

On May 8, 2006, the Trust agreed to acquire Elgin Lodge Retirement Home, an assisted living retirement home located in Port Elgin, Ontario for $8,300,000. The acquisition will be funded with a new first mortgage loan of $6,000,000 with the balance paid in cash. The Trust has retained Kingsway Arms Management Services Inc. (Kingsway) to manage the property for a 10 year term. In conjunction with the purchase of the property, the Trust plans to contract Kingsway to proceed with an expansion of the property at an estimated cost of $8,500,000 to be funded by an increase in the first mortgage loan and the balance in cash. Kingsway will guarantee a 12% return on the equity component of the Trust's investment for a 5 year period. For a period of 5 years from the closing date of the acquisition, Kingsway will be entitled to an additional payment equal to 50% of the amount, if any, by which the appraised value of the expanded property exceeds the total cost to the Trust, including the expansion cost.

On May 15, 2006, the Trust agreed to acquire Gannet Place, Lunar Apartments, Parkland Apartments, Skyview Apartments, Snowbird Manor and Whimbrel Terrace, six residential properties located in Fort McMurray, Alberta for a total cost of $32,135,000. The acquisition will be funded through new mortgage loans of $25,500,000 with the balance in cash.

On May 17, 2006, the Trust agreed to acquire Woodlily Courts, a residential property located in Moose Jaw, Saskatchewan for a total cost of $3,700,000. The acquisition will be funded through a new first mortgage loan of $3,000,000 with the balance paid in cash.

Distributions
Distributions of $789,166 and $791,788 were paid on April 15 and May 15, 2006 respectively.

Upward refinancing
On April 1, 2006 the first mortgage loan at Willowdale Gardens was upward refinanced with a new first mortgage loan in the amount of $3,700,000 bearing interest at 5.468% and due April 1, 2016.

18 Subsequent events (continued)

Convertible debentures
Subsequent to March 31, 2006, 4,181 units were issued upon conversion of Series A convertible debentures and 336,000 units were issued upon conversion of Series D convertible debentures.

Service agreement
Subsequent to March 31, 2006, the terms of the service agreement between the Trust and Shelter Canadian Properties Limited were modified. For the period commencing on July 1, 2006 and concluding December 31, 2006, a service fee will be paid to Shelter Canadian Properties Limited equal to 0.3% of the net book value of the assets of the Trust, excluding cash and accumulated amortization.

19 Comparative figures

Certain of the prior period figures have been restated to reflect the change in the accounting policy relating to issue costs on convertible debentures. In addition, certain of the prior period figures have been reclassified to be comparable to the current period.