

Form 45-106F1
Report of Exempt Distribution

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

**Lanesborough Real Estate Investment Trust, 2600 Seven Evergreen Place, Winnipeg, Manitoba, R3L 2T3
Tel: (204) 475-9090**

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

Reporting issuer in Manitoba, Saskatchewan, Alberta, British Columbia, Nova Scotia, Ontario and the Northwest Territories.

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input checked="" type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

March 10, 2006

Item 6: For each security distributed:

- (a) describe the type of security,
- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- (c) state the exemption(s) relied on.

On March 10, 2006 the Issuer distributed \$13,680,000 principal amount of 5 Year 7.5% Subordinated Series F convertible debentures (the "Debentures"). The Debentures are convertible into trust units of the Issuer ("Units") at the option of the holder at any time after the second anniversary of the initial date of issuance up until the maturity date at the following conversion prices: (i) \$6.00 per Unit in the third year following the initial

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issuance of the Debentures; (ii) \$6.60 per Unit in the fourth year following the initial issuance of the Debentures; and (iii) \$7.30 per Unit in the fifth year following the initial issuance of the Debentures. The Debentures are not convertible during the first two years following the initial issuance of the Debentures. The Debentures were pursuant to the "accredited investor" and "minimum amount investment" exemptions contained in National Instrument 45-106.

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	21	\$1000	\$623,000
Alberta	1	\$1000	\$27,000
Saskatchewan	1	\$1000	\$200,000
Manitoba	21	\$1000	\$768,000
Ontario	75	\$1000	\$4,642,000
Quebec	7	\$1000	\$260,000
Nova Scotia	1	\$1000	\$50,000
United Kingdom	4	\$1000	\$2,000,000
Cayman Islands	2	\$1000	\$5,000,000
Bahamas	1	\$1000	\$50,000
Israel	1	\$1000	\$60,000
Total number of Purchasers	135		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$13,680,000

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Number and type of securities issued	Price per security	Exemption relied on and date of distribution	Total dollar value of compensation (Canadian \$)
Wellington West Capital Inc. Suite 400, 200 Waterfront Drive, Winnipeg, MB R3B 3P1	\$820,800	Nil	NA	NA	\$820,800

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: March 10, 2006

Lanesborough Real Estate Investment Trust
Name of issuer (please print)

Arni Thorsteinson, CEO Tel: (204) 275-9090
Print name, title and telephone number of person signing


Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

Not applicable.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.