



LANESBOROUGH

Real estate investment trust

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES THE ACQUISITION OF BRANDON APARTMENT PROPERTY

Winnipeg, Manitoba, January 5, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has agreed to acquire up to 100% beneficial interest of an 88-suite multi-family apartment property in Brandon, Manitoba, known as Willowdale Gardens, for \$4,326,000. The property was appraised, effective November 7, 2005 at \$4.55 Million. Willowdale Gardens consists of six two-storey buildings containing a total of 24 one-bedroom, 44 two-bedroom and 20 three-bedroom suites. The property is located near 34th Street and Richmond Avenue in the southwest area of Brandon.

The purchase price will be funded by a cash payment in the amount of \$2.25 Million and the balance by the assumption of existing mortgage financing. The acquisition is expected to close during January 2006.

The transaction will be completed by LREIT acquiring up to 100% of the units of undivided interest (the “Units”) currently owned by a syndicate of investors. Each Unit represents an undivided beneficial ownership interest in the property. Currently, unrelated third party investors own 81.33% of the Units and 2668921 Manitoba Ltd. (“2668921”) owns 18.67% of the Units. 2668921 is a “related party” of LREIT by virtue of the fact that all of its shares are owned by the family trust of Arni Thorsteinson, the Chief Executive Officer and a trustee of LREIT and Mr. Thorsteinson is the President of 2668921. 2668921 is also the parent company of Shelter Canadian Properties Limited, the administrator and property manager of LREIT.

The portion of the transaction relating to the acquisition of the 18.67% of the Units owned by 2668921 (the “2668921 Transaction”) is a “related party transaction” as defined under Policy 5.9 of the TSX Venture Exchange (the “Exchange”) and applicable securities laws. The 2668921 Transaction is exempt from the formal valuation and minority securityholder approval requirements of Policy 5.9 of the Exchange and applicable securities laws due to the fact that the acquisition of the property represents less than 25% of LREIT’s current market capitalization. The purchase price for the 2668921 Transaction represents less than 1% of LREIT’s current market capitalization.

The independent trustees of LREIT have approved the transaction. Mr. Thorsteinson abstained from voting on the resolution approving the entire transaction. The 2668921 Transaction is subject to acceptance by the Exchange.

LREIT is a real estate investment trust, which is listed on the TSX Venture Exchange under the symbol “LRT.UN”. The objective of LREIT is to provide Unitholders with stable cash

distributions from investment in a geographically diversified Canadian portfolio of quality real estate properties. For further information on LREIT, please visit our website at www.lreit.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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The TSX Venture Exchange has not reviewed or approved the contents of this press release and does not accept responsibility for the adequacy or accuracy of this press release.