



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT OMITTS SECOND QUARTER DISTRIBUTION, OFFERS ASSETS FOR SALE AND RENEWS MORTGAGE FINANCING

Winnipeg, Manitoba, June 16, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) announced today that due to the weakness of 2009 rental housing operations in its major market of Fort McMurray, Alberta, it is omitting its quarterly distribution for the quarter ending June 30, 2009 in the previously planned amount of \$0.06 per trust unit.

The 2009 slowdown in capital expenditure on the oil sands developments in northern Alberta has substantially reduced the 2009 occupancy and rental rates on LREIT's portfolio of 1,167 rental apartments in Fort McMurray. Future distributions to Unitholders will be dependent on the pace of the anticipated recovery of the Fort McMurray rental housing market.

LREIT is proceeding with its previously announced \$150 Million asset divestiture program in order to reduce its overall debt level. Two properties are under conditional contract for sale.

During the month of June, LREIT renewed mortgage loans in the amount of \$7.5 Million and continues to negotiate the \$45 Million of mortgage financing arrangements required to complete the acquisition of the new 160-suite Parsons Landing rental apartment project in Fort McMurray.

ABOUT LREIT

LREIT is a real estate investment trust, which is listed on the Toronto Stock Exchange under the symbols LRT.UN (Trust Units), LRT.DB.F (Series F Convertible Debentures) and LRT.DB.G (Series G Convertible Debentures). 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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This press release contains certain statements that could be considered as forward-looking information. The forward-looking information is subject to certain risks and uncertainties, which could result in actual results differing materially from the forward-looking statements.

The Toronto Stock 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.