



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT COMPLETES ACQUISITIONS OF TWO SENIORS HOUSING PROPERTIES

Winnipeg, Manitoba, June 12, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has completed the previously announced acquisition of Elgin Lodge Retirement Home, a 64-suite retirement home located on Mary Street in Port Elgin, Ontario. LREIT has retained Kingsway Arms Management Services Inc. (“Kingsway”) to manage the property for a ten-year term. The purchase price of \$8.3 Million, subject to the usual closing adjustments, was financed entirely in cash on an interim basis. LREIT has obtained a commitment for a first mortgage loan in the amount of \$5.9 Million, which will bear interest at a rate of prime plus 1% and be payable interest only. Kingsway has guaranteed a 12% return on the equity component of LREIT’s investment for a five-year period.

LREIT also announced today that it has completed the previously announced acquisition of Chateau St. Michaels, a 93-suite senior housing complex located on 7th Avenue S.E. in Moose Jaw, Saskatchewan. LREIT has retained Integrated Life Care Inc. to manage the property for a five-year term. The purchase price of \$7.6 Million, subject to the usual closing adjustments, was financed by the assumption of a new first mortgage loan in the approximate amount of \$5 Million and the balance in cash. The first mortgage loan bears interest at a rate of 5.673%, has monthly principal and interest payments of \$31,237 and matures in March 2011. LREIT is in the process of finalizing the terms of an additional \$500,000 advance on the first mortgage loan.

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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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 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.