



LANESBOROUGH

Real estate investment trust
2600 Seven Evergreen Place
Winnipeg, Manitoba
R3L 2T3
Tel. 204.475.9090
Fax. 204.475.5505

LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES THE ACQUISITION OF APARTMENT PROPERTY IN MOOSE JAW, SASKATCHEWAN

Winnipeg, Manitoba, May 17, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has agreed to acquire a 102-suite apartment property in Moose Jaw, Saskatchewan for \$3.7 Million, subject to the usual closing adjustments. The property, known as Woodlily Courts, is located on Woodlily Drive in the northwest quadrant of Moose Jaw and consists of three, three-storey buildings, each containing 34 suites. There are a total of 36 one-bedroom suites and 66 two-bedroom suites.

The purchase price of \$3.7 Million represents an estimated capitalization rate of 9%. The acquisition will be financed with a new first mortgage loan in the estimated amount of \$3 Million and the balance in cash. The first mortgage loan will bear interest at an estimated rate of 5.5% for a ten-year term and will have a 30-year amortization. The acquisition is scheduled to close in June 2006.

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:

[Arni Thorsteinson](mailto:arni.thorsteinson@lreit.com), Chief Executive Officer, or [Gino Romagnoli](mailto:gino.romagnoli@lreit.com), Investor Relations
Tel: (204) 475-9090, Fax: (204) 452-5505, Email: info@lreit.com

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.