



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES THE ACQUISITION OF SENIOR HOUSING COMPLEX IN SASKATOON, SASKATCHEWAN

Winnipeg, Manitoba, May 6, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has conditionally agreed to acquire a 181 suite, four-storey senior housing complex in Saskatoon, Saskatchewan, known as Luther Riverside Terrace, for \$24 Million. Luther Riverside Terrace is located on the picturesque Saskatchewan Crescent along the scenic South Saskatchewan River. There are 157 independent living rental suites, consisting of 78 one-bedroom suites, 73 one-bedroom plus den suites, four two-bedroom suites and two guest suites, which are available at a nominal fee for friends and family of the residents. A unique feature of the property is the 24 suite intermediate care home, which is attached to the complex. The 24 suite facility is able to accommodate the early stages of care needs and provides the independent living residents with an opportunity to remain in a familiar place until long-term care is required.

Luther Riverside Terrace is an enriched senior housing complex that focuses on quality of life and giving residents a feeling of security. The complex is professionally managed by LutherCare Communities, an organization with 50 years of experience in providing care, shelter and support for seniors. Many services are included in the monthly rents to allow seniors to focus on enjoying their retirement. LREIT will continue to retain the management services of LutherCare Communities.

Approximately \$15 Million of the purchase price will be satisfied by the assumption of a first mortgage loan bearing interest at 6.19% and maturing in 2014 and the balance in cash. The acquisition is expected to close on July 1, 2005, subject to satisfaction of certain conditions.

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.