



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES THE ACQUISITION OF FORT McMURRAY APARTMENT PORTFOLIO

Winnipeg, Manitoba, May 15, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has agreed to acquire an apartment portfolio in Fort McMurray, Alberta, consisting of six properties totalling 173-suites, for \$32,135,000, subject to the usual closing adjustments. The properties are all located in the downtown area and are described, as follows:

1. Gannet Place is a 37-suite, three-storey property located at 9602 Franklin Avenue. The property is comprised of one bachelor, eleven one-bedroom and 25 two-bedroom suites and 17 of the suites are furnished.
2. Lunar Apartments is a 24-suite, 2½-storey property located at 2 Alberta Drive. The property is comprised of ten one-bedroom, ten two-bedroom and four three-bedroom suites and nine of the suites are furnished.
3. Parkland Apartments is a twelve-suite, 2½-storey property located at 10125 Franklin Avenue. The property is comprised of one one-bedroom and eleven two-bedroom suites and eight of the suites are furnished.
4. Skyview Apartments is a 29-suite, three-storey property located at 9908 Gordon Avenue. The property is comprised entirely of one-bedroom suites and 27 of the suites are furnished.
5. Snowbird Manor is a 34-suite, three-storey property located at 5 Clearwater Crescent. The property is comprised of one bachelor, six one-bedroom, 21 two-bedroom and six three-bedroom suites and 16 of the suites are furnished.
6. Whimbrel Terrace is a 37-unit apartment and townhouse complex. The apartment portion is a 30-suite, three-storey building located at 9600 Manning Avenue and is comprised of 12 one-bedroom, 15 two-bedroom and three two-bedroom plus den suites. The seven townhouses are located on Fraser Avenue and are two-storey, three-bedroom units with unfinished basements and attached one-car garages. Fourteen of the apartments and two of the townhouses are furnished.

The purchase price of \$32,135,000 represents an estimated going-in capitalization rate of 8.2%. The acquisition will be financed with mortgage loans in the estimated amount of \$25.5 Million and the balance in cash. It is projected that the mortgage loans will bear interest at a rate of 5.5% for a ten-year term and will have a 25-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:

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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.