



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT COMPLETES THE ACQUISITION OF FORT McMURRAY APARTMENT PORTFOLIO

Winnipeg, Manitoba, August 3, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has completed, with an effective date of June 30, 2006, the previously announced acquisition of an apartment portfolio in Fort McMurray, Alberta, consisting of six properties totalling 173-suites. The properties are commonly known as Gannet Place (37-suites), Lunar Apartments (24-suites), Parkland Apartments (12-suites), Skyview Apartments (29-suites), Snowbird Apartments (34-suites) and Wimbrel Terrace (30-suites and seven townhouses) and are all located in the downtown area.

The purchase price of \$32,135,000, subject to the usual closing adjustments, was funded by a new first mortgage loan in the amount of \$21,618,750 and the balance in cash. The first mortgage loan bears interest at a rate of 5.39% for a ten-year term and has a 25-year amortization.

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.