



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES THE ACQUISITION OF FORT MCMURRAY RESIDENTIAL COMPLEX

Winnipeg, Manitoba, December 14, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) announced today that it has agreed to acquire a 72-unit multi-family townhouse complex, which is currently under construction on the corner of Millennium Drive and Powder Drive in Fort McMurray, Alberta for \$25,150,000 (including GST), subject to the usual closing adjustments. The property, known as Millennium Village, will consist of 18 four-plex buildings, with 162 surface parking stalls and be comprised of 36 two-bedroom and 36 two-bedroom plus den units, all of which will be fully furnished. Each of the townhouse units will have individual condominium title.

The purchase price of \$25,150,000 (including GST) represents an estimated capitalization rate of 8%. The acquisition will be financed with a new first mortgage loan in the amount of \$16,954,000 and the balance in cash. The first mortgage loan will have a five year term, with interest at a rate of 105 basis points over the yield for five year Government of Canada Bonds (approximately 4.85% based on current bond yields) and will have a 25-year amortization. The acquisition will close in three phases and will occur upon the completion of construction of each of the three phases. The target closing dates are expected to be August 2007 for Phase I, October 2007 for Phase II and November 2007 for Phase III.

LREIT will provide a \$4 Million second mortgage loan to the vendor, which will be credited towards the purchase price on the closing of Phase I. The second mortgage loan will bear interest at 8%, payable quarterly, until the closing of Phase I and shall be subordinate to a construction mortgage in the maximum amount of \$15 Million.

LREIT is a real estate investment trust, which is listed on the Toronto Stock 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. There are currently 17,389,796 trust units outstanding. 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 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.