



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES ISSUANCE OF OPTIONS

Winnipeg, Manitoba – July 26, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today the issuance of an aggregate of 960,000 incentive options (“Options”) to purchase its trust units (“Units”), exercisable at \$5.80 per Unit to each of the trustees, the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of LREIT and to a total of 17 management and other senior employees of Shelter Canadian Properties Limited (“Shelter Employees”) who are engaged in LREIT related functions. The four independent trustees will each receive 50,000 Options and Arni Thorsteinson, the CEO and also a trustee, will receive 250,000 Options. The CFO will receive 50,000 Options and the Shelter Employees will receive an aggregate of 460,000 Options, ranging individually from 5,000 to 100,000 Options. The Options issued to the four independent trustees will vest immediately, while the balance of the Options, including the Options issued to Arni Thorsteinson, will vest equally on each of the grant date and the first, second, third and fourth anniversaries of the grant date. The Options have been issued pursuant to LREIT’s unit option plan.

The Units issued upon exercise of the Options will be subject to a minimum hold period of four months and a day from the date of the Grant of the Options in accordance with applicable securities laws and the policies of the TSX Venture Exchange.

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 residential 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.