



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES COMMENCEMENT OF CONSTRUCTION AND AMENDED TERMS FOR PARKVIEW APARTMENTS IN FORT McMURRAY

Winnipeg, Manitoba, July 27, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today the commencement of construction and amendments to the terms of LREIT’s acquisition/development of a 186-suite apartment property, which was previously announced on June 13, 2006. The property is located at 302 Parsons Creek Drive in the Timberlea area of Fort McMurray. The property, which will be known as Parkview Apartments, will consist of two four-storey apartment buildings, with a 184-stall underground parkade and 131-stall surface parking lot. The property will be comprised of 176 two-bedroom and ten one-bedroom suites, all of which will be fully furnished. Each of the suites will have individual condominium title.

LREIT has agreed to purchase the land for approximately \$9.84 Million, including the reimbursement of development costs, which have been incurred by the vendor. The purchase price will be funded by a vendor take-back mortgage in the amount of \$7.3 Million and the balance in cash. The vendor take-back mortgage will bear interest at 8% and is due on October 31, 2006. The acquisition of the land is expected to close on July 31, 2006.

LREIT has entered into a development agreement with Shelter Canadian Properties Limited (“Shelter”) pursuant to which Shelter has agreed to: (i) develop the project for a total cost not to exceed \$57.75 Million (inclusive of the purchase price of the land); (ii) arrange and guarantee construction financing in the approximate amount of \$45 Million and permanent financing after completion of construction; and (iii) provide all development and construction supervision services for the project. In consideration for its services under the development agreement, Shelter will earn a development fee from LREIT in the estimated amount of \$1,000,000, representing approximately 1.73% of the total estimated project cost.

The total estimated cost in the amount of \$57.75 Million represents an estimated capitalization rate of 8%, based on projected net operating income of the completed project once fully leased. It is expected that the first mortgage loan will bear interest at a rate of 5.25% for a five-year term and will have a 25-year amortization. Construction is expected to be completed in November 2007.

Upon completion of the development of the project, LREIT's Fort McMurray portfolio of multi-family rental housing will be comprised of ten properties, representing 866 apartment and townhouse units (inclusive of concurrent property developments).

Shelter is the asset manager and property manager of LREIT. Arni Thorsteinson, the Chief Executive Officer and a trustee of LREIT, is the President of Shelter and Shelter is indirectly wholly-owned by the family trust of Mr. Thorsteinson. The acquisition of the land relating to the Parkview Apartments, and the entering into of the development agreement with Shelter, was approved by the independent trustees of LREIT and Mr. Thorsteinson abstained from voting on the resolution approving the transaction.

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.