



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES \$11.2 MILLION SALE OF YELLOWKNIFE PROPERTY

Winnipeg, Manitoba, October 4, 2010 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) announced today that it has entered into an unconditional agreement to sell a 50-suite townhouse property in Yellowknife, Northwest Territories, known as Three Lakes Village for \$11.2 million. The sale is expected to result in net cash to LREIT of approximately \$4.1 million, after expenses, closing adjustments and the assumption by the purchaser of approximately \$7 million of first mortgage debt. The property was acquired by LREIT in May 2005 for \$10.9 million.

The sale is scheduled to close by November 1, 2010. LREIT will use the net cash from the sale to repay debt.

ABOUT LREIT

LREIT is a real estate investment trust, which is listed on the Toronto Stock Exchange under the symbols LRT.UN (Trust Units), LRT.DB.F (Series F Convertible Debentures), LRT.DB.G (Series G Convertible Debentures), LRT.NT (Second Mortgage Bonds) and LRT.WT (Warrants). 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 Toronto Stock 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