



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES THE ACQUISITION OF FORT MCMURRAY APARTMENT COMPLEX

Winnipeg, Manitoba, September 4, 2007 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) announced today that it has agreed to acquire a 160-suite apartment property, which is currently under construction in the Timberlea area of Fort McMurray, Alberta for \$60,733,000, subject to the usual closing adjustments. The property, known as Parsons Landing Apartments, will consist of a four-storey apartment building, with a 219-stall parkade and 37 surface parking stalls and will be comprised of 32 one-bedroom, 124 two-bedroom and four three-bedroom suites, the majority of which will be fully furnished. Each of the suites will have individual condominium title.

The purchase price of \$60,733,000 represents an estimated capitalization rate of 8%. The acquisition will be financed with a new first mortgage loan in the estimated amount of \$45 Million and the balance in cash. It is projected that the first mortgage loan will bear interest at an estimated rate of 5.75% for a five-year term and will have a 25-year amortization. The acquisition will close in two phases and will occur upon the issuance of occupancy certificates for each of the two phases. The target closing dates are expected to be March 2008 for Phase I and June 2008 for Phase II.

LREIT will provide a \$10 Million second mortgage loan to the vendor, which will be credited towards the purchase price. The second mortgage loan will bear interest at 8%, payable quarterly, and shall be subordinate to a construction mortgage in the maximum amount of \$35 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 17,476,950 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.