



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES \$12.6 MILLION INITIAL CLOSING OF PUBLIC OFFERING OF MORTGAGE BONDS AND WARRANTS

Winnipeg, Manitoba – December 23, 2010 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) announced today that it has completed the initial closing of the previously announced offering (the “**Offering**”) of a minimum of 7,000 and a maximum of 16,000 investment units (the “**Units**”) at a price of \$1,000 per Unit for aggregate gross proceeds to LREIT of \$7,000,000 in the event of the minimum offering (the “**Minimum Offering**”) and \$16,000,000 in the event of the maximum offering (the “**Maximum Offering**”). Each Unit is comprised of one 5 year 9% second mortgage bond (each, a “**Bond**” and collectively, the “**Bonds**”) in the principal amount of \$1,000 and 1,000 trust unit purchase warrants (each, a “**Warrant**” and, collectively, the “**Warrants**”). Each Warrant entitles the holder thereof to acquire one trust unit of LREIT at a price of \$0.75 at any time on or before December 23, 2010.

Pursuant to the initial closing LREIT issued 12,637 Units, comprised of 12,637 Bonds and 12,637,000 Warrants, at \$1,000 per Unit for total gross proceeds to LREIT of \$12,637,000.

One or more subsequent closings of the Offering may occur at any time prior to March 17, 2011, which may result in the additional issuance of up to a maximum of 3,363 Units for additional gross proceeds of up to \$3,363,000.

Details with respect to the Offering and the use of proceeds of the Offering are set forth in the final short-form prospectus dated December 16, 2010.

The Bonds and the Warrants will be listed on the Toronto Stock Exchange under the trading symbols "LRT.NT.A" and "LRT.WT.A", respectively, and trading will commence on December 23, 2010

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 due March 10, 2015), LRT.NT.A (Second Mortgage Bonds due December 24, 2015), LRT.WT (Warrants expiring March 9, 2015) and LRT.WT.A (Warrants expiring December 23, 2015). The objective of LREIT is to provide Unitholders with stable cash

distributions from investment in a diversified 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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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.

This press release contains forward-looking statements relating to potential subsequent closing(s) of the Offering. There can be no assurance that subsequent closing(s) of the Offering will occur.. LREIT does not assume any obligation to update or revise such forward-looking statements to reflect actual events or new circumstances, except as expressly required by applicable securities laws.

This press release is not an offer of securities for sale in the United States, the securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and will contain detailed information about the company and management, as well as financial statements.