



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES NORMAL COURSE ISSUER BIDS

Winnipeg, Manitoba, January 10, 2012 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) today announced that it has received approval from the Toronto Stock Exchange (“**TSX**”) with respect to:

- (a) a normal course issuer bid to purchase up to an aggregate of 1,383,378 trust units (“**Trust Units**”) of LREIT (the “**Trust Unit NCIB**”), representing approximately 10% of the public float; and
- (b) a normal course issuer bid to purchase up to \$2,529,000 aggregate principal amount of 8 Year 9.50% Series G Redeemable Subordinated Secured Debentures due February 28, 2015 (“**Series G Debentures**”) of LREIT (the “**Series G Debenture NCIB**” and together with the Trust Unit NCIB, the “**NCIBs**”), representing approximately 10% of the public float.

Purchases of securities pursuant to the NCIBs will be made through the facilities of the TSX. The period of each of the NCIBs will extend from January 12, 2012 to January 11, 2013, or an earlier date in respect of a particular NCIB, should LREIT purchase the maximum number of the securities available under such NCIB. LREIT will pay the market price at the time of acquisition for any securities purchased through the facilities of the TSX. All securities acquired by LREIT under the NCIBs will be cancelled.

As at January 5, 2012:

- (a) there were 17,988,339 issued and outstanding, of which 13,833,788 Trust Units comprise the public float of Trust Units. The average daily trading volume of the Trust Units for the six month period ended December 31, 2011 was 15,165 Trust Units. 25% of the average daily trading volume of the Trust Units for the six month period ended December 31, 2011 is approximately 3,791 Trust Units; and
- (b) there were Series G Debentures having an aggregate principal amount of \$25,292,000 issued and outstanding, of which the entire amount comprised the public float of Series G Debentures. The average daily trading volume of the Series G Debentures for the six month period ended December 31, 2011 was \$52,000 aggregate principal amount of Series G Debentures. 25% of the average daily trading volume of Series G Debentures for the six month period ended

December 31, 2011 is approximately \$13,000 aggregate principal amount of Series G Debentures.

Under the NCIBs, the maximum number of securities that may be purchased by LREIT on a daily basis is 3,791 Trust Units and \$13,194 aggregate principal amount of Series G Debentures.

LREIT sought approval of the NCIBs because it believes that, from time to time, the market price of the Trust Units and/or the Series G Debentures may not fully reflect the underlying value of such securities. LREIT believes that, in such circumstances, the purchase of Trust Units or Series G Debentures, as applicable, represents an attractive investment for LREIT.

During the twelve calendar months ended December 31, 2011, LREIT acquired \$287,000 Series G Debentures at a weighted average price of \$77.8389 per \$100 principal amount under its previous normal course issuer bids for Series G Debentures..

LREIT is a real estate investment trust, which is listed on the Toronto Stock Exchange under the symbols LRT.UN (Trust Units), LRT.DB.G (Series G Debentures), LRT.NT.A (Mortgage Bonds), LRT.WT (Trust Unit purchase warrants expiring March 10, 2015) and LRT.WT.A (Trust Unit purchase warrants expiring December 23, 2015). For further information on LREIT, please visit our website at www.lreit.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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.