



LANESBOROUGH

Real estate investment trust

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES CLOSING OF \$32.1 MILLION TRUST UNIT PRIVATE PLACEMENT FINANCING

Winnipeg, Manitoba – December 14, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has completed its private placement offering of 6,297,240 trust units of LREIT (“Units”), at a price of \$5.10 per Unit for total gross proceeds in the amount of \$32,115,924. LREIT initially announced the offering on October 13, 2005 and finalized the terms of the offering on November 30, 2005.

The agents for the offering, co-led by Westwind Partners Inc. and Desjardins Securities Inc. and including Blackmont Capital Inc., were paid an aggregate commission of 5.75% of the gross proceeds from the sale of the Units.

LREIT intends to use the proceeds from the sale of the Units to fund equity commitments associated with the purchase of multi-family apartment properties and for general purposes.

The Units have been conditionally approved for listing on the TSX Venture Exchange Inc. (the “Exchange”), subject to compliance with the normal requirements of the Exchange. The Units sold pursuant to the offering may not be resold for a period of four months and a day from the date of issuance pursuant to the requirements of the Exchange and applicable securities laws.

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 residential real estate properties. For further information on LREIT, please visit our website at www.lreit.com.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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.