



## LANESBOROUGH

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### LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

#### LANESBOROUGH REIT ANNOUNCES TERMS OF PUBLIC OFFERING OF CONVERTIBLE DEBENTURES

Winnipeg, Manitoba – December 1, 2006 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) announced today that it has determined the aggregate principal amount and the terms of the previously announced offering (the “**Offering**”) of Series G convertible redeemable unsecured subordinated debentures (the “**Debentures**”), maturing December 31, 2011. The Offering is being placed on a best effort basis by a syndicate led by National Bank Financial Inc., and including Blackmont Capital Inc., Desjardins Securities Inc., Wellington West Capital Inc., Westwind Partners Inc. and Dundee Securities Corporation (collectively, the “**Agents**”) pursuant to a short form prospectus dated November 30, 2006 (the “**Prospectus**”).

The Offering will be comprised of a minimum of 20,000 and maximum of 25,000 Debentures, each having a principal amount of \$1,000, for total gross proceeds to LREIT of a minimum of \$20 Million and a maximum of \$25 Million. The Debentures will bear interest at a rate of 7.5% per annum, with semi-annual interest payments. At the option of the holder, the Debentures will be convertible into trust units (“**Units**”) of LREIT at any time prior to the maturity date at a conversion price of \$7.00 per Unit, subject to the provisions of the trust indenture governing the Debentures.

The other material terms of the Debentures, including the right of LREIT to redeem the Debentures and to satisfy its obligations upon the redemption or maturity of the Debentures through the issuance of Units are described in the Prospectus.

LREIT intends to use the net proceeds of the Offering for the following purposes: (i) as to approximately \$7.3 million, to partially fund the purchase price of \$22.2 Million for the acquisition of Clarington Seniors Residence, a 126 suite seniors residence located in Bowmanville, Ontario; and (ii) as to the balance, to fund future acquisitions of income producing properties, working capital and general purposes. The acquisition of the Clarington Seniors Residence is conditional on, amongst other things, the closing of the Offering.

The TSX has conditionally approved the listing of the Debentures and the Units issuable upon conversion, redemption or maturity of the Debentures. Listing of the Debentures is subject to LREIT meeting the requirements of the TSX.

Closing of the Offering is expected to occur on or about December 8, 2006.

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 residential real estate properties. There are currently 17,389,796 trust units outstanding. For further information on LREIT, please visit our website at [www.lreit.com](http://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 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.*