



## LANESBOROUGH

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### LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

#### LANESBOROUGH REIT ANNOUNCES EXERCISE OF OVER-ALLOTMENT OPTION

Winnipeg, Manitoba – December 22, 2006 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) announced today that the 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 (the “**Agents**”) has partially exercised the over-allotment option, which was granted by LREIT pursuant to the agency agreement, dated November 30, 2006. Pursuant to the exercise, the Agents were issued an additional aggregate principal amount of \$732,000 of 7.50% Series G convertible redeemable unsecured subordinated debentures (the “**Debentures**”). The issue of the additional Debentures increases the total aggregate principal amount sold under the Prospectus to \$25,732,000.

The Debentures are listed for trading on the Toronto Stock Exchange under the trading symbol “LRT.DB.F”.

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.

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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.*