



LANESBOROUGH

Real estate investment trust
2600 Seven Evergreen Place
Winnipeg, Manitoba
R3L 2T3
Tel. 204.475.9090
Fax. 204.475.5505

LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES CLOSING OF PUBLIC OFFERING OF CONVERTIBLE DEBENTURES

Winnipeg, Manitoba – December 8, 2006 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) announced today that it has closed its previously announced offering (the “**Offering**”) of 7.50% Series G convertible redeemable unsecured subordinated debentures (the “**Debentures**”), maturing December 31, 2011, in the maximum aggregate principal amount of \$25,000,000. The Offering was conducted on a best effort basis by National Bank Financial Inc., Blackmont Capital Inc., Desjardins Securities Inc., Wellington West Capital Inc., Westwind Partners Inc. and Dundee Securities Corporation and sold pursuant to a short form prospectus dated November 30, 2006.

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

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.

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:

[Arni Thorsteinson](#), Chief Executive Officer, or [Gino Romagnoli](#), Investor Relations
Tel: (204) 475-9090, Fax: (204) 452-5505, Email: info@lreit.com

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.