



LANESBOROUGH

Real estate investment trust
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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES CHANGES TO THE TERMS OF PUBLIC OFFERING OF SECOND MORTGAGE BONDS AND WARRANTS

Winnipeg, Manitoba – February 17, 2010 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) announced today that it has filed and obtained a receipt for an amended and restated preliminary short form prospectus, dated February 16, 2010 (the “**Amended Preliminary Prospectus**”), relating to the offering (the “**Offering**”) of a minimum of 5,000 and a maximum of 7,000 investment units (the “**Units**”) at a price of \$1,000 per Unit for aggregate gross proceeds to LREIT in a minimum amount of \$5,000,000 and a maximum amount of \$7,000,000. Each Unit is comprised of one 5-year, 9% second mortgage bond (each, a “**Bond**” and collectively, the “**Bonds**”) in the principal amount of \$1,000 and 1,000 trust unit purchase warrants (each, a “**Warrant**” and, collectively, the “**Warrants**”). The Amended Preliminary Prospectus amends and restates the preliminary short form prospectus of LREIT that was filed on January 26, 2010 and changes the size of the Offering from 5,000 Units (\$5,000,000 aggregate principal amount of Bonds) to a minimum of 5,000 Units and a maximum of 7,000 Units (\$7,000,000 aggregate principal amount of Bonds). All other terms of the offering remain the same.

Details with respect to the Offering are set forth in the Amended Preliminary Prospectus.

LREIT intends to use the net proceeds of the Offering, together with cash on hand from the sale of properties, to repay indebtedness and for general working capital purposes.

LREIT has applied to the TSX for approval of the listing of the Bonds, the Warrants and the Trust Units issuable upon the exercise of the Warrants. Listing of the Bonds, the Warrants and the Trust Units is subject to LREIT meeting the requirements of the TSX.

ABOUT LREIT

LREIT is a real estate investment trust, which is listed on the Toronto Stock Exchange under the symbols LRT.UN (Trust Units), LRT.DB.F (Series F Convertible Debentures) and LRT.DB.G (Series G Convertible Debentures). The objective of LREIT is to provide Unitholders with stable cash distributions from investment in a geographically diversified Canadian portfolio of quality real estate properties. For further information on LREIT, please visit our website at www.lreit.com.

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.

This press release contains forward-looking statements. LREIT is subject to significant risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Such risk factors include, but are not limited to, risks associated with real property ownership, the impact of general economic conditions, industry conditions, interest rate fluctuations, tax-related risk factors, governmental regulation, environmental risks, competition from other industry participants, stock market volatility, the ability to access sufficient capital from internal and external sources and the risk of fluctuation and variation in actual operating results, which variation may be material. LREIT cannot assure investors that actual results will be consistent with any forward-looking statement and does not assume any obligation to update or revise such forward-looking statements to reflect actual events or new circumstances, except as expressly required by applicable securities laws.

This press release is not an offer of securities for sale in the United States, the securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and will contain detailed information about the company and management, as well as financial statements.