



## LANESBOROUGH

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### LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

#### LANESBOROUGH REIT ANNOUNCES PRIVATE PLACEMENT

Winnipeg, Manitoba – January 18, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has entered into an agreement with Wellington West Capital Inc. (“Wellington”) and Desjardins Securities Inc. (“Desjardins”), pursuant to which Wellington and Desjardins have agreed to place, by way of private placement on a commercially reasonable best efforts basis, 5 Year 7.5% Subordinated Series F Convertible Debentures of LREIT (the “Debentures”) in the minimum aggregate principal amount of \$5,000,000 and the maximum aggregate principal amount of \$15,000,000 (the “Offering”). Wellington and Desjardins will act as co-lead agents.

The Debentures will be convertible into trust units of LREIT (“Units”) at the option of the holder at any time after the second anniversary of the initial date of issuance up until the maturity date at the following conversion prices: (i) \$6.00 per Unit in the third year following the initial issuance of the Debentures; (ii) \$6.60 per Unit in the fourth year following the initial issuance of the Debentures; and (iii) \$7.30 per Unit in the fifth year following the initial issuance of the Debentures. The Debentures are not convertible during the first two years following the initial issuance of the Debentures.

LREIT intends to use the proceeds of the Offering to fund equity commitments associated with the purchase of multi-family apartment properties, which have not yet been identified, and for general purposes.

Closing of the Offering is expected to occur on or about February 22, 2006, subject to the approval of the TSX Venture Exchange Inc.

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 real estate properties. 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 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.*