



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 PUBLIC OFFERING OF SECOND MORTGAGE BONDS AND WARRANTS

Winnipeg, Manitoba – January 26, 2010 – Lanesborough Real Estate Investment Trust (“**LREIT**”) (TSX: LRT.UN) announced today that it has filed and obtained a receipt for a preliminary short form prospectus, dated January 25, 2010 (the “**Preliminary Prospectus**”) relating to the offering (the “**Offering**”) of 5,000 investment units (“**Units**”) at a price of \$1,000 per Unit for aggregate gross proceeds to LREIT of \$5,000,000. Each Unit is comprised of one five 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**”). Each Warrant entitles the holder thereof to purchase one trust unit of LREIT (a “**Trust Unit**”) at a price of \$1.00 per Trust Unit at any time for a period of five years from the date of closing. The Offering is being made on a commercially reasonable best efforts basis by Wellington West Capital Inc., as lead agent, and HSBC Securities (Canada) Inc. (collectively, the “**Agents**”).

The Bonds will mature on the date that is five years plus one day from the date of the closing of the Offering (the “**Maturity Date**”) and bear interest at an annual rate of 9% payable semi-annually in arrears on May 31 and November 30 in each year, as well as on the Maturity Date, with the first interest payment occurring on May 31, 2010. The Bonds will be secured by second mortgage security and collateral security registered against five properties of LREIT, being Beck Court, Norglen Terrace, Nova Court, Three Lakes Village and Westhaven Manor.

Details with respect to the Offering and the mortgaged properties are set forth in the Preliminary Prospectus.

LREIT intends to use the net proceeds of the Offering, together with cash on hand from the sale of properties, to repay the outstanding five Year 8% subordinated Series E convertible debentures of LREIT due February 17, 2010 in the aggregate principal amount of \$11,950,000.

LREIT has applied to the TSX for approval of the listing of the Bonds and the Trust Units issuable upon the exercise of the Warrants. Listing of the Bonds 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:

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

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.