



## LANESBOROUGH

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### **LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release**

#### **LANESBOROUGH REIT ANNOUNCES THE ACQUISITION OF RETIREMENT RESIDENCE IN BOWMANVILLE, ONTARIO**

Winnipeg, Manitoba, January 8, 2007 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) announced today that it has agreed to acquire a 126-suite seniors’ retirement residence located in Bowmanville, Ontario for \$22.4 Million, subject to the usual closing adjustments. The three-storey complex, known as The Clarington Seniors Residence, was completed in 2006 and is currently in the “lease-up” phase of operation. The property caters to independent seniors and is located on a 2.1-acre parcel of land at 65 Clarington Boulevard. .

LREIT has retained Kingsway Arms Management Services Inc. (“Kingsway”) to manage the property for a ten-year term. Kingsway is an Ontario based company, which acquires, manages and develops retirement homes catering principally to the independent and assisted living segments. Kingsway currently manages a portfolio of nine properties totalling 850 suites located across Ontario, including Elgin Lodge, which LREIT owns in Port Elgin, Ontario.

The purchase price of \$22.4 Million represents an estimated capitalization rate of 8%. The acquisition will be initially financed with a two-year mortgage loan in the amount of \$16.9 Million and the balance in cash. LREIT intends to obtain long-term mortgage financing upon completion of the “lease-up” of the property in 2008. Kingsway will guarantee an 8% return on the equity component of LREIT’s investment until “lease-up” is achieved. The acquisition is scheduled to close in February 2007.

After “lease-up” is achieved, Kingsway will be entitled to an additional payment equal to 50% of the amount, if any, by which the appraised value of the property exceeds the original acquisition cost to LREIT.

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 real estate properties. There are currently 17,390,264 trust units outstanding. For further information on LREIT, please visit our website at [www.lreit.com](http://www.lreit.com).

FOR FURTHER INFORMATION PLEASE CONTACT:

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*This press release contains certain statements that could be considered as forward-looking information. The forward-looking information is subject to certain risks and uncertainties, which could result in actual results differing materially from the forward-looking statements.*

*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.*