



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES CLOSING OF CONVERTIBLE DEBENTURE PRIVATE PLACEMENT FINANCING

Winnipeg, Manitoba – March 10, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has completed its private placement offering of 5 Year Subordinated Series F Convertible Debentures (the “Debentures”), which resulted in total gross proceeds of \$13,680,000 (the “Offering”). The Offering was first announced on January 16, 2006.

Each Debenture has a face value of \$10, a coupon of 7.5%, with semi-annual interest payments, and 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.

The agents for the Offering, co-led by Wellington West Capital Inc. and Desjardins Securities Inc., were paid an aggregate commission of 6% of the gross proceeds of the Offering.

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.

The Debentures and the Units issuable on the conversion of the Debentures have been conditionally approved for listing on the TSX Venture Exchange Inc. (the “Exchange”), subject to compliance with the normal requirements of the Exchange. The Debentures sold pursuant to the Offering may not be resold for a period of four months and a day from the date of issuance pursuant to the requirements of the Exchange and applicable securities laws.

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.

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.