



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 CONVERTIBLE DEBENTURES

Winnipeg, Manitoba – November 17, 2006 – 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 November 16, 2006, relating to the offering (the “**Offering**”) of Series G convertible redeemable unsecured subordinated debentures (the “**Debentures**”), maturing December 31, 2011. The Offering is being placed on a best efforts basis by a syndicate led by National Bank Financial Inc., and including Blackmont Capital Inc., Wellington West Capital Inc., Desjardins Securities Inc., Westwind Partners Inc. and Dundee Securities Corporation (collectively, the “**Agents**”).

LREIT intends to use the net proceeds of the Offering for the following purposes: (i) as to approximately \$7.3 million, to partially fund the purchase price of \$22,200,000 for the acquisition of Clarington Seniors Residence, a 126 suite seniors residence located in Bowmanville, Ontario; and (ii) as to the balance, to fund future acquisitions of income producing properties, working capital and general purposes. The acquisition of the Clarington Seniors Residence is conditional on, amongst other things, the closing of the Offering.

The interest rate, aggregate principal amount and the conversion price of the Debentures will be determined by LREIT and the Agents in the context of the market. The payment of principal and interest on the Debentures will have priority over the payment of cash distributions on the trust units of LREIT, but will be subordinate in right of payment to the secured indebtedness of LREIT. LREIT has applied to the TSX for approval of the listing of the Debentures. Listing of the Debentures is subject to LREIT meeting the requirements of the TSX.

Closing of the Offering is expected to occur in early December 2006.

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 residential real estate properties. There are currently 17,388,796 trust units outstanding. 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:

[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.