



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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Press Release

LANESBOROUGH REIT ANNOUNCES \$50 MILLION TRUST UNIT PRIVATE PLACEMENT FINANCING

Winnipeg, Manitoba, October 13, 2005 –Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has entered into an agreement with a syndicate co-led by Westwind Partners Inc. and Desjardins Securities Inc., and including Blackmont Capital Inc. (collectively “the Agents”), pursuant to which the Agents have agreed to place by way of private placement on a best efforts basis trust units (the “Units”) of LREIT for gross proceeds of a minimum of \$40 Million and a maximum of \$50 Million.

The net proceeds from the private placement will be used for the purchase of multi-residential real estate properties and for general purposes.

The Units sold pursuant to the private placement will be subject to resale restrictions pursuant to applicable securities law and stock exchange requirements. The financing is scheduled to close on or about November 22, 2005 and is subject to the completion of a definitive agency agreement and the receipt of all required regulatory and other necessary approvals.

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.