



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT ANNOUNCES \$70.25 MILLION SALE OF COLONY SQUARE

Winnipeg, Manitoba, September 14, 2015 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) announced today that it has agreed to sell Colony Square in downtown Winnipeg, MB for \$70.25 million, subject to customary closing adjustments. The three tower complex, consisting of 428 apartment suites, approximately 83,300 square feet of commercial space and a 270-stall underground parkade, was acquired by LREIT in October 2008 for \$38 million.

As a condition of the sale, LREIT has agreed to place \$1.5 million in escrow on closing of the sale to be released monthly to the purchaser with respect to rent on vacant commercial space for a period of up to two years from the date of closing.

The \$70.25 million sale price will be satisfied by the purchaser assuming the existing first mortgage loan in the approximate amount of \$39.6 million and the balance in cash. The sale is expected to result in net cash proceeds to LREIT (net of selling costs and the \$1.5 million to be placed in escrow) of approximately \$28.4 million. The net cash proceeds will be used to repay operating loans and advances.

The sale is scheduled to close as of November 1, 2015.

The sale of Colony Square will result in a capital gain of approximately \$29.8 million. In order to prevent LREIT from having taxable income under the Income Tax Act for the 2015 taxation year, it will be necessary for LREIT to declare a special distribution equal to the approximate \$29.8 million capital gain (approximately \$1.46894 per trust unit based on the number of trust units outstanding as of the date of this press release). There being no cash available for the payment of the special distribution, payment of the whole amount shall be made, in accordance with paragraph 9.3 of LREIT’s Declaration of Trust, by the issuance of additional trust units based on the closing market price of the trust units on December 31, 2015. Immediately following the special distribution, the number of outstanding trust units will be consolidated so that each Unitholder will hold exactly the same number of trust units after the consolidation as each Unitholder held immediately prior to the special distribution. The “non-cash” distribution will be declared payable on December 31, 2015 to the Unitholders of record on December 31, 2015.

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.G (Series G Debentures) and LRT.WT.A (Warrants expiring December 23, 2015). The objective of LREIT is to provide Unitholders with stable cash distributions from investment in a diversified portfolio of quality real estate properties. For further information on LREIT, please visit our website at www.lreit.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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 certain statements regarding the proposed transaction described herein 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. There can be no certainty that the transaction will be completed within the timeline set forth herein or all at.