



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES \$5,000,000 TRUST UNIT AND \$10,000,000 CONVERTIBLE DEBENTURE PRIVATE PLACEMENT FINANCINGS

Winnipeg, Manitoba, December 18, 2003 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has entered into agreements with [Westwind Partners Inc.](#) (“Westwind”) pursuant to which Westwind has agreed to place, on a best efforts basis, 1,250,000 Trust Units (the “Units”) and 10,000 Series C Convertible Debentures (the “Debentures”) of LREIT by way of private placements for total gross proceeds of \$15,000,000.

Each Unit shall consist of one trust unit in the capital of Lanesborough at \$4.00 per unit for total gross proceeds of \$5,000,000. Westwind will be paid a fee of 7% of the gross proceeds of the Unit offering. The Unit financing is scheduled to close on or about December 19, 2003 and is subject to receipt of all required regulatory and such other necessary approvals.

Each Debenture has a face value of \$1,000, a coupon of 8%, and will rank pari passu with the existing Series “A” Convertible Debentures (maturing August 30, 2007) and the existing Series “B” Convertible Debentures (maturing August 30, 2005), and is convertible into Units at \$4.50 per Unit for total gross proceeds of \$10,000,000. Payment of the first 60 days of interest on the Debentures will be satisfied through the issuance of additional Debentures. Westwind will be paid a fee of 5% of the gross proceeds of the Debenture offering. The Debenture financing is scheduled to close on or about December 30, 2003 and is subject to receipt of all required regulatory and such other necessary approvals.

The net proceeds from the private placement will be used for the purchase of real estate properties (as yet unidentified) and for general purposes.

The Units and the Debentures sold pursuant to the private placements may not be resold for a period of four months pursuant to applicable securities law requirements.

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 and growing cash distributions from investment in a geographically diversified Canadian portfolio of quality real estate properties. For further information, 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.