



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REAL ESTATE INVESTMENT TRUST REPORTS FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2004

Winnipeg, Manitoba, April 28, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) is pleased to report the financial results for the year ended December 31, 2004. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2004 Annual Report, including the audited financial statements for the year ended December 31, 2004, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

In 2004, LREIT made significant progress towards achieving its long-term growth objectives, while providing Unitholders with very favourable investment returns. Overall, Unitholders achieved a total return of 47.1% in 2004, including cash distributions and capital appreciation.

Unitholder Returns

	2004	2003
Distribution per unit	\$0.53	\$0.50
Opening unit price	\$4.00	\$2.75
Closing unit price	\$5.50	\$4.00
Yield on closing price (distribution/closing unit price)	9.6%	12.5%
Capital appreciation (capital appreciation/opening unit price)	37.5%	45.5%
Total return	47.1%	55.0%
Projected cash distribution – 2005:	\$0.56	
Closing unit price – April 13, 2005:	\$6.15	
Current yield:	9.11%	

During 2004, LREIT acquired seven new properties at a cost of approximately \$51.3 Million and achieved an overall increase in the size of its real estate portfolio of 245%. In 2004, LREIT also shifted its investment strategy to the acquisition of multi-family residential properties, directing \$44.565 Million of its total property acquisitions toward apartment complexes in Alberta, British Columbia and the Northwest Territories. The investment in the multi-family residential sector is considered to provide the greatest

opportunity to maximize returns and long-term unit values, as there has been limited construction of new rental properties over the past 25 years and market values of existing rental properties are generally well below replacement cost. Although rental market conditions are currently very competitive due to low interest rates and the affordability of home ownership, it is anticipated that there will be significant increase in the income potential and market value of multi-family residential properties when rental market conditions improve and occupancy levels return to normalized levels. In the interim, multi-family residential properties offer the opportunity for solid returns at a lower risk, relative to other real estate sectors.

LREIT is also well positioned for another year of strong growth in 2005, after having raised \$38 Million of new investment capital since December 30, 2004. Subsequent to year end, LREIT has acquired seven multi-family residential properties, comprising a total of 592 suites, at a combined cost of \$51.24 Million. The total increase in the real estate portfolio of LREIT is expected to be in the range of \$120 Million to \$130 Million during 2005, with the value of the total portfolio approaching or exceeding \$200 Million. LREIT will continue with its disciplined investment strategy of focusing on the acquisition of established properties with stable operating results and on newly constructed properties in growing residential communities. LREIT will also continue to focus on secondary markets and on properties that offer strong capital appreciation growth potential, while striving to further enhance the geographic diversification of its real estate portfolio. Capital improvement and renovation projects will also continue to be implemented, as deemed appropriate, in order to improve the revenue base and longer-term value of a property.

The performance of LREIT's initial property acquisition, the Kenaston Property in Winnipeg, Manitoba, is indicative of the strategy of LREIT for attaining growth in unit values. The Kenaston Property was purchased in April 2002 at a cost of \$10.65 Million. In 2003, comprehensive exterior upgrades were undertaken at the property and a new 9,032 square foot addition was completed in early 2004. After considering the cost of the improvements, the total acquisition and capital costs for the Kenaston Property have amounted to \$12,656,200. In December 2004, the Kenaston Property was appraised at a market value of \$16,050,000, representing an increase in value of approximately \$3.4 Million or 27%, in comparison to the total acquisition and capital costs.

Since inception in September 2002, the growth in the asset base and unit value of LREIT has been outstanding. In 2004, total revenues increased by \$5.3 Million or 217%; operating income increased by \$3 Million or 200%; cash from operations increased by approximately \$873,000 or 163%; net income, excluding amortization expense increased by \$219,000 or approximately 44%; and distributable income increased by approximately \$650,000 or 177%. Net income was significantly affected by three new accounting policies, which were adopted in January 2004, pursuant to the recommendations of the CICA Handbook. The main impact of the new policies has been to significantly increase amortization expense, which has resulted in a corresponding reduction in net income. In total, the new policies resulted in a reduction in net income of \$1,158,330. Cash flow and distributable income were not affected as a result of the new accounting policies.

Financial Highlights

	December 31			
	2004		2003	
Total revenue	\$ 7,743,244		\$ 2,440,840	
Operating income	\$ 4,616,038		\$ 1,533,076	
Net income (loss)	\$(1,349,726)		\$ 175,938	
Total assets	\$89,983,862		\$21,894,509	
Mortgage loans payable	\$49,091,108		\$10,704,727	
Convertible debentures	<u>15,503,328</u>		<u>2,704,648</u>	
	\$64,594,436		\$13,409,375	
Cash distributions	\$ 1,392,838 (\$0.53/unit)		\$ 525,585 (\$0.50/unit)	
Distributable income	\$ 1,016,313		\$ 366,338	
PER UNIT	Basic	Diluted	Basic	Diluted
Operating income	1.74	1.74	1.55	1.25
Net income (loss)	(0.510)	(0.510)	0.178	0.165
Distributable income	.384	.373	0.370	0.363

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.

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This press release contains certain statements 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. 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.