



LANESBOROUGH

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Press Release

LANESBOROUGH REIT REPORTS FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2005

Winnipeg, Manitoba, August 25, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) is pleased to report the financial results for the quarter ended June 30, 2005. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2005 Second Quarter Report, including the interim financial statements for the quarter ended June 30, 2005, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

During the second quarter of 2005, the overall quality of the real estate portfolio of LREIT was significantly enhanced as a result of the acquisition of two multi-family residential properties, namely Nelson Ridge Estates in Fort McMurray, Alberta and Nova Village in Yellowknife, Northwest Territories. After considering the acquisition cost of the two new properties, the real estate portfolio of LREIT has almost doubled in size since December 31, 2004, with the value of the portfolio exceeding \$124 Million. With a cash balance of approximately \$17.6 Million at the end of the second quarter, LREIT has the resources to further expand its property portfolio and achieve additional growth in operating income during the remainder of 2005.

Geographic diversification has been one of the fundamentals of LREIT’s disciplined approach to growth. The expansion of the portfolio into the northern Alberta community of Fort McMurray has served to further diversify the economic base of the Trust. At a cost of approximately \$40.6 Million, the Fort McMurray acquisition of Nelson Ridge Estates is now the largest property in the real estate portfolio of LREIT in terms of both cost and income-generating capability and the new property has significantly enhanced the overall stability of operating cash flows. In the booming economy of Fort McMurray, Nelson Ridge Estates was the highest yielding multi-family residential property in the LREIT portfolio during the second quarter of 2005 and accounted for 36% of the total operating income of the Trust. The other second quarter acquisition, Nova Village, is a newly constructed apartment complex, which is in the initial lease-up stage. Nova Village is expected to achieve high occupancy levels and solid cash flows, as has been the case with the 100% occupied Beck Court, the other LREIT property in Yellowknife.

Acquisitions, which have been completed, or are in process, subsequent to June 30, 2005, are as follows:

<u>Property</u>	<u>Location</u>	<u>Actual/Projected Acquisition Date</u>	<u>Number of Suites</u>	<u>Purchase Price</u>
Luther Riverside Terrace	Saskatoon, SK	July 2005 *	181	\$24,000,000
Marquis Towers	Prince Albert, SK	August 2005	129	6,200,000
Chancellor Gate	Winnipeg, MB	August 2005	48	<u>6,750,000</u>
				<u>\$36,950,000</u>

* Acquisitions completed.

LREIT's investment objective of generating sustained growth in operating cash flows is clearly reflected in the operating results for the second quarter of 2005. During the second quarter of 2005, operating income increased by \$788,459 or 45%, compared to the first quarter of 2005, primarily due to the acquisition of Nelson Ridge Estates. In comparison to the first six months of 2004, the operating income of LREIT increased by \$2,312,799 or 120% during the six-month period, ended June 30, 2005.

Operating Highlights

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Total revenue	\$4,390,880	\$1,961,339	\$7,445,335	\$2,905,577
Operating income	\$2,511,215	\$1,319,195	\$4,233,971	\$1,921,172
Net loss	\$(520,148)	\$(246,582)	\$(794,609)	\$(418,581)
Cash from operations	\$809,864	\$640,539	\$1,408,616	\$867,411

As reflected by the high cash balance as of June 30, 2005, LREIT had a significant amount of uninvested capital during the second quarter of 2005. Pending the investment of the remaining capital in income-producing properties, the cost of carrying the capital significantly exceeds the amount of interest income, which is derived from the uninvested capital. The increase in the net loss of LREIT, from \$246,582 during the second quarter of 2004, to \$520,148 during the second quarter of 2005, is mainly attributable to the cost of carrying the uninvested capital and to a \$273,566 increase in amortization charges directly attributable to the increase in the size of the property portfolio. As additional properties are acquired, the resultant increase in operating income is expected to offset the cost of capital by a significant amount. Accordingly, it is anticipated that there will be a substantial improvement in bottom-line results during the third and fourth quarter of 2005.

In summary, LREIT is achieving its objective of creating a large, diversified portfolio of quality real estate investments in order to provide Unitholders with stable cash distributions and increasing unit values. Over the 12-month period, ended June 30, 2005, the unit value of LREIT has increased by 21% and Unitholders have received a direct return from cash distributions of 11.4%, based on the June 30, 2004 closing price of \$4.66. The outlook for continued growth remains very positive, given the capital resources of the Trust and the increased income potential of the existing property portfolio.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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