



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES CLOSING OF PRIVATE PLACEMENT

Winnipeg, Manitoba – February 18, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has completed the first closing of its private placement offering of 5 Year 8% Subordinated Series E Convertible Debentures (the “Debentures”) in the minimum aggregate principal amount of \$2,000,000 and the maximum aggregate principal amount of \$12,000,000 (the “Offering”). The Offering was first announced on January 27, 2005 and amended by way of a press release, dated January 31, 2005. Pursuant to the first closing of the Offering, LREIT issued \$3,569,000 principal amount of Debentures to subscribers who are resident in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia and the Northwest Territories.

The Debentures are convertible at the option of the holder at any time after two years from the initial date of issuance of the Debentures (the “Initial Closing Date”) until the maturity date of the Debentures at the following conversion prices: (i) \$6.50 per Unit in the third year following the Initial Closing Date; (ii) \$7.15 per Unit in the fourth year following the Initial Closing Date; and (iii) \$7.90 per Unit in the fifth year following the Initial Closing Date.

Wellington West Capital Inc., Westwind Partners Inc. and Desjardins Securities Inc. are the co-lead agents with respect to the Offering.

LREIT intends to use the proceeds of the Offering to fund equity commitments associated with the purchase of multi-family apartment properties, which have not been identified to date. The funds will also be used for general purposes.

The closing of the Offering is subject to the final approval of the TSX Venture Exchange Inc.

The Debentures sold pursuant to the Offering may not be resold for a period of four months pursuant to the requirements of the TSX Venture Exchange Inc. and applicable securities laws.

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.