



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES COMPLETION OF \$1,000,000 PRIVATE PLACEMENT

Winnipeg, Manitoba – February 2, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has closed its private placement of 200,000 trust units (the “Units”) at a price of \$5.00 per Unit, which resulted in gross proceeds of \$1,000,000. This financing is in addition to the \$25,000,000 raised on the same terms, which closed on December 30, 2004, with the over-allotment option closing on January 27, 2005. Westwind Partners Inc. acted as sole lead agent in connection with both private placements.

LREIT intends to use the proceeds from the sale of the Units to fund equity commitments associated with the purchase of multi-family apartment properties and for general purposes.

Subject to applicable securities law, the Units sold pursuant to the private placement are subject to resale restrictions for a period of four months.

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.

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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.