



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES ADDITIONAL PRIVATE PLACEMENTS

Winnipeg, Manitoba – January 27, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has entered into an agreement with Westwind Partners Inc. (“Westwind”), pursuant to which Westwind has agreed to place, by way of private placement on a best efforts basis, up to 200,000 trust units (“Units”) of LREIT at a price of \$5.00 per Unit for total gross proceeds of up to \$1,000,000 (the “Unit Offering”).

LREIT also announced today that it has entered into an agreement with Westwind and Wellington West Capital Inc. (“Wellington”), pursuant to which Westwind and Wellington have agreed to place, by way of private placement on a best efforts basis, 5 Year 8% Subordinated Series E Convertible Debentures (the “Series E Debentures”) in the minimum aggregate principal amount of \$2,000,000 and the maximum aggregate principal amount of \$8,000,000 (the “Series E Debenture Offering”).

The Series E Debentures will be convertible at the option of the holder at any time after two years from the initial date of issuance up until the date that is one day before the maturity date at the following conversion prices: (i) \$6.50 per Unit in the third year following the initial issuance of the Series E Debentures; (ii) \$7.15 per Unit in the fourth year; and (iii) \$7.90 per Unit in the fifth year.

LREIT intends to use the proceeds of the Unit Offering and the Series E Debenture Offering to fund equity commitments associated with the purchase of multi-family apartment properties, which have not yet been identified, and for general purposes.

The initial closing of the Unit Offering is expected to occur on or about February 1, 2005, subject to the approval of the TSX Venture Exchange Inc.

The initial closing of the Series E Debenture Offering is expected to occur on or about February 15, 2005, subject to the approval of the TSX Venture Exchange Inc.

The Units and Series E Debentures sold pursuant to the Unit Offering and the Series E Debenture 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.