



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES AMENDMENT TO PRIVATE PLACEMENT

Winnipeg, Manitoba – January 31, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has amended its agreement with Wellington West Capital Inc. and Westwind Partners Inc. with respect to the private placement offering (the “Offering”) on a best efforts basis of 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 that was previously announced on January 27, 2005. The agreement has been amended to add Desjardins Securities Inc. as an agent under the agreement and to increase the maximum aggregate principal amount of Series E Debentures that may be issued pursuant to the Offering to \$12,000,000. All other terms of the Offering remain the same other than that the first closing of the Offering, which is now expected to occur on February 17, 2005 rather than February 15, 2005.

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.