



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

2600 Seven Evergreen Place

Winnipeg, Manitoba R3L 2T3

Tel. 204.475.9090

Fax. 204.475.5505

LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LREIT ANNOUNCES ACQUISITION OF ADDITIONAL APARTMENT PROPERTIES AND TEMPORARY SECOND MORTGAGE LOAN INVESTMENT

Winnipeg, Manitoba, January 4, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) announced today that it has agreed to acquire four multi-family apartment properties, comprising a total of 131 suites. The properties, which are all located in Prince Albert, Saskatchewan, are as follows:

1. Cedar Village is a 72 suite apartment property, comprised of three one-bedroom, 36 two-bedroom and 33 three-bedroom suites.
2. Carlton Manor is a 19 suite apartment property, comprised of two one-bedroom, 14 two-bedroom and three bachelor suites.
3. Riverside Apartments is a 12 suite apartment property, comprised of one one-bedroom and 11 two-bedroom suites.
4. MGM Apartments is a 28 suite apartment property, comprised of 12 one-bedroom and 16 two-bedroom suites.

The total acquisition price for the four properties is \$4,025,000, of which approximately \$2,885,000 will be satisfied by the assumption of four first mortgage loans, with interest rates ranging from 4.1% to 5.1%, and \$250,000 will be satisfied by a non-interest bearing blanket vendor take-back second mortgage loan maturing July 1, 2006. The acquisition is expected to close on February 28, 2005.

LREIT also announced today that it has conditionally agreed to acquire a 225 suite multi-family apartment property in Fort McMurray, Alberta, known as Nelson Ridge Estates, for \$40,550,000. The property consists of three, four-storey buildings, each containing 75 two-bedroom suites, of which 135 suites are fully furnished. Approximately \$28.2 Million of the purchase price will be satisfied by the assumption of three first mortgage loans bearing interest at an average rate of 5.9%. The acquisition is scheduled to close on March 1, 2005, subject to the removal of certain conditions.

The acquisition reflects LREIT’s ongoing strategy of concentrating on multi-family apartment properties for future property acquisitions.

LREIT further announced today that, subject to regulatory approval, it has agreed to increase its second mortgage loan (the “MINACS Mortgage”) secured by the office building and excess land located at 1189 Colonel Sam Drive (the “MINACS Building”) in the City of Oshawa, Ontario.

The principal balance of the MINACS Mortgage is currently \$2,150,000 (the “Initial Principal”) and is proposed to be increased by \$1,475,000 (the “Additional Principal”) for an aggregate principal amount of \$3,625,000. The Initial Principal is due and payable on June 30, 2005 and bears interest at the rate of 12.5% per annum with respect to the first \$1,150,000 and 9% per annum with respect to the remaining \$1,000,000. The Additional Principal will also be due and payable on June 30, 2005 and will bear interest at 9% per annum. Interest is calculated and payable monthly, not in advance, on the last day of each month.

The investment in the Minacs Mortgage is intended to provide LREIT with a means of maximizing the return on short-term excess cash reserves. The transaction is not expected to have a significant effect on LREIT’s business and affairs.

The transaction is a “related party transaction” as defined under Policy 5.9 of the TSX Venture Exchange (the “Exchange”) and applicable securities laws. 2668921 Manitoba Ltd. (“2668921”) is a “related party” of LREIT by virtue of the fact that all of its shares are owned by the family trust of Arni Thorsteinson, a Trustee and the Chief Executive Officer of LREIT, and Mr. Thorsteinson is the President of 2668921. 2668921 is also the parent corporation of Shelter Canadian Properties Limited, the administrator and property manager of LREIT.

The transaction is exempt from the formal valuation and minority security holder approval requirements of Policy 5.9 of the Exchange and applicable securities laws due to the fact that the increase in the MINACS Mortgage represents less than 25% of LREIT’s current market capitalization. The increase in the MINACS Mortgage represents approximately 4% of LREIT’s current market capitalization.

The independent Trustees of LREIT have approved the transaction. Mr. Thorsteinson abstained from voting on the resolution approving the transaction.

The transaction is subject to approval by the TSX Venture Exchange.

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, please visit our website at www.lreit.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

[Arni Thorsteinson](#), Chief Executive Officer, or [Gino Romagnoli](#), Investor Relations
Tel: (204) 475-9090, Fax: (204) 452-5505, Email: info@lreit.com

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.