



LANESBOROUGH

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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT REPORTS 2007 OPERATING RESULTS

Winnipeg, Manitoba, March 26, 2008 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) is pleased to report the operating results for the year ended December 31, 2007. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2007 Annual Report and the financial statements for the year ended December 31, 2007, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

2007 HIGHLIGHTS

Acquisition and Development

- Acquired seven multi-family residential properties during 2007, comprised of 747 suites, at a total purchase price of \$169 Million.
- Invested \$36.8 Million in construction, expansion and renovation costs primarily in regard to Laird's Landing (formerly Park View Apartments) and Elgin Lodge.
- Year-end property portfolio consists of 40 properties, comprised of 3,074 suites and 224,545 square feet of commercial leasable area, including Laird's Landing, a 189-suite apartment complex which was under construction and approximately 75% complete as of December 31, 2007.

Financial

Compared to 2006:

- Rental revenues increased by \$16.5 Million or 57%.
- Net operating income increased by \$10.0 Million or 58% in total and by \$0.555 or 56% on a per unit basis.
- Operating margin for property portfolio improved from 56% in 2006 to 58% in 2007.
- "Same property" revenues increased by \$2.6 Million or 13%, while "same property" net operating income increased by \$2.2 Million or 21%.

Capital Structure

- Financed \$176.8 Million of mortgage debt in 2007.
- Weighted average interest rate on the aggregate mortgage loan balance of 6.2% at December 31, 2007, compared to 5.7% of December 31, 2006.

- Mortgage loan debt to estimated current property value ratio of 59.4% at December 31, 2007, compared to 61.8% at December 31, 2006.

Estimated Current Value

- The real estate portfolio of LREIT had an estimated current market value of \$642 Million, as of December 31, 2007.

In 2007, the ongoing efforts of LREIT to maximize the long-term value of its real estate portfolio were highlighted in three main areas:

1. Growth in asset base - The real estate portfolio increased by over \$205.8 Million, representing the highest single year growth rate since the inception of LREIT in 2002. The increase in the real estate portfolio includes \$169 Million of new property acquisitions and the investment of \$36.8 Million in major renovation and expansion projects.
2. Concentration of property acquisitions in one of Canada's strongest rental markets - Approximately 72% of LREIT's investment in new properties was related to the acquisition of three multi-family properties in Fort McMurray, Alberta, only two of which had progressed to the "income-producing" stage before the fourth quarter of 2007. Overall, LREIT's total portfolio of income-producing properties in Fort McMurray achieved a 96% occupancy level in 2007 and an operating profit margin of 73%, with the rental rates for Millennium Village and Laird's Landing approximately 18% and 27% higher than originally anticipated in 2006, respectively. In 2008, the outlook for the Fort McMurray portfolio is more favourable as a result of several factors, including the quality of the new properties, the existence of long-term lease agreements with major corporations and the continued high rate of growth in the Alberta oilsands.
3. Sustained growth in "same property" NOI - The revenues and net operating income ("NOI") for the 18 properties which have been owned by LREIT since January 1, 2006 increased by 13% and 21% respectively, compared to 2006.

The positive accomplishments of LREIT, in terms of creating an accretive investment base, were tempered by an increase in financing expense in 2007, in large part due to the additional interest expense, which was incurred as a result of the issuance of \$25.7 Million of convertible debentures in December 2006. The cost of the convertible debentures was fully reflected in the 2007 income and cash flow results, in the form of interest expense of \$1.93 Million, whereas the revenue from the investment of the net debenture proceeds is gradually being realized as additional properties are acquired and/or as properties move from the "development" stage to the "income-producing" stage by the end of 2008.

In particular, the increased financing costs are reflected in "cash flow" measurements, including Cash from Operating Activities, Distributable Income, Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO), whereas the positive developments in terms of the longer term income-producing capabilities of the LREIT are evident in the increase in revenue, NOI and current portfolio value, as summarized in the following chart:

Financial Summary - 2007

	Year Ended December 31					
	Total			Per Unit - Basic		
	2007	2006	% Change	2007	2006	\$ Change
Cash from operating activities	\$ 7,079,227	\$ 6,373,416	11%	\$ 0.406	\$ 0.371	\$ 0.035
Distributable income	\$ 5,724,554	\$ 5,147,071	11%	\$ 0.328	\$ 0.301	\$ 0.027
FFO	\$ 2,000,321	\$ 3,229,848	(38)%	\$ 0.115	\$ 0.189	\$ (0.074)
AFFO	\$ 2,896,707	\$ 4,040,961	(28)%	\$ 0.166	\$ 0.236	\$ (0.070)
Total revenue	\$ 46,311,315	\$ 30,538,848	52%	\$ 2.653	\$ 1.780	\$ 0.873
NOI	\$ 27,072,655	\$ 17,092,657	58%	\$ 1.551	\$ 0.996	\$ 0.555
Portfolio estimated current value	\$ 642,000,000	\$ 318,000,000	102%	\$ 36.775	\$ 18.530	\$ 18.245

In 2008, LREIT is expected to achieve a substantial increase in NOI from its existing property portfolio as the income contribution period from new property acquisitions and capital improvements will encompass a significantly longer time frame in 2008. Although there will be an increase in debt service costs in regard to the mortgage loan financing for the new property acquisitions and capital improvements, the incremental increase in NOI is expected to be well in excess of the incremental increase in debt service costs.

In terms of enhancing the underlying value of the Trust units, LREIT will continue to pursue accretive property acquisitions in 2008 and undertake measures to further improve its "same property" NOI results. At the forefront of new developments are the contracted acquisitions of Parsons Landing, a 160-suite apartment complex currently under construction in Fort McMurray, Alberta and Colony Square, a mixed-use 428-suite apartment and 83,200 square foot office complex in downtown Winnipeg, Manitoba.

RESULTS OF OPERATIONS

Financial and Operating Summary

	Year Ended December 31	
	2007	2006
		(restated)
DISTRIBUTIONS		
Total	\$ 9,767,655	\$ 9,626,529
Per unit	\$ 0.56	\$ 0.56
BALANCE SHEET		
Total assets	\$ 476,199,270	\$ 294,222,201
Total face value of mortgage loans and convertible debentures	\$ 396,224,160	\$ 226,106,511
KEY PERFORMANCE INDICATORS		
Operations		
Average residential occupancy rate	95.2%	92.0%
Operating residential cost ratio	42.4%	47.2%
Operating Results		
Total revenue	\$ 46,311,315	\$ 30,538,848
Net operating income	\$ 27,072,655	\$ 17,092,657
Loss for the year, before future income tax recoveries	\$ (6,133,767)	\$ (3,887,616)
Loss for the year	\$ (1,400,904)	\$ (3,152,367)
Cash Flows		
Cash flow from operating activities	\$ 7,079,227	\$ 6,373,416
Funds from Operations (FFO)	\$ 2,000,321	\$ 3,229,848
Adjusted Funds from Operations (AFFO)	\$ 2,896,707	\$ 4,040,961
Distributable income	\$ 5,724,554	\$ 5,147,071
Financing		
Mortgage loans to estimated current value ratio	59.4%	61.8%
Weighted average interest rate of mortgage loans	6.2%	5.7%
Per Unit		
Net operating income		
- basic	\$ 1.551	\$ 0.996
- diluted	\$ 1.144	\$ 0.925
Loss for the year, before future income tax recoveries		
- basic	\$ (0.351)	\$ (0.227)
- diluted	\$ (0.351)	\$ (0.227)
Loss for the year		
- basic	\$ (0.080)	\$ (0.184)
- diluted	\$ (0.080)	\$ (0.184)
Distributable income		
- basic	\$ 0.328	\$ 0.301
- diluted	\$ 0.321	\$ 0.297
Funds from Operations (FFO)		
- basic	\$ 0.115	\$ 0.189
- diluted	\$ 0.112	\$ 0.187
Adjusted Funds from Operations (AFFO)		
- basic	\$ 0.166	\$ 0.236
- diluted	\$ 0.163	\$ 0.233

LREIT completed 2007 with a loss of \$1,400,904, compared to a loss of \$3,152,367 in 2006. After excluding future income tax recoveries, LREIT incurred a loss of \$6,133,767 in 2007, compared to a loss of \$3,887,616 in 2006. The increase in the loss before future income tax recoveries mainly reflects an increase in net operating income, offset by an increase in financing expense and further reduced by an increase in trust expense and amortization charges.

Comparison to 2007 Third Quarter

	Three Months Ended		Increase / (Decrease)	
	Dec. 31, 2007	Sept. 30, 2007		
Rental revenue	\$ 13,374,143	\$ 12,484,344	\$ 889,799	7.1%
Interest and other income	160,732	112,747	47,985	42.6%
Property operating costs	<u>5,712,067</u>	<u>4,751,783</u>	<u>960,284</u>	20.2%
Net Operating Income (NOI)	7,822,808	7,845,308	(22,500)	(0.3)%
Trust expense	<u>599,231</u>	<u>465,499</u>	<u>133,732</u>	28.7%
Income before financing expense, amortization, non-controlling interest and taxes (EBITDA)	7,223,577	7,379,809	(156,232)	(2.1)%
Financing expense	<u>6,681,193</u>	<u>6,331,266</u>	<u>349,927</u>	5.5%
Income before amortization, non-controlling interest and taxes	542,384	1,048,543	(506,159)	(48.3)%
Amortization	2,277,406	2,245,918	31,488	1.4%
Non-controlling interest	<u>(7,305)</u>	<u>9,028</u>	<u>(16,333)</u>	(180.9)%
Loss before future income tax recoveries	(1,742,327)	(1,188,347)	(553,980)	46.6%
Future income tax recovery	<u>633,429</u>	<u>1,914,082</u>	<u>(1,280,653)</u>	(66.9)%
Income (loss) for the period	<u>\$ (1,108,898)</u>	<u>\$ 725,735</u>	<u>\$(1,834,633)</u>	(252.8)%

LREIT is a real estate investment trust, which is listed on the Toronto Stock 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. There are currently 17,568,905 trust units outstanding. For further information on LREIT, please visit our website at www.lreit.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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This press release contains certain statements that could be considered as forward-looking information. The forward-looking information is subject to certain risks and uncertainties, which could result in actual results differing materially from the forward-looking statements.

The Toronto Stock 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.