



LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT REPORTS 2008 FIRST QUARTER RESULTS

Winnipeg, Manitoba, May 14, 2008 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) is pleased to report the operating results for the quarter ended March 31, 2008. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2007 First Quarter Report and the financial statements for the quarter ended March 31, 2008, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

2008 FIRST QUARTER HIGHLIGHTS

Acquisition and Development

- Invested \$3.5 Million in the construction of Laird's Landing, which was 82% complete as of March 31, 2008 and will be fully completed in June 2008 at a total cost of \$57.75 Million.
- Property portfolio as of March 31, 2008 consisting of 40 properties (excluding Laird's Landing) comprised of 3,070 suites and 224,545 square feet of commercial leasable area.

Financial

Compared to the first quarter of 2007.

- Rental revenues increased by \$4.7 Million or 54%.
- Net operating income increased by \$3.1 Million or 63% in total and by \$0.174 on a per unit basis.
- Operating margin for property portfolio improved from 54% in 2007 to 58% in 2008.
- "Same property" revenues increased by \$499,601 or 6.6%, while "same property" net operating income increased by \$451,837 or 11.6%.
- FFO increased by \$495,297 and \$0.028 per unit.
- AFFO increased by \$708,985 and \$0.041 per unit.

Capital Structure

- Weighted average interest rate on the aggregate mortgage loan balance of 6.2% at March 31, 2008.
- Mortgage loan debt to estimated current property value ratio of 60.2% at March 31, 2008.

Ongoing Investment Activities - 2008

- Parsons Landing Apartments (160-suites) in Fort McMurray is scheduled to close in two phases in June 2008 and September 2008, at a purchase price of \$60.7 Million, plus GST.
- Siena Apartments (66-suites) in Fort McMurray is scheduled to close on July 2, 2008 at a purchase price of \$30 Million.

- Acquisition of a 90% beneficial interest in Colony Square (428 suites and 83,200 square feet of leasable office/commercial space) in Winnipeg is scheduled to close on October 1, 2008 at a purchase price of \$34.2 Million.

Estimated Current Value

- Estimated current market value of the real estate portfolio of \$642 Million as of March 31, 2008.

In 2007, LREIT acquired \$169 Million of new residential properties and completed \$36.8 Million of major renovation and expansion projects, the impact of which is reflected in the financial results for the first quarter of 2008. Total revenue and net operating income ("NOI") increased by \$4.6 Million and \$3.1 Million, respectively, compared to the first quarter of 2007. On a per unit basis, NOI was at its highest level since 2004, at 0.455 per unit for the first quarter of 2008, compared to \$0.281 per unit for the first quarter of 2007. The continued improvement in "same property" results was also a contributing factor in the NOI results for the first quarter of 2008, with the revenue and NOI for the pre-2007 property portfolio increasing by \$499,602 and \$451,837, respectively, compared to the first quarter of 2007.

LREIT also achieved an improvement in cash flow results during the first quarter of 2008 with cash from operating activities, distributable income and AFFO increasing by approximately \$0.04 per unit, compared to the first quarter of 2007, and FFO increasing by approximately \$0.03 per unit. The positive cash flow results are a direct result of the increase in NOI, after accounting for an increase in mortgage loan financing costs.

In regard to bottom-line results, income, before amortization, non-controlling interest and taxes, increased by approximately \$0.03 per unit during the first quarter of 2008, compared to the first quarter of 2007, while the loss before taxes changed by a marginal amount, increasing by approximately \$0.009 per unit, mainly due to higher amortization charges.

A large percentage of LREIT's asset base has not yet reached the "income-producing" stage as a number of properties are either still in the lease-up phase of development and/or under construction. During the first quarter of 2008, the property portfolio included three non income-producing properties (Clarington, Laird's Landing and Elgin Lodge building addition), with a combined acquisition cost of \$80.9 Million, representing approximately 17% of the total acquisition cost of the entire portfolio. Laird's Landing is a newly constructed apartment complex in Fort McMurray, Alberta, comprised of 189 suites, all of which are leased for June 1, 2008. Based on a 100% occupancy level, the annualized contribution of Laird's Landing to NOI is approximately \$6 Million.

LREIT continues to pursue additional property acquisitions and currently has three new properties under contract for closing during 2008, as follows:

- Parsons Landing (\$60.7 Million purchase price) - consists of a 160-suite apartment complex under construction in Fort McMurray, Alberta. The acquisition of the property is scheduled to close in two phases in June 2008 and September 2008, respectively. The property is expected to be 100% leased and fully contributing to the NOI by October 1, 2008.
- Siena Apartments (\$30 Million purchase price) - consists of a 66-suite luxury apartment property in Fort McMurray, Alberta, with a scheduled closing date of July 2, 2008. As the property is 100% leased to a major oil sands operating company until May 1, 2012, the acquisition will have an immediate impact on NOI.
- Colony Square (\$34.2 Million purchase price) - consists of a 90% beneficial interest in a multi-building apartment/office complex located in the downtown centre of Winnipeg, Manitoba,

comprised of 428 suites and 83,190 square feet of leasable commercial area. The acquisition is scheduled to close on October 1, 2008 and will also have an immediate impact on NOI.

The financial results for the first quarter of 2008 reflect the extent to which new property acquisitions are resulting in increases in NOI and operating cash flows, particularly as properties move from the development stage to the income-producing stage. The outlook for the second half of 2008 remains positive with over \$182.6 Million of property investments expected to be added to the "income-producing" portfolio between June 1, 2008 and October 1, 2008.

RESULTS OF OPERATIONS

Financial and Operating Summary

	Three Months Ended March 31	
	2008	2007
DISTRIBUTIONS		
Total	\$ 2,456,901	\$ 2,426,823
Per unit	\$ 0.14	\$ 0.14
BALANCE SHEET		
Total assets	\$481,910,679	\$476,199,270
Total face value of mortgage loans payable and convertible debentures	\$405,104,479	\$293,748,628
KEY PERFORMANCE INDICATORS		
Operations		
Average residential occupancy rate	94.0%	93.0%
Operating residential cost ratio	42.0%	48.0%
Operating Results		
Total revenue	\$ 13,628,993	\$ 9,051,765
Net operating income	\$ 7,949,942	\$ 4,884,730
Loss for the period, before future income tax recoveries	\$ (1,952,898)	\$ (1,785,967)
Income (loss) for the period	\$ 301	\$ (1,706,093)
Cash Flows		
Cash flow from operating activities	\$ 1,332,215	\$ 1,136,446
Funds from Operations (FFO)	\$ 400,570	\$ (94,727)
Adjusted Funds from Operations (AFFO)	\$ 1,057,046	\$ 348,061
Distributable income	\$ 1,488,053	\$ 782,100
Financing		
Mortgage loans to estimated current value ratio	60.2%	60.0%
Weighted average interest rate of mortgage loans	6.2%	6.3%

Per Unit

Net operating income		
- basic	\$ 0.455	\$ 0.281
- diluted	\$ 0.312	\$ 0.255
Loss for the period, before future income tax recoveries		
- basic	\$ (0.112)	\$ (0.103)
- diluted	\$ (0.112)	\$ (0.103)
Income (loss) for the period		
- basic	\$ 0.000	\$ (0.098)
- diluted	\$ 0.000	\$ (0.098)
Distributable income		
- basic	\$ 0.085	\$ 0.045
- diluted	\$ 0.074	\$ 0.044
FFO		
- basic	\$ 0.023	\$ (0.005)
- diluted	\$ 0.023	\$ (0.005)
AFFO		
- basic	\$ 0.061	\$ 0.020
- diluted	\$ 0.053	\$ 0.020

LREIT completed the first quarter of 2008 with income of \$301, compared to a loss of \$1,706,093 during the first quarter of 2007. After excluding future income tax recoveries, LREIT incurred a loss of \$1,952,898 during the first quarter of 2008, compared to a loss of \$1,785,967 during the first quarter of 2007. 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, amortization charges and trust expense.

Comparison to 2007 Fourth Quarter

	Three Months Ended		Increase (Decrease)
	March 31, 2008	December 31, 2007	
Rental revenue	\$ 13,276,821	\$ 13,374,143	\$ (97,322)
Interest and other income	352,172	160,732	191,440
Property operating costs	<u>(5,679,051)</u>	<u>(5,712,067)</u>	<u>(33,016)</u>
Net Operating Income	7,949,942	7,822,808	127,134
Trust expense	<u>734,907</u>	<u>599,231</u>	<u>135,676</u>
Income before financing expense, amortization, non-controlling interest and taxes	7,215,035	7,223,577	(8,542)
Financing expense	<u>6,814,465</u>	<u>6,681,193</u>	<u>133,272</u>
Income before amortization, non-controlling interest and taxes	400,570	542,384	(141,814)
Amortization	2,332,098	2,277,406	54,692
Non-controlling interest	<u>21,370</u>	<u>(7,305)</u>	<u>28,675</u>
Loss before future income tax recoveries	(1,952,898)	(1,742,327)	(210,571)
Future income tax recovery	<u>1,953,199</u>	<u>633,429</u>	<u>1,319,770</u>
Income (loss) for the period	<u>\$ 301</u>	<u>\$ (1,108,898)</u>	<u>\$ 1,109,199</u>

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 17,580,954 trust units outstanding. For further information on LREIT, please visit our website at www.lreit.com.

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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.