



# 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

### LANESBOROUGH REAL ESTATE INVESTMENT TRUST REPORTS FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2005

Winnipeg, Manitoba, May 30, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) is pleased to report the financial results for the quarter ended March 31, 2005. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2005 First Quarter Report, including the interim financial statements for the quarter ended March 31, 2005, which may be obtained from the LREIT website at [www.lreit.com](http://www.lreit.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

The mandate of the Lanesborough Real Estate Investment Trust is to create a large portfolio of quality real estate investments in order to maximize unit values and provide stable cash distributions to the Unitholders. Our report for the first quarter of 2005 provides a clear indication of the extent to which LREIT has successfully attained its investment objectives since the first quarter of 2004. During the 12 month period ended March 31, 2005, the real estate portfolio of LREIT has increased from four properties, with a total acquisition cost of \$22 Million, to 16 properties, with a total acquisition cost of \$77.4 Million. Unit values increased from \$4.75 as of March 31, 2004 to \$5.85 as of March 31, 2005, representing a one year gain in value of 23%. Cash distributions, which remained stable at \$0.125 per unit for the first and second quarters of 2004, were subsequently increased to \$0.14 per unit during the third quarter of 2004, providing Unitholders with a consistent yield of approximately 10%.

#### Unitholder Returns

	Three Months Ended March 31, 2005	Year Ended December 31, 2004
Distribution per unit	\$0.14	\$0.53
Opening unit price	\$5.50	\$4.00
Closing unit price	\$5.85	\$5.50
Annualized yield on closing price (distribution/closing unit price)	9.6%	9.6%
Capital appreciation (capital appreciation/opening unit price)	6.4%	37.5%
Total return	8.8%	47.1%

Projected cash distribution – 2005: \$0.56

Closing unit price – May 27, 2005: \$5.50

Current yield: 10.18%

In 2005, LREIT will continue to aggressively pursue new property acquisitions in order to achieve additional gains in unit values, while striving to maximize operating cash flows from existing properties. During the first quarter of 2005, LREIT acquired six additional multi-family residential properties and, with a cash balance of \$33.7 Million as of March 31, 2005, is well positioned for continued growth. Acquisitions which have been completed, or are in process, subsequent to March 31, 2005, are as follows:

<u>Property</u>	<u>Location</u>	<u>Actual/Projected Acquisition Date</u>	<u>Number of Suites</u>	<u>Purchase Price</u>
Nelson Ridge Estates	Fort McMurray, AB	April 1, 2005 *	225	\$40,575,000
Nova Village	Yellowknife, NWT	April 28, 2005 *	50	10,900,000
Luther Riverside Terrace	Saskatoon, SK	July 2005	181	24,000,000
Marquis Towers	Prince Albert, SK	August 2005	129	6,200,000

\* Acquisitions completed.

### **Analysis of Operating Results:**

During the first quarter of 2005, operating income increased by \$1.12 Million (186%) and by \$426,346 (33%), compared to the first and fourth quarters of 2004, respectively. The increase in the operating income is mainly due to the increase in the number of properties in the portfolio of LREIT, as well as the improvement in the operating results of certain existing properties. As a direct result of the improvement in operating income, the net loss in the first quarter of 2005 decreased by \$313,380 (53%), compared to the fourth quarter of 2004. Net income, excluding amortization expense for the first quarter of 2005 increased by \$232,033 and \$214,882, compared to the first and fourth quarters of 2004, respectively. Cash from operations increased by \$241,977 and \$359,490, compared to the first and fourth quarters of 2004, respectively.

	<u>Three Months Ended</u>		
	<u>March 31,</u> <u>2005</u>	<u>December 31</u> <u>2004</u>	<u>March 31,</u> <u>2004</u>
Total revenue	\$3,054,455	\$2,528,428	\$944,238
Operating income	1,722,756	1,296,410	601,979
Net income, excluding amortization	286,123	71,241	54,090
Net loss	(274,461)	(587,841)*	(171,997)
Cash from operations	598,751	239,261	356,774

\* Includes retroactive adjustment to increase financing expense by \$35,951 per change in accounting policy.

Since its inception as a publicly-traded real estate investment trust in September 2002, LREIT has provided Unitholders with a reliable and consistent investment and has clearly demonstrated that it has the capability to deliver results. We look forward to continued strong performance during the remainder of 2005, as LREIT is firmly on-track to attain additional gains in unit values as its portfolio of quality apartment investments continues to grow.

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](http://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](mailto: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.*

*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 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.*