



LANESBOROUGH

REAL ESTATE INVESTMENT TRUST

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Press Release

Winnipeg, August 28, 2003 – Lanesborough Real Estate Investment Trust (“LREIT”) announced today that it has completed the initial closing of the private placement offering (the “Offering”) of trust units (“Units”) of LREIT, previously announced on May 29, 2003, which was undertaken in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories, in accordance with Multilateral Instrument 45-103 of the Canadian Securities Administrators. LREIT sold 502,438 Units for gross proceeds of \$2,009,752.00 pursuant to the initial closing. LREIT is offering a minimum of 500,000 Units and a maximum of 1,250,000 Units at a price of \$4.00 per Unit. LREIT entered into an agreement with Wellington West Capital Inc. (“Wellington”) whereby Wellington has agreed to act as agent for the Offering. LREIT is to pay Wellington a commission of 7% on the sale of all Units pursuant to the Offering.

Units sold to residents of British Columbia, Alberta, Saskatchewan and the Northwest Territories may not be resold until August 29, 2004, in accordance with applicable securities laws. Residents of Manitoba may resell Units on or after December 29, 2003. The funds raised by the Offering will be used by LREIT to acquire additional properties (although, to date, there have not been any properties specifically identified) that it expects will enhance its ability to provide its Unitholders with stable cash distributions and to maximize the value of its Units.

LREIT is a real estate investment trust, which has been listed on the TSX Venture Exchange under the symbol “LRT.UN” since September 9, 2002. The objective of LREIT is to provide Unitholders with stable and growing cash distributions from investment in a geographically diversified Canadian portfolio of quality properties with strong tenants. For further information on LREIT, please visit our website at www.lreit.com.

The TSX Venture Exchange has not reviewed or approved the contents of this press release.

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