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LANESBOROUGH REAL ESTATE INVESTMENT TRUST

Press Release

LANESBOROUGH REAL ESTATE INVESTMENT TRUST REPORTS FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2002.

Winnipeg, April 14, 2002 – Lanesborough Real Estate Investment Trust (LREIT) is pleased to report financial results for the year ended December 31, 2002. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the annual report and the financial statements and the accompanying notes, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com .

Fiscal 2002 was a very successful year for LREIT. The Plan of Arrangement whereby LREIT was established as a publicly traded entity on the TSX Venture Exchange was successfully completed on August 30, 2002. The $4 Million public debenture offering, which was undertaken in conjunction with the Plan of Arrangement, received a very favourable response from investors. The first cash distribution of LREIT for the period from inception on August 30, 2002 to December 31, 2002 was paid to the Unitholders on December 31, 2002 in the amount of $124,000 or $0.16 per unit.

Leasing activity for the first property acquisition of LREIT, the Kenaston Property, was also very successful during 2002 with the occupancy level improving to 95.3% on December 31, 2002. The rental revenue of the property is expected to improve significantly during 2003 due to the improved occupancy level and the enhancement of the tenant base.

In order to maximize the return on excess cash reserves, LREIT invested $1.15 Million in a second mortgage loan, which is secured by the Minacs Building in Oshawa, Ontario in December 2002. The loan bears interest at 10% and is repayable on July 19, 2003. Subject to raising additional capital through the issue of additional Trust units or convertible debentures, LREIT intends to request repayment of 50% of the second mortgage loan during fiscal 2003, representing a cash inflow of $575,000. The funds will be used to create sufficient cash reserves to fund all of the projected obligations of the Trust during 2003.

On February 28, 2003, the first semi-annual interest payments in regard to the $4 Million debenture offering were remitted to the debenture holders. The interest payments amounted to $190,000, representing interest for six months on the $3 Million, Series A, 8% debentures and the $1 Million, Series B, 10% debentures.

In summary, LREIT has completed its first year of operations with a strong asset base and is in an ideal position to proceed with additional property acquisitions in 2003. The Board of Trustees of LREIT, in conjunction with the senior management team of Shelter Canadian Properties Limited, is currently reviewing a number of potential acquisition opportunities. The funding of any new property acquisitions will encompass property specific debt financing, the use of available working capital, the use of short-term lines of credit and/or the issuance of additional Trust units.

Kenaston Property – New Financing and Expansion Plans

New Financing

The initial acquisition cost of the Kenaston Property was funded, in part, from the proceeds of a first mortgage loan in the amount of $7,987,500.

In January 2003, the first mortgagee agreed to increase the registered amount of the loan to $9 Million, thereby providing for additional mortgage loan proceeds of $1,012,500. The additional mortgage loan proceeds are to be advanced in instalments and used for the purpose of funding leasehold improvements and other leasing expenses, building exterior upgrades, and the cost of acquiring adjoining land from CN Rail. The additional mortgage loan proceeds are only to be advanced after the actual costs, in respect of each item, have been incurred.

In March 2003, the first advance under the revised mortgage terms was received. The advance was in the amount of $320,670 and was in regard to leasehold improvements and other leasing expenses.

Expansion Plans

Plans are underway to acquire the former CN Rail right-of-way to the east of Kenaston Mall and to construct an 8,500 square foot addition to Kenaston Mall. The planned development is dependent on pre-leasing the new space and financing the expansion with an increased first mortgage loan from Astra Credit Union. The amount of the increased first mortgage loan would be in addition to the $9 Million amount, discussed above, aside from the cost of the land acquisition which is already encompassed in the $9 Million loan. Construction of the property addition could potentially commence during the summer of 2003.

Discussion of Operating Results, Distributable Income and Cash Distributions

LREIT completed the year ended December 31, 2002 with a loss of $47,970. In comparison, the pro forma Statement of Operations projected net income of $334,784 for the base year of operations. The variance between actual and projected results is mainly due to the fact that financial statements reflect net income from the Kenaston Property for a four month period, whereas the pro-forma Statement of Operations reflects the projected net income from the Kenaston Property for a 12 month period. After considering the shorter time frame for net income purposes, the variance between actual results and pro forma results is mainly due to a variance in base rental revenue and reflects an average occupancy level which was significantly lower than anticipated.

Discussion of Operating Results, Distributable Income and Cash Distributions (continued)

Participating Loan

The financial statements reflect the operations of LREIT from the date of inception on April 23, 2002 to the year end of December 31, 2002, representing a period of approximately eight months.

The initial acquisition of the Kenaston Property on April 24, 2002 was partially funded by a participating loan from Shelter Canadian Properties Limited. The participating loan, including accrued interest, was fully repaid in September 2002 from the proceeds of the public debenture offering.

The participating loan provided for interest payments to be equal to 100% of the net income of the Kenaston Property, after payment of all expenses and debt servicing. Accordingly, the net income of the Kenaston Property from April 24, 2002 to August 30, 2002 was paid to Shelter Canadian Properties Limited as interest under the terms of the participating loan.

The net income of the Kenaston Property for the period from April 24, 2002 to August 30, 2002 amounted to $122,658. The interest is reflected in "Financing Expense" on the Statement of Loss.

In summary, the revenues and expenses, per the financial statements, reflect the full amounts which were earned or incurred by LREIT, commencing on April 23, 2002. The net income for the Kenaston Property for the period from April 24, 2002 to August 30, 2002, is effectively deducted from operating results in the entry to record interest on the participating loan, as reflected in Financing Expense. As a result, the loss of LREIT for the year ended December 31, 2002 only reflects the net income from the Kenaston Property for the period from August 30, 2002 to December 31, 2002.

Base Rental Revenue

The base rental revenue of $1,244,133 per the pro forma Statement of Income is based on the assumption that the Kenaston Property is fully leased or near leased throughout the 12 month pro forma period and that all tenants are paying base rent in full each month.

Actual base rental revenue for the 2002 year amounted to $783,622. The variance in base rental revenue reflects the fact that the actual 2002 year for LREIT is approximately four months shorter than the pro forma year, as LREIT did not commence operations until April 23, 2002.

Aside from the shorter time frame, the main reason for the variance in base rental revenue is that fiscal 2002 was a transitional year for the Kenaston Property in terms of tenancies and as a result, the vacancy rate for the properties was well above normal levels at certain points in the fiscal year. On the acquisition date of the property on April 24, 2002, the Kenaston Property was 83% leased and in the first few months of operations, one of the larger tenants, Pepper's Restaurant, unexpectedly vacated its premises, resulting in a short-term decline in the occupancy level to below 80%.

Discussion of Operating Results, Distributable Income and Cash Distributions (continued)

Base Rental Revenue (continued)

In the following months, the occupancy level steadily improved due to strong leasing efforts. The relocation of three existing tenants also enhanced the marketability of the vacant space and had a positive impact on leasing efforts. As of December 31, 2002, the Kenaston Property was 95.3% leased and the occupancy level is expected to remain at a high level throughout the 2003 fiscal year. As of April 1, 2003, the Kenaston Property is 96.6% leased.

Based on the existing tenancies and after considering free rent allowance for new tenancies, the projected base rental revenue for the Kenaston Property for 2003 is approximately $1.3 Million, which compares favourably to the pro forma base rental revenue.

Amortization of Deferred Charges

Tenant inducements and leasing commissions during fiscal 2002 were also significantly higher than anticipated, in comparison to the pro forma statement. Tenant inducements and leasing commissions of $452,841 were incurred during fiscal 2002 and reflect the cost of leasing the vacant space and reallocating tenants.

Tenant inducements and leasing commissions are initially recorded as "Deferred Charges" on the Balance Sheet. The costs are then amortized over the term of the respective leases, with the amortized amount being charged against income under the expense category "Amortization of Deferred Charges". Actual amortization expense in regard to deferred charges for the 2002 fiscal year was $50,062, whereas the pro forma statement provided for the amortization expense for deferred charges of $5,000.

Distributable Income

An analysis of distributable income is provided in Note 16 to the financial statements.

The distributable income for LREIT for the 2002 fiscal year was $9,679, compared to the pro forma amount of $410,642.

The variance in the amount of distributable income is almost entirely due to the fact that LREIT incurred a loss of $47,970 during fiscal 2002, whereas the pro forma statement anticipated net income of $334,784. The explanation for the variance between the actual loss and the pro forma net income is provided in the preceding discussion.

<u>Discussion of Operating Results, Distributable Income and Cash Distributions</u> (continued)

Cash Distributions

Annual cash distributions of LREIT are projected to be approximately $0.50 per unit, based on 775,000 outstanding Trust units, after supplementing distributable income from cash reserves, as necessary. The distributions are expected to occur on a quarterly basis.

The first distribution of LREIT in the amount of $124,000 or $0.16 per unit was paid on December 31, 2002 and was in regard to the four month period from the inception date of LREIT on August 30, 2002 to the fiscal year end of December 31, 2002. As the distributable income for the 2002 fiscal year amounted to $9,679, the cash distribution on December 31, 2002 was substantially funded from cash reserves. The cash distribution for fiscal 2002 was 100% tax deferred

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. LREIT’s objective 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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