



## LANESBOROUGH

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### LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

#### LANESBOROUGH REIT REPORTS 2008 THIRD QUARTER RESULTS

Winnipeg, Manitoba, November 13, 2008 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) reports its operating results for the quarter ended September 30, 2008. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2008 Third Quarter Report and the financial statements for the quarter ended September 30, 2008, 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).

#### 2008 THIRD QUARTER HIGHLIGHTS

##### Acquisition and Development

- Acquired Siena Apartments, a 66-suite property in Fort McMurray on July 2, 2008 for \$30 Million.
- Completed the acquisition of Parsons Landing, a 160-suite property in Fort McMurray on September 1, 2008 for \$63.8 Million, including GST.
- Both properties were fully leased on closing and began contributing to the operating income immediately.
- Property portfolio as of September 30, 2008 consists of 43 properties, comprised of 3,485 suites and 224,545 square feet of commercial leasable area.

##### Financial

Third quarter of 2008 compared to the third quarter of 2007.

- Rental revenues increased by \$5.3 Million or 43%, with \$4.8 Million derived from properties in Fort McMurray.
- Net operating income increased by \$4.0 Million or 50% (\$0.224 per unit).
- Operating margin for entire property portfolio improved from 62% in 2007 to 66% in 2008.
- "Same property" revenues increased by \$1.2 Million or 12%, while "same property" net operating income increased by \$0.8 Million or 13%.
- Distributable income increased by \$1.42 Million (\$0.075 per unit), resulting in distributable income of \$0.193 per unit and a payout ratio of 72.5% for third quarter of 2008 and \$0.425 per unit and a payout ratio of 98.8% for the nine months ended September 30, 2008.
- FFO increased by \$2.46 Million (\$0.140 per unit), resulting in FFO of \$0.200 and a payout ratio of 70% for the third quarter of 2008.
- AFFO increased by \$2.23 Million (\$0.127 per unit), resulting in AFFO of \$0.195 and a payout ratio of 71.8% for third quarter of 2008.

##### Capital Structure – As at September 30, 2008

- Weighted average interest rate on the aggregate mortgage loan balance of 6.4%.

- Mortgage loan debt to estimated current property value ratio of 63%.

### Ongoing Investment Activities – 2008

- Acquisition of Colony Square in downtown Winnipeg, Manitoba, comprised of 428 suites and 83,190 square feet of leasable office/commercial space, closed on October 1, 2008.

### Estimated Current Value

- Estimated current market value of the real estate portfolio of \$769 Million, \$215 Million in excess of net book value, as of September 30, 2008.

## RESULTS OF OPERATIONS

### Financial and Operating Summary

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
<b>DISTRIBUTIONS</b>				
Total	\$ 2,460,011	\$ 2,451,342	\$ 7,380,656	\$ 7,317,200
Per unit	\$ 0.14	\$ 0.14	\$ 0.42	\$ 0.42
<b>KEY PERFORMANCE INDICATORS</b>				
<b>Operations</b>				
Average residential occupancy rate	96%	96%	95%	95%
Operating residential cost ratio	33%	37%	38%	42%
<b>Operating Results</b>				
Total revenue	\$ 17,922,623	\$ 12,597,091	\$ 46,526,874	\$ 32,776,440
Net operating income	\$ 11,796,281	\$ 7,845,308	\$ 28,858,222	\$ 19,249,847
Income (loss) for the period, before future income tax	\$ 400,258	\$(1,188,347)	\$ (2,305,288)	\$ (4,391,440)
Income (loss) for the period	\$(2,433,198)	\$ 725,735	\$ (7,421,708)	\$ (292,006)
<b>Cash Flows</b>				
Cash flow from operating activities	\$ 2,283,931	\$ 1,431,198	\$ 6,653,863	\$ 3,612,312
Funds from Operations (FFO)	\$ 3,504,721	\$ 1,048,543	\$ 5,560,608	\$ 1,457,937
Adjusted Funds from Operations (AFFO)	\$ 3,418,542	\$ 1,185,032	\$ 6,533,000	\$ 2,347,097
Distributable income	\$ 3,383,754	\$ 1,968,281	\$ 7,439,154	\$ 4,207,209
<b>Financing</b>				
Mortgage loans to estimated current value ratio			62.8%	59.7%
Weighted average interest rate of mortgage loans			6.4%	6.5%

## Per Unit

Net operating income					
- basic	\$	0.673	\$	0.449	\$ 1.649 \$ 1.104
- diluted	\$	0.463	\$	0.331	\$ 1.132 \$ 0.825
Income (loss) for the period, before future income tax					
- basic	\$	0.230	\$	0.068	\$ (0.132) \$ (0.252)
- diluted	\$	0.210	\$	0.068	\$ (0.132) \$ (0.252)
Income (loss) for the period					
- basic	\$	(0.139)	\$	0.042	\$ (0.424) \$ (0.017)
- diluted	\$	(0.139)	\$	0.042	\$ (0.424) \$ (0.017)
Distributable income					
- basic	\$	0.193	\$	0.118	\$ 0.425 \$ 0.258
- diluted	\$	0.170	\$	0.114	\$ 0.395 \$ 0.253
FFO					
- basic	\$	0.200	\$	0.060	\$ 0.318 \$ 0.084
- diluted	\$	0.194	\$	0.059	\$ 0.308 \$ 0.082
AFFO					
- basic	\$	0.195	\$	0.068	\$ 0.373 \$ 0.135
- diluted	\$	0.172	\$	0.066	\$ 0.350 \$ 0.132

The growth in operating income and cash flows which was achieved by LREIT in the second quarter of 2008 continued in the third quarter of the year, with LREIT achieving increases in net operating income (NOI), funds from operations (FFO), adjusted funds from operations (AFFO) and distributable income, on a per unit basis. The improvement in operating results, in the third quarter of 2008 compared to the second quarter of 2008, is primarily due to new income-producing properties in Fort McMurray, Alberta, including the Siena Apartments and Parsons Landing, the two newly constructed multi-family residential properties which were acquired by LREIT on July 2, 2008 and September 1, 2008, respectively. A summary of the operating results for the third quarter of 2008, compared to both the third quarter results for 2007 and the second quarter results for 2008, is provided in the following chart:

	Per Unit – Basic				
	2008 Q3	2008 Q2	Comparison	2007 Q3	Comparison
	Amount	Amount	Increase	Amount	Increase
NOI	\$ 0.673	\$ 0.520	\$ 0.153	\$ 0.449	\$ 0.224
FFO	\$ 0.200	\$ 0.094	\$ 0.106	\$ 0.060	\$ 0.140
AFFO	\$ 0.195	\$ 0.117	\$ 0.078	\$ 0.068	\$ 0.127
Distributable income	\$ 0.193	\$ 0.147	\$ 0.046	\$ 0.118	\$ 0.075

The improvement in the distribution payout ratio also continued in the third quarter of 2008, with distributable income exceeding distributions declared by \$923,743 or 38%. As a result of the growth in operating cash flows during the second and third quarter of 2008, LREIT has achieved full distribution coverage on a year-to-date basis, as the distributable income is \$58,498 or 1% in excess of distributions declared for the nine month period ended September 30, 2008.

Factors, which will have a positive impact on NOI for the fourth quarter of 2008 include the following:

- (i) Parsons Landing will contribute three months of operating income, compared to one month in the third quarter of 2008. (The NOI for Parsons Landing is estimated at \$5.9 Million per annum); and

- (ii) On October 1, 2008, LREIT acquired Colony Square. The property is 100% leased and will make a full contribution to NOI during the fourth quarter of 2008.

### **Comparison to 2008 Second Quarter**

	Three Months Ended		Increase	
	Sept. 30, 2008	June 30, 2008	(Decrease)	
Rental revenue	\$ 17,817,076	\$ 14,768,829	\$ 3,048,247	20.6%
Interest and other income	105,547	206,429	(100,882)	(48.9)%
Property operating costs	6,126,342	5,863,259	263,083	4.5%
Net Operating Income	11,796,281	9,111,999	2,684,282	29.5%
Trust expense	580,409	551,996	28,413	5.1%
Income before financing expense, amortization, non-controlling interest and taxes	10,215,872	8,560,003	2,655,869	31.0%
Financing expense	7,711,151	6,904,685	806,466	11.7%
Income before amortization, non-controlling interest and taxes	3,504,721	1,655,318	1,849,403	111.7%
Amortization	3,085,470	2,390,830	694,640	29.1%
Non-controlling interest	18,993	17,136	1,857	10.8%
Income (loss) before future income tax recoveries	400,258	(752,648)	1,152,906	(153.1)%
Future income tax (expense) recovery	(2,833,456)	(4,236,163)	1,402,707	(33.1)%
Income (loss) for the period	\$ (2,433,198)	\$ (4,988,811)	\$ 2,555,613	(51.2)%

LREIT is a real estate investment trust, which is listed on the Toronto Stock Exchange under the symbols LRT.UN (Trust Units), LRT.DB.F and LRT.DB.G (Convertible Debentures). 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 17,458,029 trust units outstanding. For further information on LREIT, please visit our website at [www.lreit.com](http://www.lreit.com).

#### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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*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.*