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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT REPORTS 2007 THIRD QUARTER RESULTS

Winnipeg, Manitoba, November 9, 2007 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) is pleased to report the financial results for the quarter ended September 30, 2007. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2007 Third Quarter Report and the financial statements for the quarter ended September 30, 2007, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

2007 THIRD QUARTER HIGHLIGHTS

Acquisition and Development

- Invested \$73.4 Million in the acquisition of Lakewood Manor and in the partial acquisition of Millennium Village (Phase I and Phase II).
- Invested \$11.1 Million in construction, expansion and renovation costs primarily in regard to Laird's Landing (formerly known as “Park View Apartments”) and Elgin Lodge.
- Quarter ending portfolio consisting of 40 properties, comprised of 2,983 apartment units and 224,545 square feet of commercial leasable area.

Financial

Third quarter of 2007, compared to third quarter of 2006:

- Operating income increased by \$2.9 Million or 60% in total and by \$0.165 or 58% on a per unit basis.
- "Same property" operating income increased by \$752,416 or 19.4%.
- Average occupancy rate for entire portfolio, excluding properties under development, increased from 93.2% to 96.1%.

Capital Structure

- Financed \$70.8 Million of mortgage debt in the third quarter of 2007.
- Weighted average interest rate on the aggregate mortgage loan balance of 6.5% at September 30, 2007.
- Mortgage loan debt to current estimated property value ratio of 59.7% at September 30, 2007.

The third quarter of 2007 was highlighted by the acquisition of Lakewood Manor on July 1, 2007, followed by the acquisition of Phase I and Phase II of Millennium Village on August 3, 2007 and September 13, 2007, respectively. Located in Fort McMurray, Alberta and consisting of 175 apartment units, all of which are fully leased under a three-year lease agreement with a major oil sands company, Lakewood Manor contributed \$1.2 Million to the third quarter operating income. After considering the impact of the properties which were acquired during the first and second quarters of 2007 and the improvement in operating results for the remaining portfolio, the overall operating results improved significantly during the third quarter of 2007, as reflected in the following statistics:

Third quarter of 2007, compared to the third quarter of 2006:

- operating income increased by \$2,932,802, representing an increase of 60% or \$0.165 per unit;
- cash flow from operating activities, excluding changes in non-cash operating items, increased by \$594,581, representing an increase of 45% or \$0.033 per unit; and
- distributable income increased by \$158,550, representing an increase of 8% or \$0.008 per unit.

Third quarter of 2007, compared to the second quarter of 2007:

- operating income increased by \$1,325,545 representing an increase of 20% or \$0.075 per unit;
- cash flow from operating activities, excluding changes in non-cash operating items, increased by \$292,197, representing an increase of 19% or \$0.160 per unit; and
- distributable income increased by \$507,242, representing an increase of 33% or \$0.029 per unit.

In the upcoming months, the real estate portfolio of LREIT will be further enhanced as a result of the acquisition of the remaining two phases of Millennium Village and the completion of the Laird's Landing development (formerly known as "Park View Apartments"). Millennium Village and Laird's Landing are also located in Fort McMurray, Alberta and the lease-up of the properties is progressing exceptionally well, as new oil sands projects are attracting an unprecedented number of new residents to Fort McMurray and resulting in a demand for rental accommodations which is significantly outpacing the available supply.

To date, LREIT has completed the acquisition of three of the four phases of the Millennium Village development, with an anticipated closing date of November 15, 2007 for the remaining phase. In total, the apartment complex consists of 72 units, of which 74% are leased as of November 7, 2007. As a result of the favourable market conditions, the rental rates that are being achieved for the leased suites at Millennium Village are approximately 18% higher than was originally anticipated in 2006. The lease-up stage of development is expected to be completed by November 30, 2007 at which time

Millennium Village will be reclassified as an income-producing property and will also begin contributing to quarterly operating income.

Although the construction of Laird's Landing is not expected to be fully completed until January 2008, pre-leasing efforts have resulted in the lease-up of 44 of the 189 units, as of November 7, 2007, including 40 units, which are leased by a major oil sands company. The rental rates for the leased units at Laird's Landing are approximately 27% higher than was originally anticipated at the outset of construction in 2006. The lease-up of the entire complex is expected to be completed by February 2008.

In summary, the acquisition and development of very large and profitable properties, particularly in the City of Fort McMurray, has resulted in a significant improvement in the operating income and cash flow during the first nine months of 2007 and has established a strong foundation for ongoing growth in the fourth quarter of 2007 and into 2008.

RESULTS OF OPERATIONS

Financial and Operating Summary

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006 (restated)	2007	2006 (restated)
DISTRIBUTIONS				
Total	\$ 2,451,342	\$ 2,417,797	\$ 7,317,200	\$ 7,186,707
Per unit	\$ 0.14	\$ 0.14	\$ 0.42	\$ 0.42
KEY PERFORMANCE INDICATORS				
Operations				
Average residential occupancy rate	96.1%	93.2%	94.9%	92.1%
Operating residential cost ratio	37.0%	44.0%	42.0%	47.0%
Operating Results				
Total revenue	\$ 12,597,091	\$ 8,370,252	\$ 32,776,440	\$ 21,703,291
Operating income	\$ 7,845,308	\$ 4,912,506	\$ 19,249,847	\$ 12,300,746
Income (loss) for the period	\$ 725,735	\$ (829,956)	\$ (292,006)	\$ (2,574,986)
Cash Flows				
Cash flow from operating activities	\$ 1,431,198	\$ 1,245,311	\$ 3,612,312	\$ 3,765,953
Funds from Operations (FFO)	\$ 1,048,543	\$ 1,072,635	\$ 1,457,937	\$ 2,566,111
Adjusted Funds from Operations (AFFO)	\$ 1,185,032	\$ 1,571,496	\$ 2,347,097	\$ 3,155,236
Distributable income	\$ 2,061,208	\$ 1,902,658	\$ 4,497,783	\$ 4,138,944
Financing				
Mortgage loans to current value ratio			59.7%	55.9%
Weighted average interest rate of mortgage loans			6.5%	5.8%

Per Unit Amounts

Operating income				
- basic	\$ 0.449	\$ 0.284	\$ 1.104	\$ 0.719
- diluted	\$ 0.331	\$ 0.267	\$ 0.825	\$ 0.677
Income (loss) for the period				
- basic	\$ 0.042	\$ (0.048)	\$ (0.017)	\$ (0.151)
- diluted	\$ 0.042	\$ (0.048)	\$ (0.017)	\$ (0.151)
Distributable income				
- basic	\$ 0.118	\$ 0.110	\$ 0.258	\$ 0.242
- diluted	\$ 0.114	\$ 0.107	\$ 0.253	\$ 0.239
Funds from Operations (FFO)				
- basic	\$ 0.060	\$ 0.062	\$ 0.084	\$ 0.150
- diluted	\$ 0.059	\$ 0.060	\$ 0.082	\$ 0.148
Adjusted Funds from Operations (AFFO)				
- basic	\$ 0.068	\$ 0.091	\$ 0.135	\$ 0.185
- diluted	\$ 0.066	\$ 0.089	\$ 0.132	\$ 0.182

Comparison to Preceding Quarter

Comparison to 2007 Second Quarter

	Three Months Ended		Increase (Decrease)
	September 30, 2007	June 30, 2007	
Operating income - rental properties	\$ 7,825,483	\$ 6,230,562	\$ 1,594,921
Interest income - Trust	19,825	289,201	(269,376)
Operating income	7,845,308	6,519,763	1,325,545
Financing expense			
Mortgage loans	4,353,368	3,496,451	856,917
Debentures	1,617,178	1,610,378	6,800
Transaction costs	360,720	375,038	(14,318)
	6,331,266	5,481,867	849,399
Operating income, net of financing expense	1,514,042	1,037,896	476,146
Trust expense	465,499	533,736	(68,237)
Income, before amortization, future income tax recovery and non-controlling interest	1,048,543	504,160	544,383
Amortization	2,245,918	1,936,304	309,614
Future income tax recovery	(1,914,082)	(2,105,478)	191,396
Non-controlling interest	9,028	15,021	(5,993)
Income for the period	\$ 725,735	\$ 688,355	\$ 37,380

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 17,500,287 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.