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LANESBOROUGH REAL ESTATE INVESTMENT TRUST Press Release

LANESBOROUGH REIT REPORTS 2006 THIRD QUARTER RESULTS

Winnipeg, Manitoba, November 24, 2006 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX: LRT.UN) is pleased to report the financial results for the third quarter ended September 30, 2006. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2006 Third Quarter Report and the financial statements for the quarter ended September 30, 2006, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

THIRD QUARTER HIGHLIGHTS

- **Positive Impact of June 2006 Acquisitions** – In June 2006, LREIT acquired ten properties, including six with a closing date of June 30, 2006. During the third quarter, the June 2006 acquisitions accounted for \$1 Million or 21% of the operating income.
- **Continued Growth in Operating Income** – LREIT completed the third quarter with an increase in operating income of approximately \$2 Million or 79%, compared to the third quarter of 2005. For the nine month period ended September 30, 2006, operating income increased by approximately \$5 Million or 73%, compared to the first nine months of 2005.
- **Significant increase in FFO and AFFO** – During the third quarter, Funds from Operations (FFO) increased by \$405,809 (\$0.004 per unit) or 89%, compared to the third quarter of 2005, while Adjusted Funds from Operations (AFFO) increased by \$950,280 (\$0.29 per unit) or 153%.
- **Significant Property Completions on the Horizon** – LREIT has entered into development/construction agreements for three large apartment complexes in Fort McMurray, Alberta at a combined acquisition cost of \$154 Million (including GST), comprising a total of 468 rental units. The projected construction completion/acquisition dates for the three properties are December 2006, April 2007 and November 2007.
- **TSX Listing** – Effective October 30, 2006, the listing for LREIT trust units graduated from the TSX Venture Exchange to the Toronto Stock Exchange.

LREIT achieved significant growth in operating income and cash flow during the third quarter of 2006, primarily due to the impact of the property acquisitions that were completed in June 2006. In comparison to the second quarter of 2006, total revenues increased by \$1,479,248 or 21%, operating income increased by \$880,306 or 23%; FFO increased by \$125,624 or 17%; and AFFO increased by \$576,348 or 58%. Cash from operations decreased by \$634,353 or 36% due to the timing of interest payments on convertible debentures.

In terms of bottom-line results, after providing for increases in amortization expense, financing expense and trust expense, LREIT completed the third quarter of 2006 with a net loss of \$1,009,985, compared to a net loss of \$963,067 during the second quarter of 2006.

As previously reported, LREIT is acquiring three large apartment complexes in Fort McMurray, Alberta which are currently under construction. The three properties, Woodland Park, Lakewood Manor and Park View Apartments, comprise a total of 468 suites and have a combined purchase price of \$154 Million (including GST). The acquisition of Woodland Park and Lakewood Manor is scheduled to occur on the projected construction completion date in December 2006 and April 2007, respectively, while the construction of Park View Apartments is scheduled to be completed not later than November 2007. The addition of the three new properties in Fort McMurray will serve to further strengthen the revenue base of LREIT.

The operating results for the third quarter of 2006 provide a clear indication that LREIT is continuing to achieve its investment objectives. Since the third quarter of 2005, the property portfolio of LREIT has increased by \$68 Million or 41%, based on acquisition costs; cash distributions have remained stable at \$0.56 per unit per annum; the unit value of LREIT has achieved an upward trend, notwithstanding the month-to-month fluctuations in price; LREIT graduated to a listing on the Toronto Stock Exchange on October 30, 2006; and significant property acquisitions are in process to support continued growth. Effective with the November 2006 distribution, LREIT has also implemented a "Distribution Reinvestment Plan" whereby Unitholders may choose to have monthly cash distributions automatically reinvested in additional units, while receiving a "bonus" distribution of units equal to 4% of the reinvested amount.

RESULTS OF OPERATIONS

Summary of Operating/Cash Flow Results

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005 (restated)	2006	2005 (restated)
Total revenue	\$ 8,370,252	\$ 4,846,417	\$ 21,703,291	\$ 12,213,035
Operating income	\$ 4,702,153	\$ 2,630,693	\$ 11,775,325	\$ 6,819,667
Net loss	\$ (1,009,985)	\$ (486,238)	\$ (3,045,234)	\$ (1,672,096)
Distributable income	\$ 1,621,832	\$ 769,457	\$ 3,376,833	\$ 1,759,646
Funds from Operations (FFO)	\$ 862,282	\$ 456,473	\$ 2,040,690	\$ 591,721
Adjusted Funds from Operations (AFFO)	\$ 1,571,496	\$ 621,216	\$ 3,155,237	\$ 1,156,151
Cash distributions, declared - total	\$ 2,481,724	\$ 1,475,579	\$ 7,271,943	\$ 3,870,257
- per unit	\$0.14	\$0.14	\$0.42	\$0.42

Per Unit

Operating income				
- basic	\$0.272	\$0.263	\$0.689	\$0.729
- diluted	\$0.255	\$0.225	\$0.648	\$0.552
Net loss				
- basic	\$(0.059)	\$(0.049)	\$(0.178)	\$(0.179)
- diluted	\$(0.059)	\$(0.049)	\$(0.178)	\$(0.179)
Distributable income				
- basic	\$0.094	\$0.077	\$0.198	\$0.188
- diluted	\$0.091	\$0.073	\$0.195	\$0.186
Funds from Operations (FFO)				
- basic	\$0.050	\$0.046	\$0.119	\$0.063
- diluted	\$0.049	\$0.046	\$0.118	\$0.063
Adjusted Funds from Operations (AFFO)				
- basic	\$0.091	\$0.062	\$0.185	\$0.124
- diluted	\$0.089	\$0.059	\$0.182	\$0.122

COMPARISON TO PRIOR QUARTER

2006 Third Quarter vs. 2006 Second Quarter

	Three Months Ended		Increase (Decrease)
	September 30, 2006	June 30, 2006	
Operating income – rental properties	\$ 4,288,842	\$ 3,447,506	\$ 841,336
Interest income – Trust	<u>413,311</u>	<u>374,341</u>	<u>38,970</u>
Total operating income	<u>4,702,153</u>	<u>3,821,847</u>	<u>880,306</u>
Financing expense			
Mortgage loans	2,132,482	1,758,129	374,353
Debentures	<u>866,049</u>	<u>864,846</u>	<u>1,203</u>
	<u>2,998,531</u>	<u>2,622,975</u>	<u>375,556</u>
Operating income, net of financing expense	1,703,622	1,198,872	504,750
Trust expense	<u>728,057</u>	<u>283,988</u>	<u>444,069</u>
Net income, before amortization, future income tax recovery and non-controlling interest	975,565	914,884	60,681
Amortization	2,255,423	1,910,979	344,444
Future income tax recovery	(236,454)	(34,874)	(201,580)
Non-controlling interest	<u>(33,419)</u>	<u>1,846</u>	<u>(35,265)</u>
Net loss	<u>\$ (1,009,985)</u>	<u>\$ (963,067)</u>	<u>\$ (46,918)</u>

During the third quarter of 2006, net income, excluding amortization expense, future income tax recovery and non-controlling interest, increased by \$60,681 or 7%, compared to the second quarter of 2006. The increase was mainly due to the following factors:

- An increase in operating income from rental properties of \$841,336 or 24%. The increase mainly reflects the incremental operating income which was derived from the ten new properties which were acquired in June 2006, particularly in regard to the six properties in Fort McMurray which were acquired on June 30, 2006. The increase is

also partially attributable to an improvement in operating income from the properties acquired prior to June 2006 which was largely attributable to a decrease in the operating cost ratio.

- An increase in mortgage loan financing expense of \$374,353 or 21% which was mainly due to the incremental financing expense in regard to the mortgage loan financing for properties which were acquired in June 2006; and
- An increase in Trust expense of \$444,069 which was mainly due to a lump-sum charge to unit-based compensation expense of \$417,351 in regard to the unit options which were issued in July 2006.

The net loss, including amortization expense, future income tax recovery and non-controlling interest increased by \$46,918, compared to the second quarter of 2006. The increase in the net loss mainly reflects an increase in amortization expense of \$344,444, largely offset by an increase in income tax recovery of \$201,580.

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 17,389,796 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.