



LANESBOROUGH

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Press Release

LANESBOROUGH REIT REPORTS FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2005

Winnipeg, Manitoba, November 28, 2005 – Lanesborough Real Estate Investment Trust (“LREIT”) (TSX Venture: LRT.UN) is pleased to report the financial results for the quarter ended September 30, 2005. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the 2005 Third Quarter Report, including the interim financial statements for the quarter ended September 30, 2005, which may be obtained from the LREIT website at www.lreit.com or the SEDAR website at www.sedar.com.

During the third quarter of 2005, LREIT continued to achieve significant growth in its property portfolio, acquiring two multi-family residential properties at a combined cost of approximately \$13 Million and a senior’s housing complex, known as Luther Riverside Terrace, at a cost of \$24 Million. Consisting of 181 suites, Luther Riverside Terrace is now the second largest property in the real estate portfolio of LREIT in terms of both acquisition cost and income-generating capability. Although Luther Riverside was acquired part way through the third quarter on July 28, 2005, the property accounted for 13% of the total operating income for the three-month period ended September 30, 2005. Nelson Ridge Estates, the 225 suite apartment complex in Fort McMurray, Alberta, which was acquired during the second quarter of 2005 and is the largest property in the LREIT portfolio, continued to achieve very strong results, accounting for 34% of the total third quarter operating income. Overall, operating income increased by \$165,055 or 6.5% during the third quarter of 2005, compared to the second quarter of 2005.

After considering the third quarter acquisitions, the real estate portfolio has increased by approximately \$100 Million or 150% since December 31, 2004. During the nine month period ended September 30, 2005, operating income increased by approximately \$3.6 Million or 108%, compared to the corresponding period in 2004.

There was also a significant decrease in the convertible debenture debt in the third quarter, as approximately \$6.8 Million of convertible debentures were converted into trust units during the three month period ended September 30, 2005. After considering the unit conversions, which occurred in the second quarter of 2005, the convertible debenture debt has decreased by over \$11 Million since March 31, 2005. The reduction in the convertible debenture debt, combined with the investment of existing capital in

income-producing properties, translated into a marked improvement in bottom line results during the third quarter of 2005. The net loss decreased by \$41,229 during the third quarter of 2005, compared to the second quarter of 2005, while net income, excluding amortization expense, increased by \$327,391. The reduced level of debenture debt, relative to the increasing asset base of LREIT, is expected to result in further improvements in income levels during the fourth quarter of 2005.

RESULTS OF OPERATIONS

Operating Highlights

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004 (restated)	2005	2004 (restated)
Total revenue	\$4,949,341	\$2,309,239	\$12,394,676	\$5,214,816
Operating income	\$2,676,270	\$1,398,456	\$6,910,241	\$3,319,628
Net loss	\$(478,919)	\$(479,357)	\$(1,273,528)	\$(897,940)
Cash from operations	\$461,457	\$422,290	\$1,870,073	\$1,289,699
Distributable income	\$732,504	\$323,433	\$1,718,860	\$842,789
Per Unit				
Operating income	\$0.267	\$0.531	\$0.739	\$1.26
Net loss	\$(0.048)	\$(0.182)	\$(0.136)	\$(0.342)
Distributable income	\$0.073	\$0.123	\$0.184	\$0.321

The operating results for the nine months ended September 30, 2005 clearly reflect that LREIT has been very successful in achieving its investment objectives, in comparison to the first nine months of 2004. During the nine month period ended September 30, 2005, operating income increased by approximately \$3.6 Million or 108%, compared to the first nine months of 2004, while cash from operations increased by approximately \$580,000 or 45%. The increase in the operating income is mainly due to the increase in the number of properties in the portfolio of LREIT.

During the nine month period ended September 30, 2005, financing expense in regard to convertible debentures has also fluctuated significantly as a result of the issuance of the \$12 Million Series E convertible debentures in February and March 2005, followed by an \$11.2 Million reduction in the face value of the Series A, B, C and D debentures subsequent to March 31, 2005, due to debenture conversions. During the three month period ended September 30, 2005, financing expense on convertible debentures was \$580,057, compared to \$903,748 for the second quarter of 2005.

Operating Segments - Geographic

During the third quarter of 2005, the geographic diversification of LREIT was further enhanced as a result of a property acquisition in Saskatoon, Saskatchewan and an

increase in property holdings in Prince Albert, Saskatchewan and Winnipeg, Manitoba. The increased geographic diversification of the LREIT portfolio is reflected in the following chart:

Analysis of Rental Revenue by Geographic Market Segment

	Percentage of Total Rental Revenue	
	Three Months Ended	
	September 30, 2005	June 30, 2005
Alberta	35%	43%
Manitoba	24%	28%
Northwest Territories	12%	13%
Saskatchewan	22%	9%
British Columbia	6%	6%
Ontario	1%	1%
	<u>100%</u>	<u>100%</u>

The continued geographic diversification of LREIT will serve to mitigate the general economic risks which are associated with real property ownership, such as the risk of increased competition or reduced demand in a local real estate market.

Comparison to Preceding Quarter

Second and Third Quarter Comparison

	Three Months Ended		Increase (Decrease)
	September 30, 2005	June 30, 2005	
Revenue:			
Rentals from Income Properties	\$ 4,905,105	\$ 4,157,533	\$ 747,572
Interest and Other Income	<u>44,236</u>	<u>233,347</u>	<u>(189,111)</u>
Total revenue	<u>\$ 4,949,341</u>	<u>\$ 4,390,880</u>	<u>\$ 558,461</u>
Operating income	<u>\$ 2,676,270</u>	<u>\$ 2,511,215</u>	<u>\$ 165,055</u>
Net loss	<u>\$ (478,919)</u>	<u>\$ (520,148)</u>	<u>\$ (41,229)</u>

During the third quarter of 2005, operating income increased by \$165,055 or 6.6%, compared to the second quarter of 2005, while the net loss decreased by \$41,229 or 8%. The increase in operating income is comprised of the following components:

Increase in operating income - Income properties	\$355,567
Decrease in operating income - Trust	<u>(190,512)</u>
	<u>\$165,055</u>

The increase in operating income is primarily due to the additional income from the three properties, which were acquired by LREIT during the third quarter of 2005, namely Luther Riverside Terrace, Marquis Towers and Chancellor Gate. Specifically, the net increase in the operating income of rental properties during the third quarter of 2005 reflects operating income of \$439,255 from the three new properties, partially offset by a

net decrease in the combined operating income of the other properties in the LREIT portfolio. The majority of properties in the LREIT portfolio achieved positive cash flow results during the third quarter of 2005, with a few exceptions, the most significant of which were Norglen Terrace, Greenwood Gardens and Three Lakes Village. Norglen Terrace experienced an increase in maintenance costs in regard to the completion of upgrades to the building exterior. Greenwood Gardens continued to experience high vacancy rates and it is anticipated that, in the short-term, Greenwood Gardens will continue to incur a cash deficiency, pending the completion of a planned upgrade program and an improvement in occupancy levels. Three Lakes Village is a newly constructed property, completed in June 2005, and is still in the initial “lease-up” stage of operations.

The decrease in the operating income related to the general operation of the Trust is mainly due to a reduction in interest income as a result of the decrease in the amount of uninvested capital during the third quarter of 2005 and the repayment of the Minacs Loan on July 8, 2005.

Since its inception in September 2002, LREIT has achieved exceptional growth in its real estate portfolio and provided Unitholders with stable cash distributions and increasing unit values. It is anticipated that the strong growth rate will continue into the future as LREIT recently initiated a private offering of trust units, which is expected to generate approximately \$30 Million of additional capital during December 2005. The continued investment strategy of focusing on properties in secondary markets is also expected to provide strong accretive growth opportunities, given the income potential of new property acquisitions and the increasingly competitive state of the real estate investment market. In summary, the outlook for continued growth remains very positive, given the projected capital resources of the Trust and the increased income potential of the existing property portfolio.

LREIT is a real estate investment trust, which is listed on the TSX Venture 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. 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 TSX Venture 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.