

LANESBOROUGH REAL ESTATE INVESTMENT TRUST
Press Release

LANESBOROUGH REIT COMPLETES \$70.25 MILLION SALE OF COLONY SQUARE AND ANNOUNCES DEBT REDUCTION AND EXPECTED TAX IMPACT

Winnipeg, Manitoba, November 2, 2015 ó Lanesborough Real Estate Investment Trust (óLREITö) (TSX: LRT.UN) announced today that it has completed the previously announced sale of Colony Square in downtown Winnipeg, MB for \$70.25 million, subject to customary closing adjustments. The three tower complex, consisting of 428 apartment suites, approximately 83,300 square feet of commercial space and a 270-stall underground parkade, was acquired by LREIT in 2008 for \$38 million.

As a condition of the sale, LREIT has agreed to place \$1.54 million in escrow on closing of the sale to be released monthly to the purchaser for rent on any vacant commercial space for a period of up to two years from the date of closing.

The sale resulted in net cash proceeds to LREIT (net of mortgage debt, selling costs and the \$1.54 million to be placed in escrow) of approximately \$28 million. The net cash proceeds were used to repay operating loans and advances.

The sale of Colony Square will result in a capital gain for Canadian income tax purposes of approximately \$29.6 million. LREIT intends to declare a special distribution equal to the capital gain (being approximately \$1.46156 per trust unit based on the number of trust units outstanding as of the date of this press release) in order to reduce LREIT's taxable income for the 2015 taxation year to nil. There being no cash available for the payment of the special distribution, payment of the whole amount will be made, in accordance with paragraph 9.3 of LREIT's Declaration of Trust, by the issuance of additional trust units based on the closing market price of the trust units on December 31, 2015. Immediately following the special distribution, the number of outstanding trust units will be consolidated so that each Unitholder will hold exactly the same number of trust units after the consolidation as each Unitholder held immediately prior to the special distribution. The ñnon-cashö distribution will be declared payable on December 31, 2015 to the Unitholders of record on December 31, 2015. The special distribution will be reduced by the application of LREIT's operating losses for the 2015 taxation year and non-capital losses carried forward from the 2014 taxation year which are available to offset the taxable portion of the capital gain.

LREIT recommends that Unitholders consult their own tax advisers regarding the income tax consequences of the special distribution. However, LREIT expects that a Unitholder of record on the record date of the special distribution, which Unitholder is a resident of Canada and holds trust units as capital property for Canadian income tax purposes, shall be required to include in computing its income for Canadian income tax purposes for its taxation year that includes December 31, 2015, its proportionate share of LREIT's net taxable capital gains for the 2015 taxation year (estimated on the date hereof to be \$14.8 million or approximately \$0.73078 per trust unit) less losses which are available to offset those net taxable capital gains. Furthermore, LREIT expects that the adjusted cost base to such a Unitholder of its trust units for Canadian income tax purposes immediately after the special distribution shall be increased by the Unitholder's proportionate share of the special distribution. LREIT cautions that the foregoing comments are not intended and should not be construed to be legal or tax advice to any particular Unitholder.

ABOUT LREIT

LREIT is a real estate investment trust, which is listed on the Toronto Stock Exchange under the symbols LRT.UN (Trust Units), LRT.DB.G (Series G Debentures) and LRT.WT.A (Warrants expiring December 23, 2015). The objective of LREIT is to provide Unitholders with stable cash distributions from investment in a diversified portfolio of quality real estate properties. For further information on LREIT, please visit our website at www.lreit.com.

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The TSX 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.

This press release contains certain statements regarding the proposed transaction described herein 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. There can be no certainty that the transaction will be completed within the timeline set forth herein or all at.