LANESBOROUGH
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November 28, 2002

To the Unitholders of Lanesborough
Real Estate Investment Trust

We are pleased to enclose the unaudited financial statements for the Lanesborough Real Estate Investment Trust (LREIT) for the three month period ended September 30, 2002. The following comments in regard to the financial position and operating results of LREIT should be read in conjunction with the financial statements and the accompanying notes.

Inception of LREIT on TSX Venture Exchange

As reflected in the financial statements under the title of "Income Properties", the primary asset of LREIT is a retail and office property, comprised of two buildings, known as Kenaston Place and Kenaston Village Mall. The Kenaston property was acquired by LREIT on April 24, 2002, at which time LREIT was a privately-owned investment trust. The initial acquisition cost of the Kenaston property of $10,650,000 was satisfied from the proceeds of a first mortgage loan in the amount of $7,987,500 (the "Purchase Mortgage") and by a participating loan from Shelter Canadian Properties Limited ("Shelter") in amount of $2,662,500.

On August 30, 2002, pursuant to a Plan of Arrangement between LREIT and Wireless One Inc., a capital pool company on the TSX Venture Exchange, LREIT acquired all of the common shares of Wireless One Inc. in exchange for LREIT trust units, on a ten to one basis. Concurrently, all of the assets and liabilities of Wireless One Inc. were transferred to LREIT. Wireless One Inc. was subsequently dissolved and, after the completion of a $4 Million public debenture offering and a $300,000 equity contribution from the private placement of trust units, LREIT was established as a publicly-traded entity on the TSX Venture Exchange.

The trust units of LREIT commenced trading on the TSX Venture Exchange on September 9, 2002 under the symbol "LRT.UN".

Distributable Income, to September 30, 2002

The proceeds of the $4 Million public debenture offering were partially used to repay the participating loan from Shelter. Prior to the inception date of LREIT as a publicly traded entity, the net income of the Kenaston property accrued to Shelter as interest under the terms of the participating loan. Accordingly, the net income and distributable income of LREIT as disclosed in the attached financial statements reflects an interest payment in regard to the participating loan in the amount of $122,658. The interest payment represents the net income, after payment of all expenses and debt servicing, from the Kenaston property from the date of acquisition on April 24, 2002 to the date of the inception of LREIT on August 30, 2002. After accounting for the interest payment on the participating loan, the distributable income of LREIT, for the period ended September 30, 2002, was $30,708. In summary, the distributable income represents the income from the operations of the Kenaston property for the 32 day period from August 30, 2002 to September 30, 2002, including amortization expense of $21,189 in regard to deferred charges.

Distributable Income, to September 30, 2002 (continued)

The calculation of distributable income excludes amortization expense in respect of the Income Properties which are owned by LREIT. In addition, for purposes of calculating distributable income, interest expense on the debentures is determined based on the actual amount of interest payable, rather than on the "financing cost" basis, as reflected in the Statement of Net Income.

Cash Distributions

LREIT intends to make cash distributions to the Unitholders in an amount which is approximately equal to 90% of LREIT's annual distributable income, with the distributions to occur on a quarterly basis. The first distribution in the amount of $0.16 per unit is to be paid on or before December 31, 2002 and will be in regard to the four month period from the inception date of LREIT on August 30, 2002 to the fiscal year end of December 31, 2002. On an annualized basis, the distributable income of LREIT is projected to be approximately $0.50 per unit.

Cash and Mortgage Balances

The cash balance of LREIT as of September 30, 2002 was $1,204,720 and mainly represents the balance of the proceeds from the debenture offering after repayment of the participating loan. The balance sheet also reflects the principal balance of the Purchase Mortgage in the amount of $7,925,442.

Debenture Offering

The $4 Million debenture offering consisted of a $3,000,000 offering of Secured Series A convertible debentures and a $1,000,000 offering of Subordinated Series B convertible debentures. The terms of the debentures, including the terms of conversion to trust units, are disclosed in detail in Note 8 to the financial statements. As the debentures are convertible to trust units, a portion of the debenture issue is disclosed as Unitholders' equity on the balance sheet of LREIT. The allocation of the debentures between debt and equity components is based on the present value of future cash payments, assuming that a portion of the debentures are converted to equity units.

Deferred Charges and Accounts Payable/Accrued Liabilities

Other significant balance sheet items are deferred charges of $247,295 and accounts payable and accrued liabilities of $180,730. The accounts payable and accrued liabilities are summarized in Note 10 to the financial statements and include tenant deposits, accrued interest on the first mortgage loan, accrued interest on the convertible debentures and accounts payable in regard to the operations of the Kenaston property and the administration and establishment of the trust.

The deferred charges are summarized in Note 6 to the financial statements and consist primarily of tenant inducements and commission expenses related to the leasing of space at the Kenaston property, as well as mortgage refinancing fees.

Leasing Activity

As of November 27, 2002, the Kenaston property, which has a total leaseable area of 94,371 square feet, was 86% leased. Since the acquisition date of the property, the following changes in tenancies have occurred:

			Square Feet
Total leased space, April 24, 2002			78,663
Less: Vacated tenancies:			
	Insurance Brokers Association	1,020	
	Sun Life Assurance	720	
	Pepper's Restaurant	7,534	(9,274)
Add: New tenancies:			
	Aeroguard Leasing Corporation	2,413	
	Astra Credit Union Ltd.	2,008	
	Synergym (Exercise Facility)	2,400	6,821
Add: Tenant relocations (net)			4,698
Total leased space, November 27, 2002			80,908

The offers to lease for Astra Credit Union and Synergym were finalized subsequent to September 30, 2002. In addition, offers to lease have been received from three prospective tenants on space totalling 7,648 square feet. The offers from the prospective tenants are in various stages of negotiation.

The net increase in square footage from tenant relocations is in regard to three tenants that moved into expanded premises. The relocation of the tenants was completed in order to achieve better space utilization and secure longer-term tenancies. Details of the tenant relocations are as follows:

Tenant	New Square Footage	Previous Square Footage	Net Change
Rogers Video	6,000	4,524	1,476
Scoop & Weigh	4,514	2,612	1,912
Danali Mens Wear	2,810	1,500	1,310
	13,334	8,636	4,698

The tenant inducements of $216,629, as disclosed in Note 6 to the financial statements, represent leasehold improvement allowances and other concessions for the relocated tenants and one of the new tenants. The leasing commissions of $22,045 are in regard to two tenancies.

Over the next 13 months to December 31, 2003, there are 12 leases expiring, representing 21,780 sq. ft. or 23% of the total leaseable area. Lease renewals and new tenancies are actively being pursued, on a continual basis, in an attempt to maximize the occupancy level of the property.

Investment Objectives

In addition to the Kenaston property, LREIT intends on creating a diversified and valuable portfolio of Canadian real estate investments by pursuing the acquisition of additional properties or interests therein and by financing new developments. The Board of Trustees of LREIT, in conjunction with the senior management team of Shelter Canadian Properties Limited, is currently reviewing a number of potential acquisition opportunities. The short-term investment of the excess cash reserves of LREIT by way of providing interim second mortgage loan financing for an office building is Oshawa, Ontario is also in process.

Management Services

Shelter Canadian Properties Limited is responsible for the day-to-day management and administration of LREIT and serves as the property manager for the properties which are owned by the trust. Unitholders who have any questions regarding the financial statements or the operations of LREIT are encouraged to contact Mr. Gino Romagnoli, Manager, Investor Services, Shelter Canadian Properties Limited at (204) 475-9090.

Yours truly,

LANESBOROUGH REAL ESTATE INVESTMENT TRUST

ARNI C. THORSTEINSON
Chief Executive Officer