

Real estate trust boosts its portfolio

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By Geoff Kirbyson

LANESBOROUGH Real Estate Investment Trust reiterated its commitment to the multi-family apartment sector yesterday with the addition of five such properties to its portfolio.

The Winnipeg-based REIT announced the purchase of a total of 131 suites in four separate buildings in Prince Albert, Sask., for \$4.0 million. It also announced it has a conditional agreement to acquire a 225-suite multi-family apartment property known as Nelson Ridge Estates in Fort McMurray, Alta., for \$40.6 million. It consists of a trio of four-storey buildings containing 75 two-bedroom suites each.

Arni Thorsteinson, CEO of Lanesborough, said the moves will further entrench the REIT in the sector.

When its investments for 2005 are complete, he predicted 85 per cent of its portfolio will be made up of multi-family apartment buildings, up from its current level of 70 per cent.

"(Multi-family apartment buildings) is one of the most favoured asset categories among real estate investors because of the low volatility of results. Rental apartments provide stable, long-term predictable cash flows in most markets, particularly in Western Canada," he said.

"The economic growth combined with low vacancy rates will generate good demand for rental apartments over the next few years."

Thorsteinson said the Lanesborough acquisition spree will continue.

"We're looking at others across the country," he said.

When Lanesborough first started out a couple of years ago, it had four commercial properties. Thorsteinson said its change in focus was driven by its investors.

"They said they'd be most interested in a REIT focusing on apartments because of the stability of cash flow and the fact that apartment REITs trade at a higher multiple of cash flow than commercial real estate trusts," he said.

Last week, Lanesborough announced \$19.1 million out of a \$25-million private placement had closed following the sale of 3.8 million units at \$5 each.

The \$5.9-million balance is expected to close by the end of the month. Lanesborough intends to use the proceeds to make further acquisitions of multi-family apartment properties.

Lanesborough units, which trade on the TSX Venture Exchange, closed at \$5.50 yesterday. There were no transactions involving Lanesborough units yesterday.

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