

Lanesborough REIT delays placement of trust units

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By Murray McNeill

LANESBOROUGH Real Estate Investment Trust has postponed a \$30-million private placement of trust units after discovering its chief executive inadvertently contravened stock market regulations by buying some units in the two days leading up to the unit price being announced.

Lanesborough spokesman Gino Romagnoli said yesterday that TSX Venture Exchange rules prohibit company insiders from purchasing trust units in the 48 hours leading up to the unit price for the public offering being announced.

However, minutes after issuing a press release on Wednesday announcing a unit price of \$5.25, officials with Lanesborough and the agents for the offering -- a syndicate co-led by Westwind Partners Inc. and Desjardins Securities Inc. -- learned that Lanesborough CEO Arnie Thorsteinson had acquired some of the units in the previous two days.

Romagnoli said although the shares were purchased through an independent broker who wasn't aware the unit price was about to be announced, and even though Thorsteinson paid more than \$5.25 for the units, it was still technically a violation of the regulations. So they and Thorsteinson immediately notified market regulators of the problem, and halted the unit offering.

"It's not like anything has been swept under the carpet or hidden," he said, noting all of Thorsteinson's unit transactions have been fully disclosed to market regulators. "But at that point we had no choice but to pull the offering and let things cool down."

He said the agents for the private placement and the trustees of the REIT will likely decide on Tuesday or Wednesday whether to relaunch the offering, and if so, what the new unit price will be.

He said it's also possible they could decide not to proceed with the private placement.

"But that's a worse-case scenario," he added, saying it's more likely the placement will proceed but at a slightly different price, depending on what happens with the market price for the units between now and then.

When it announced last month that it was launching another private placement of trust units, Lanesborough said the proceeds would be used to buy more multi-family residential properties and for general purposes.

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