

**Lanesborough loses \$478,919**

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By Geoff Kirbyson

ARNI Thorsteinson isn't concerned about six-figures' worth of red ink during the recently completed third quarter at Lanesborough Real Estate Investment Trust.

The Winnipeg-based REIT reported a net loss of \$478,919 for the three-month period ended Sept. 30, a marginal improvement from the year-earlier loss of \$479,357.

The CEO of the three-year-old REIT attributed the loss to the fact that it's still essentially in its start-up phase, a period that will persist over the next six to eight months at least because he's hoping to double the REIT's portfolio from \$200 million to \$400 million during that time.

"As we get over our growth phase, we won't have the same level of start-up expenses for issuing new capital so our amortization will become less," he said in an interview yesterday. "Then we'll be in the black."

Instead, Thorsteinson said distributable income is the best metric to measure a REIT, because that's what gets passed back to investors. Lanesborough had \$732,504 of such income in the third quarter, more than double the \$323,433 from a year ago.

"It was absolutely a very good quarter," he said.

Lanesborough's \$200 million portfolio includes 17 multi-family residential properties, two retail/office complexes and two industrial properties.

Earlier this month, Lanesborough announced it had postponed a \$30-million private placement of trust units after discovering Thorsteinson had inadvertently contravened stock market regulations by buying some units two days before the unit price was set to be announced.

Thorsteinson said the cooling off period is now over and the issue should close by the end of the week.

"We'll receive the proceeds in December," he said.

He noted the REIT still has \$7 million of investable capital at its disposal, which, coupled with a 75 per cent borrowing ratio, translates into \$28 million worth of acquisitions.

As a percentage of total rental revenue, Alberta is the province for which Lanesborough has the most exposure at 35 per cent, followed by Manitoba (24 per cent), Saskatchewan (22 per cent), British Columbia (six per cent) and Ontario (one per cent). Property in the Northwest Territories accounts for 12 per cent revenues.

Lanesborough's units (LRT.UN/TSX Venture Exchange) closed yesterday at \$5.35, which was unchanged from Friday's closing price.

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