

Lanesborough buys E.K. mall, will expand it

Investment trust pays \$6.7 million for 65,000-square-foot property

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By Martin Cash

LANESBOROUGH Real Estate Investment Trust has bought the McIvor Mall in East Kildonan for \$6.7 million with the intention of investing in the property and expanding it.

The 65,000-square-foot Henderson Highway home to Federated Co-Op's Marketplace grocery store and Pharma Plus Drugmart was sold by Consolidated Properties Ltd., a Calgary-based asset management company that was formed eight years ago by combining several limited partnerships, many of them with Winnipeg roots.

Well suited

Arni Thorsteinson, CEO of Lanesborough REIT, said McIvor Mall is well suited to Lanesborough's intentions to reposition the property to make it more valuable.

"We had quite a bit of success in doing just that at Kenaston Village Mall, where we put a new front on the centre, added some new space and it has been given a great reception by the customers. Tenants are doing more business and we've been able to increase the rents and increase the value of the mall."

In addition to the Kenaston Village Mall at Grant Avenue and Kenaston Boulevard, Lanesborough also owns a three-storey office building immediately west of that, a bathroom-fixture warehouse north of Calgary and a Purolator building in Burlington, Ont. Including the McIvor Mall, those properties total about 215,000 square feet of space.

The company recently completed a \$2.5-million private placement of equity managed by Wellington West Capital.

"We're thrilled with the deal. The \$6.7-million price was the best price on the market," Scott Hutcheson, CEO of Consolidated Properties, said yesterday.

Consolidated has made it clear that it intends to focus on the office market and recently announced a major asset-purchase deal with Morguard Real Estate Investment Trust.

Consolidated also owns Portage Place shopping centre, now its sole retail property. The McIvor Mall deal is scheduled to close Feb. 1.

In addition to being Lanesborough's CEO, Thorsteinson is chairman of the board of Consolidated Properties. (He is also the CEO of Shelter Canadian Properties Ltd., one of the largest residential building managers in the country.)

Thorsteinson said he withdrew from the decision-making process of both companies in conducting this transaction. The Lanesborough board will vote on the deal after the due diligence has been completed. Thorsteinson said he would abstain from voting on the deal prior to its closing.

Consolidated Properties shares closed unchanged yesterday at 23 cents, while Lanesborough units closed down five cents at \$4.

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