

Real Estate Finance and Investment
<http://www.iirealestate.com>
Financing

June 22, 2003

Canadian REIT Issues Private Placement To Finance Pipeline

Lanesborough Real Estate Investment Trust has hit the market with an offering of about 500,000 shares. The Winnipeg, Manitoba REIT is hoping to raise at least C\$20 million for future office and industrial acquisitions over the course of the next 18 months, said **Arni Thorsteinson**, ceo. High demand for real estate investments coupled with the low interest rate environment provided for an ideal entry point, he said. Moreover, he noted that a private placement can be faster and cheaper than accessing the public market. "You don't have to file a prospectus for the offering or pay for legal fees," he said. The cost associated with a public offering is about C\$100,000 compared to C\$50,000 for the private offering, he explained. As a result, the REIT saves cash and the time spent filing a prospectus. LREIT hopes to complete the sale by July 15th. The REIT also has the option of issuing an additional 750,000 shares depending on demand, he added.

Wellington West Capital, which brought the REIT public last year, is acting as lead bookrunner for the offering. LREIT is offering its shares at C\$4 and will pay a commission of 7% on the sale of all shares to Wellington. The offering will be targeted to institutional and qualified high-net-worth retail investors in British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories. The minimum amount investors can buy is C\$2 million with the maximum at about \$5 million. Thorsteinson noted that such provisions were typical of private placements in Canada.

LREIT hopes to use proceeds to acquire approximately C\$100 million in real estate over the next 18 to 24 months. Since inception, it has acquired more than \$20 million in properties throughout Canada, Thorsteinson said. It targets primarily office and industrial properties but also invests in shopping centers. The REIT recently acquired the Minacs Building in Oshawa, Ontario. Its market capitalization has been around C\$15 million, he noted.

COPYRIGHT NOTICE: No part of this publication may be photocopied, published, broadcast, rewritten, or redistributed in any form or by any means without Institutional Investor's prior written consent. These terms are enforced by the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2002 Institutional Investor, Inc. All rights reserved.