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Hotel is a TREIT for city financier

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CANADIAN PRESS FILE PHOTO

Temple Gardens in Moose Jaw has the largest spa in Western Canada.

ARNI Thorsteinson's newest REIT has made its first acquisition, a step towards building what the Winnipeg real estate mogul hopes will be a half-billion-dollar portfolio in Canada's hotel sector.

The new entity, called Temple Real Estate Investment Trust, has bought the 179-room Temple Gardens Hotel & Spa in Moose Jaw, for \$21 million.

Thorsteinson said it's no coincidence that he named his youngest REIT after its first acquisition.

"We thought Temple was a terrific name for a hotel REIT plus we loved the acronym, TREIT," he said in an interview yesterday.

Specializing in hotels, Thorsteinson said TREIT complements four-year-old Lanesborough REIT, which is focused on apartment buildings, and one-year-old Huntingdon REIT, which deals on the office, industrial and shopping centre side.

"Now we've rounded out our family of REITs," said Thorsteinson, the CEO for all three. He said Temple Gardens was attractive because it's one of the highest occupancy and room rate hotels in Saskatchewan. It's also attached to the Moose Jaw Casino and has the largest spa in Western Canada. Moose Jaw's location, roughly halfway between Calgary and Winnipeg on the Trans-Canada is also a plus.

Thorsteinson said TREIT will look for properties across the country, but it is negotiating in Fort McMurray, Alta., Ottawa and Victoria.

"Fort McMurray is a very strong market, so that's our first choice," he said of the city in the centre of Alberta's lucrative oil sands area. "We want to be able to find high-yielding hotels where we can earn a high rate of return."

He said TREIT is going to follow in the footsteps of both Lanesborough and Huntingdon by being "very aggressive" in its pursuit of attractive properties. He said Lanesborough has grown from one \$10-million mall in Winnipeg to become a \$400-million company, while Huntingdon has exploded from its start with the \$7-million purchase of the Purolator building at Winnipeg International Airport last year to a portfolio worth \$450 million.

"We have the same objective for Temple. Our goal is to have a \$1.5 billion family or REITs," he said.

Kevin Strong, manager of the TSX Venture Exchange's Winnipeg office, said the city continues to be a "hotbed" for trusts. Of the seven listed on the junior board, five are based in Winnipeg.

That proportion would be higher if Westfield and White Rock REITs hadn't moved up to the TSX, he said. What's particularly impressive is the amount of money the Winnipeg REITs have been able to raise, he said.



THORSTEINSON

Combined, Huntingdon (\$170 million in equity plus \$11 million in convertible debentures), Lanesborough (\$66 million and \$47 million), Lakeview Hotel REIT (\$24 million and \$6 million), Exchange Industrial Group Income Fund (\$9 million and \$14.5 million) have raised nearly \$350 million from investors.

"That's a huge amount of money for a little province like Manitoba. Things are going very well with the sector," he said.

Strong said the Venture Exchange has two ways of measuring success -- the amount of money raised by its companies and seeing them grow to the point where they graduate to a senior stock exchange.

"We're seeing great success on both fronts," he said.