revenue properties company limited

annual report 1986

C

FINANCIAL HIGHLIGHTS

	1986	1985
	(in thousands of dollars, except per share amounts)	
Cash flow (deficit) from operations	**$ 1,597**	$ (463)
Per share	**10.8¢**	(3.2¢)
Net loss	**$ 1,150**	$ 3,450
Per share	**7.8¢**	23.9¢
Total assets	**$103,562**	$94,416
Shareholders' equity	**$ 13,366**	$14,252

CONTENTS

revenue properties company limited

CONSOLIDATED BALANCE SHEET
March 31, 1987
(unaudited)

	March 31 1987	December 31 1986
	(in thousands of dollars)	
ASSETS		
Rental properties	$ 54,421	$ 53,691
Projects under construction	1,950	5,708
Land under development	7,668	8,227
Mortgages receivable	26,160	28,394
Accounts receivable	6,255	4,956
Prepaid expenses and sundry assets	2,219	1,240
Cash	1,155	1,346
	$ 99,828	$103,562
LIABILITIES		
Mortgages payable on rental properties	$ 47,473	$ 47,568
Other loans and mortgages payable	4,035	1,644
Construction and land financing	6,952	10,377
Bank indebtedness	6,281	8,304
Accounts payable	7,362	7,488
Estimated costs to complete projects	4,904	7,497
Debentures payable	5,918	5,921
Rental and sundry deposits	799	812
Deferred income	564	585
	84,288	90,196
SHAREHOLDERS' EQUITY		
Capital Stock		
Issued		
4,883,225 Class A shares (1986 — 4,883,225 shares)	8,007	8,007
12,516,213 Non-Voting Class B shares (1986 — 10,094,579 shares)	18,396	15,967
	26,403	23,974
Deficit	(10,863)	(10,608)
	15,540	13,366
	$ 99,828	$103,562

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Three months ended March 31, 1987
(with comparative figures for the three months ended March 31, 1986)
(unaudited)

	1987	1986
	(in thousands of dollars)	
FUNDS PROVIDED (USED) BY:		
OPERATIONS		
Net loss for the period	$ (255)	$ (836)
Non-cash items		
Depreciation	347	355
Deferred income	(21)	(26)
	71	(507)
Decrease in mortgages receivable	2,234	354
Net change in other assets and liabilities	(5,010)	(3,945)
	(2,705)	(4,098)
INVESTMENTS		
Development of rental properties and rental properties under construction	(990)	(3,527)
Construction of projects for sale	—	(598)
Expenditures on land under development	(11)	(940)
Recovery of costs through real estate sales	4,241	1,522
	3,240	(3,543)
FINANCING		
(Decrease) increase in construction and land financing	(3,425)	1,224
Redemption of debentures	(3)	—
Issue of capital stock	2,429	70
(Decrease) increase in mortgages payable on rental properties	(95)	4,541
(Decrease) increase in other loans and mortgages payable	2,391	(8)
(Decrease) increase in bank loans	(1,868)	751
	(571)	6,578
TOTAL FUNDS USED	(36)	(1,063)
Cash (deficiency) at beginning of year	229	(42)
Cash (deficiency) at end of period	$ 193	$(1,105)
Cash is defined as:		
Cash	$ 1,155	$ 1,259
Bank overdraft	(962)	(2,364)
	$ 193	$(1,105)

Suite 300, 131 Bloor Street West,
Toronto, Ontario M5S 1R1

revenue properties company limited

RPC

interim report
three months ended
March 31, 1987

report to shareholders

revenue properties company limited

We are pleased to report that the improved operating results achieved in 1986 have continued in the first quarter of 1987. For the three month period ended March 31, 1987, the Company showed a profit before depreciation and income taxes of $27,000 or 0.2 cents per share, as compared with a loss in 1986 of $542,000 or 3.7 cents per share.

After depreciation and income taxes the loss for the first quarter in 1987 was $255,000 or 1.5 cents per share compared with a loss of $836,000 or 5.7 cents per share in 1986.

As approved by the shareholders on April 13, 1987, we successfully completed the repurchase of 1,471,701 Class A shares from the "Rubin interests", settled all pending litigation and completed all other ancillary transactions.

We are pleased to report that we completed the sale of the Vero Beach condominium project during the quarter, resolving a long outstanding problem for the Company at no additional cost.

The Company presently owns 645,000 square feet of fully occupied office and industrial buildings in the Montreal area on leased land, and we are gratified to report that we have entered an agreement to purchase the land, which closing will take place in the third quarter of 1987.

The prospects for the balance of 1987 are most encouraging and we look forward to reporting to you in subsequent quarters.

On behalf of the Board of Directors

Theodore I. Sherman
President
Chief Executive Officer

Toronto, Canada
May 12, 1987

CONSOLIDATED STATEMENT OF INCOME
Three months ended March 31, 1987
(with comparative figures for the three months ended March 31, 1986)
(unaudited)

	1987		1986	
	(in thousands of dollars, except per share amounts)			
Rental operations				
Revenue		$ 4,342		$ 3,397
Property operating expenses	$ 2,318		$ 2,098	
Interest	1,274	3,592	792	2,890
Gross profit		750		507
Sales of rental properties	—		—	
Cost of sales	23		65	
Loss		(23)		(65)
Sales of construction and land under development	4,274		1,648	
Cost of sales	4,371		1,491	
Gross profit (loss)		(97)		157
Interest and other income		471		368
Gross profit from operations		1,101		967
Other expenses:				
Interest	622		737	
Administration and general expenses	266		316	
Provision for loss on real estate and carrying costs expenses	24		186	
		912		1,239
Income (loss) before hotel operations, depreciation and income taxes		189		(272)
Share of loss from hotel operations	(97)		(209)	
Depreciation	(65)	(162)	(61)	(270)
Income (loss) before depreciation		27		(542)
Depreciation		282		294
Loss for the period		$ (255)		$ (836)
Loss per share		(1.5¢)		(5.7¢)
Weighted average number of Class A and Class B shares (in thousands)		16,879		14,678

CONSOLIDATED STATEMENT OF DEFICIT
Three months ended March 31, 1987
(with comparative figures for the three months ended March 31, 1986)
(unaudited)

	1987	1986
Deficit at beginning of period	$10,608	$ 9,458
Loss	255	836
Deficit at end of period	$10,863	$10,294

REPORT TO SHAREHOLDERS

Results of Operations

During 1986, the Company earned a profit of $222,000 before depreciation and income taxes, as compared with a loss in 1985 of $2,635,000, and a loss in 1984 of $6,843,000. After depreciation and income taxes the Company incurred a loss of $1,150,000 or 7.8¢ per share, compared with losses of $3,450,000 or 23.9¢ per share in 1985, and $5,619,000 or 39.7¢ per share in 1984.

Included in the above, is the Company's share of the operating loss incurred in the Hotel Nova Scotian totalling $424,000, as compared with $132,000 in 1985, and $92,000 in 1984. Provided the shareholders approve the "Rubin transaction" on April 13, 1987, the Company intends to make extensive changes and renovations to the hotel, substantially improving its operating efficiency. With these changes, management expects to achieve a positive cash flow from operations in the second half of 1987.

Due to the sale of income properties, rental revenues decreased to $14,757,000 in 1986, from $18,117,000 in 1985, and $17,552,000 in 1984. During 1987 rental revenues will increase as a result of the Colonnade being fully operational.

Despite the decrease in rental revenues referred to above, gross profit from rental operations increased to $2,463,000 in 1986, compared with $2,182,000 in 1985, and $1,560,000 in 1984. This is the result of greater efficiencies, low vacancies, and improved rental rates.

In 1986, the sale of construction and land under development increased to $30,595,000, from $23,959,000 in 1985, and $15,295,000 in 1984. Because the Company has sharply reduced its land holdings, it expects a large decrease in sales of land and construction during 1987.

Interest and other income increased to $1,914,000 in 1986, from $637,000 in 1985, and $1,043,000 in 1984. This is a result of the increased amount of mortgages receivable held by the Company.

Interest expense for the years 1984 through 1986 is detailed below.

	1986	1985	1984
		($000's)	
Interest on rental properties	**$ 3,907**	$ 4,866	$ 5,007
Other interest expense	**2,918**	3,490	2,295
Interest capitalized	**1,942**	1,898	3,406
Total interest cost	**$ 8,767**	$10,254	$10,708

Administration and general expenses totalled $1,406,000 in 1986, as compared with $1,800,000 in 1985, and $3,397,000 in 1984. These amounts are net of capitalized expenses of $710,000 in 1986, $1,069,000 in 1985, and $83,000 in 1984.

During 1986, the Company recorded a "provision for loss" of $932,000 and "carrying costs expensed" of $510,000, compared with $1,865,000 and $873,000 in 1985, and $3,132,000 and $489,000 in 1984. Management does not anticipate any "provision for loss" in 1987, and that "carrying costs expensed" will be substantially lower.

Financial Condition

The main corporate objective continues to be the disposal or conversion of idle assets into income producing assets. The realization of this objective increases income, reduces debt, and converts short term variable rate loans into long term fixed rate mortgages, thereby increasing the borrowing power of the Company. The following chart summarizes the changes achieved to date by the Company.

	1986		1985		1984	
			($000's)			
Rental Properties	**$ 53,691**	**56%**	$ 30,817	35%	$ 51,351	45%
Projects under Construction	**5,708**	**6**	23,917	27	21,260	19
Land under Development	**8,227**	**8**	19,187	22	36,098	32
Mortgages Receivable	**28,394**	**30**	13,780	16	4,816	4
	$ 96,020	**100**	$ 87,701	100	$113,525	100

The Company's "rental properties" increased during 1986 because of the completion of the Colonnade in Toronto and an office/retail complex in Pointe Claire, Quebec, which projects had been classified as "projects under construction" in 1985.

Prior to April 30, 1987, the Company will have sold at book value its remaining Florida condominium holdings, which will reduce "construction in progress" by $3,600,000.

During 1986, the Company sold all of its residential land in Ajax, a portion of its Vaughan residential land holdings, and a large part of its Boucherville industrial lands. As part of the sale of its Ajax property, the Company agreed to take back short term mortgages which resulted in the large increase in "mortgages receivable" shown in the chart.

The Company anticipates that in 1987 it will dispose of an additional $2,700,000 of "land under development". The Company further anticipates that mortgages receivable will be reduced by approximately $12,000,000. These funds will be used to complete servicing work at the Ajax residential project and to reduce short term debt.

At year end, the Company had financing in place to complete all projects under construction. In early 1987, 2,400,000 warrants to purchase Class B shares of the Company were exercised netting $2,400,000 to the Company.

The restructuring of the Company's assets is almost complete. Interest rates are at the lowest level in recent history and the Company enjoys a very strong rental market. Management expects 1987 to be a profitable year, and looks forward to the future with optimism.

Respectfully yours,

Theodore Sherman

Theodore I. Sherman
President and Chief Executive Officer

Louis Forbes

Louis Forbes
Controller

CONSOLIDATED BALANCE SHEET
Year Ended December 31

Expressed in Canadian dollars (U.S. dollar equivalent December 31, 1986 and December 31, 1985, $0.72 U.S.)

	Note	1986	1985
		(in thousands of dollars)	
ASSETS			
Rental properties	2	**$ 53,691**	$ 30,817
Projects under construction		**5,708**	23,917
Land under development		**8,227**	19,187
Mortgages receivable	3	**28,394**	13,780
Accounts receivable		**4,956**	4,325
Prepaid expenses and sundry assets		**1,240**	1,476
Cash		**1,346**	914
		$103,562	$ 94,416
LIABILITIES			
Mortgages payable on rental properties	4	**$ 47,568**	$ 29,327
Other loans and mortgages payable	5	**2,944**	1,677
Construction and land financing	6	**10,377**	28,565
Bank indebtedness	7	**7,004**	5,060
Accounts payable		**7,488**	6,741
Estimated costs to complete projects		**7,497**	893
Debentures payable	8	**5,921**	5,921
Rental and sundry deposits		**812**	1,305
Deferred income		**585**	675
		90,196	80,164
SHAREHOLDERS' EQUITY			
Capital stock	9	**23,974**	23,710
Deficit	10	**(10,608)**	(9,458)
		13,366	14,252
		$103,562	$ 94,416

Contingent liabilites (notes 12 and 15)
Subsequent event (note 8)

Approved by the Board

Director

Theodore Sherman
Director

CONSOLIDATED STATEMENT OF INCOME
Year ended December 31

	1986		1985		1984	
	(in thousands of dollars, except per share amounts)					
Rental operations						
Revenue		**$14,757**		$18,117		$17,552
Property operating expenses	**$ 8,387**		$11,069		$10,985	
Interest	**3,907**	**12,294**	4,866	15,935	5,007	15,992
Gross profit		**2,463**		2,182		1,560
Sales of rental properties	**8,465**		35,425		3,816	
Cost of sales	**7,124**		30,748		1,711	
Gross profit		**1,341**		4,677		2,105
Sales of construction and land under development	**30,595**		23,959		15,295	
Cost of sales	**29,901**		25,930		17,441	
Gross profit (loss)		**694**		(1,971)		(2,146)
Interest and other income		**1,914**		637		1,043
Gross profit from operations		**6,412**		5,525		2,562
Other expenses:						
Interest (note 13(a))	**2,918**		3,490		2,295	
Administration and general expenses	**1,406**		1,800		3,397	
Provision for loss on real estate and carrying costs expensed	**1,442**		2,738		3,621	
		5,766		8,028		9,313
Income (loss) before hotel operations, depreciation and income taxes		**646**		(2,503)		(6,751)
Share of loss from hotel operations		**(424)**		(132)		(92)
Income (loss) before depreciation and income taxes		**222**		(2,635)		(6,843)
Depreciation		**1,372**		1,221		752
Loss before income taxes		**(1,150)**		(3,856)		(7,595)
Income taxes (note 14)						
Current	**—**		64		—	
Deferred	**—**	**—**	(470)	(406)	(1,976)	(1,976)
Loss for the year		**$(1,150)**		$(3,450)		$(5,619)
Loss per share		**(7.8¢)**		(23.9¢)		(39.7¢)
Weighted average number of shares (in thousands)		**14,809**		14,412		14,166

CONSOLIDATED STATEMENT OF DEFICIT
Year ended December 31

	1986	1985	1984
	(in thousands of dollars)		
Deficit at beginning of year	**$ 9,458**	$ 6,008	$ 389
Loss for the year	**1,150**	3,450	5,619
Deficit at end of year	**$10,608**	$ 9,458	$ 6,008

AUDITORS' REPORT
To the Shareholders of Revenue Properties Company Limited

We have examined the consolidated balance sheet of Revenue Properties Company Limited as at December 31, 1986 and 1985 and the consolidated statements of income, deficit and changes in financial position for each of the years in the three year period ended December 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company, as at December 31, 1986 and 1985 and the results of its operations and changes in its financial position for each of the years in the three year period ended December 31, 1986, in accordance with accounting principles generally accepted in Canada applied on a consistent basis.

Toronto, Canada
March 18, 1987

Thorne Ernst & Whinney
Chartered Accountants

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Year ended December 31

	1986	1985	1984
	(in thousands of dollars)		
FUNDS PROVIDED (USED) BY:			
Operations			
Net loss for the year	**$ (1,150)**	$ (3,450)	$ (5,619)
Non-Cash items			
Depreciation	**1,610**	1,439	932
Deferred income taxes	**—**	(470)	(1,976)
Deferred income	**(90)**	(99)	(98)
Provision for loss	**1,227**	2,117	3,131
	1,597	(463)	(3,630)
(Increase) decrease in mortgages receivable	**(14,614)**	(8,964)	829
Net (increase) decrease in other assets and liabilities	**6,717**	(2,451)	1,696
	(6,300)	(11,878)	(1,105)
Investments			
Development of rental properties and rental properties under construction	**(16,127)**	(11,939)	(4,563)
Construction of projects for sale	**(2,416)**	(9,890)	(7,425)
Expenditures on land under develpment	**(14,087)**	(1,577)	(7,390)
Recovery of costs through real estate sales	**35,834**	55,395	18,186
	3,204	31,989	(1,192)
Financing			
(Decrease) increase in construction and land financing	**(18,188)**	(811)	5,520
Issue of debentures	**—**	5,000	—
Issue of capital stock	**264**	537	—
(Decrease) increase in mortgages payable on rental properties	**18,241**	(18,605)	(4,997)
(Decrease) increase in other mortgages payable	**1,267**	(361)	(55)
(Decrease) increase in bank loans	**1,783**	(5,618)	1,954
	3,367	(19,858)	2,422
Total Funds Provided	**271**	253	125
Cash deficiency at beginning of year	**(42)**	(295)	(420)
Cash (deficiency) at end of year	**$ 229**	$ (42)	$ (295)
Cash is defined as:			
Cash	**$ 1,346**	$ 914	$ 375
Bank overdraft	**(1,117)**	(956)	(670)
	$ 229	$ (42)	$ (295)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1986

(Tabular amounts expressed in thousands of dollars except shares and per share amounts)

Throughout these notes "the Company" refers to Revenue Properties Company Limited, unless the context indicates otherwise. The Company is engaged in the operation of rental properties and real estate development primarily in Canada.

1. Summary of significant accounting policies

(a) *General*

The financial statements are prepared in accordance with accounting principles generally accepted in Canada which, except as described in note 17, conform in all material respects with accounting principles generally accepted in the United States. The accounting policies and financial statement disclosures are substantially in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies.

(b) *Principles of consolidation*

The consolidated financial statements include the accounts of the Company and all of its subsidiaries together with the Company's proportionate share of the assets, liabilities, revenues and expenses of all incorporated and unincorporated joint ventures. All material intercompany accounts and transactions have been eliminated.

(c) *Capitalization of costs*

(i) The Company follows the policy of capitalizing direct carrying costs such as interest, realty taxes and other related costs to land under development and projects under construction. In addition, where the Company acts as general contractor, overhead costs are capitalized as a cost of the property. With respect to construction of rental properties, the construction period is generally considered to have ended when a rental occupancy of approximately 70% has been achieved or the project has attained a breakeven position, subject to not capitalizing costs beyond fair market value of the property.

(ii) The Company also capitalizes that portion of interest on general borrowings considered applicable to land under development and projects under construction provided the carrying value does not exceed the net realizable value at the time of expected sale.

(d) *Income recognition*

(i) Sales of housing and land

Income from these transactions is recognized as follows:

House sales — at the date when title passes, at least 5% of the purchase price has been received, and all material conditions have been fulfilled or provided for.

Condominium sales — when the amount due on closing is received, the purchaser is entitled to occupancy and undertakes to assume a mortgage for the balance of the purchase price.

Land sales — when all material conditions have been fulfilled, at least 15% of the purchase price has been received, and interest has commenced to accrue at a reasonable rate on the balance.

(ii) Construction income

Income from construction contracts is recorded on a percentage of completion basis.

(iii) Rental income

Rental income does not include expenses recovered from tenants.

(e) *Depreciation and amortization*

Depreciation on buildings is provided under the sinking fund method. Under this method depreciation is charged to income in amounts which increase annually consisting of fixed annual sums together with interest compounded at the rate of 5% per annum so as to fully depreciate the buildings over their estimated useful lives of 50 years.

Depreciation on furniture and equipment is provided on a straight-line basis over a 10 year period.

Costs incurred in obtaining leases subsequent to initial leases for commercial and industrial buildings are amortized on a straight-line basis over the term of the leases.

(f) *Deferred income*

(i) The Company follows the policy of deferring its profit on sale and leaseback and similar transactions as sales occur from time to time. This profit is taken back into income on a straight-line basis over the minimum term of the leaseback and is included in income from rental properties.

(g) *Foreign exchange*

Foreign currency transactions entered into directly by the Company as well as financial statements of integrated foreign operations are translated using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates. Other balance sheet items are translated at historical exchange rates. Income statement items are translated at average rates prevailing during the year. Translation gains and losses are included in income except for unrealized gains and losses arising from the translation of long-term monetary assets and liabilities which are deferred and amortized over the remaining lives of the related items.

2. Rental properties

	1986	1985
Land, buildings and equipment at January 1, less accumulated depreciation of $4,096,000 (1985; $4,569,000)	**$ 30,817**	$ 51,351
Additions during year	**1,619**	3,033
Transfer from projects under construction	**29,693**	7,815
	62,129	62,199
Less:		
Disposals at book value	**6,828**	29,943
Depreciation	**1,610**	1,439
Balance December 31, at cost, less accumulated depreciation of $4,973,000 (1985; $4,096,000)	**$ 53,691**	$ 30,817

The cost of freehold land included at December 31 in the above is $3,152,000 (1985; $3,325,000).

3. Mortgages receivable

	1986	1985
Mortgages and notes receivable	**$ 28,039**	$ 12,705
Balances receivable from land sales	**355**	1,075
	$ 28,394	$ 13,780

Mortgages and balances receivable, including $1,678,000 on certain properties leased back, bear interest at rates which vary from 7% to 12% (weighted average rate 9.6%), and mature at various dates to 1999 as follows:

1987	$ 1,682
1988	8,457
1989	9,121
1990	1,427
1991	5,386
1992 and subsequent	2,131
	28,204
Second mortgages taken back on housing units sold mature at various dates to 1995 (interest rates vary from 6.2% to 12.7%)	190
	$ 28,394

4. Mortgages payable on rental properties

	1986	1985
Fixed interest loans	**$ 45,360**	$ 21,482
Range of interest rates	**6.2-13.7%**	6.2-14%
Weighted average interest rate at December 31	**11.1%**	11.6%
Variable interest loans	**$ 2,208**	$ 7,845
Weighted average interest rate at December 31	**10%**	11.4%

Interest rates on the variable interest loans are 0.5% (1985; 0.5% to 2.5%) above the prime interest rate charged by Canadian chartered banks. Principal payments are due as follows:

1987	$ 1,760
1988	3,811
1989	3,047
1990	4,176
1991	2,383
1992 and subsequent	32,391
	$ 47,568

Included in fixed interest loans are $12,389,000 of mortgages payable which have the right to participate in the operating income of the related property. During 1986, 1985 and 1984 no amounts were payable with respect to such participation.

In addition $10,788,106 of these mortgages have the right to fifty per cent of any gain on the disposition of the underlying property.

5. Other loans and mortgages payable

	1986	1985
Fixed interest loans	**$ 994**	$ 1,027
Range of interest rates	**14.7-15.7%**	14.7-15.7%
Weighted average interest rate at December 31	**15.3%**	15.3%
Variable interest loans	**$ 1,950**	$ 650
Weighted average interest rate at December 31	**10.4%**	11.0%

Interest rates on the variable interest loans are 0.5% to 1% (1985; 1%) above the prime interest rate charged by Canadian chartered banks. Principal payments are due as follows:

1987	$ 1,861
1988	1,083
	$ 2,944

6. Construction and land financing

	1986	1985
Fixed interest loans (1985; including loan of U.S. $3,978,000)	—	$ 5,788
Range of interest rates	—	9.6-16.5%
Weighted average interest rate at December 31	—	10.0%
Variable interest loans (including loan of U.S. $1,854,000; 1985; nil)	**$ 10,377**	$ 22,777
Weighted average interest rate at December 31	**10.5%**	11.4%

Interest rates on the variable interest loans are 1.2% to 1.5% (1985; 1.2% to 2.5%) above the prime interest rate charged by Canadian chartered banks. The U.S. loan of $1,854,000 bears interest at 1% above the United States prime interest rate.

Principal payments of these debts are all due in 1987.

7. Bank indebtedness

	1986	1985
Debt outstanding at December 31	**$ 7,004**	$ 5,060
Maximum debt outstanding at any quarter end	**7,631**	13,391
Average debt outstanding at quarter ends	**7,258**	10,349
Weighted average interest rate at year end	**11.6%**	11.3%
Weighted average interest rate during the year	**10.7%**	12.1%

At December 31, 1986, the Company had fully utilized its available lines of credit for general corporate purposes with various banks.

At December 31, 1985, the Company's unused lines of credit for general corporate purposes with various banks aggregated $816,000.

8. Debentures payable

	Maturity Date	Principal	Principal Repayment 1987	Principal Repayment 1988
7½% convertible subordinated sinking fund debentures Series A	June 30, 1988	$ 921	$ 221	$ 700
12% Debentures	August 31, 1988	5,000	—	5,000
		$ 5,921	$ 221	$ 5,700

(a) 7½% convertible subordinated sinking fund debentures — Series A.

The debentures are convertible into units consisting of one-third of a voting Class A share and two-thirds of a Non-voting Class B share on or before June 30, 1988 at $10.22 per unit.

The debentures are redeemable at par (i) to meet sinking fund requirements, and (ii) at any time if throughout the 180 days prior to the date on which notice of redemption is given the market price of a unit has not been less than $12.78.

Under ther terms of a trust indenture, the Company may not declare or pay any dividends or other distributions other than stock dividends on any of its shares as long as any of the Series A Debentures remain outstanding.

(b) 12% Debentures

In September 1985, the Company issued (by way of private placements) 50 units, each consisting of a $100,000 debenture and 50,000 warrants for $100,000 per unit giving total proceeds to the Company of $5,000,000. The debentures mature August 31, 1988 and bear interest at the rate of 12% per annum, interest payable monthly. Each warrant to purchase one Non-voting Class B share of the Company is exercisable at the price of $1 per share until February 28, 1987, thereafter at $1.25 per share until August 31, 1987 and thereafter at $1.50 per share until expiry on August 31, 1988. At December 31, 1986 2,400,000 warrants were outstanding.

Debentures in the amount of $4,100,000 and 1,950,000 warrants were held by directors (or their relatives) of the Company as at December 31, 1986.

In January and February, 1987, all outstanding warrants were exercised.

9. Capital stock

	1986	1985
(a) Authorized		
100 million First preference shares		
100 million Second preference shares		
4,918,319 Class A shares — voting, fully participating		
100 million Non-voting Class B shares — fully participating		
100 Common shares		
Issued		
4,883,225 Class A shares — (1985 — 4,883,230 shares)	**8,007**	8,007
10,094,579 Non-voting Class B shares (1985 — 9,777,917 shares)	**15,967**	15,703
	23,974	23,710

(b) Changes during the year

Changes in the Company's outstanding share capital during the year were as follows:

	Class A Shares		Class B Shares	
	Shares	Amount	Shares	Amount
Balance, December 31, 1985 ...	4,883,230	$8,007	9,777,917	$15,703
Issued on exercise of employee stock options	—	—	216,667	164
Issued on exercise of share purchase warrants...........	—	—	100,000	100
To settle fractional share holdings resulting from conversion of shares.........	(5)	—	(5)	—
	4,883,225	$8,007	10,094,579	$15,967

(c) Stock options

During the year, the Company granted additional options to certain officers and employees of the Company to purchase 90,000 Class B shares of which 8,333 options were terminated. At December 31, 1986 outstanding stock options to officers and employees of the Company were:

Date Granted	Expiry date	Exercise price per share	Number of Class B Shares
November 13, 1985	November 12, 1990	$1.10	200,000
March 27, 1986	April 30, 1989	$1.36	65,000
			265,000

(d) Reserved

The Company has reserved Class A and Class B shares for possible issue as follows:

	No. of Class A Shares	No. of Class B Shares
7½% convertible subordinated sinking fund debentures	34,467	68,933
Employee stock options.....................	—	265,000
Shares purchase warrants (note 8)	—	2,400,000
	34,467	2,733,933

10. Deficit

A Certificate of Amendment dated June 30, 1981 decreased the issued capital of the Company from $27,336,000 to $23,173,000, thereby eliminating the Company's deficit as at January 1, 1981 of $4,163,000.

11. Lease commitments

The Company is the lessee under a number of capital and operating leases:

	Total	Capital Leases	Operating Leases
Gross rental expense — 1986	$ 3,644	$ 1,672	$ 1,972
— 1985	3,813	1,718	2,095
— 1984	3,755	1,639	2,116
Approximate annual rental expenses for next 5 years	1,517	686	831
Aggregate rental expense over term of leases	28,231	6,466	21,765

Capital leases are defined as those which transfer substantially all the risks and benefits of ownership to the lessee.

The Company has not entered into any capital leases subsequent to December 31, 1978. If the Company had capitalized its capital leases acquired prior to that date, the consolidated balance sheet would include:

	1986	1985
Property under capital leases, net of amortization	**$ 4,133**	$ 5,097
Obligations under capital leases	**4,133**	5,097

Amortization is calculated on the sinking fund method over the term of the leases, employing the interest rate implicit in the lease (weighted average of 7.7%) and accordingly, net income would be unchanged.

12. Contingent Liabilities

A partner in a joint venture offered to purchase the Company's interest in the joint venture for $1,047,000. The Company accepted the offer, and was prepared to complete the transaction on the basis that the purchaser would pay the amount offered plus an amount of $2,614,000 representing advances to the joint venture by the Company. The purchaser claims that the offered price included these advances. These advances included costs of construction and servicing amounting to $502,000 which the joint venture has since repaid to the Company. The various claims arising from these facts are proceeding to the discovery stage, and the Company believes that it will be successful.

13. Consolidated statement of income

(a) *Interest*

Interest incurred during the year has been allocated as follows:

	1986	1985	1984
Capitalized			
Rental properties under construction	**$ 1,824**	$ 1,184	$ 1,029
Projects under construction	**101**	156	103
Land under development	**17**	558	2,275
	1,942	1,898	3,407
Expensed			
Rental properties	**3,907**	4,866	5,007
Projects under construction	**456**	792	1,019
Land under development	**834**	2,457	935
Other	**1,628**	241	341
	2,918	3,490	2,295
	$ 8,767	$10,254	$10,709

(b) *Rent controls*

The residential rental operations of the Company and its subsidiaries are subject to the rent controls of the various jurisdictions in which they operate.

14. Income taxes

The expected tax recovery differs from the actual tax recovery as follows:

	1986	1985	1984
Loss before income taxes	**$(1,150)**	$(3,856)	$(7,595)
Computed tax based on statutory rate of 51.5% (51% in 1985 and 1984)	**$ (592)**	$(1,967)	$(3,873)
Increase (decrease) in income taxes resulting from:			
Income taxed at capital gains tax rate	**(412)**	(1,678)	(513)
Losses of Canadian operations not tax benefited	**—**	2,620	—
Losses of U.S. subsidiary company not tax benefited	**1,097**	734	1,985
Other sundry items	**(93)**	(115)	425
Income tax recovery	**$ —**	$ (406)	$(1,976)

Deferred tax recovery results from timing differences in the recognition of revenue and expense for tax and financial accounting purposes. The sources of these differences and the tax effect of each are as follows:

	1985	1984
Operating losses for which the recovery of taxes is provided by the drawdown of deferred tax timing differences	$(470)	$(2,543)
Excess of capital cost allowance over book depreciation	—	340
Net increase in carrying costs of real estate expensed for tax purposes and capitalized for financial accounting purposes	—	187
Net differences resulting from method of deferring income for tax and financial accounting purposes	—	40
	$(470)	$(1,976)

The Company has losses available to reduce future taxable income as follows:

	Losses		
Year of Expiry	Canada	U.S.	Total
1987	$ 7,623	—	$ 7,623
1988	—	—	—
1989	—	—	—
1990	2,919	—	2,919
1991	3,077	—	3,077
1992	7,086	$ 159	7,245
1993	4,243	137	4,380
1994 and subsequent years	—	7,632	7,632
	$24,948	$7,928	$32,876

The portion of the loss carry forward for tax purposes in Canada which has not been recognized in the financial statements amounts to $10,178,000. None of the losses carry forward for tax purposes in the United States have been recognized in the financial statements.

In addition, at December 31, 1986, the undepreciated capital cost of fixed assets exceeds the net book value by approximately $4,443,000.

15. Joint venture operations

The consolidated financial statements include the Company's proportionate interest in its joint ventures.

	1986	1985	1984
Assets	**$ 8,228**	$ 9,901	$30,153
Liabilities	**$ 4,011**	$ 5,182	$29,608
Equity and advances	**4,217**	4,719	545
	$ 8,228	$ 9,901	$30,153
Revenues	**$10,820**	$35,810	$11,297
Expenses	**9,476**	30,237	12,432
Income (loss) before income taxes	**$ 1,344**	$ 5,573	$(1,135)

The Company includes in its balance sheet the proportionate shares of the assets and liabilities of its unincorporated joint ventures. The Company is contingently liable for the other participants' portion of the liabilities of these joint ventures. This contingent liability is approximately $2,000,000 as at December 31, 1986. Against this contingent liability, the Company has recourse to all of the assets of each joint venture as well as the assets of the participants to the extent it is required to pay liabilities in excess of its proportionate share.

16. Related party transactions

(a) Share purchase and other arrangements with the Rubins

Alex and Harry Rubin or members of their related families or companies controlled by them (the "Rubins") are substantial shareholders of the Company and were directors of the Company to June 28, 1985. On December 4, 1986 the Company entered into an agreement with the Rubins to repurchase certain of the Company's Class A shares and to complete certain other arrangements with them. As a result, the Rubins will not be in a position to influence the outcome of any meeting of the shareholders of the Corporation and the Company will have no business interests with the Rubins. The agreement is subject to approval by the shareholders at a meeting to be held on April 13, 1987. The agreement provides that:

(i) The Company will purchase from the Rubins 1,471,701 Class A shares at a price of $3.50 per Class A share for a total consideration of $5,151,000. The purchase will reduce the Class A shares of the Corporation outstanding and the related shareholders' equity.

(ii) The Company will assign to the Rubins for $1 a judgement of $297,180 (U.S.) plus interest from the date of judgement which it obtained against the Rubins related to required equity contributions in a Vero Beach, Florida condominium project.

(iii) The Company will assign to the Rubins for $250,000 its claims against the Rubins in the amount of $449,000 at February 28, 1987 related to a proposed condominium project which did not proceed.

(iv) The Rubins will release all rights which they may have to claim any sums in respect of a joint venture in the Township of Vaughan, Ontario in which the Company has a substantial interest.

(v) In 1981, the Company entered into a joint venture with the Rubins and another party pertaining to a development in the vicinity of Naples, Florida. The Company's obligation is limited to guaranteeing the joint venture's bank financing to a maximum of $1,000,000 (U.S.) for which it was to receive $3,000,000 (U.S.) from the cash flow of the joint venture as defined.

While certain amounts are receivable by the Company pursuant to this agreement no funds have been received by the Company. Pursuant to the December 4, 1986 agreement the Company will terminate its interest in this joint venture for $1,200,000 (U.S.) and the return of its guarantee. The Company has recognized

$1,665,000 in income for the year ended December 31, 1986 representing the Canadian dollar equivalent at the date of accrual since pursuant to the original joint venture agreement it was entitled to receive at least this amount.

(vi) The Company will purchase the Rubins' 50% interest in a hotel in Halifax, Nova Scotia. The Company presently owns the other 50%. The purchase price is $1, and in addition, advances of $500,000 owing to the Rubins and another company owned substantially by the Rubins which operates the hotel will be repaid. This transaction has not been reflected in the Company's financial statements at December 31, 1986.

The Rubins' interest in the hotel at December 31, 1986 is:

Assets	$2,443
Liabilities	2,762
Equity and advances	$ (319)
Revenue	$2,737
Expenses	3,161
Loss	$ 424

Management fees charged to the joint venture by the other company owned substantially by the Rubins were $81,660, $98,957 and $79,969 in 1986, 1985 and 1984 respectively. As part of the purchase the management contract will be terminated.

(b) Other

During 1985, the Company sold its two-thirds interest in a joint venture to each of two parties on the same terms and conditions as to each. The Company's 1985 financial statements include sales of $18,360,000 and gross profit of $3,671,000 with respect to this transaction. One of the purchasers, unrelated to the Company, was the existing participant in the joint venture while the other purchaser was a company controlled by a director of Revenue. The sales price received was in excess of the current appraised value as well as the only offer received.

As consideration for this sale the Company received from each of the purchasers $750,000 in cash plus a promissory note in the amount of $750,000, bearing interest at 8% per annum due December 1, 1989. The promissory notes are included in the balance sheet as at December 31, 1985 at the discounted amount of $703,000 each.

During 1986 the Company sold the note receivable from the unrelated party to that party resulting in a loss of $23,000. The note receivable from the company controlled by a director was sold to parties related to him on the same terms resulting in a similar loss.

Also during 1986, the Company sold a mortgage receivable with a principal amount of $1,000,000 which mortgage was non-interest bearing until March 10, 1988, thereafter bearing interest at the rate of 8% per annum until September 10, 1989 and thereafter bearing interest at the rate of 10% per annum until maturity on September 10, 1990. In the event of sale of the property securing the mortgage, the principal and accrued interest are payable immediately. The mortgage was sold for $735,000 to parties related to a director of the Company. The mortgage was carried at $795,000 resulting in a loss of $60,000.

17. United States Accounting Principles

The Company follows Canadian accounting principles which are different in some respects from those applicable in the United States and from practices prescribed by the United States Securities and Exchange Commission. The only material differences between the Canadian generally accepted accounting principles utilized in the preparation of these financial statements and the applicable U.S. generally accepted accounting principles are the following:

(i) The Company follows the sinking fund method of depreciation on its rental properties. This method will write off the cost of the building over 50 years in annual amounts increasing at the rate of 5% compounded annually.

Under United States accounting principles, the Company would have adopted the straight-line method of depreciation. This method would write off the cost of the building in equal annual amounts over 40 years.

(ii) A number of leases which meet the criteria of capital leases are accounted for as operating leases and the effect of which are disclosed in note 11. Under United States accounting principles, these leases would have been capitalized.

These differences would have affected net income and earnings per share as follows:

	1986	1985	1984
Loss based on Canadian accounting principles	**$(1,150)**	$(3,450)	$(5,619)
Net changes due to depreciation method			
Depreciation expense	**(492)**	(782)	(755)
Rental properties — cost of sales	**493**	3,671	250
Deferred income taxes	**—**	(1,473)	258
Net changes due to capitalization of capital leases			
Interest expense	**(279)**	(428)	(495)
Amortization expense	**(605)**	(605)	(605)
Property operating expenses	**1,242**	1,318	1,318
Deferred income taxes	**(183)**	(145)	(111)
Loss based on United States accounting principles	**$ (974)**	$(1,894)	$(5,759)
Loss per share			
Canadian accounting principles	**(7.8¢)**	(23.9¢)	(39.7¢)
United States accounting principles	**(6.6¢)**	(13.1¢)	(40.7¢)

The cumulative effect of the application of the above noted United States accounting principles on deficit would be as follows:

	1986	1985	1984
Deficit at beginning of year as reported	**$(9,458)**	$(6,008)	$ (389)
Effect of changes			
Depreciation method	**(3,468)**	(4,884)	(4,637)
Capitalization of capital leases	**(1,075)**	(1,215)	(1,322)
Deficit at beginning of year based on United States accounting principles	**(14,001)**	(12,107)	(6,348)
Loss based on United States accounting principles	**(974)**	(1,894)	(5,759)
Deficit at end of year based on United States accounting principles	**(14,975)**	(14,001)	(12,107)
Deficit as reported under Canadian accounting principles	**(10,608)**	(9,458)	(6,008)
Cumulative effect of changes net of income taxes	**$(4,367)**	$(4,543)	$(6,099)

FIVE YEAR SUMMARY OF OPERATIONS
Years ended December 31

	1986	1985	1984	1983	1982
	(in thousands of dollars, except per share amounts)				
Rental operations					
Revenue	**$14,757**	$18,117	$17,552	$19,149	$18,678
Property operating expenses	**8,387**	11,069	10,985	12,806	12,963
Interest	**3,907**	4,866	5,007	5,023	4,561
	2,463	2,182	1,560	1,320	1,154
Sales of rental properties and interest in management contract	**8,465**	35,425	3,816	5,852	2,213
Cost of sales	**7,124**	30,748	1,711	1,233	925
	1,341	4,677	2,105	4,619	1,288
Sales of construction, land under development and surplus land	**30,595**	23,959	15,295	16,624	13,776
Cost of sales	**29,901**	25,930	17,441	17,219	12,996
	694	(1,971)	(2,146)	(595)	780
Other income	**1,914**	637	1,043	1,095	1,890
Gross profit from operations	**6,412**	5,525	2,562	6,439	5,112
Interest expense less amounts capitalized	**2,918**	3,490	2,295	1,567	2,116
Administration and general expenses	**1,406**	1,800	3,397	2,994	3,234
Provision for loss on real estate and carrying costs expensed	**1,442**	2,738	3,621	736	1,609
	646	(2,503)	(6,751)	1,142	(1,847)
Share of income (loss) from hotel operations	**(424)**	(132)	(92)	(109)	19
Income (loss) before income taxes and depreciation	**222**	(2,635)	(6,843)	1,033	(1,828)
Depreciation	**1,372**	1,221	752	886	744
Income (loss) from continuing operations before income taxes	**(1,150)**	(3,856)	(7,595)	147	(2,572)
Income taxes					
Current	**—**	64	—	—	—
Deferred	**—**	(470)	(1,976)	693	(1,656)
Loss from continuing operations	**(1,150)**	(3,450)	(5,619)	(546)	(916)
Loss from discontinued operations (net of income tax recovery of $267,000 in 1983; $113,000 in 1982)	**—**	—	—	(764)	(159)
Loss for the year	**$(1,150)**	$(3,450)	$(5,619)	$(1,310)	$(1,075)
Interest capitalized	**$ 1,942**	$ 1,898	$ 3,407	$ 3,939	$ 5,924
Loss per Share:					
Loss from continuing operations	**(7.8¢)**	(23.9¢)	(39.7¢)	(3.9¢)	(6.5¢)
Loss for the year	**(7.8¢)**	(23.9¢)	(39.7¢)	(9.2¢)	(7.6¢)
Weighted average number of shares (in thousands)	**14,809**	14,412	14,166	14,166	14,166

SUPPLEMENTARY INFORMATION

Capital Resources

The Company establishes separate lines of credit with various banks for real estate construction and development purposes on a project financing basis. The proceeds from these lines have constituted the major sources of the Company's capital during the past three fiscal years. These lines of credit are subject to fluctuations in interest rates to a greater extent than long-term debts.

Effects of Changing Prices

The CICA issued a recommendation in December, 1982 calling for inflation-adjusted supplementary reporting. The Company has not provided this information as it has serious reservations as to whether this supplementary information is appropriate in measuring the impact of inflation under the circumstances of the Company's operations. Land is unique in its value and is not a commodity. Information presented may be misleading to the reader, will be of limited value and will not be comparable with that of other companies, including those companies operating within the industry segments in which the Company operates.

Impact of Inflation

The Company's rental operation is somewhat protected from inflation because virtually all commercial and industrial leases require the tenant to pay for increases in maintenance costs, utilities and realty taxes. The impact of inflation in the residential operations and land development and servicing operations is not significant when compared to the effects of interest rate, and governmental controls. The long-term appreciation in rental properties is expected to offset the impact of inflation.

Selected Financial Data

	1986	1985	1984	1983	1982
	(in thousands of dollars, except per share amounts)				
Gross revenue	**$55,731**	$78,138	$37,706	$42,720	$36,557
Loss from continuing operations	**(1,150)**	(3,450)	(5,619)	(546)	(916)
Loss from continuing operations per share	**(7.8¢)**	(23.9¢)	(39.7¢)	(3.9¢)	(6.5¢)
Total assets	**103,562**	94,416	118,878	121,702	127,448
Interest bearing debt	**73,814**	70,550	90,659	88,268	89,201
Capital lease obligation	**4,133**	5,097	5,987	6,810	13,776
Cash dividends per common share	**none**	none	none	none	none
Cash generated from (utilized in) continuing operations	**1,597**	(463)	(3,630)	793	(410)

Quarterly Financial Data (unaudited)

	Quarter				
	First	Second	Third	Fourth	Year
	(in thousands of dollars, except per share amounts)				
1986					
Gross revenue	$ 5,413	$13,399	$11,440	$25,479	$55,731
Gross profit	967	1,386	2,606	1,453	6,412
Net income (loss)	(836)	(156)	(278)	120	(1,150)
Income (loss) per share	(5.7¢)	(1.0¢)	(1.9¢)	0.8¢	(7.8¢)
1985					
Gross revenue	$ 7,711	$12,323	$25,005	$33,099	$78,138
Gross profit (loss)	182	1,575	(668)	4,436	5,525
Net income (loss)	(1,516)	(1,258)	(3,563)	2,887	(3,450)
Income (loss) per share	(10.7¢)	(8.9¢)	(23.6¢)	19.3¢	(23.9¢)

Market for the Registrant's Stock and Related Security Holder Matters

Approximate number of holders of record of each class of equity securities of the Company as at January 31, 1987:

Title of Class	Number of Record Holders
Class A Shares (4,883,225)	5,946
Class B Shares (12,202,879)	6,144
7½% Convertible Subordinated Sinking Fund Debentures, Series A	43
12% Debentures	13

The following is a summary of prices per share by quarters on The Toronto Stock Exchange, the principal market for these shares:

Class A	1986				1985			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
High	**$3.65**	**$3.30**	**$3.25**	**$2.85**	$2.30	$2.45	$2.20	$1.40
Low	**2.95**	**2.90**	**2.30**	**1.80**	1.95	1.75	1.21	1.01

Class B	1986				1985			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
High	**$3.15**	**$2.95**	**$2.55**	**$1.72**	$1.50	$1.45	$1.15	$0.74
Low	**2.45**	**2.12**	**1.60**	**1.30**	1.01	0.82	0.57	0.41

Historic Canadian Dollar to United States Exchange Rates

Since June 1, 1970, the government of Canada has permitted a floating exchange rate to determine the value of the Canadian dollar against the United States dollar. The high and low spot rates, average rates and period end rates for the Canadian dollar equivalent of the United States dollar for the five years ended December 31, 1986 and the period January 1, 1987 to January 31, 1987 as reported by the Federal Reserve Bank of New York were as follows:

	Jan.1 to Jan. 31/87	1986	1985	1984	1983	1982
High..........	$0.7464	$0.7331	$0.7574	$0.8054	$0.8201	$0.8396
Low	0.7256	0.6954	0.7138	0.7492	0.7993	0.7691
Average	0.7351	0.7197	0.7322	0.7710	0.8108	0.8088
Period end	0.7464	0.7244	0.7151	0.7566	0.8035	0.8132

PROJECTS UNDER CONSTRUCTION

Location	Proposed Use		Percentage Company Profit Participation
Vero Beach, Florida	Condominiums	34 units	100
Ajax, Ontario	Commercial	11,600 square feet	100

LAND UNDER DEVELOPMENT

Location	Proposed Use	Approximate Number of Acres	Percentage Company Profit Participation
Ontario			
Ajax	Municipal	5	100
Guelph	Multiple	834	75
Port Dover	Commercial & Residential	93	33
Simcoe	Residential	3	33
Vaughan	Residential	7	44
Quebec			
Boucherville	Industrial	14	100
		956	

RENTAL PROPERTIES OWNED

as at December 31, 1986

	Year Completed	Number of Buildings	Rentable Area (Approx. Sq. Ft.)	No. Of Residential Units	Land Lease Terminates	Company's Interest %	Company's Interest Sq. Ft.	Company's Interest Residential Units
Industrial buildings								
Toronto, Ontario . . .	1957	1	47,100		OWNED	100	47,100	
La Salle, Quebec . .	1964	1	9,300		OWNED	100	9,300	
Dorval, Quebec	1967/1974	13	575,200		2019/20*	100	575,200	
Commercial and Residential Buildings								
Toronto, Ontario . . .	1963/1986	1	93,000	156	2060	100	93,000	156
Toronto, Ontario . . .	1976	1	9,300		2019	75	7,000	
Toronto, Ontario . . .	1970/1978	2	13,600		2020/27	100	13,600	
Dorval, Quebec	1969/1973	3	69,900		2019/20*	100	69,900	
Pte. Claire, Quebec	1985/1986	3	76,600		OWNED	100	76,600	
Pte. Claire, Quebec	1980	1	67,500		OWNED	100	67,500	
Saint John, N.B. . . .	1971	1	202,000		OWNED	50	101,000	
Hotel								
Halifax, N.S.	1930	1	5,000	314	OWNED	50**	2,500	157
TOTAL		28	1,168,500	470			1,062,700	313

RENTAL PROPERTIES SOLD AND LEASED BACK

	Year Completed	Number of Buildings	Rentable Area (Approx. Sq. Ft.)	No. Of Residential Units	Lease Terminates	Company's Interest %	Company's Interest Sq. Ft.	Company's Interest Residential Units
Industrial Buildings								
Toronto, Ontario . . .	1969	1	49,200		1999	100	49,200	
Toronto, Ontario . . .	1967	2	74,000		1987	50	37,000	
Commercial and Residential Buildings								
Saint John, N.B. . . .	1971	1	202,000		1992	50	101,000	
Halifax, N.S.	1961	1	—	240	1987	100	—	240
Toronto, Ontario . . .	1977/78	2	—	728	2024	50	—	364
Toronto, Ontario . . .	1965/66	2	—	352	1989/97	100	—	352
Toronto, Ontario . . .	1965	1	—	102	2064	100	—	102
TOTAL		10	325,200	1,422			187,200	1,058
							1,249,900	1,371

* In March 1987 the company agreed with the lessor, the Government of Canada, to purchase the leased land for $2,500,000.

** The Company has agreed, subject to shareholder approval, to purchase the remaining 50% interest in the hotel operation for $1.

CORPORATE INFORMATION

DIRECTORS

*__RICHARD A. BAIN, Q.C.__, Toronto
Partner, Fogler Rubinoff
Barristers and Solicitors

†**ARTHUR H. CROCKETT**, Toronto
Corporate Director

†**WATSON W. EVANS**, Toronto
Retired

*__MAXWELL GOLDHAR__, Toronto
Chairman of the Board
Revenue Properties Company Limited

KEN KELMAN, Toronto
Vice-President
First Canada Financial Corporation

*†**THEODORE I. SHERMAN**, Toronto
President and Chief Executive Officer
Revenue Properties Company Limited

MARK M. TANZ, Bahamas
Director
United Income Properties Limited

RUSSELL E. TANZ, Toronto
Executive Vice-President
United Income Properties Limited

*Member of Executive Committee
†Member of Audit Committee

OFFICERS

MAXWELL GOLDHAR
Chairman of the Board

THEODORE I. SHERMAN
President and Chief Executive Officer

RICHARD A. BAIN
Secretary

PAUL W. HELLEN
Assistant Secretary

SARA TUBERMAN
Assistant Secretary

LOUIS FORBES
Controller

HEAD OFFICE
The Colonnade
131 Bloor Street West, Suite 300
Toronto, Ontario M5S 1R1

COMMON SHARES
Registrar & Transfer Agent
The National Victoria and Grey Trust Company
Co-Registrar & Co-Transfer Agent
The Canadian Imperial Bank of Commerce Trust Company, New York

SUBORDINATED DEBENTURES
Trustee: The National Victoria & Grey Trust Company

AUDITORS
Thorne Ernst & Whinney

FORM 10-K
The Company has filed its Annual Report with the Securities and Exchange Commission. The report may be obtained by written request to Revenue Properties at its head office.

Litho Canada
BOWNE of Canada