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revenue properties company limited
annual report 1983



REVENUE PROPERTIES COMPANY LIMITED

CONTENTS:	Page
Chairman's Report	2
President's Report	3
Development Projects	4
Consolidated Balance Sheet.....	6
Consolidated Statement of Income.....	7
Consolidated Statement of Retained Earnings (Deficit).....	8
Auditors' Report.....	8
Consolidated Statement of Changes in Financial Position..	9
Notes to Consolidated Financial Statements	10
Five Year Summary of Operations	19
Supplementary Information.....	20
Summary of Principal Holdings	25
Corporate Information.....	27

WIND ROSS LIBRARY
OF MANAGEMENT
MAY 18 1984
LL UNIVERSITY



Chairman's Report

Fiscal 1983 is now behind us and we see more and more positive signs of a gradual economic recovery. We anticipate this climate to continue through most of '84 because of the financial and political calm which usually precedes an election year. The results of the elections both in Canada and the United States will set the trend for 1985.

New homes sales across Canada were stimulated in the second half of 1983 due to an amendment to the Registered Home Ownership Savings Plan included in the federal government April '83 budget, which provides for a topping-up allowance to a maximum of \$10,000. Coupled with the stabilizing of mortgage rates, this trend has continued through the first quarter of '84 and most economic forecasts now concur that the housing industry recovery is well underway.

The development industry is gradually getting used to the new ground rules brought about by the financial hardships of 1982, with strong emphasis on maximizing existing assets and concentrating on short to medium-term developable projects rather than land-banking for the future. Long term assets are the subject of intensive reviews to determine if their development can be accelerated or whether disposal is appropriate.

Looking forward to 1984, we see some light at the end of the tunnel and expect to see an improvement in the Company's performance.

Maxwell Goldhar
Chairman of the
Board

Toronto, Canada
April 30, 1984



President's Report

The year 1983 proved to be another challenging year for the Company, and we managed to generate a pre-tax profit of \$147,000 from continuing operations, compared with a loss of \$2,572,000 for 1982. However, a \$764,000 loss from the discontinued operations of the oil and gas subsidiary increased our 1983 loss to \$1,310,000 or 9.2¢ per share.

Rental operations continued to improve both at the revenue and expense control levels, showing a 6.2% gross profit increase over last year. The sale of revenue producing real estate which included two buildings and a management contract on nine properties resulted in a profit of \$4,619,000. Sale of construction and land held for development, however, showed a loss of \$595,000 due primarily to heavy downward pressure on prices and markets in our Boucherville and Seacove projects. Our administration and general expenses were reduced over last year, before non-recurring severance and termination costs of \$229,000.

The prospects for several of our construction projects continue to look encouraging. The first phase of our Ajax, Ontario project was sold out during the year and Phase II, consisting of 116 single-family homes, was launched in October and 62 firm sales have been reported to date. Final plans are underway to renovate Phase II of the Brewery Square project in Toronto, which is scheduled for completion in 1984. A small commercial development planned for the Bayley Street property in Ajax, Ontario is also scheduled to commence in 1984. The Davenport, Toronto, project now has complete zoning approval and the construction of 30 housing units will commence shortly. Plans for major redevelopment of The Colonnade to a hotel have met with strong municipal opposition and until municipal approvals are obtained, construction will not commence.

Demand for serviced lots by builders is improving. This year, we will begin servicing Phase III of our Vaughan Township, Ontario project. We anticipate that this phase will be sold out during 1984.

During 1984, we will continue to maximize our existing assets and we look forward to a strong 1984 performance.

Michael G. Wright
President

Toronto, Canada
April 30, 1984



Development Projects:

Ajax, Ontario

Commercial Site:

A new site plan has been approved for this development consisting of commercial and office space. Leasing is underway. Construction will commence in 1984.

Housing:

Sales of houses in our Picov Estates development have been very successful. Phase I, consisting of 104 single family homes has been completed and sold. Phase II, consisting of 116 single family houses, was launched in October 1983. To date, 62 firm sales have been reported.

Land Development:

Picov Estates Phase III (420 units) will be registered late summer 1984. Development of Phase IV is proceeding. The Company is proceeding to develop the remaining lands with the intent of enhancing value for possible sale as unserviced land.

Burlington, Ontario

Burloak Industrial Park:

The Company has a management contract involving 300 acres of industrial land in Burlington, Ontario. The first phase of this project, an area that comprises approximately 50 acres, has been approved. A pre-sale programme is underway. If this programme is successful, this land will be serviced in 1984.

Guelph, Ontario

A large low density industrial and residential development and golf course is being considered in the Township in Guelph. The lands within the town are being evaluated as to potential early development.

Uxbridge, Ontario

The Company is attempting to dispose of all property at its highest and best use. Several estate lot subdivisions are currently being processed.

Stouffville, Ontario

This project consists of 93 partially serviced $\frac{3}{4}$ acre estate lots. Servicing and sale of this project is projected for late 1984.

Toronto, Ontario

Land Development:

The Torlease project is located between Bathurst and Yonge Streets just north of Steeles, adjacent to the northern boundary of Metropolitan Toronto. Phase IV, consisting of 212 low density units, will be serviced and sold in 1984. The Company will close in 1984 a townhouse block consisting of 115 units. Additional acreage is held on Yonge Street and is currently being rezoned to permit high density development.

Residential:

We are currently developing a site of approximately 1.5 acres in the Davenport Road and Dufferin area. This development has received approval for 30 low density units. Construction and servicing will commence in 1984.



The Colonnade Hotel:

Plans for major redevelopment of the Colonnade to a hotel have met municipal opposition. Subject to obtaining the necessary approvals, development is expected to start this year.

Office and Commercial:

Original plans for the second phase of restoration of the Dominion Brewery have been scaled down to 19,805 sq. ft. Construction has commenced in January 1984 and is scheduled to be completed by August 1984. 60% of this space will be occupied by an existing tenant and leasing activities are underway for the remaining space.

Office Complex:

The leasing of the second phase of Meadowvale Court is now completed.

Residential:

The residential housing market continues to be slow in the Montreal area. During 1983 35 units have been sold.

Servicing of approximately 100 lots in Phase 6 is expected to commence in August 1984. In order to accelerate sales, the Company is planning a new marketing program in conjunction with other builders in the area.

We are finalizing plans, and expect to start construction of a new commercial development in June 1984. The centre will contain approximately 77,000 sq. ft. of which 12,000 sq. ft. has been pre-leased to date.

Golf and Country Club:

In a joint venture with Westok Holdings Limited, a golf and country club facility known as Quail Creek Country Club has been developed in Naples, Florida. A 36 hole golf course and construction of the main clubhouse have been completed. To date, approximately 423 golfing memberships, 164 social memberships and 64 lots have been sold. The Company's obligation is limited to guaranteeing certain financing of the joint venture for which it will receive \$3 million U.S.

Condominiums:

Seacove, a 42 unit condominium building and 1616 South Ocean Drive, a 52 unit condominium building were completed in 1982. 13 units have been sold to date and the Company has undertaken aesthetic improvements to make the project more marketable. Negotiations are currently underway for the sale of 47 units in 1616 South Ocean Drive and a major sales programme has been launched to sell the remaining units.

Land Development:

The Company owns an additional site at Vero Beach for a proposed development that would contain approximately 50 units. The Company is currently negotiating the sale of this property.

**Mississauga,
Ontario**

**Boucherville,
Quebec**

**Pointe Claire,
Quebec**

**Naples,
Florida**

**Vero Beach,
Florida**



REVENUE PROPERTIES COMPANY LIMITED

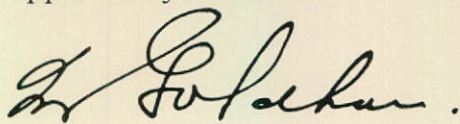
Consolidated Balance Sheet

DECEMBER 31

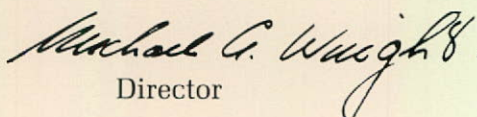
Expressed in Canadian dollars
(U.S. dollar equivalent
December 31, 1983, \$0.80 U.S.;
December 31, 1982, \$0.81 U.S.)

	Note	1983	1982
(in thousands of dollars)			
ASSETS			
Revenue producing real estate	2	\$ 58,744	\$ 50,444
Construction in progress	3	11,845	21,864
Land held for and under development	4	39,626	39,706
Accounts and mortgages receivable	5	8,900	10,338
Other assets	6	2,793	4,886
Cash		281	654
		<u>\$122,189</u>	<u>\$127,892</u>
LIABILITIES			
Mortgages and loans payable on revenue producing real estate	7	\$ 52,929	\$ 41,303
Other loans and mortgages payable	8	6,453	15,106
Sinking-fund debentures	9	921	921
Bank indebtedness	10	27,965	31,871
Accounts payable and accrued liabilities		7,749	10,863
		<u>96,017</u>	<u>100,064</u>
Deferred income		942	1,714
Deferred income taxes		2,446	2,020
		<u>99,405</u>	<u>103,798</u>
SHAREHOLDERS' EQUITY			
Capital stock			
Authorized			
100 million First preference shares			
100 million Second preference shares			
4,918,242 Class A shares – voting, fully participating			
100 million Non-voting Class B shares —			
fully participating			
100 Common shares			
Issued			
4,718,242 Class A shares – voting, fully participating			
(1982 — 4,718,278 shares)		\$ 7,718	\$ 7,718
9,447,905 Non-voting Class B shares — fully participating			
(1982 — 9,447,869 shares)		15,455	15,455
		<u>23,173</u>	<u>23,173</u>
Retained earnings (deficit)	11	(389)	921
		<u>22,784</u>	<u>24,094</u>
		<u>\$122,189</u>	<u>\$127,892</u>

Approved by the Board



Director



Director



Consolidated Statement of Income

YEAR ENDED DECEMBER 31

	1983	1982	1981
	(In thousands of dollars, except per share amounts)		
Rental operations			
Income from revenue producing real estate	\$21,830	\$21,183	\$20,051
Property operating expenses	\$15,226	\$15,128	\$13,958
Depreciation	1,035	813	651
Gross profit	5,569	5,242	5,442
Sales of revenue producing real estate and interest in management contract	5,852	2,213	7,582
Cost of sales	1,233	925	5,121
Gross profit	4,619	1,288	2,461
Sales of construction, land held for development and surplus land	16,624	13,776	29,218
Cost of sales	17,219	12,996	24,874
Gross profit (loss)	(595)	780	4,344
Interest and other income	1,095	1,890	1,985
Gross profit from operations	10,688	9,200	14,232
Deduct:			
Interest expense less amounts capitalized (note 13 (a))	6,811	6,929	7,889
Administration and general expenses	2,994	2,833	2,522
Discount on sale of mortgages receivable	—	401	—
Provision for loss on real estate and carrying costs expensed	736	1,609	1,383
	10,541	11,772	11,794
Income (loss) from continuing operations before income taxes	147	(2,572)	2,438
Deferred income taxes (note 14)	693	(1,656)	548
Income (loss) from continuing operations	(546)	(916)	1,890
Income (loss) from discontinued operations (net of income taxes (recovery) of (\$267,000); 1982 — (\$113,000); 1981 — \$121,000)	(764)	(159)	106
Net income (loss)	\$ (1,310)	\$ (1,075)	\$ 1,996
Earnings (loss) per share			
Earnings (loss) from continuing operations	(3.9¢)	(6.5¢)	13.3¢
Earnings (loss)	(9.2¢)	(7.6¢)	14.1¢



REVENUE PROPERTIES COMPANY LIMITED

Consolidated Statement of Retained Earnings (Deficit)

YEAR ENDED DECEMBER 31

	<u>1983</u>	<u>1982</u>	<u>1981</u>
	(in thousands of dollars)		
Retained earnings (deficit) at beginning of year	\$ 921	\$ 1,996	\$ (4,163)
Elimination of deficit as at January 1, 1981 by reducing share capital (note 11).....	<u>—</u>	<u>—</u>	<u>4,163</u>
	921	1,996	—
Net income (loss)	<u>(1,310)</u>	<u>(1,075)</u>	<u>1,996</u>
Retained earnings (deficit) at end of year	<u>\$ (389)</u>	<u>\$ 921</u>	<u>\$ 1,996</u>

Auditors' Report

To the Shareholders of Revenue Properties Company Limited

We have examined the consolidated balance sheet of Revenue Properties Company Limited and subsidiaries, joint ventures and partnership as at December 31, 1983 and 1982, and the consolidated statements of income, retained earnings (deficit) and changes in financial position for each of the years in the three year period ended December 31, 1983. 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 companies, joint ventures and partnership as at December 31, 1983 and 1982 and the results of their operations and the changes in their financial position for each of the years in the three year period ended December 31, 1983, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada
March 23, 1984

Thorne Riddell
Chartered Accountants



Consolidated Statement of Changes in Financial Position

YEAR ENDED DECEMBER 31

	<u>1983</u>	<u>1982</u>	<u>1981</u>
	(in thousands of dollars)		
SOURCE OF CASH			
Net income (loss) from continuing operations.....	\$ (546)	\$ (916)	\$ 1,890
Items not requiring current cash outlay			
Depreciation.....	1,035	813	651
Deferred income taxes.....	693	(1,656)	548
Deferred income.....	(739)	(191)	(714)
Provision for loss on real estate.....	350	1,540	1,315
Cash flow (deficiency) from continuing operations.....	<u>793</u>	<u>(410)</u>	<u>3,690</u>
Decrease (increase) in mortgages, notes and balances receivable for land sold under agreements of purchase and sale.....	1,429	7,144	(1,375)
Decrease (increase) in other projects under construction.....	6,520	(3,410)	5,172
Net increase in loans and mortgages payable.....	2,973	1,969	(46)
	<u>\$11,715</u>	<u>\$ 5,293</u>	<u>\$ 7,441</u>
USE OF CASH			
Increase in land held for and under development.....	\$ 1,915	\$ 5,110	\$ 8,057
Increase in revenue producing real estate and revenue producing real estate under construction.....	4,191	2,904	4,881
Repayment of sinking fund debentures.....	—	—	877
Decrease (increase) in bank loans.....	3,697	(590)	(6,439)
Net changes in other assets and liabilities.....	1,964	(3,312)	(399)
Net use of cash in discontinued operations.....	112	201	1,081
Increase (decrease) in cash.....	(164)	980	(617)
	<u>\$11,715</u>	<u>\$ 5,293</u>	<u>\$ 7,441</u>
Cash is defined as:			
Cash.....	\$ 281	\$ 654	\$ 646
Bank overdraft.....	701	910	1,882
	<u>\$ (420)</u>	<u>\$ (256)</u>	<u>\$ (1,236)</u>



REVENUE PROPERTIES COMPANY LIMITED

Notes to Consolidated Financial Statements

DECEMBER 31, 1983

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

Throughout these notes "the Company" refers to Revenue Properties Company Limited, its consolidated subsidiaries, joint ventures and partnership 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. The accounting policies and financial statement disclosures are substantially in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies of which the Company is a member.

(b) Principles of Consolidation

The consolidated financial statements include:

- the accounts of the Company and all subsidiary companies. All significant inter-company transactions have been eliminated. The principal active subsidiaries are:

	<u>Ownership %</u>
Metropolitan Estates Corporation	100
Revenue Properties Central Developments Limited	100

- the proportionate share of the assets, liabilities, revenues and expenses of unincorporated joint ventures and partnership.

(c) Capitalization of Costs

- The Company follows the policy of capitalizing direct carrying costs such as interest, realty taxes and other related costs to land held for and under development and construction in progress. With respect to construction of revenue producing real estate, the construction period is generally considered to have ended when a rental occupancy of approximately 70% has been achieved and the project has attained a breakeven position subject to not capitalizing costs beyond fair market value of the property.
- The Company also capitalizes that portion of interest on general borrowings considered applicable to land held for and under development and construction in progress, 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 revenue producing real estate.

(ii) Where the Company sells buildings and provides cash flow guarantees, the portion of the sales price which is determined to be applicable to such guarantees is recorded as deferred income. Similarly, where the Company constructs buildings under a construction agreement and leases same, the portion of the contracting profits which is determined to be applicable to operating losses anticipated to occur during the minimum period of the lease, is recorded as deferred income. These amounts are transferred to income in amounts which are determined at the time of providing the guarantee or the commencement of the lease.

(g) Foreign Exchange

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the balance sheet dates. Land held for and under development and construction in progress are translated at rates in effect at dates of acquisition. Revenues and expenses are translated at the weighted average rate during the year.

2. Revenue Producing Real Estate

	<u>1983</u>	<u>1982</u>
Land, buildings and equipment at January 1, less accumulated depreciation of \$4,536,000 (1982; \$3,842,000)	\$50,444	\$50,558
Additions during year	10,562	2,755
	61,006	53,313
Less: Disposal at net book value	1,227	821
Transfer of property to construction in progress	—	1,235
Depreciation expense for the year	1,035	813
Balance December 31, at cost, less accumulated depreciation of \$5,155,000 (1982; \$4,536,000)	<u>\$58,744</u>	<u>\$50,444</u>

The cost of freehold land included at December 31 in the above is \$4,439,000 (1982; \$3,415,000).

3. Construction In Progress

	<u>1983</u>	<u>1982</u>
Revenue producing real estate		
Commercial	\$ 2,738	\$ 7,881
Projects under construction and for sale		
Housing	829	4,011
Multiple unit residential buildings	8,264	9,867
Commercial	14	105
	<u>\$11,845</u>	<u>\$21,864</u>



4. Land Held For and Under Development

	<u>1983</u>	<u>1982</u>
Balance, January 1	\$39,706	\$36,524
Additions during the year		
Acquisitions	—	2,901
Development costs	2,512	1,757
Interest	2,699	3,538
Other carrying charges	506	485
	<u>45,423</u>	<u>45,205</u>
Less:		
Transfers to or from revenue producing real estate and construction in progress	1,713	489
Cost of land sold	3,802	3,572
Provision for loss	282	1,438
Balance, December 31	<u>\$39,626</u>	<u>\$39,706</u>

5. Accounts and Mortgages Receivable

	<u>1983</u>	<u>1982</u>
Mortgages and notes receivable	\$ 5,645	\$ 6,346
Balances receivable for land sold under agreements of purchase and sale	—	728
	<u>5,645</u>	<u>7,074</u>
Rents and other receivables	3,255	3,264
	<u>\$ 8,900</u>	<u>\$10,338</u>

Mortgages and balances receivable, including \$2,147,000 on certain properties leased back, bear interest at rates which vary from 6% to 15% (weighted average 9.5%), and mature at various dates to 1999 as follows:

1984	\$ 866
1985	827
1986	397
1987	244
1988	213
1989 and subsequent	2,836
	<u>5,383</u>
Second mortgages taken back on housing units sold mature at various dates to 1995 (interest rates vary from 6.2% to 17.5%)	262
	<u>\$ 5,645</u>

6. Other Assets

	<u>1983</u>	<u>1982</u>
Prepaid expenses and sundry assets	\$ 2,065	\$ 2,681
Costs recoverable from tenants	273	698
Investments, at cost	373	65
Net assets of discontinued operations	—	1,229
Surplus land	82	213
	<u>\$ 2,793</u>	<u>\$ 4,886</u>



7. Mortgages and Loans Payable on Revenue Producing Real Estate

	<u>1983</u>	<u>1982</u>
Fixed interest loans	\$45,268	\$30,715
Range of interest rates	6.2 – 18%	7.5 – 18%
Weighted average interest rate	10.7%	10.6%
Variable interest loans	\$ 7,661	\$10,588
Weighted average interest rates	13.1%	14.2%

The effective interest rates on the variable interest loans are 1-2.3% (1982; 1-2.5%) above the prime interest rate charged by Canadian chartered banks. Principal payments are due as follows:

1984	\$ 6,436
1985	8,009
1986	2,130
1987	2,612
1988	6,716
1989 and subsequent	<u>27,026</u>
	<u>\$52,929</u>

8. Other Loans and Mortgages Payable

	<u>Secured by</u>	
	<u>Real Estate</u>	<u>Mortgages Receivable</u>
<u>1983</u>		
Fixed interest loans	\$ 551	\$ 1,079
Range of interest rates	10.5 – 13.5%	14.7 – 15.7%
Weighted average interest rate	11.4%	15.3%
Variable interest loans	\$ 2,101	\$ 840
Weighted average interest rate	13.8%	12.2%
<u>1982</u>		
Fixed interest loans	\$ 2,410	\$ 1,100
Range of interest rates	6.5 – 16%	14.7 – 15.7%
Weighted average interest rate	13.2%	15.3%
Variable interest loans	\$ 1,453	\$ 1,240
Weighted average interest rate	14.7%	14.4%

Interest rates on the variable interest loans in both years vary 1% to 3.5% above the prime interest rate charged by Canadian chartered banks.

			<u>Total</u>
Principal payments are due as follows:			
1984	\$ 1,242	\$ 65	\$ 1,307
1985	1,244	829	2,073
1986	—	33	33
1987	—	561	561
1988	166	431	597
	<u>\$ 2,652</u>	<u>\$ 1,919</u>	4,571
Interim financing secured by certain properties under construction			<u>1,882</u>
			<u>\$ 6,453</u>



9. Sinking Fund Debentures

7½% convertible subordinated sinking fund debentures – Series A, due June 30, 1988. Outstanding December 31, 1983 and 1982 \$921,000.

(a) Convertible Features

The debentures are convertible on or before June 30, 1988 at \$10.59 per unit. A unit is one-third of a voting class A share and two-thirds of a class B share.

The above conversion price is subject to anti-dilution provisions.

(b) Sinking Fund Requirements

Sinking fund payments will not be required until at least 1987.

(c) Redemption

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 the common shares has not been less than \$13.24.

(d) Dividend Restrictions

The payment of dividends is restricted by the terms of the trust indenture.

10. Bank Indebtedness

	<u>1983</u>	<u>1982</u>
Bank indebtedness secured by:		
Construction in progress	\$ 8,184	\$ 8,394
Land held for and under development.....	11,762	12,159
Mortgages and notes receivable.....	93	1,700
Revenue producing real estate.....	7,041	8,248
Unsecured	<u>885</u>	<u>1,300</u>
	<u>\$27,965</u>	<u>\$31,871</u>
Maximum debt outstanding at any quarter end.....	\$30,832	\$35,094
Average debt outstanding at quarter ends.....	29,322	33,635
Weighted average interest rate at year end	12.3%	13.5%
Weighted average interest rate during the year	12.8%	17.0%

At December 31, 1983 and 1982, the Company had fully utilized its available lines of credit for general corporate purposes with various banks.

11. Retained Earnings (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.

12. Lease Commitments

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

	<u>Total</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
Gross rental expense – 1983	\$ 4,552	\$ 2,439	\$ 2,113
– 1982	4,652	2,573	2,079
– 1981	4,526	2,454	2,072
Approximate annual rental expenses for next 5 years	2,901	1,181	1,720
Aggregate rental expense over term of leases	44,473	10,409	34,064



Capital Leases

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:

	<u>1983</u>	<u>1982</u>
Property under capital leases net of amortization	\$ 6,810	\$13,776
Obligations under capital leases	6,810	13,776

During the year the Company disposed of capital leases which had not been recorded in the accounts, which obligations and properties under capital leases net of amortization totalled \$5,919,000.

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 7.8%) and accordingly, net income would be unchanged.

13. Consolidated Statement of Income

(a) Interest

Interest incurred during the year has been allocated as follows:

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Capitalized			
Revenue producing real estate under construction	\$ 579	\$ 806	\$ 329
Construction in progress	661	1,428	1,943
Land held for and under development	2,699	3,538	4,046
Other	—	152	186
	<u>3,939</u>	<u>5,924</u>	<u>6,504</u>
Expensed			
Revenue producing real estate	5,244	4,813	4,927
Construction in progress	682	58	—
Land held for and under development	451	616	663
Surplus land	—	44	287
Other	434	1,398	2,012
	<u>6,811</u>	<u>6,929</u>	<u>7,889</u>
	<u>\$10,750</u>	<u>\$12,853</u>	<u>\$14,393</u>

(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. Deferred Income Taxes

Deferred income taxes result from timing in the recognition of revenue and expense for tax and financial statement purposes. The expected tax expense differs from the actual tax expense as follows:

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Income (loss) from continuing operations before income taxes	\$ (147)	\$ (2,572)	\$ 2,438
Computed tax based on statutory rate of 51.5% in 1983 (50% in 1982 and 1981)	\$ 76	\$ (1,286)	\$ 1,219
Increase (decrease) in income taxes resulting from:			
Income taxed at capital gains tax rate	(65)	(389)	(603)
Current year losses of subsidiary company	662	—	—
Other sundry items	20	19	(68)
Tax expense (recovery)	<u>\$ 693</u>	<u>\$ (1,656)</u>	<u>\$ 548</u>

The potential income tax benefits associated with losses of the Company's U.S. subsidiary in the current year have not been recorded in the accounts. Net operating losses in the amount of \$1,200,000, relating to this subsidiary, are available to reduce taxable income in future years until 1998.



15. Joint Venture Operations

The consolidated financial statements include the Company's proportionate interest in its joint ventures. In 1981 is also included the Company's interest in a partnership:

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Assets.....	<u>\$29,688</u>	<u>\$34,480</u>	<u>\$48,371</u>
Liabilities.....	<u>\$28,257</u>	<u>\$31,548</u>	<u>\$40,393</u>
Equity and advances.....	<u>1,431</u>	<u>2,932</u>	<u>7,978</u>
	<u>\$29,688</u>	<u>\$34,480</u>	<u>\$48,371</u>
Revenues.....	<u>\$10,247</u>	<u>\$15,544</u>	<u>\$33,311</u>
Expenses.....	<u>11,268</u>	<u>13,713</u>	<u>28,760</u>
Income (loss) before income taxes.....	<u>\$ (1,021)</u>	<u>\$ 1,831</u>	<u>\$ 4,551</u>

The Company includes in its balance sheet the proportionate shares of the assets and liabilities of its unincorporated joint ventures and partnership. The Company is contingently liable for the other participants' portion of the liabilities of these joint ventures and partnership. This contingent liability is approximately \$4,000,000 as at December 31, 1983. Against this contingent liability, the Company has recourse to all of the assets of each joint venture and partnership 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) The Company participates in numerous joint ventures and a partnership in certain of which directors and officers of the Company participate for their own account. Directors' and officers' interests in these joint ventures and partnership are summarized as follows:

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Assets.....	<u>\$ 5,657</u>	<u>\$ 6,544</u>	<u>\$ 6,457</u>
Liabilities.....	<u>\$ 5,394</u>	<u>\$ 5,782</u>	<u>\$ 5,126</u>
Equity and advances.....	<u>263</u>	<u>762</u>	<u>1,331</u>
	<u>\$ 5,657</u>	<u>\$ 6,544</u>	<u>\$ 6,457</u>
Revenue.....	<u>\$ 3,313</u>	<u>\$ 2,505</u>	<u>\$ 2,976</u>
Expenses.....	<u>3,889</u>	<u>2,486</u>	<u>2,931</u>
Income (loss) before income taxes.....	<u>\$ (576)</u>	<u>\$ 19</u>	<u>\$ 45</u>

- b) The Company is developing a condominium project at Vero Beach, Florida as a joint venture with other parties. One of these parties, a company which the Company understands is controlled by Alex and Harry Rubin (directors of the Company) has not funded its required equity contribution and is indebted to the Company for this in the amount of \$84,384 (U.S.) at December 31, 1983.
- c) The Company had agreed to develop a condominium project with Westok Holdings Limited, and in that regard obtained an option to acquire the relevant lands which option has now expired. The Company understands that the shares of Westok Holdings Limited are owned by Alex and Harry Rubin or members of their immediate families. The share of the sums expended by the Company in this regard which Westok Holdings Limited agreed to reimburse to the Company amounted to \$260,150 at December 31, 1982. Westok agreed to repay this amount with interest at bank prime rate plus 1% by December 31, 1983. At December 31, 1983 \$307,591 including accrued interest remained outstanding.
- d) In 1981 the Company entered into a joint venture with two other corporations pertaining to a development in the vicinity of Naples, Florida. The Company understands that Alex and Harry Rubin and/or members of their immediate families indirectly own all of the outstanding shares of Westok International Corporation ("Westok International") one of such corporations.

The Company's obligation was to be limited to providing a guarantee of the joint venture's bank financing of \$2 million (U.S.) in return for the right to the first \$2 million (U.S.) of profits payable out of cash flow after repayment of all development costs, bank financing and a mortgage on the property being developed and held by a fourth corporation, Manchester Developments Inc. (Manchester), in which the Company understands Alex and Harry Rubin and members of their immediate families have a substantial beneficial interest.



If the Company has not previously received its \$2 million (U.S.) entitlement it will receive the balance at the rate of \$20,000 (U.S.) per acre on the first 100 acres of the last 150 acres sold.

The bank financing was to be limited to \$7.6 million (U.S.) with any additional required working capital to be provided by the other two joint venture partners. The joint venture required additional working capital beyond \$1,772,446 (U.S.) provided by parties related to Westok International. The bank agreed to increase the financing to \$15 million (U.S.) with a maximum amount of \$10 million (U.S.) to be outstanding at any point in time and to release certain deposits which it was holding. In connection with this additional financing the Company guaranteed to the bank the payment of \$1.1 million (U.S.) of notes due in 1984 to creditors of the joint venture and informally undertook to the bank to assume management of the project, and parties related to Westok International provided certain additional collateral security to the bank. Westok Holdings Limited agreed in writing to indemnify the Company against any costs, expenses and liabilities which the Company may from time to time incur under the guarantees to the bank referred to above. During 1983 the joint venture arranged new financing to repay the bank financing which was limited to \$10 million (U.S.). The new financing is for a total of \$12.3 million (U.S.). The Company's guarantee has been reduced from \$2 million (U.S.) to \$1 million (U.S.) and in addition, the bank has released the Company's guarantee of \$1.1 million (U.S.) of notes due in 1984 to creditors of the joint venture. It was also agreed that the Company will receive an additional \$1 million (U.S.) to be paid at the rate of \$5,238 (U.S.) for each acre sold after November 20, 1982. To December 31, 1983 \$42,692 (U.S.) has accrued pursuant to this provision but has not been recorded as income by the Company since it does not become payable by the joint venture until such time as the joint venture has funds available for distribution as defined.

The effect of the refinancing is to delay the payment of the Company's share of cash flow from the project and to reduce the Company's guarantees from \$3.1 million (U.S.) to \$1 million (U.S.).

The joint venture agreement prohibits the joint venture, except to the extent permitted by the Company, from paying any sums for work or services to parties related to the other two joint venture partners until the Company has received its agreed upon cash flow from the joint venture. For the year ended December 31, 1983 the Company permitted the joint venture to pay, for work or services, to corporations related to the other two joint venture partners a total of \$157,065 (U.S.). As at December 31, 1982 the total which the Company had permitted the joint venture to so pay aggregated \$593,387 (U.S.). The joint venture partners have agreed that these payments will not be taken into account in calculating the accrued profit of the joint venture for the purpose of ascertaining the Company's entitlement to profit.

During 1982 the sum of \$105,000 (U.S.) was loaned to the joint venture by a corporation related to the other two joint venture partners. The joint venture agreement provides that advances made by the joint venture partners and parties related to them prior to May 8, 1983 can only be repaid if the Company is also repaid a pro rata amount as determined by the agreement. Subsequently, the Company informally agreed that the loan of \$105,000 (U.S.) could be repaid without the Company receiving any such pro rata payment. During 1983, \$40,115 (U.S.) of the loan was repaid and during January 1984 an additional \$62,000 (U.S.) was repaid.

At December 31, 1983, the joint venture is indebted to the Company in the amount of \$77,193 (U.S.) (\$60,171 (U.S.) at December 31, 1982).

- e) In joint venture with Westok Holdings Limited the Company operates a hotel in Halifax, Nova Scotia. The hotel is being managed by another corporation in which Alex and Harry Rubin or members of their immediate families have a substantial interest. Management fees of \$32,771, \$84,693 and \$102,740 were charged to the joint venture by such corporation in 1983, 1982 and 1981 respectively. In addition, 20% of the profit on the eventual sale of the hotel will accrue to such corporation, and the joint venture partners will equally share the remaining 80%.
- f) In 1982, M. G. Wright was appointed President of the Company and, in order to terminate a partnership between the Company and M. G. Wright Construction Limited, a corporation owned by M. G. Wright, the Company purchased all of the shares of M. G. Wright Construction Limited, which owned a 25% interest in the partnership. The remaining 75% was already owned by the Company. The cost of the shares purchased was \$1. Assets and liabilities acquired were as follows:

Real estate assets	\$ 3,744
Other assets	65
	<u>\$ 3,809</u>
Liabilities	<u>\$ 3,809</u>

- g) Certain directors and officers and their associates owned 28% of Revenue Resources (Canada) Inc. which held the Company's petroleum and natural gas interests. The Company owned the remaining 72% of the shares.

During the year the Company exchanged its investment in Revenue Resources (Canada) Inc. for 143,036 common shares of Carlyle Energy Limited and warrants to purchase 143,036 common shares for \$2.66 per share until August 31, 1988. Of



the 143,036 common shares, 91,956 shares have been escrowed, with 30,652 shares to be released annually for three years. The Company intends to retain this investment as a long term investment.

Maxwell Goldhar, Chairman of the Company, is an officer, director and a major shareholder of Carlyle Energy Limited.

As a result of the above transaction the operating results of the oil and gas operations have been segregated from the consolidated amounts and shown as discontinued operations. The 1982 and 1981 financial statements have been restated to reflect the oil and gas operations as discontinued and to present the company's investment in Revenue Resources (Canada) Inc. on the equity basis. Such restatements had no effect on net income or total shareholders' equity.

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 revenue producing real estate. 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 will write off the cost of the building in equal annual amounts over 40 years.

During 1977 the Company adopted the sinking fund method of depreciation in order to make the Company's financial statements comparable to others in the Canadian real estate industry. Previously the Company followed a 40 year straight-line method of depreciation.

- (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 12. Under United States accounting principles, these leases would have been capitalized.

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

	1983	1982	1981
Income (loss) based on Canadian accounting principles	\$ (1,310)	\$ (1,075)	\$ 1,996
Net changes due to depreciation method			
Depreciation expense	(736)	(751)	(857)
Revenue producing real estate – cost of sales	70	229	408
Deferred income taxes	333	261	224
Net changes due to capitalization of capital leases			
Interest expense	(558)	(1,238)	(1,316)
Amortization expense	(605)	(881)	(881)
Property operating expenses	1,318	2,202	2,202
Disposal of capital leases	1,690	—	—
Deferred income taxes	(923)	(41)	(2)
Income (loss) based on United States accounting principles	<u>\$ (721)</u>	<u>\$ (1,294)</u>	<u>\$ 1,774</u>
Earnings (loss) per share			
Canadian accounting principles	<u>(9.2¢)</u>	<u>(7.6¢)</u>	<u>14.1¢</u>
United States accounting principles	<u>(5.1¢)</u>	<u>(9.1¢)</u>	<u>12.5¢</u>

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

	1983	1982	1981
Retained earnings (deficit) at beginning of year as reported	\$ 921	\$ 1,996	\$ (4,163)
Effect of changes			
Depreciation method	(4,304)	(4,043)	(3,818)
Capitalization of capital leases	(2,244)	(2,286)	(2,289)
Deficit at beginning of year based on United States accounting principles	(5,627)	(4,333)	(10,270)
Net income (loss) based on United States accounting principles	(721)	(1,294)	1,774
Deficit eliminated January 1, 1981	—	—	4,163
Deficit at end of year based on United States accounting principles	(6,348)	(5,627)	(4,333)
Retained earnings (deficit) as reported under Canadian accounting principles	(389)	921	1,996
Cumulative effect of changes net of income taxes	<u>\$ (5,959)</u>	<u>\$ (6,548)</u>	<u>\$ (6,329)</u>



Five Year Summary of Operations

YEARS ENDED DECEMBER 31

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
	(in thousands of dollars, except per share amounts)				
Rental operations					
Income from revenue producing real estate	\$ 21,830	\$ 21,183	\$ 20,051	\$ 16,262	\$ 15,208
Property operating expenses	15,226	15,128	13,958	11,943	11,112
Depreciation	1,035	813	651	489	480
	<u>5,569</u>	<u>5,242</u>	<u>5,442</u>	<u>3,830</u>	<u>3,616</u>
Sales of revenue producing real estate and interest in management contract	5,852	2,213	7,582	4,040	1,662
Cost of sales	1,233	925	5,121	2,368	701
	<u>4,619</u>	<u>1,288</u>	<u>2,461</u>	<u>1,672</u>	<u>961</u>
Sales of construction, land held for and under development and surplus land	16,624	13,776	29,218	15,826	23,196
Cost of sales	17,219	12,996	24,874	12,678	22,780
	<u>(595)</u>	<u>780</u>	<u>4,344</u>	<u>3,148</u>	<u>416</u>
Other income	1,095	1,890	1,985	1,433	961
Gross profit from operations	10,688	9,200	14,232	10,083	5,954
Interest expense less amounts capitalized	6,811	6,929	7,889	5,644	4,911
Other expenses	2,994	3,234	2,522	2,251	1,926
Provision for loss on real estate and carrying costs expensed	736	1,609	1,383	115	—
Income (loss) from continuing operations before income taxes ..	147	(2,572)	2,438	2,073	(883)
Income taxes	693	(1,656)	548	474	(617)
Income (loss) from continuing operations	(546)	(916)	1,890	1,599	(266)
Income (loss) from discontinued operations (net of income taxes (recovery) of (\$267,000); 1982 - (\$113,000); 1981 - \$121,000)	(764)	(159)	106	—	—
Net income (loss) for year	\$ (1,310)	\$ (1,075)	\$ 1,996	\$ 1,599	\$ (266)
Interest capitalized	3,939	5,924	6,504	4,843	4,515
Earnings (loss) per share					
Earnings (loss) from continuing operations	(3.9¢)	(6.5¢)	13.3¢	11.3¢	(1.9¢)
Earnings (loss)	(9.2¢)	(7.6¢)	14.1¢	11.3¢	(1.9¢)
Weighted average number of shares (in thousands)	14,166	14,166	14,166	14,166	14,156



Supplementary Information

Business

Revenue Properties Company Limited is an integrated, Canadian-based public real estate company. Through subsidiaries and joint ventures the company develops land and constructs industrial, commercial and residential buildings for sale, investment or lease, primarily in Canada. The Company was also in the petroleum exploration and development business, primarily in the United States, through a partially-owned subsidiary. This operation was discontinued in 1983.

Land development and construction activities vary significantly from year to year depending on market demand, availability of services and Government approval.

In common with most real estate development and construction companies the Company finances its activities through bank loans and other term borrowings which are renewed as required. Investments in revenue producing real estate are financed with longer term mortgages. Certain of the Company's borrowings are tied to the prime interest rate.

Management's Discussion and Analysis of Financial Condition and Results of Operations

General

It is important to consider in reviewing the Company's performance that in common with other real estate development companies, our activities are mainly project oriented. Financial results are dependent on the timing and recording of specific transactions and therefore, year to year comparisons are difficult to evaluate.

Liquidity

The Company maintains its liquidity through the sale of construction, land and revenue producing properties which generally result in net cash receipts at the time of closing. However, because much of the impact of the recession is still with us the demand for real estate has not increased. In order to preserve its liquidity position the Company is not planning to develop any major new project unless long-term financing has been arranged and significant leasing commitments have been obtained. The Company intends to construct houses only when they have been pre-sold with satisfactory deposits.

Interest bearing debt was \$87,615,000 in 1981, \$89,201,000 in 1982 and \$88,268,000 in 1983. Interest related to this was \$14,393,000 in 1981, \$12,853,000 in 1982 and \$10,750,000 in 1983. Since the Company is very sensitive to interest rate changes any increase in the bank prime rate will have a serious impact on its operations.

At December 31, 1983 the Company has fully utilized its available lines of credit with various banks for general corporate purposes. The Company is negotiating with its principal banker to provide it with a line of credit to meet its cash requirements for 1984.

The Company anticipates a continuing need for capital to develop its projects and provide for operating expenses. This need will be met by renegotiating the terms of existing loans, funds generated by operations, specific project financing and by sales of assets.



Results of Operations

Rental revenues continue to increase. Gross rental revenues in 1983 were \$21,830,000 compared with \$21,183,000 in 1982 and \$20,051,000 in 1981. It is expected that rental revenues will continue to increase. The financing cost of carrying the revenue producing assets is not included in calculating gross profit and these costs are subject to fluctuations due to changing interest rates. In addition, the recovery of higher operating and financing costs in the Company's residential properties is subject to governmental regulations. The Company is intending to change the use of one of its largest revenue producing assets from a mixed-use building to a hotel with substantial amount of retail space. Because of municipal opposition, a large portion of the building is now vacant and until the municipal approvals are obtained, the vacancies will have a negative impact on operations and cash flow.

Sales and gross profit on revenue producing assets vary substantially from year to year. In 1983, two revenue producing buildings and a management contract on nine properties were sold for \$5,852,000 producing gross profit of \$4,619,000. In 1982, six properties were sold for \$2,213,000 producing gross profit of \$1,288,000 and in 1981, eight properties were sold for \$7,582,000 producing gross profit of \$2,461,000.

Continued depressed industry market conditions, high unemployment and increasing costs impact sales revenues and gross profit of construction and land. In 1983 sales revenue of \$16,624,000 resulted in a net loss of \$595,000. This compares with sales revenue of \$13,776,000 and gross profit of \$780,000 in 1982, and sales revenue of \$29,218,000 and gross profit of \$4,344,000 in 1981. The loss in 1983 is attributable to our Boucherville, Quebec and Vero Beach, Florida construction projects. In 1982 and 1981 the 1166 Bay Street and the Vaughan Township projects contributed most of the gross profit.

Interest and other income was \$1,095,000 in 1983, \$1,890,000 in 1982 and \$1,985,000 in 1981. The decrease is mainly due to the collection and sale of mortgages and balances receivables.

Provision for loss on real estate and carrying costs expensed were \$736,000 in 1983, \$1,609,000 in 1982 and \$1,383,000 in 1981. These provisions were required because of declining real estate values of certain projects and the effect of depressed industry market conditions. The Company intends to continue expensing carrying costs on certain of its properties.

During 1983 the Company discontinued its petroleum and natural gas operations by exchanging its interest in Revenue Resources (Canada) Inc., for common shares of Carlyle Energy Ltd. As a result of this transaction the financial statements have been restated to reflect the oil and gas operations as discontinued operations. The discontinued operations produced a net loss after income taxes of \$764,000 in 1983, \$159,000 in 1982 and net income after income tax of \$106,000 in 1981.

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, general recession in the market place and governmental controls. The long-term appreciation in revenue producing assets is expected to offset the impact of inflation.

Selected Financial Data

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
	(in thousands of dollars, except per share amounts)				
Gross revenue	\$ 45,401	\$ 39,062	\$ 58,836	\$ 37,561	\$ 41,027
Income (loss) from continuing operations	(546)	(916)	1,890	1,599	(266)
Earnings (loss) from continuing operations per share	(3.9¢)	(6.5¢)	13.3¢	11.3¢	(1.9¢)
Total assets	122,189	127,892	127,561	118,409	107,479
Interest bearing debt	88,268	89,201	87,615	81,491	72,173
Capital lease obligations	6,810	13,776	14,740	15,626	16,442
Cash dividends per common share	none	none	none	none	none
Cash flow (deficiency) from operations	793	(410)	3,690	2,225	(660)

Reference is made to Note 17 to the audited financial statements for information as to United States accounting principles.



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, 1983 and the period January 1, 1984 to January 31, 1984 as reported by the Federal Reserve Bank of New York were as follows:

	January 1 to January 31, 1984	1983	1982	1981	1980	1979
High	\$0.8033	\$0.8201	\$0.8396	\$0.8499	\$0.8754	\$0.8771
Low	\$0.7985	\$0.7993	\$0.7691	\$0.8048	\$0.8258	\$0.8326
Average	\$0.8011	\$0.8108	\$0.8088	\$0.8339	\$0.8547	\$0.8545
Period end	\$0.8011	\$0.8035	\$0.8132	\$0.8430	\$0.8372	\$0.8559

Quarterly Financial Data (unaudited)

	Quarter				Year
	First	Second	Third	Fourth	
	(in thousands of dollars, except per share amounts)				
<u>1983</u>					
Gross revenue	\$ 8,204	\$12,130	\$11,466	\$13,601	\$45,401
Gross profit	1,293	2,116	1,510	5,769	10,688
Net income (loss) from continuing operations	(587)	(29)	(501)	571	(546)
Net income (loss)	(656)	(28)	(1,200)	574	(1,310)
Earnings (loss) per share					
From continuing operations	(4.1¢)	(0.2¢)	(3.6¢)	4.0¢	(3.9¢)
Earnings (loss)	(4.6¢)	(0.2¢)	(8.5¢)	4.1¢	(9.2¢)
<u>1982</u>					
Gross revenue	9,887	10,954	8,471	9,750	39,062
Gross profit	2,761	3,321	2,077	1,041	9,200
Net income (loss) from continuing operations	202	486	(134)	(1,470)	(916)
Net income (loss)	177	466	(148)	(1,570)	(1,075)
Earnings (loss) per share					
From continuing operations	1.4¢	3.4¢	(0.9¢)	(10.4¢)	(6.5¢)
Earnings (loss)	1.3¢	3.2¢	(1.0¢)	(11.1¢)	(7.6¢)



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 the dates shown:

<u>Title of Class</u>	<u>Number of Record Holders</u>	<u>Date</u>
Class A Shares	7,098	January 31, 1984
Class B Shares.....	7,257	January 31, 1984
7½% Convertible Subordinated Sinking Fund Debentures, Series A.....	42	January 31, 1984

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

<u>Class A</u>	<u>1983</u>				<u>1982</u>			
	<u>4th</u>	<u>3rd</u>	<u>2nd</u>	<u>1st</u>	<u>4th</u>	<u>3rd</u>	<u>2nd</u>	<u>1st</u>
High	\$1.85	\$2.10	\$2.30	\$1.70	\$1.55	\$1.25	\$1.26	\$1.40
Low	1.46	1.50	1.40	1.19	1.10	1.05	1.00	1.10
<u>Class B</u>	<u>1983</u>				<u>1982</u>			
	<u>4th</u>	<u>3rd</u>	<u>2nd</u>	<u>1st</u>	<u>4th</u>	<u>3rd</u>	<u>2nd</u>	<u>1st</u>
High	\$1.45	\$1.83	\$1.95	\$1.35	\$1.10	\$0.70	\$0.80	\$1.20
Low	0.90	1.25	1.10	0.72	0.65	0.50	0.45	0.65

No dividends have been paid since 1969 on common stock. The trust indenture relating to the 7½% convertible subordinated sinking fund debentures, Series A due June 30, 1988 places certain restrictions on the payment of dividends.



Revenue Producing Property

as at December 31, 1983

REVENUE PRODUCING PROPERTY OWNED	Number of Residential Units	Approximate Rental Area Sq. ft.	Company's Interest %	Land Leases Terminates
Industrial				
Toronto, Ontario		505,100	100	Owned
Montreal, Quebec		196,100	100	Owned
Montreal, Quebec		575,200	100	2019-2020
Commercial and Residential				
Toronto, Ontario	158	89,000	100	2060
Bloor Street	16	10,600	100	Owned
Yonge Street		7,400	100	2060
Jane Street	1,200		66.7	2067
Valleywoods Road	102		100	2004
Cavell Avenue		6,100	100	Owned
Charles Street		9,300	75	2019
Montreal, Quebec		137,300	100	Owned
Saint John, New Brunswick	152	102,500	100	Owned
Halifax, Nova Scotia	314	5,000	50	Owned
	<u>1,942</u>	<u>1,643,600</u>		
 REVENUE PRODUCING PROPERTY SOLD AND LEASED BACK				
Residential				
Toronto, Ontario	716			1989-2024
Halifax, Nova Scotia	240			1987
Commercial				
Toronto, Ontario		9,200		1986
Saint John, New Brunswick		102,500		1992
Industrial				
Toronto, Ontario		424,000		1986-1999
Montreal, Quebec		83,000		1984-1985
	<u>956</u>	<u>618,700</u>		



Land Held For and Under Development

as at December 31, 1983

<u>Location</u>	<u>Proposed Use</u>	<u>Approximate Number of Acres</u>	<u>% Company Profit Participation</u>
Ontario			
Ajax	Shopping Centre	3	100
Ajax	Residential	259	100
Guelph	Multiple	834	75
Orangeville	Commercial	2	100
Port Dover	Commercial & Residential	93	33.3
Simcoe	Residential	6	33.3
Toronto	Residential	1	100
Uxbridge	Multiple	284	100
Vaughan	Residential	40	44
Whitchurch/Stouffville	Residential	115	100
Quebec			
Boucherville	Multiple	230	100
Pointe Claire	Industrial & Commercial	7	100
Florida			
Vero Beach	Condominiums	3	100
		<u>1,877</u>	

Construction in Progress

as at December 31, 1983

<u>Location</u>	<u>Type</u>	<u>Number of Units</u>	
Ontario			
Ajax	Housing	5	100
Quebec			
Boucherville	Housing	6	100
Florida			
Vero Beach	Condominiums	82	50
Vero Beach	Condominiums	5	100
			<u>Square Feet Under Construction</u>
Ontario			
Queen St., Toronto	Commercial	168,000	100



Corporate Information

Directors

- Richard A. Bain, Q.C., Toronto
Partner, Fogler Rubinoff, Barristers and Solicitors
- †Arthur H. Crockett, Toronto
Director, Bank of Nova Scotia
- †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 Limited
- †Gurston I. Rosenfeld, Toronto
President, Guardian Growth Financial Services Limited
- Alex J. Rubin, Toronto
President, Westok Holdings Limited
- *Harry Rubin, Toronto
Secretary, Westok Holdings Limited
- *Michael G. Wright, Toronto
President, Revenue Properties Company Limited
- * Member of Executive Committee
† Member of Audit Committee

Officers

Chairman of the Board: Maxwell Goldhar
President: Michael G. Wright
Secretary: Richard A. Bain
Executive Vice-President: Pierre Alexander
Vice President, Finance: Peter W. Grater
Treasurer and Assistant Secretary: Sara Tuberman

Auditors

Thorne Riddell

Common Shares

Registrar & Transfer Agent
National Trust Company Limited
Co-Registrar & Co-Transfer Agent
The Canadian Bank of Commerce Trust Company

Subordinated Debentures

Trustee: National Trust Company Limited

Principal and Registered Office

First Canadian Place
100 King Street West, Suite 3300, Toronto, Ontario M5X 1B1

Form 10-K

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

