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revenue properties company limited



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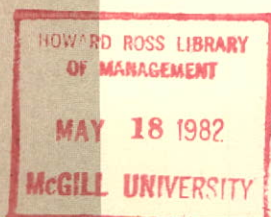
revenue properties company limited



ANNUAL REPORT 1981



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*President's Report*

I am delighted to be able to announce that the past year was a very successful one for your Company. Despite the adverse conditions we experienced in 1981, our net income reached \$1,996,000 or 14.1¢ per share—the highest reached in the last 10 years. Although I am pleased with these results, I am disappointed that the profits we achieved did not meet our expectations. The depression in the housing market severely affected all phases of our residential operations. The effect of the ill-conceived Federal Budget and the end of the M.U.R.B. programme will inevitably deepen the recession in an already depressed housing industry, and this will also seriously undermine our expectations for the Company's future growth.

1982 will be a most difficult environment in which to operate. Due to the uncertain economic climate and continuing high interest rates, development emphasis will focus on the area of re-development of existing properties in order to realize maximum usage and value.

I have the pleasure of reporting the recent election of Mr. Arthur Crockett to our Board of Directors. Mr. Crockett recently retired as the Deputy Chairman of the Bank of Nova Scotia and he is a most welcome addition to our Board.

I am pleased to report that Mr. Michael G. Wright has been appointed Executive Vice-President and Chief Operating Officer of the Company. It is intended at the 1982 Annual Meeting to create the office of the Chairman of the Board. If the office is created, then following the meeting Mr. Wright will be appointed President and Chief Operating Officer and I would be appointed Chairman of the Board and Chief Executive Officer. Mr. Wright has been associated with the Company for many years and he brings to the position much expertise in the areas of construction and development. This change will not diminish, in any way, my involvement in the Company; rather, it is intended to rationalize and strengthen our entire operation.

*On behalf of the Board of Directors*



*Maxwell Goldhar, President  
Toronto, Canada  
March 1982*



*Corporate Development  
& Management*

*Commercial  
Development*

Phase II of our Meadowvale Court project is now substantially completed. This \$7 million office complex of one and two storey office buildings offers an additional 86,000 sq. ft. adjacent to the already successful Phase I in Mississauga. Preliminary leasing of Meadowvale II is fully in line with expectations.

We are extremely proud of our high-profile and innovative renovation of the century-old Dominion Brewery Building on Queen Street East, in the heart of the Trefann Court neighbourhood of Toronto. A distinctive blend of contemporary and 19th century design, Brewery Square will eventually offer some 200,000 sq. ft. of prime commercial and office space in three phases of renovation. The first phase is now completed and a major advertising agency is our lead tenant. The second phase, which contains an additional 70,000 sq. ft., is scheduled for completion in 1982.

1982 should also see the beginning of construction on a new shopping centre in Ajax, a community just east of Toronto. The centre will contain approximately 35,000 sq. ft. of retail space.



*Brewery Square, Toronto, Ontario*



### Property Management

Revenue Properties currently manages approximately 3,000,000 sq. ft. of commercial and industrial space, and approximately 2,700 residential rental units. Rental rates, generally, are on the increase and the Company anticipates this trend will continue.

For the first time, in 1981, the Company's total rental income exceeded \$20 million, and gross profits for rental operations increased to \$5.4 million from \$3.8 million the previous year.

Meadowvale Court, a single-storey rental office development in Mississauga, has proven to be a very successful project, with full occupancy now in effect.

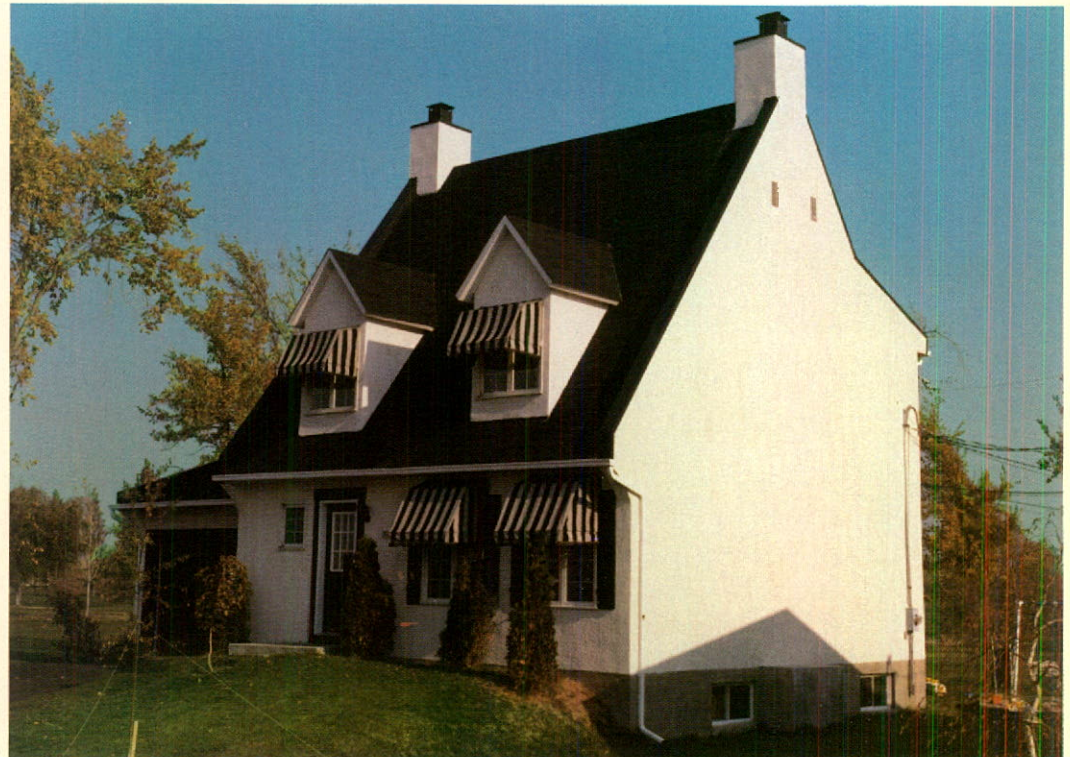
### Residential Development

Despite a generally bad housing market, the company reported a good year. Most of the 103 suites of our \$30 million condominium project at 1166 Bay Street in Toronto were sold and occupancy commenced in June, 1981. We were also successful in selling our 53-unit townhouse development in Oakville, Ontario and two M.U.R.B. buildings. House sales in Boucherville and Ajax, however, were disappointing. However, serviced lots will be available to take advantage of any improvements in market conditions.

Construction of our St. Laurent condominiums in Old Montreal will commence in 1982 if pre-sales are shown to be satisfactory. If not, the possibility of converting the project to commercial use may be explored, as the building is also well-suited to commercial office development.



Toronto, Ontario



Boucherville, Quebec



*Land  
Development*

Three major land development projects resulted in an active year in an otherwise difficult marketplace. The market for lots in our Tor-lease project (in the Bathurst and Steeles area of Toronto) continues to be good; however, our other two major projects in Ajax and Boucherville (located just outside Montreal) have met with a slower demand. This is due, of course, to the dramatic increase in interest costs experienced throughout the year. Our profits from these activities did not meet our expectations. There was a substantial increase in sales of land held for development in 1981, however, our future sales and profits depend on the revival of the housing market.

*Industrial  
Development*

Industrial development in two major Canadian markets, Toronto and Montreal, continues to be a viable resource for future corporate growth. During this past year, the Company built several buildings, including the Yamaha building outside Montreal and the Hitachi building in Toronto, on a "design and construct" basis. A new contract was also started for Howmet Turbine Components Ltd. in Boucherville, Quebec. Both the Yamaha and Howmet projects were built in Boucherville — on land sold to them by Revenue Properties. It is the Company's intention that this will be an area of increased activity in the near future.



Toronto, Ontario



Toronto, Ontario



*U.S. Development*

Our development projects in Vero Beach, Florida, continue to be active – despite what seems to be a depressed market. Our first project, a 30-unit luxury condominium (Riomar Sands), is now completed and almost all units have been sold. Profits, though, were generally disappointing. We have been successful in pre-selling the majority of the 42 units at Seacove and the 52 units at 1616 South Ocean Drive, and all are presently under construction. Plans for a third ocean-front luxury condominium are underway; however, construction on this project will be contingent upon a higher level of demand for units than that which currently exists.

The Company also has a joint venture interest in the Quail Creek Golf & Country Club development in Naples, Florida. Construction of the first 18-hole golf course and the first 69 residential lots abutting the course were completed in 1981, and we are pleased to report that initial sales of both lots and memberships in the club have been very satisfactory.

*Petroleum & Natural Gas Interests*

Revenue Resources (Canada) Inc., a partially-owned oil and gas subsidiary of Revenue Properties Company Limited, commenced operations in January, 1981. The Company is actively exploring for oil and gas in five states in the U.S. – Texas, Kansas, Nebraska, Wyoming and North Dakota. It has also participated in the drilling of 10 wells with 10 successful completions, two of which are marginal producers. The Company has successfully completed a joint venture financing, which will partially fund an intended \$6-\$8 million exploration programme in Nebraska and Kansas.



Riomar Sands, Vero Beach, Florida





# revenue properties company limited

(Incorporated under the laws of Ontario)

## Consolidated Balance Sheet

December 31

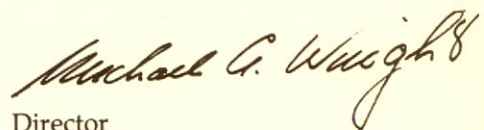
Expressed in Canadian dollars  
(U.S. dollars equivalent  
December 31, 1981 and 1980  
\$0.84 U.S.)

	Note	1981 (\$000's)	1980 (\$000's)
<b>ASSETS</b>			
Revenue producing real estate .....	2	50,558	51,398
Construction in progress .....	3	15,759	13,452
Land held for and under development .....	4	36,524	32,351
Accounts and mortgages receivable .....	5	19,278	16,002
Petroleum and natural gas interests .....		1,957	—
Other assets .....	6	3,844	4,550
Cash .....		726	656
		<u>128,646</u>	<u>118,409</u>
<b>LIABILITIES</b>			
Mortgages and loans payable on revenue producing real estate .....	7	40,753	40,599
Other loans and mortgages payable .....	8	13,687	13,887
Sinking fund debenture .....	9	921	1,798
Bank indebtedness .....	10	32,287	25,207
Accounts payable and accrued liabilities .....		9,541	7,766
		97,189	89,257
Deferred income .....	11	1,938	2,851
Deferred income taxes .....	17	3,797	3,128
		<u>102,924</u>	<u>95,236</u>
Minority interest in subsidiary company .....		553	—
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock .....	12		
Class A Shares — Voting, Fully Participating authorized 4,918,319 shares outstanding 4,718,319 shares (1980; none) .....		7,718	—
Class B Shares — Non-Voting, Fully Participating authorized 100,000,000 shares outstanding 9,447,828 shares (1980; none) .....		15,455	—
Common Stock authorized 100 shares (1980; 16,500,000 shares) outstanding none (1980; 14,166,147 shares) .....		—	27,336
		23,173	27,336
Retained earnings (deficit) .....	13	1,996	(4,163)
		<u>25,169</u>	<u>23,173</u>
		<u>128,646</u>	<u>118,409</u>

Approved by the Board



Director



Director



# revenue properties company limited

Consolidated  
Statement of Income  
Year ended December 31

	1981 (\$000's)	1980 (\$000's)	1979 (\$000's)
Rental operations			
Income from revenue producing real estate .....	20,051	16,262	15,208
Property operating expenses ...	13,958	11,943	11,112
Depreciation .....	<u>651</u>	<u>489</u>	<u>480</u>
Gross profit .....	5,442	3,830	3,616
Sales of revenue producing real estate .....	7,582	4,040	1,662
Cost of sales .....	<u>5,121</u>	<u>2,368</u>	<u>701</u>
Gross profit .....	2,461	1,672	961
Sales of construction, land held for development and surplus land .	29,218	15,826	23,196
Cost of sales .....	<u>24,874</u>	<u>12,678</u>	<u>22,780</u>
Gross profit .....	4,344	3,148	416
Interest and other income .....	<u>2,265</u>	<u>1,433</u>	<u>961</u>
Gross profit from operations .....	14,512	10,083	5,954
Deduct: Interest expense less amounts capitalized (note 16 (a)) .....	7,889	5,644	4,911
Administration and general expenses .....	2,590	2,366	1,926
Provision for loss on real estate net of recovery of \$821,000 from joint venture participant .....	<u>1,315</u>	—	—
	<u>11,794</u>	<u>8,010</u>	<u>6,837</u>
Income (loss) before income taxes and minority interest .....	2,718	2,073	(883)
Deferred income taxes (note 17) ...	<u>669</u>	<u>474</u>	<u>(617)</u>
Income (loss) before minority interest .....	2,049	1,599	(266)
Minority interest in net income ...	<u>53</u>	—	—
Net income (loss) .....	<u>1,996</u>	<u>1,599</u>	<u>(266)</u>
Earnings (loss) per share (note 16 (b)) .....	14.1¢	11.3¢	(1.9¢)



# revenue properties company limited

*Consolidated  
Statement of Retained  
Earnings (Deficit)  
Year ended December 31*


	1981 <u>(\$000's)</u>	1980 <u>(\$000's)</u>	1979 <u>(\$000's)</u>
Deficit at beginning of year	(4,163)	(5,762)	(5,496)
Elimination of Deficit as at January 1, 1981 by reducing share capital (note 13)	<u>4,163</u>	<u>—</u>	<u>—</u>
Net income (loss)	<u>1,996</u>	<u>1,599</u>	<u>(266)</u>
Retained earnings (Deficit) at end of year	<u>1,996</u>	<u>(4,163)</u>	<u>(5,762)</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, 1981 and 1980 and the consolidated statements of income, retained earnings (deficit) and changes in financial position for the three years ended December 31, 1981. 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, 1981 and 1980 and the results of their operations and the changes in their financial position for the three years ended December 31, 1981 in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada  
March 22, 1982

  
Chartered Accountants



## revenue properties company limited

*Consolidated  
Statement of Changes  
in Financial Position*

*Year ended December 31*

	1981 (\$000's)	1980 (\$000's)	1979 (\$000's)
<b>SOURCE OF CASH</b>			
Net income (loss) .....	1,996	1,599	(266)
Items not requiring current cash outlay			
Depreciation .....	651	489	480
Deferred income taxes .....	669	474	(617)
Deferred income .....	(714)	(575)	(481)
Provision for loss on real estate .....	1,315	238	224
Minority interest .....	53	—	—
	<u>3,970</u>	<u>2,225</u>	<u>(660)</u>
 Net increase in bank loans .....	 5,169	 5,779	 6,959
Decrease (increase) in other projects			
under construction .....	5,172	(4,564)	6,314
Net changes in other assets and			
liabilities .....	541	1,412	3,945
Issue of shares by subsidiary .....	500	—	—
Issue of capital stock .....	—	—	12
	<u>15,352</u>	<u>4,852</u>	<u>16,570</u>
 <b>USE OF CASH</b>			
Additions to revenue producing real estate			
and revenue producing real estate under			
construction .....	4,881	911	881
Increase in land held for and under			
development .....	8,057	3,182	5,135
Increase in mortgages, notes and balances			
receivable for land sold under agreements			
of purchase and sale .....	1,375	4,402	(879)
Investment in petroleum and natural gas			
interests .....	1,957	—	—
Net decrease in loans and mortgages			
payable .....	46	(5,001)	8,887
Repayment of sinking fund debentures .....	877	1,885	2,401
Increase (decrease) in cash .....	<u>(1,841)</u>	<u>(527)</u>	<u>145</u>
	<u>15,352</u>	<u>4,852</u>	<u>16,570</u>
 Cash is defined as:			
Cash .....	726	656	760
Bank indebtedness, unsecured .....	3,586	1,675	1,252
	<u>(2,860)</u>	<u>(1,019)</u>	<u>(492)</u>



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 in Canada. All of the company's operations are classified as one business segment for financial reporting purposes.

**1. Summary of significant accounting policies**

(a) *General*

The Company is a member of the Canadian Institute of Public Real Estate Companies. The Company's accounting policies and its standards of financial disclosure are substantially in accordance with the recommendations of that Institute.

(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:

	Ownership %
Metropolitan Estates Corporation .....	100
Northgate Properties Inc. ....	100
Revcon Developments Limited .....	100
Revenue Properties Central Developments Limited .....	100
Revenue Resources (Canada) Inc. ....	66 <sup>2</sup> / <sub>3</sub>

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

(c) *Capitalization of costs*

- (i) The Company follows the policy of capitalizing direct carrying costs such as mortgage 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 break-even 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 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) *Petroleum and natural gas*

The Company follows the full cost method of accounting for petroleum and natural gas whereby all costs related to the exploration for and development of petroleum and natural gas reserves are capitalized. Such costs include acquisition costs, geological and geophysical expenses, carrying charges on non-producing property, costs of drilling both productive and unproductive wells and related production equipment. Proceeds received on disposal of properties are normally credited against such costs except for lease trading transactions for which gains and losses are recognized currently in income.

Depletion is provided on the net costs using the composite unit of production method based on total estimated reserves.

(h) *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.



# revenue properties company limited

Notes to  
Consolidated  
Financial  
Statements

	1981 (\$000's)	1980 (\$000's)
<b>2. Revenue producing real estate</b>		
Land, buildings and equipment at January 1, less accumulated depreciation of \$3,340,000 (1980; \$3,575,000) .....	51,398	49,754
Additions during year .....	<u>5,009</u>	<u>4,338</u>
	56,407	54,092
Less: Disposal at net book value .....	4,903	2,205
Transfer of property to construction in progress .....	295	—
Depreciation expense for the year .....	<u>651</u>	<u>489</u>
Balance December 31, at cost, less accumulated depreciation of \$3,842,000 (1980; \$3,340,000) .....	<u>50,558</u>	<u>51,398</u>
The cost of freehold land included at December 31 in the above is \$4,607,000 (1980; \$3,410,000).		
<b>3. Construction in progress</b>		
	1981 (\$000's)	1980 (\$000's)
Revenue producing real estate		
Residential .....	—	612
Commercial .....	5,676	—
Projects under construction and for sale		
Housing .....	3,422	2,266
Multiple unit residential buildings .....	6,620	10,267
Commercial .....	<u>41</u>	<u>307</u>
	<u>15,759</u>	<u>13,452</u>
<b>4. Land held for and under development</b>		
	1981 (\$000's)	1980 (\$000's)
Balance, January 1 .....	32,351	30,906
Additions during the year		
Acquisitions .....	4,109	708
Development costs .....	4,998	4,784
Interest .....	4,046	2,977
Other carrying charges .....	<u>354</u>	<u>443</u>
	45,858	39,818
Less:		
Transfers to or from revenue producing real estate and construction in progress .....	2,622	1,737
Cost of land sold .....	5,037	5,730
Provision for loss .....	<u>1,675</u>	<u>—</u>
Balance, December 31 .....	<u>36,524</u>	<u>32,351</u>



# revenue properties company limited

Notes to  
Consolidated  
Financial  
Statements

## 5. Accounts and mortgages receivable

	1981 (\$000's)	1980 (\$000's)
Mortgages and notes receivable .....	8,637	8,457
Balances receivable for land sold under agreements of purchase and sale .....	5,581	4,386
	<u>14,218</u>	<u>12,843</u>
Rents and other receivables .....	3,390	2,196
Amount due from partner .....	1,670	963
	<u>19,278</u>	<u>16,002</u>

The amount due from partner refers to M.G. Wright Construction Limited, a corporation controlled by M.G. Wright, Executive Vice-President and Director of the Company. This receivable is secured by 25% of the assets of the partnership and bears interest at 2% above the prime interest rate charged by Canadian chartered banks.

Mortgages and balances receivable, including \$2,752,000 on certain properties leased back, bear interest at rates which vary from 6% to prime interest rate plus 2% (weighted average 13.0%), and mature at various dates to 1999 as follows:

	(\$000's)
1982 .....	2,485
1983 .....	4,529
1984 .....	966
1985 .....	1,292
1986 .....	1,094
1987 and subsequent .....	3,596
	<u>13,962</u>
Second mortgages taken back on housing units sold mature at various dates to 1995 (interest rates vary from 6% to 18%) .....	256
	<u>14,218</u>

## 6. Other assets

	1981 (\$000's)	1980 (\$000's)
Prepaid expenses and sundry assets .....	2,665	1,638
Costs recoverable from tenants .....	702	757
Investments at equity .....	57	176
Surplus land .....	420	1,979
	<u>3,844</u>	<u>4,550</u>





7. Mortgages and loans payable on revenue producing real estate

Principal payments are due as follows:

	(\$000's)
1982 .....	11,929
1983 .....	773
1984 .....	4,503
1985 .....	805
1986 .....	1,558
1987 and subsequent .....	21,185
	<u>40,753</u>

Fixed interest loans (\$000's) .....	31,448
Range of interest .....	6.2%-20.7%
Weighted average interest rate .....	10%
Variable interest loans (\$000's) .....	9,305
Weighted average interest rate .....	19.3%

Interest rate on the variable interest loans is 2% above the prime interest rate charged by Canadian chartered banks.

8. Other loans and mortgages payable

Principal payments are due as follows:

	Secured by		Total (\$000's)
	Real Estate (\$000's)	Mortgages Receivable (\$000's)	
1982 .....	2,728	2,832	5,560
1983 .....	482	—	482
1984 .....	391	—	391
1987 and subsequent .....	735	—	735
	<u>4,336</u>	<u>2,832</u>	7,168

Interim financing secured by certain properties under construction .....			6,519
			<u>13,687</u>

	1989	1982
Last year of maturity .....		
Fixed interest loans (\$000's) .....	3,403	600
Range of interest rates .....	6.5%-15.0%	14.5%
Weighted average interest rate .....	10.9%	14.5%
Variable interest loans (\$000's) ....	933	2,232
Weighted average interest rate .....	20.0%	19.6%

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



9. Sinking fund debentures

	Maturity Date	1981 (\$000's)	1980 (\$000's)
7 <sup>1</sup> / <sub>2</sub> % convertible subordinated sinking fund debentures			
Series A .....	June 30, 1988	921	921
9% convertible sinking fund debentures, secured			
Series B .....	June 1, 1981	—	98
Series C .....	Feb. 15, 1981	—	438
Series D .....	June 15, 1981	—	341
		<u>921</u>	<u>1,798</u>

7<sup>1</sup>/<sub>2</sub>% convertible subordinated  
sinking fund debentures — Series A

(a) Convertible features

The debentures are convertible on or before June 30, 1983 at \$8.93 per unit and 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 125% of the conversion price then in effect.

(d) Dividend restrictions

The payment of dividends is restricted by the terms of the Trust Indenture.



10. Bank indebtedness

The principal security for bank indebtedness is as follows:

	1981 (\$000's)	1980 (\$000's)
Unsecured .....	3,586	1,675
Construction in progress .....	3,370	3,541
Land held for and under development .....	14,118	17,003
Mortgages and notes receivable .....	8,447	817
Surplus lands .....	—	425
Revenue producing real estate .....	2,766	1,746
	<u>32,287</u>	<u>25,207</u>
Maximum debt outstanding at any quarter end .....	\$33,782	\$25,207
Average debt outstanding at quarter ends .....	\$31,704	\$23,840
Weighted average interest rate at year end .....	18.4%	19.2%
Weighted average interest rate during the year .....	19.8%	16.2%

At December 31, 1981, the Company's unused lines of credit with various banks aggregated \$6,172,000 (1980—\$6,018,000).

11. Deferred income

	1981 (\$000's)	1980 (\$000's)
<i>Unamortized profit on sale and leaseback and similar transactions.</i>		
Balance, January 1 .....	2,398	2,747
Less: Amounts included in income .....	(686)	(349)
Balance, December 31 .....	<u>1,712</u>	<u>2,398</u>
<i>Revenue attributed to cash flow guarantees and contracting profits applicable to anticipated operating losses, deferred to future years.</i>		
Balance, January 1 .....	453	801
Portion of the selling price of residential buildings attributed to cash flow guarantees .....	28	—
Less: Amounts included in income .....	(255)	(348)
Balance: December 31 .....	<u>226</u>	<u>453</u>
Total deferred income .....	<u>1,938</u>	<u>2,851</u>

Approximately \$308,000 of the above balance will be taken into income in 1982.



**12. Capital stock**

(a) *Amendment to Articles of Incorporation*

Under the Certificate of Amendment dated June 30, 1981, the Articles of the Company were amended as follows:

- (i) The authorized capital of the Company was increased by the creation of 100 million First Preference Shares without par value, issuable in one or more series.
- (ii) The authorized but unissued 291,852.5 6% Cumulative Redeemable Second Preference Shares with a par value of \$10 each were sub-divided, changed and reclassified into 100 million Second Preference Shares without par value, issuable in one or more series.
- (iii) The common shares without par value in the capital of the Company which were issued and outstanding at June 30, 1981 were reclassified into voting Class "A" shares without par value and non-voting Class "B" shares without par value on the basis of one-third ( $\frac{1}{3}$ ) of a Class "A" share and two-thirds ( $\frac{2}{3}$ ) of a Class "B" share for each Common Share. The Class "A" shares carry one vote per share. Neither class is redeemable and except as regards voting rights and a nominal preference in liquidation, the two classes of shares are equal in all respects.

As at December 31, 1981 no First and Second Preference Shares are issued and outstanding.

(b) *Reserved*

The Company has reserved 34,467 Class A and 68,933 Class B shares for possible issue on conversion of the 7 $\frac{1}{2}$ % Convertible subordinated sinking fund debentures. (See note 9 (a)).

Additional shares would be reserved if the conversion price were to decline as the result of future share issues at prices below \$8.93 per unit.

**13. Retained earnings (Deficit)**

The Certificate of Amendment dated June 30, 1981 also 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.



14. Lease commitments

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

	Total (\$000's)	Capital Leases (\$000's)	Operating Leases (\$000's)
Gross rental expense — 1981 .....	4,526	2,454	2,072
— 1980 .....	4,518	2,487	2,031
— 1979 .....	4,403	2,363	2,040
Approximate annual rental expense for next 5 years .....	3,257	2,251	1,006
Aggregate rental expense over term of leases .....	56,064	24,514	31,550

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, prior to that date, the consolidated balance sheet would include:

	1981 (\$000's)	1980 (\$000's)
Property under capital lease, net of amortization .....	14,740	15,626
Obligations under capital leases .....	14,740	15,626

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 8.6%) and accordingly, net income would be unchanged.

15. Contingent liabilities and commitments

- (a) The Company includes in its balance sheet the proportionate share 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 \$28,000,000 as at December 31, 1981. 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.
- (b) Included in accounts payable are estimated costs totalling \$2,200,000 to complete housing construction and servicing of lands sold. The Company has committed an additional amount of \$1,300,000 to complete housing construction and land under development not yet sold. The Company obtains commitments for financing on all residential construction projects. The unused portion of these commitments is in excess of the estimated costs to complete all housing units under construction.
- (c) The Company entered a joint venture agreement in a project in Naples, Florida. The Company has provided a guarantee for bank financing of up to \$2,000,000 (U.S.). See note 19 (c).
- (d) The Company is involved in litigation and claims related to its normal business activities. In the opinion of management, the resolution of these items will not have a material effect upon the Company's financial condition.



16. Consolidated statement of income

(a) Interest

Interest incurred during the year has been allocated as follows:

	1981 (\$000's)	1980 (\$000's)	1979 (\$000's)
<b>Capitalized</b>			
Revenue producing real estate under construction .....	329	132	258
Construction in progress .....	1,943	1,734	1,676
Land held for and under development .....	4,046	2,977	2,581
Other .....	186	—	—
	<u>6,504</u>	<u>4,843</u>	<u>4,515</u>
<b>Expensed</b>			
Revenue producing real estate .....	4,927	3,784	3,503
Land held for and under development .....	663	482	—
Surplus land .....	287	449	568
Other .....	2,012	929	840
	<u>7,889</u>	<u>5,644</u>	<u>4,911</u>
	<u><u>14,393</u></u>	<u><u>10,487</u></u>	<u><u>9,426</u></u>

(b) Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of shares outstanding, 14,166,147 in 1981 and 1980, and 14,155,763 in 1979.

The conversion of all convertible debentures would not have a dilutive effect on earnings per share.

(c) Remuneration

Aggregate direct remuneration paid to directors and senior officers are defined by The Business Corporations Act of Ontario was \$558,000 in 1981, \$552,000 in 1980 and \$489,000 in 1979.

(d) 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.



**17. Deferred income taxes**

Deferred income taxes result from timing differences 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:

	1981		1980		1979	
	(\$000's)	%	(\$000's)	%	(\$000's)	%
Computed expected tax expense (recovery) .....	1,359	50.0	1,036	50.0	(441)	(50.0)
Change in expected tax expense (recovery) resulting from:						
non-taxable portion of capital gains .....	(603)	(22.2)	(514)	(24.8)	(260)	(29.5)
other sundry items .....	(87)	(3.2)	(48)	(2.3)	84	9.5
Tax expense (recovery) .....	<u>669</u>	<u>24.6</u>	<u>474</u>	<u>22.9</u>	<u>(617)</u>	<u>(70.0)</u>

**18. Joint Venture Operations**

The consolidated financial statements include the Company's interest in its joint ventures and partnership as follows:

	1981 (\$000's)	1980 (\$000's)
Assets .....	<u>48,371</u>	<u>42,510</u>
Liabilities .....	40,393	42,077
Equity and advances .....	7,978	433
	<u>48,371</u>	<u>42,510</u>
Revenues .....	33,311	26,330
Expenses .....	28,760	21,755
Income before income taxes .....	<u>4,551</u>	<u>4,575</u>

**19. Related party transactions**

Related party transactions are, in all circumstances, conducted at fair market value. The Company participates in numerous joint ventures and a partnership. In a number of these, directors and officers of the Company participate for their own account.

Directors' and officers' interests in these joint ventures are summarized as follows:

	1981 (\$000's)	1980 (\$000's)
Assets .....	<u>6,457</u>	<u>2,867</u>
Liabilities .....	5,126	2,859
Equity and advances .....	1,331	8
	<u>6,457</u>	<u>2,867</u>
Revenue .....	2,976	3,883
Expenses .....	2,931	3,647
Income before income taxes .....	<u>45</u>	<u>236</u>



The following is a summary of other significant transactions between the Company, its directors and officers:

- (a) In joint venture with another corporation owned by certain directors, the Company purchased a hotel in Halifax, Nova Scotia. The hotel is being managed by another corporation in which such directors have a substantial interest. A management fee of \$75,474 was paid in 1981 to such corporation. In addition, 20% of the profit on the eventual sale of the hotel will accrue to such corporation.
- (b) The Company purchased two thirds of the shares of Revenue Resources (Canada) Inc. for \$1 million. The other one third of the shares were purchased by certain directors and officers and their associates for a total of \$500,000.
- (c) The Company entered into a joint venture with another corporation in which certain directors have a substantial interest. The Company's obligation was to be limited to providing a guarantee of the joint venture's bank financing for \$2 million (U.S.) in return for the right to the first \$2 million (U.S.) of profits earned by the joint venture. In 1981, the Company advanced \$100,000 to the joint venture. The first phase of the development has been completed. Subsequent to December 31, 1981, the bank has indicated that it is not prepared to advance further funds and alternate sources of financing are being negotiated. In the Company's view, were the bank to demand repayment of the loan, it could liquidate its security in the project without any material loss to the Company under its guarantee.

20. Quarterly financial data (unaudited)

	Quarter				Year
	First	Second	Third	Fourth	
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
<u>1981</u>					
Gross revenue . . . . .	6,373	9,369	24,554	18,820	59,116
Gross profit . . . . .	1,625	2,459	5,537	4,891	14,512
Net income (loss) . . . . .	(282)	149	1,452	677	1,996
Earnings (loss)					
per share . . . . .	(2.0¢)	1.1¢	10.2¢	4.8¢	14.1¢
<u>1980</u>					
Gross revenue . . . . .	10,134	7,557	7,295	12,575	37,561
Gross profit . . . . .	2,290	1,676	2,682	3,435	10,083
Net income (loss) . . . . .	270	(138)	530	937	1,599
Earnings (loss)					
per share . . . . .	1.9¢	(1.0¢)	3.7¢	6.7¢	11.3¢





# revenue properties company limited

Five Year Summary  
of Operations  
Years ended December 31

	1981 (\$000's)	1980 (\$000's)	1979 (\$000's)	1978 (\$000's)	1977 (\$000's)
Rental operations .....					
Income from revenue producing					
real estate .....	20,051	16,262	15,208	14,982	12,767
Property operating expenses .....	13,958	11,943	11,112	10,643	8,621
Depreciation .....	651	489	480	460	436
	<u>5,442</u>	<u>3,830</u>	<u>3,616</u>	<u>3,879</u>	<u>3,710</u>
Sales of revenue producing real estate .....	7,582	4,040	1,662	1,187	3,475
Cost of sales .....	5,121	2,368	701	737	3,408
	<u>2,461</u>	<u>1,672</u>	<u>961</u>	<u>450</u>	<u>67</u>
Sales of construction, land held for and under development and surplus land .....	29,218	15,826	23,196	14,977	14,513
Cost of sales .....	24,874	12,678	22,780	14,565	14,263
	<u>4,344</u>	<u>3,148</u>	<u>416</u>	<u>412</u>	<u>250</u>
Other income .....	2,265	1,433	961	926	1,403
Gross profit from operations .....	14,512	10,083	5,954	5,667	5,430
Interest expense less amounts capitalized .....	7,889	5,644	4,911	4,840	4,210
Other expenses .....	2,590	2,366	1,926	1,691	1,956
Proceeds of lawsuit net of costs .....	—	—	—	(826)	—
Provision for loss on real estate .....	1,315	—	—	—	3,927
Income (loss) before minority interest, income taxes and extraordinary item .....	2,718	2,073	(883)	(38)	(4,663)
Income taxes .....	669	474	(617)	(38)	(1,623)
Income (loss) before extraordinary item and minority interest .....	2,049	1,599	(266)	—	(3,040)
Minority interest in net income .....	53	—	—	—	—
Extraordinary item					
Deferred income tax reduction .....	—	—	—	361	205
Net income (loss) for year .....	<u>1,996</u>	<u>1,599</u>	<u>(266)</u>	<u>361</u>	<u>(2,835)</u>
Interest capitalized .....	6,504	4,843	4,515	3,705	3,793
Earnings (loss) per share					
Before extraordinary item .....	14.1¢	11.3¢	(1.9¢)	—	(21.5¢)
After extraordinary item .....	14.1¢	11.3¢	(1.9¢)	2.6¢	(20.0¢)
Weighted average number of shares (in thousands) .....	14,166	14,166	14,156	14,146	14,146



### Business

Revenue Properties Company Limited is an integrated, Canadian-based public real estate company operating throughout Canada and in Florida. Through subsidiaries, joint ventures and partnership the company develops land and constructs industrial, commercial and residential buildings for sale, investment or lease. The Company is also in the petroleum exploration and development business through a partially-owned subsidiary.

Land development and construction activities vary significantly from period to period 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 borrowing is tied to the prime interest rate, which recently has been at historically high rates, which will adversely affect the Company's earnings and ability to develop its properties.

## 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

Continuing high interest rates, the lack of long-term fixed rate financing and the present recession will have a significant and adverse affect on both the Company's profitability and liquidity. This is due to the fact that the cost of carrying inventories is increasing and in a recession real estate sales slow down considerably. The Company is not planning any new projects in the near future to preserve its liquidity position.

Interest bearing debt increased from \$72,173,000 in 1979 to \$81,491,000 in 1980 to \$87,648,000 in 1981 while total interest increased from \$9,426,000 in 1979 to \$10,487,000 in 1980 to \$14,393,000 in 1981. Interest expense net of amount capitalized increased from \$4,911,000 in 1979 to \$5,644,000 in 1980 to \$7,889,000 in 1981. As at December 31, 1981 the Company had unused lines of credit of \$6,172,000 compared with \$6,018,000 at December 31, 1980 and \$3,368,000 at December 31, 1979.

The Company anticipates a continuing need for capital for development and operations. This need can be met by sales of revenue producing assets and by specific project financing. The Company is actively exploring sources of long term funding. Financing through pension funds is one of the sources of financing being investigated. In this regard, the Company has, in 1981, completed its first deal with a pension fund in Canada for financing of an office complex in Ontario.



### Results of Operations

The Company operates in three main areas—land servicing and development, residential construction and rental operations. Sales of residential construction and land development projects contributed a gross profit of \$4,344,000 in 1981 compared with \$3,148,000 in 1980 and \$416,000 in 1979. Several of our land development and construction projects which were in process over the last few years were substantially completed and sold in 1981. The present economic situation of high mortgage rates, increasing costs and high unemployment is having an adverse affect on sales of the Company's residential properties. Profit contributions in this area will not be realized at the rate originally anticipated. The Company has reduced its intended programme in residential land servicing and construction and is exploring opportunities in commercial and industrial real estate.

Rental revenues continue to increase. Gross revenue in 1981 were \$20,051,000 increasing from \$16,262,000 in 1980 and \$15,208,000 in 1979. The increase is due to the reduction of commercial vacancies in Montreal and residential vacancies in Toronto, as well as the addition of the hotel operation in 1981. It is expected that rental revenues and gross profits will continue to increase. However, the financing cost of carrying the revenue producing assets is not included in calculating gross profit and these costs are expected to increase. In addition, the recovery of higher operating and financing costs in certain of the Company's residential properties is subject to governmental approval. In 1981, five industrial revenue producing buildings and our interest in two joint venture residential buildings were sold producing a gross profit of \$2,461,000. This compares with a gross profit from sale of revenue producing assets in 1980 of \$1,672,000 and \$961,000 in 1979. Other revenue producing assets will be sold in the future to generate capital for use in operations.

In 1981, the Company evaluated its land holdings in relation to present market conditions and provided \$1,315,000 for possible loss on disposal.

Oil and gas operations contributed a gross profit of \$280,000 which is included in Other Income. This was mainly due to the sale of an interest in its land holdings. The Company, through its partially owned subsidiary Revenue Resources (Canada) Inc., is actively continuing its drilling programme. Additional financing is presently being pursued by Revenue Resources to expand its drilling and exploration programme; however, it is difficult to obtain equity funds in the present market conditions.

### Capital Resources

Capital or fixed asset expenditures in the real estate industry, unlike industries such as manufacturing or resources, is not significant.

The Company has no material commitments for capital expenditures and does not contemplate any such commitments for 1982.

### Impact of Inflation

Inflation does not have a significant impact on the Company's earning power. The rental operation is somewhat protected from inflation because many of the leases include the recovery of increased costs from the tenants. The impact of inflation in the residential operations and land development and servicing operations is not significant when compared to the effects of the present high mortgage interest rates and general recession in the market place. The long-term appreciation in assets is expected to offset the impact of inflation.



## revenue properties company limited

### Supplementary Information

Selected Financial Data	1981 (000's)	1980 (000's)	1979 (000's)	1978 (000's)	1977 (000's)
Gross revenue .....	59,116	37,561	41,027	32,072	32,158
Income (loss) from continuing operations .....	1,996	1,599	(266)	—	(3,040)
Income (loss) from continuing operations per share ..	14.1¢	11.3¢	(1.9¢)	—	(21.5¢)
Total assets .....	128,646	118,409	107,479	112,560	113,706
Interest bearing debt .....	87,648	81,491	72,173	76,818	78,653
Capital lease obligations .....	14,740	15,626	16,442	17,198	n/a
Cash dividends per common share .....	none	none	none	none	none
Cash flow from operations .....	3,970	2,225	(660)	36	(327)

### Market for the Company's Common 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:

Title of Class	Number of Record Holders	Date
Class A Shares	7,835	January 31, 1982
Class B Shares	8,016	January 31, 1982
7½% Convertible Subordinated Sinking Fund Debentures Series A	42	January 31, 1982

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

Common Stock	1981				1980			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
High	n/a	n/a	3.75	3.45	3.30	2.25	2.05	2.47
Low	n/a	n/a	2.51	2.30	2.07	1.85	1.61	1.22
Class A	1981				1980			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
High	1.80	2.80	n/a	n/a	n/a	n/a	n/a	n/a
Low	1.16	1.00	n/a	n/a	n/a	n/a	n/a	n/a
Class B	1981				1980			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
High	1.40	2.68	n/a	n/a	n/a	n/a	n/a	n/a
Low	0.76	0.80	n/a	n/a	n/a	n/a	n/a	n/a

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 properties company limited

*Revenue  
Producing  
Property  
Owned*

	Number of Residential Units	Approximate Rental Area Sq. ft.	Company's Interest %	Land Leases Terminates
<b>Industrial</b>				
Toronto, Ontario .....		506,900	100	Owned
Montreal, Quebec .....		196,100	100	Owned
Montreal, Quebec .....		575,200	100	2019-2020
<b>Commercial and Residential</b>				
Toronto, Ontario .....	163	84,000	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 .....		155,900	100	Owned
Saint John, New Brunswick .....		102,500	100	Owned
Halifax, Nova Scotia .....	320	10,000	50	Owned
	<u>1,801</u>	<u>1,664,000</u>		

*Revenue  
Producing  
Property  
Sold and  
Leased Back*

<b>Residential</b>				
Toronto, Ontario .....	716			1989-2024
Halifax, Nova Scotia .....	240			1987
Saint John, New Brunswick .....	152			1999
<b>Commercial</b>				
Toronto, Ontario .....		9,200		1986
Halifax, Nova Scotia .....		143,500		1999
Saint John, New Brunswick .....		102,500		1992
<b>Industrial</b>				
Toronto, Ontario .....		593,400		1986-1999
Montreal, Quebec .....		83,000		1984-1985
	<u>1,108</u>	<u>931,600</u>		



# revenue properties company limited

## Land Held For and Under Development

<u>Location</u>	<u>Proposed Use</u>	<u>Approximate Number of Acres</u>	<u>% Company Profit Participation</u>
<b>Ontario</b>			
Ajax	Shopping Centre	3	100
Ajax	Residential	286	100
Guelph	Multiple	876	75
Orangeville	Commercial	2	100
Pickering	Residential	80	100
Port Dover	Commercial & Residential	93	33.3
Simcoe	Residential	6	33.3
Toronto	Residential	1	100
Uxbridge	Multiple	514	100
Vaughan	Residential	53	44
Whitchurch/ Stouffville	Residential	115	100
<b>Saskatchewan</b>			
Lloydminster	Industrial & Commercial	74	50
<b>Quebec</b>			
Boucherville	Multiple	244	75
Point Claire	Industrial & Commercial	7	100
<b>Florida</b>			
Vero Beach	Condominiums	3	100
		2,357	

## Construction in Progress

<u>Location</u>	<u>Type</u>	<u>Number of Units</u>	
<b>Ontario</b>			
Ajax	Housing	44	100
Port Dover	Housing	11	100
Toronto	Condominiums	13	40
<b>Quebec</b>			
Boucherville	Housing	42	75
<b>Florida</b>			
Vero Beach	Condominiums	9	100
Vero Beach	Condominiums	94	55
		Square Feet Under Construction	
<b>Ontario</b>			
Bay St., Toronto	Commercial	14,000	40
Queen St., Toronto	Commercial	21,900	100
Mississauga, Ont.	Commercial	86,000	75



*Development  
Projects*

*Ajax,  
Ontario*

*Shopping Centre*

Construction of a 35,000 sq. ft. shopping centre in Ajax will commence mid 1982. At the present time, we are negotiating with various tenants and expect the centre to be substantially leased before construction begins.

*Housing*

We began our programme of house construction in 1981 in an extraordinarily difficult environment. However, with improving conditions in the marketplace, we hope to sell the balance of our first phase (a total of 103 lots) in 1982.

*Land Development*

All necessary approvals for the second phase containing 118 single-family lots have been obtained. Servicing of our 290 acre residential project will continue as market conditions permit.

*Boucherville,  
Quebec*

*Residential*

Poor market conditions have adversely affected our plans to continue servicing of this development. When market conditions improve, however, we will be in an excellent position to sell a substantial number of houses.

*Industrial*

The decision of Deutsche Diesel to place their 600,000 sq. ft. plant adjacent to our industrial development will have a particularly positive impact both on the industrial development and economy of the area. The Company has 45 acres of industrial land available for immediate development.

*Burlington,  
Ontario*

*Burloak Industrial Park*

The Company has entered into 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 now underway and the success of this programme will determine whether or not servicing of these lands will be undertaken in 1982.

*Guelph,  
Ontario*

*Residential Land Development*

A large, low-density residential development and golf course is currently in the planning stages, on lands owned by the Company.

*Halifax,  
Nova Scotia*

*Hotel*

In a joint venture with Westok Holdings Ltd., the Company purchased the Hotel Nova Scotian in Halifax. This 320-room hotel is managed by the Bond Place Hotel Group and our renovation programme for the hotel and its facilities has commenced.

*Lloydminster,  
Saskatchewan*

*Industrial and Commercial Park*

This 74 acre industrial and commercial park in Lloydminster is a joint venture with Primesite Developments Limited. All necessary approvals for the project have now been received.

*Mississauga,  
Ontario*

*Office Complex*

Construction on the second phase of Meadowvale Court is now nearing completion. This \$7 million office complex contains 86,024 sq. ft., of which we have leased approximately 20% to date.



Montreal,  
Quebec

*Condominiums—Old Montreal*

Substantial renovation is scheduled to begin this year on a \$7 million, 6-storey building in Old Montreal. There will be 60 units available for purchase, ranging from 1,280 to 1,400 sq. ft.

Naples,  
Florida

*Golf and Country Club*

In a joint venture with Westok Holdings Limited, a golf and country club facility known as the Quail Creek Country Club has been developed in Naples, Florida. The development of this 640 acre property includes the construction of a 36-hole golf course, and the servicing of 296 residential lots abutting the course. Sales of memberships and lots have exceeded expectations.

Toronto,  
Ontario

*Office and Commercial*

Restoration of the Dominion Brewery Building, at 496 Queen Street East, commenced in 1981. The first phase, consisting of 22,000 sq. ft., has been leased to a major advertising agency. Construction on the second phase of 70,000 sq. ft. is scheduled for 1982. The project will ultimately result in 200,000 sq. ft. of prime office and commercial space in a unique renovation of contemporary and 19th century design.

*Residential Land Development*

Our Torlease project is located between Bathurst and Yonge Streets, north of Steeles Avenue on the northern boundary of Metro Toronto. All single-family lots in the first three phases have been sold. The project owns a 2-acre commercial site and two high-density residential sites, both of which are fully serviced. In 1983, we plan to commence serving of the final phase of the project, which will consist of approximately 200 single-family lots.

*Residential*

We have assembled a small project of 1.5 acres in the Dufferin Street and Davenport Road area of Toronto and anticipate building approximately 46 units on the site, with construction planned to begin early in 1983.

*Condominiums*

In a joint venture the Company intends to construct a luxury condominium project in the Bay/Bloor area of Toronto. Changing market conditions may necessitate the reassessment of the feasibility of this project.

Uxbridge,  
Pickering

*Residential*

The Company is attempting to register plans of sub-division for estate lots on the remaining lands owned by the company in this area.

Vero Beach,  
Florida

*Condominiums*

Presales and reservations for Seacove, a 42 unit condominium building, and 1616 South Ocean Drive, a 52 unit condominium building, are both satisfactory. The two buildings are due to be completed in the fall of 1982. The Company purchased an additional site at Vero Beach for a building that will contain approximately 50 units. Because sales of luxury condominiums in this part of Florida have been very slow, this building will not be commenced without substantial presales.





**Directors**

- \*Richard A. Bain, Toronto  
Partner, Fogler Rubinoff, Barristers and Solicitors  
Arthur H. Crockett  
Director, Bank of Nova Scotia
- †Watson W. Evans, Toronto  
Retired
- \*†Maxwell Goldhar, Toronto  
President, 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, Montreal  
Executive Vice-President, Revenue Properties Company Limited
- \*Member of Executive Committee
- †Member of Audit Committee

**Officers**

- President: Maxwell Goldhar
- Executive Vice-President: Michael G. Wright
- Vice-President: E. William Selkirk
- Secretary: Richard A. Bain
- Chief Financial Officer: Peter W. Grater
- Treasurer and Assistant Secretary: Sara Tuberman
- Controller: Eve M. Bodman

**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

**Head Office**

44 King Street West, Suite 1619, Toronto, Ontario M5H 3A3

**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 head office.







