

ANNUAL
REPORT
1987

FRONT COVER: ARCHI-
TECTURAL DETAILS
OF CANADA PLACE, A
NEW DEVELOPMENT IN
EDMONTON, ALBERTA.

TRIZEC IS A DEVELOPER, OWNER AND MANAGER OF COMMERCIAL INCOME PROPERTIES AND IS WIDELY REGARDED AS HAVING ONE OF THE WORLD'S LARGEST PROPERTY PORTFOLIOS, WITH ASSETS OF \$8 BILLION. TRIZEC'S PORTFOLIO IS CONCENTRATED IN MAJOR CITIES THROUGHOUT NORTH AMERICA, AND INCLUDES OWNERSHIP INTERESTS IN 249 OFFICE AND MIXED-USE PROPERTIES, RETAIL CENTRES, AND RETIREMENT AND RESIDENTIAL PROPERTIES CONTAINING IN EXCESS OF 100 MILLION SQUARE FEET OF COMMERCIAL SPACE. IN ADDITION, COMMUNITY DEVELOPMENT AND HOUSING OPERATIONS PROVIDE FOR CONSTRUCTION OF APPROXIMATELY 2,000 SINGLE FAMILY HOUSES AND CONDOMINIUM UNITS EACH YEAR.

TRIZEC'S ACTIVITIES ARE CONDUCTED THROUGH PRIVATELY AND PUBLICLY-OWNED SUBSIDIARIES EMPLOYING MORE THAN 10,000 PEOPLE IN CANADA AND THE UNITED STATES. SINCE ITS FORMATION IN 1960, TRIZEC HAS PLAYED AN INTEGRAL ROLE IN SHAPING THE URBAN DEVELOPMENT OF NORTH AMERICAN COMMUNITIES. TRIZEC IS COMMITTED TO MAINTAINING ITS TRADITION OF DEVELOPING PROPERTIES OF THE HIGHEST STANDARDS AND OF ENHANCING THE QUALITY OF LIFE IN THE COMMUNITIES IN WHICH IT OPERATES.

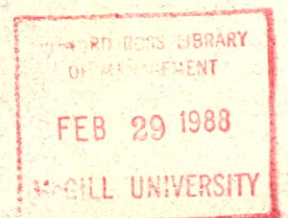


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FINANCIAL HIGHLIGHTS

(\$ millions except per share amounts)	1987	1986
Cash Flow from Operations	243.0	188.9
Per Ordinary Share *	\$2.11	\$1.82
Net Income	90.0	78.8
Per Ordinary Share *	58.0¢	52.7¢
Gross Revenue	1,133.7	719.3
Rental Revenue	1,049.0	703.7
Total Assets	7,965.0	4,838.3
Shareholders' Equity	1,106.0	837.3
Dividends Per Ordinary Share		
–declared June 25, 1987 (1986–June 25)	17.5¢	15.0¢
–declared December 22, 1987 (1986–December 17)	21.0¢	17.5¢
	38.5¢	32.5¢
Average Number of Ordinary Shares Outstanding	88,160,000	84,952,000
Number of Ordinary Shareholders		
– Class A	1,792	1,859
– Class B	1,691	1,814

*Per share calculations are after providing for preferred share dividends and minority interest, and are based on the weighted average number of ordinary shares outstanding after giving retroactive effect to the stock dividend in July 1986.



In 1987, Trizec reached a new milestone as revenue from rental operations exceeded the \$1 billion mark and assets totalled \$8 billion. At the same time, the Corporation continued its 11-year history of sustained growth in cash flow and net income. Cash flow from operations increased 29 percent to \$243 million, from \$188.9 million in 1986. Net income increased 14 percent to \$90 million from \$78.8 million, in the previous year. As a result of this growth, Trizec's Board of Directors, in December 1987, approved a 20 percent increase in the semi-annual dividend to 21 cents per ordinary share.

In November 1986, Trizec acquired control of Bramalea Limited by increasing its ownership interest to 65 percent on a fully diluted basis. Accordingly, these results include, for the first time, the accounts of Bramalea on a consolidated basis.

The 1987 financial results reflect a \$247 million pre-tax gain arising from the sale of our Canadian shopping centre interests to Trilexa Centres Inc. In keeping with our conservative accounting practices, substantially all of the gain was reserved to offset the potential of diminution in the value of undeveloped land and higher risk assets.

The strong gains in Trizec's operating results reflect the continued strength of our leasing program and high occupancy levels maintained throughout our property portfolio. Over 6,170,000 square feet of commercial space was leased during the year in the office and mixed-use properties and retail portfolio. Occupancy in our office and mixed-use properties averaged 92 percent in 1987—a considerable accomplishment given the competitive market in many North American cities. Our 80 retail centres also performed exceptionally well, with retail sales increasing by 6 percent in Canada and 7 percent in the United States. Favourable demographics and consumer trends continued to benefit our retirement living and residential operations.

Trizec's equity base, one of the largest in the industry, was further strengthened in 1987 with the completion of two share issues. The issue of \$100 million of perpetual preferred shares and \$171.25 million of ordinary shares raised shareholders' equity to \$1.1 billion on a book value basis. This compares to a market capitalization of \$3 billion based on recent trading prices of Trizec shares.

To a large degree, 1987 was a year of consolidated growth following the events of 1986 which broadened and expanded the scope of Trizec's holdings. The Corporation's total property portfolio now reflects even stronger geographic representation and a more balanced distribution of properties in each of the three areas of our operations: office and mixed-use, retail, and retirement and residential. As a result of this expanded asset base, considerable emphasis was placed during the year on streamlining our management structure and developing business plans which set out the strategic direction for our business units and operating entities. With Trilexa now established and the interests of Bramalea more closely aligned with Trizec, our management teams are highly focused and well positioned for growth.

In 1987, our office and mixed-use operations focused on two distinct but complementary activities: the development of new projects and the renovation of several mature properties.

Over the next two to three years, the completion of six new office and mixed-use developments will add approximately 5.9 million square feet of space to the portfolio. Construction of the first phase of Bankers Hall, our proud new 1.9 million square foot development in Calgary, Alberta, is proceeding toward a scheduled 1989 completion. Over 50 percent of the 802,000 square foot east tower is already pre-leased. On one of the last prime development sites in downtown Toronto, Ontario, Trizec is developing the Bay-Adelaide Financial Centre in a 50-50 joint venture with Markborough Properties

Limited. Construction of the 1,760,000 square foot project is expected to begin this fall, as is a second Toronto development project, a new 409,000 square foot building which Bramalea will develop to adjoin and complement the historic structure of their Confederation Square project. Other development projects are progressing satisfactorily.

The high occupancy levels achieved year after year by the Corporation clearly reflect our tenant service orientation as well as our commitment to enhance the value of our properties over the long term. In the past four years, a number of mature properties have undergone comprehensive renovation and upgrading programs. The multi-phased renovation of the 2.7 million square foot Place Ville Marie complex currently underway in Montreal, Quebec, and the planned renovation by Bramalea of their one million square foot Hudson's Bay Centre in Toronto, Ontario, are the largest undertakings of this kind. With these completions, this comprehensive program is now virtually complete, assuring the first class condition of our properties for years to come.

As with our office and mixed-use portfolio, our 1987 retail focus was twofold. Our new retail developments are currently concentrated in the United States where market growth is generally stronger and opportunities more numerous. During 1987, construction commenced on four new regional shopping centres in the U.S., the largest of these being Bridgewater Commons in Bridgewater, New Jersey and Bramalea's Westshore Mall development in Holland, Michigan. Bridgewater will open fully leased in February 1988 and will feature 900,000 square feet of retail area in a multi-level enclosed mall. Westshore Mall, a 420,000 square foot centre, is presently 60 percent pre-leased and will open later this year.

A number of other new developments are also planned for the immediate future, the most notable of which forms part of the Times Square redevelopment in New York City. Under a recently completed agreement, we will master lease and operate five levels of retail space in a 45-storey office tower, part of the Times Square redevelopment. This project is expected to open in the fall of 1989.

Trizec's future growth in the retail sector is assured through the expansion and renovation of 18 centres in Canada and 15 in the United States over the next three to five years. The expansion and renovation of Carlingwood Mall in Ottawa, Ontario and Bramalea's regional shopping centre in Harrisburg, Pennsylvania were completed in 1987. Opening this spring is the 120,000 square foot expansion to Southcentre Mall in Calgary, Alberta.

In 1987, the Corporation added to its retail investments by participating in the public offerings of The Rouse Company and J.D.S. Investments Limited. In July, Trizec purchased US \$60 million of convertible debentures of Rouse, thereby increasing its ownership interest to 25 percent on a fully diluted basis. Rouse is currently the third largest developer of retail centres in the United States. In August 1987, the Corporation, through Trilea, acquired a 26 percent fully diluted interest in J.D.S. by purchasing \$30 million of common and convertible preferred shares. J.D.S. is a well-established Canadian real estate company with a three million square foot portfolio consisting primarily of retail centres.

Trizec's retirement living and residential operations are an important business segment of the Corporation. Our retirement and life-care organization had another successful year and several new developments are currently planned in the Florida area. Residential operations, undertaken

through Bramalea, benefitted from the buoyant housing markets of southern Ontario and southern California. Over 2,000 single family housing and condominium units were sold during 1987. Overall demand should remain high despite expectations that new housing starts will moderate from recent record levels.

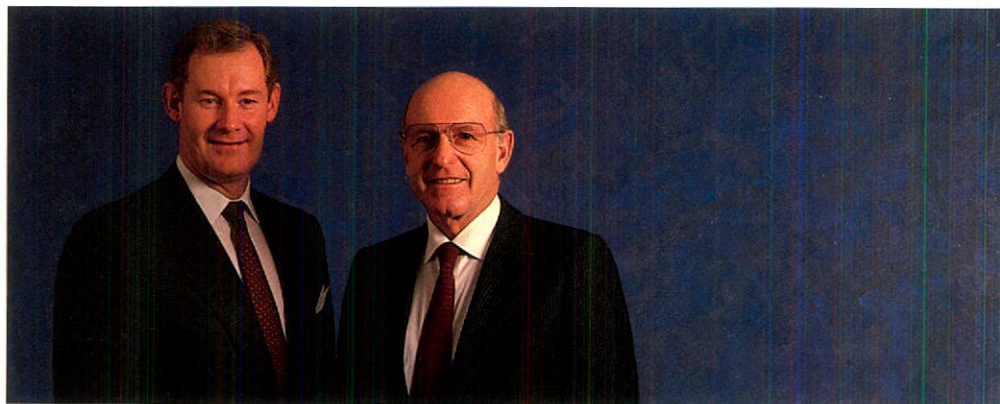
OUTLOOK

Trizec recognizes the mature nature of both the commercial real estate industry and the economy in North America. Our corporate policies, objectives and undertakings reflect the characteristics of an industry where growth is primarily achieved by maximizing the potential inherent in our existing assets, supported by the development and acquisition of new projects in targeted growth areas. Given the strong performance and positive outlook in all three areas of Trizec's operations, we are confident that the Corporation's record of growth in cash flow and net income will be maintained.

On the political and economic fronts, the recently consummated free trade agreement between Canada and the United States should be beneficial to the overall economy of Canada. Canada will also benefit from the consolidation occurring within the Canadian financial services industry as these institutions expand their capital base to enable them to effectively compete in the international arena. Both these factors will contribute positively to the real estate industry, particularly in the energy and resource sectors and in the Toronto area.

ACKNOWLEDGEMENTS

As the results indicate, 1987 was a successful year for Trizec. This success is due in large part to the contribution of each and every employee of the Corporation. On behalf of the Directors and Shareholders, we would like to recognize this contribution and to thank all employees for their ongoing loyalty and support.



Kevin E. Benson (left) and Harold P. Milavsky

HAROLD P. MILAVSKY
CHAIRMAN AND CHIEF
EXECUTIVE OFFICER

KEVIN E. BENSON
PRESIDENT

FEBRUARY 19, 1988

CORPORATE OBJECTIVES

Trizec’s principal objective is to own and manage commercial income properties for long-term investment and to expand its portfolio through the development of new projects, the expansion and renovation of existing properties and by acquisition. These activities are largely focused on two important sectors of the North American real estate industry:

- Office and mixed-use properties located in the central business districts of major metropolitan centres.
- Retail and regional shopping centres in prominent urban and suburban markets.

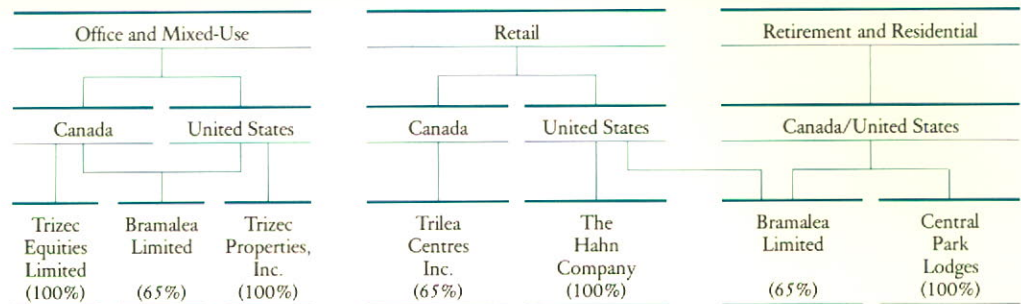
In addition, Trizec’s other activities include the development and management of retirement and residential rental properties, housing and community development. While the retirement and residential operations are not as significant as the commercial developments, they represent a meaningful third sector of our corporate undertakings. The high-growth retirement communities in North America and the stable residential markets of Ontario and California are particularly important geographic areas in which the Corporation continues to concentrate.

Trizec’s stated objective is to increase cash flow 10 to 15 percent per year which is taken into account in undertaking acquisitions or developments. The Corporation’s resolve in meeting this objective has resulted in Trizec’s cash flow increasing at an annual compound growth rate of 21.6 percent over the past five years.

Trizec is also committed to maximizing shareholders’ value. As such, its financial policies are conservative and are designed to achieve growth while controlling financial exposure. Adherence to these policies has given Trizec the credibility to access international financial markets.

MANAGEMENT STRUCTURE

In a highly competitive industry, Trizec has fortified its strengths with an improved and well-defined management structure that amplifies opportunities and provides greater accountability and financial discipline. Trizec’s management structure is organized to maximize all aspects of the three business segments in which the Corporation is active: office and mixed-use properties, retail centres, and retirement and residential properties. These activities are carried out by independent business units through wholly-owned subsidiaries and through interests held in public companies.



In Trizec’s wholly-owned operations, individual business plans are developed for each business unit: the office and mixed-use organization, the U.S. shopping centre unit and the retirement property group. Each business plan sets the overall strategic direction of the respective business unit for a five-year period, with specific action programs and detailed budgets established for the forthcoming year.



TRIZEC'S SENIOR MANAGEMENT TEAM (FROM LEFT TO RIGHT): JOSEPH F. KILLI, EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER; BRENT W. BITZ, SENIOR VICE PRESIDENT, PROPERTY MANAGEMENT; EDMUND SARDACHUK, EXECUTIVE VICE PRESIDENT; VERNON B. SCHWARTZ, EXECUTIVE VICE PRESIDENT & CHIEF OPERATING OFFICER, THE HAHN COMPANY; JOHN M. GILCHRIST JR., PRESIDENT & CHIEF EXECUTIVE OFFICER, THE HAHN COMPANY; KEVIN E. BENSON, PRESIDENT; RON D. GHITTER, EXECUTIVE VICE PRESIDENT & CHIEF DEVELOPMENT OFFICER; JACK RABINOVITZ, SENIOR VICE PRESIDENT, PLANNING & DEVELOPMENT; AND WILLIAM C. JAPPY, PRESIDENT, CENTRAL PARK LODGES.

Progress against these plans is monitored in detail on a monthly basis, providing a performance measurement for individual units.

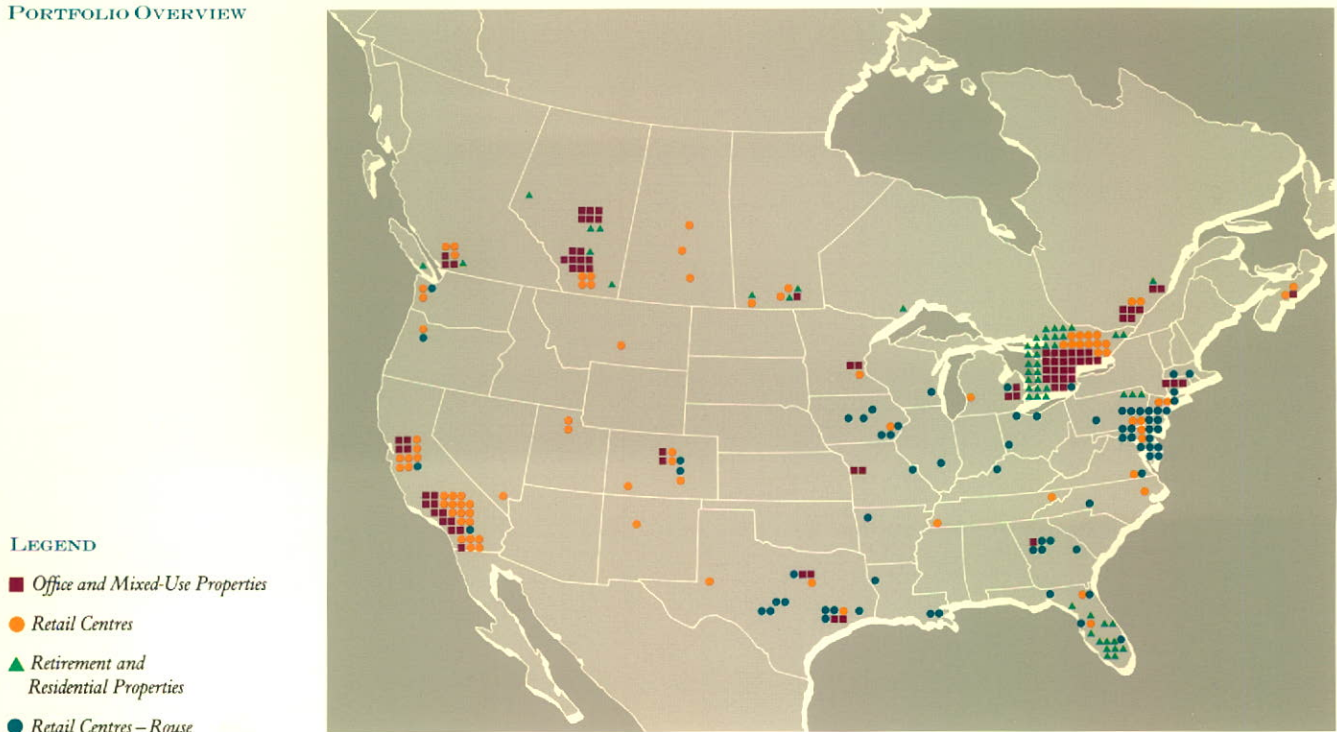
Each business unit is charged with the responsibility of executing all aspects of its development program and managing a portfolio of operating properties corresponding to its area of responsibility. Development activities include site selection, response to proposal calls, design and construction, leasing and overall development planning and coordination. The quality and value of all properties is maintained through on-site property management, security and maintenance and through the efficient operation of mechanical and electrical systems. A strong commitment to tenant satisfaction underscores all property management activities and facilitates the retention of quality tenants as well as the re-leasing of space.

The office and mixed-use organization is responsible for office building and hotel development and operations throughout North America. Headquartered in Calgary, Alberta, the group's Canadian activities are conducted through Trizec Equities Limited, with U.S. activities undertaken through Trizec Properties, Inc. The U.S. shopping centre unit—organized under The Hahn Company, headquartered in San Diego, California—is responsible for all urban and regional shopping centre development and management in the United States. The development and operation of retirement facilities is undertaken through Central Park Lodges of Toronto, Ontario, with U.S. operations based in Sarasota, Florida.

The activities of Bramalea Limited, of which Trizec owns 65 percent, and Bramalea's wholly-owned subsidiary Trilea Centres Inc., are directed by policy guidelines and are reviewed at monthly meetings of their respective Boards or Executive Committees. Broad policies and business plans correspond to Trizec's operational and financial principles. Bramalea, headquartered in Toronto, Ontario, develops and operates office and mixed-use properties in North America—including hotels and industrial buildings—shopping centres in the United States, and residential properties in Ontario and California. Trilea, with corporate offices in Calgary, Alberta and eastern operations based in Toronto, Ontario, is responsible for the development and operation of shopping centres in Canada.

The establishment of separate business units charged with responsibility for a specific segment of the Corporation's operations provides the focus necessary to compete in a highly competitive environment and to respond effectively to new opportunities. Carefully defined business plans ensure that operating guidelines and directives of individual business units and operating entities are co-ordinated and consistent with Trizec's overall corporate objectives.

PORTFOLIO OVERVIEW



Trizec's \$8 billion of assets consist primarily of income producing properties geographically distributed throughout North America. Trizec has strong representation in over 109 communities on the continent. Approximately 50 percent of our income property portfolio is located in Canada, with the balance in the United States. Trizec's asset mix consists of 46 percent office and mixed-use properties, 47 percent retail centres, and 7 percent retirement and residential properties.

Trizec continues to be selective about the geographic areas in which it operates and the timing of new developments. A carefully defined development program requires each project to meet specific criteria in terms of location, pre-leasing, pre-financing and bottom line return. Economic conditions and demographics are thoroughly evaluated to establish a project's viability. Leases are carefully structured

to provide a combination of long-term leases with major tenancies and short-term leases, which offer both stability and the occasion to periodically adjust rental rates upwards as markets dictate.

With many North American markets already well-served from a real estate viewpoint, opportunities for new developments are substantially reduced from the high rate of activity of earlier years. Nevertheless, there are several major metropolitan centres demonstrating above-average growth potential and other in-fill markets where specific opportunities exist. Currently planned development activities will add approximately 18.5 million square feet of commercial space to our portfolio over the next three years. Of this new space, approximately 2.9 million square feet will be from the expansion of existing properties and 15.6 million square feet will result from new developments.

Trizec's large capital base and highly predictable cash flow permit the Corporation to safely commit a portion of its financial resources to acquisitions. These acquisitions must have strong upside potential or the opportunity to improve asset values through the benefit of Trizec's expertise. The Corporation believes that a significant portion of its growth prospects over the next few years will occur through the acquisition of selected properties.

COMPETITIVE STRENGTHS

Trizec's proven strengths are largely a product of its adherence to long-established policies and objectives, and judicious financial planning.

- At over \$240 million per year, its cash flow provides a stable and predictable form of revenue to the Corporation. Only a small percentage of Trizec's cash flow is derived from the sale of assets, with 86 percent coming from the rental of income properties.
- The Corporation's \$1.1 billion equity base is the largest in the industry, providing a sound underpinning to future growth.
- The wide geographic distribution of its properties and broad asset mix insulate Trizec from the severe effects of regional economic downturns.
- All properties are leased by in-house specialists operating under carefully defined leasing guidelines. These policies assure that properties are leased to credit-worthy tenants, providing stability in the cash flow stream.
- Stand-alone financing, with recourse limited to the project being financed, protects the portfolio from individual project risks.
- Over \$500 million of committed term facilities are maintained with a select group of banks. These facilities are substantially undrawn at any one time, providing Trizec with the liquidity to take maximum advantage of investment opportunities and "windows" in the debt and equity markets.
- At all times, limits are placed on the amount of debt exposed to floating interest rates.
- Trizec employs the most varied array of financial techniques of any company in the industry. Trizec has developed the financial credibility to draw upon an extensive base of financial markets ranging from domestic and U.S. institutions to the highly credit-conscious markets of Europe and the Far East.
- Trizec's conservative accounting practices ensure that adequate provision is made for the potential diminution in value of undeveloped assets.

Adherence to these policies has provided Trizec with the resilience to withstand and benefit from the economic cycles experienced by the industry over the past ten years.

FINANCIAL HIGHLIGHTS

In 1987, the Corporation maintained its long established history of consistent growth, recording significant gains in both cash flow and net income. Cash flow from operations for the year increased 29 percent to \$243.0 million, from \$188.9 million in 1986. Net income totalled \$90.0 million compared to \$78.8 million for the previous year. On a per share basis, cash flow increased 16 percent to \$2.11 per share and net income rose 10 percent to 58.0 cents per share.

On December 22, 1987, the Corporation, in keeping with its earnings growth, declared a semi-annual dividend of 21.0 cents on ordinary shares. This is an increase of 20 percent over the previous dividend paid on such shares.

These results reflect, for the first time, the inclusion of the accounts of Bramalea Limited on a consolidated basis. On November 3, 1986, the Corporation increased its ownership interest in Bramalea Limited from 32 percent (43 percent on a fully diluted basis) to 61 percent (65 percent on a fully diluted basis), by purchasing 18.5 million treasury shares of Bramalea.

OPERATING RESULTS

The year 1987 represents another milestone in the Corporation's history, with revenue from rental operations exceeding the \$1 billion level. Rental income for the year of \$537.4 million was 45 percent above the \$369.7 million reported in 1986. This larger contribution came primarily from the Corporation's expanded portfolio of office and retail properties, the re-leasing of space at higher rents and new projects becoming operational over the past two years.

Rental income is derived primarily from Trizec's two principal business segments, with office and mixed-use properties and retail centres contributing 48 percent and 45 percent respectively (1986—43 and 50 percent respectively). The remaining contribution is derived from the rental of retirement and residential properties. After taking into account the increased ownership in Bramalea, a slightly higher proportion of the Corporation's rental income is now generated in Canada—54 percent (1986—50 percent)—as compared to operations in the United States.

Rental income represents 86 percent of total operating income (1986—96 percent). With the increased scope of the Corporation's activities, housing and land development has become a new and significant segment of Trizec's operations, contributing 10 percent to total operating income. Interest and other income account for the remaining 4 percent.

Cash flow from operations (calculated before non-cash items of depreciation, deferred income taxes and minority interest) is one of the most important measures of financial performance in the real estate industry. Over the past five years, cash flow from operations has increased 166 percent, an annual compound growth rate of 21.6 percent. On a per share basis, this growth is 143 percent or 19.4 percent annually. Although cash flow is also generated from the sale of income producing properties, such sales are not a regular part of the Corporation's activities and are excluded from the determination of cash flow from operations and cash flow per share. In 1987, Trizec realized a \$247 million pre-tax gain on the sale of its Canadian shopping centres to Trilea Centres Inc. Approximately \$225 million of this gain was reserved and applied against the book cost of properties, in accordance with the Corporation's conservative accounting practice of fully providing for the potential diminution in the value of undeveloped land and higher risk assets.

At October 31, 1987 the assets of the Corporation, at historical cost, totalled \$8 billion, an increase of \$3.1 billion over the previous year. The purchase of a majority interest in Bramalea Limited accounted for \$2.2 billion of this increase, with a further \$500 million resulting from the Corporation's ongoing development program and the remaining \$400 million from acquisitions of operating properties and corporate investments.

Of the total assets, approximately \$6.8 billion is represented by the Corporation's investment in properties, one half of which, on a book value basis, are located in Canada and half in the United States. Seventy-nine percent (1986-78 percent) of the property portfolio comprises income producing properties, which form the core assets in the Corporation's operations. On a book value basis, office and mixed use properties account for 46 percent of the income property portfolio, retail centres account for 47 percent and retirement and residential properties comprise the remaining 7 percent. (1986-47, 48, and 5 percent respectively.)

During 1987, the Corporation continued to take advantage of the favourable capital markets by extending the term of its debt at relatively low, fixed rates of interest. In September 1987, a 12 year, SF 100 million senior debenture issue was completed in the Swiss markets. The proceeds from this issue were fully exchanged into US \$62.5 million on a basis which removes any currency exposure while providing long-term funds at an all-in rate of 10.3 percent. Proceeds of this issue were used to repay shorter term debt. The Corporation's senior debenture rating was recently increased to double A by the Canadian Bond Rating Service.

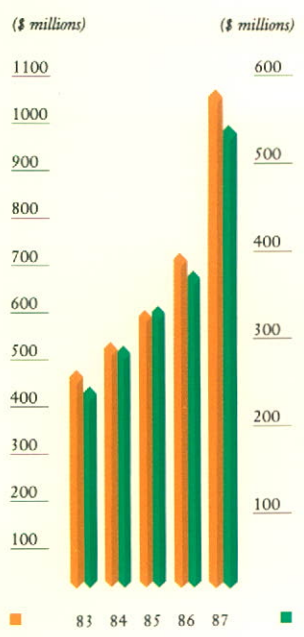
The Corporation derives substantial strength from its ongoing policy of arranging fixed rate financing for projects with terms ranging from 10 to 30 years. Over 70 percent of the Corporation's debt consists of mortgages, bonds and development loans secured directly against operating properties and properties currently under development. Long-term mortgages and bonds are generally structured on a basis which limits recourse to the related property and are serviced from the project's cash flow.

The Euro-U.S. commercial paper program continues to provide attractively priced short-term funds to the Corporation. This program has been well received by investors and was increased during the year to \$200 million from the \$100 million level initially established. The Canadian commercial paper program was also increased to \$200 million in 1987. The additional \$100 million has been specifically earmarked to fund the development and construction of Canada Place in Edmonton, Alberta and will be repaid in the fall of 1988 from the proceeds of long-term financing previously arranged. The issuance of short-term notes on a regular basis is an important factor in maintaining the Corporation's visibility in these financial markets.

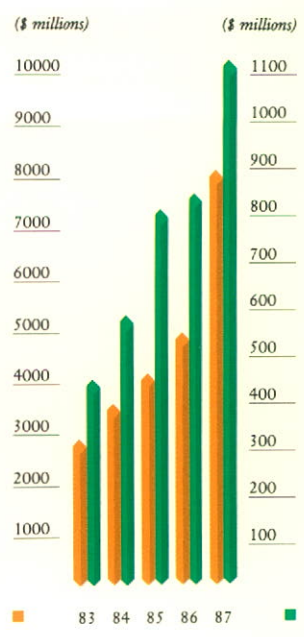
During the 1987 fiscal year, the Corporation completed two equity issues. In December 1986, the Corporation issued \$100 million of perpetual preferred shares with a dividend rate of 8.25 percent per annum during the first five years and thereafter at 70 percent of prime. In March 1987, 5 million Class A Subordinate Voting Ordinary Shares were issued at \$34.25 per share for gross proceeds of \$171.25 million. As a result of these issues, shareholders' equity increased to \$1.1 billion on a book value basis.

Trizec's conservative debt and equity structure provides the Corporation with the financial capacity to expand through development and acquisition and enables it to assist operating subsidiaries and affiliated companies in strengthening their financial position. Of particular significance this year was the purchase of \$462.5 million of treasury shares of Bramalea Limited. This was followed by the purchase of US \$60 million of the US \$130 million convertible debentures issued by The Rouse Company and Trile's purchase of \$30 million of a \$53.5 million public offering by J.D.S. Investments Limited.

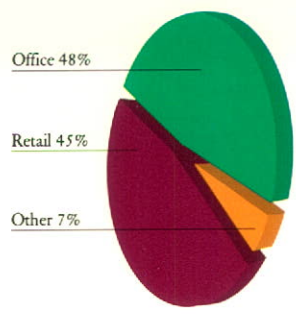
■ RENTAL REVENUE
 ■ RENTAL INCOME



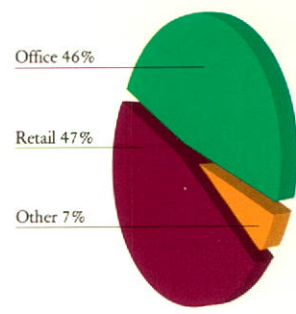
■ GROSS ASSETS
 ■ SHAREHOLDERS' EQUITY



RENTAL INCOME BY TYPE



INCOME PRODUCING PROPERTIES BY TYPE



TRIZEC'S 1.9 MILLION
SQUARE FOOT
BANKERS HALL
DEVELOPMENT WILL
COMPRISE TWO
47-STOREY TOWERS
FEATURING DISTINC-
TIVE ROOF CAPS WITH
WINDOW DETAILING
EXTENDING PAST THE
PERIMETER OF THE
TOP FLOOR.



OVERVIEW

Trizec owns and manages 29.7 million square feet of office and mixed-use properties: 14.1 million in Canada and 15.6 million in the United States. In total, this portfolio contains 46 buildings located in 17 major metropolitan markets. Trizec's active development program will add a further 5.1 million square feet to this portfolio over the next two to three years.

The Corporation's office and mixed-use properties continue to maintain their strong position in the market places in which they are located. This continuing success reflects the strategy of acquiring, developing and maintaining first class properties in superior locations.

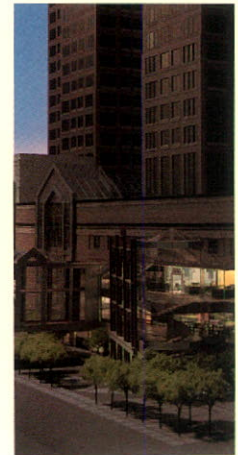
Trizec recognizes that its most important asset is its tenants. Great emphasis is placed on identifying the unique requirements of the Corporation's diverse tenant group in order to provide superior service and amenities. In 1987, a business plan was developed for each operating property which will raise the standard of service to even higher levels. This plan includes the identification of those mature properties requiring renovation and refurbishing in order to ensure they maintain their first class condition. The capital invested in this upgrading program ensures Trizec's properties are generally superior to those of its competition and enables it to realize increased operating returns and asset values.

Trizec's commitment to its valued tenants was re-affirmed in 1987 through the re-naming of the Operations Group to the Property Management Group. This change further reinforces the all-encompassing nature of the property management activities and the uncompromising attitude of providing tenants with the highest level of service in the industry. Increasingly, this level of service will differentiate Trizec from its competition.

Sound development principles backed by a strong tenant-service orientation have earned Trizec a reputation as one of North America's leading developers. This forward looking approach translates into higher occupancy, longer-term tenants, and return on investments superior to industry standards.

REVIEW OF OPERATIONS

The current supply of office space continues to exceed demand in many North American cities. Certain markets are, however, showing signs of imminent supply shortages while others are nearing equilibrium. Despite mixed market conditions, Trizec's office and mixed-use portfolio remains in consistently good standing, with overall occupancies averaging 91 percent in 1987.



BANKERS HALL
 SKY-LIT RETAIL
 PODIUM WILL FRONT
 ONTO CALGARY'S
 STEPHEN AVENUE
 PEDESTRIAN MALL.

In particular, office buildings in Western Canada averaged an outstanding 98 percent occupancy. In Eastern Canada, Trizec is in a strong position to take advantage of Montreal's tightening leasing market through the large scale renovation and refurbishing of the 2.7 million square foot Place Ville Marie complex. In the U.S., occupancy levels in the Los Angeles and Detroit properties remain at an all time high.

Trizec's ability to apply its financial and management expertise to enhance the value of newly acquired properties is particularly evident in two acquisitions made by the Corporation in 1986. Leasing at Cullen Center, situated on eight city blocks in downtown Houston, Texas, is progressing well. With Trizec's involvement, this 2.9 million square foot development, consisting of four office buildings, has attained an occupancy level of 71 percent. Dominion Plaza, a two-tower, 571,000 square foot office development in downtown Denver, Colorado also reports satisfactory leasing progress in a supply-saturated market.

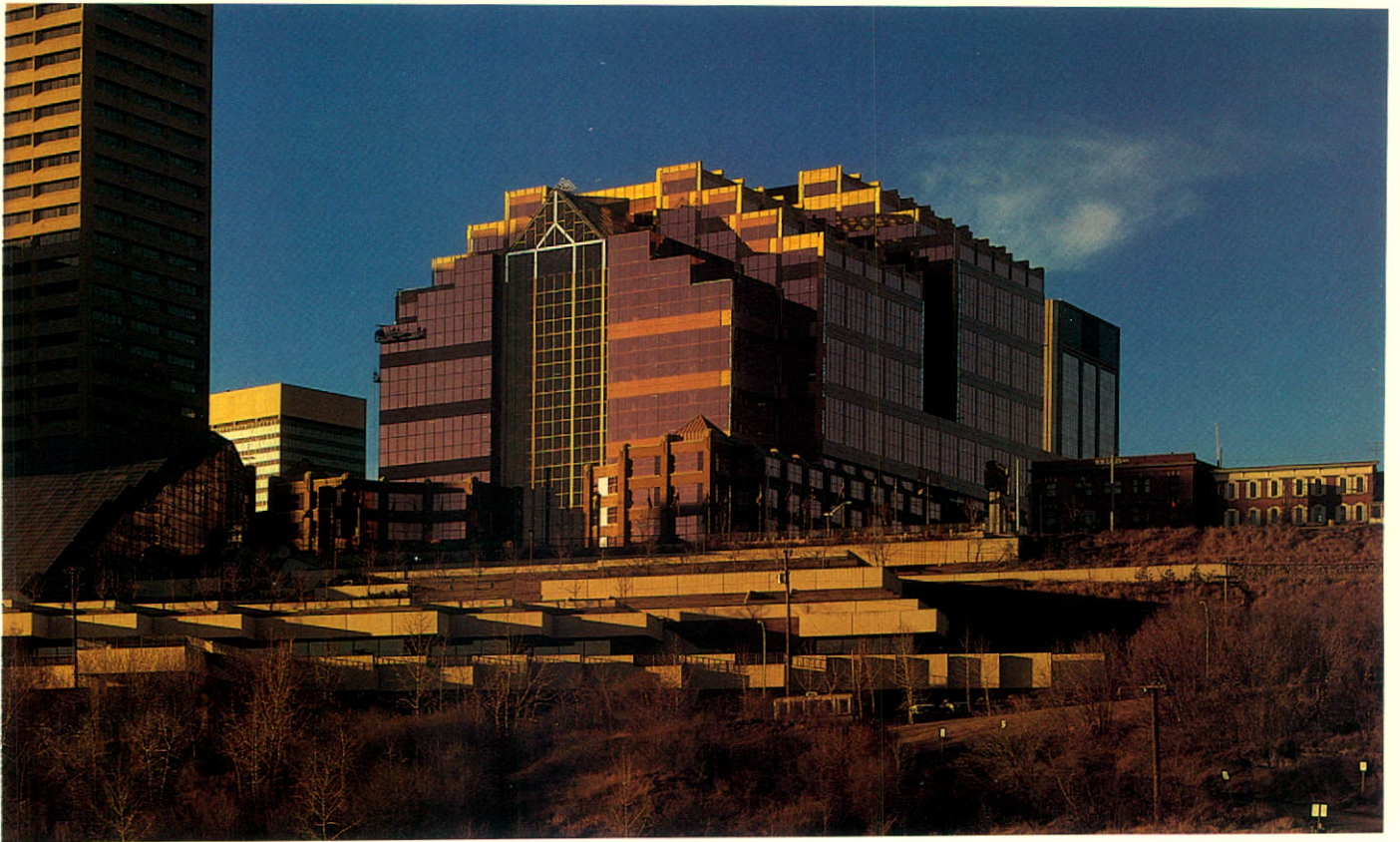
REVIEW OF DEVELOPMENTS

Trizec's confidence in downtown Calgary, Alberta is illustrated in the Corporation's proud new Bankers Hall development. Being constructed in two phases, the project will eventually contain 1.9 million square feet of rentable space in two office towers and a sky-lit retail podium. This world-class, mixed-use development is Calgary's first post-modern, high-rise building. Each of the two 47-storey glass and granite towers feature distinctive roof caps with domed window detailing extending past the perimeter of the top floor. The 802,000 square foot east tower with its silver colored roof and the 274,000 square foot retail atrium are currently under construction, and are scheduled for completion in 1989. Over 50 percent of the office space in this phase is pre-leased with major tenancies of BP Canada Inc. and the Canadian Imperial Bank of Commerce. Construction of the 802,000 square foot west tower with its gold-colored roof will begin once an acceptable level of pre-leasing is achieved.

Opening later this year is Canada Place, a large mixed-use project located in downtown Edmonton, Alberta. The 875,000 square foot first phase includes an atrium office building, retail shops, a food court



THE 56-STOUREY BAY-ADELAIDE FINANCIAL CENTRE IS SITUATED ON ONE OF THE LAST REMAINING MAJOR DEVELOPMENT SITES IN TORONTO'S CELEBRATED FINANCIAL DISTRICT.



CANADA PLACE'S
TIERED ROOF, SPEC-
TACULAR COURTYARD
ENTRANCE AND CLI-
MATE-CONTROLLED
ATRIUM RISING 15
STOREYS SET THE
DEVELOPMENT APART
FROM OTHER BUILD-
INGS IN DOWNTOWN
EDMONTON.

FIRST STAMFORD
PLACE IS A LEADING
DEVELOPMENT IN
STAMFORD, CONNECT-
ICUT. PROXIMITY TO
NEW YORK AND
OTHER EASTERN
SEABOARD CITIES
MAKES STAMFORD
AN INCREASINGLY
ATTRACTIVE BUSI-
NESS LOCATION.



and underground parking for 1,000 vehicles. Canada Place will be linked by enclosed walkways to the adjacent Convention Centre and to the city's leading professional theatre and the light rail transit system. Architecturally, Canada Place's tiered roof, spectacular courtyard entrance and climate-controlled atrium rising 15 storeys set the development apart from other buildings in the city core. All but 100,000 square feet of the office building will be occupied by the Government of Canada. The project's master plan provides for the future development of 300,000 square feet of rentable office space and a 400-room hotel.

On one of the last remaining major development sites in downtown Toronto, Trizec is developing a mixed-use project in a 50-50 joint venture with Markborough Properties Limited. The Bay-Adelaide Financial Centre is situated on 140,000 square feet of prime development land in the heart of Toronto's celebrated financial district. This site is a pivotal link in connecting Toronto's financial core with the northern portion of the central business district including The Eaton Centre and Trizec's Atrium On Bay project. Below-grade connections will link the project to Scotia Plaza, First Canadian Place and Commerce Court. With access to two major subway stations, The Bay-Adelaide Financial Centre will be easily accessible by public transportation. The 56-storey, 1,560,000 square foot Bay-Adelaide Financial Centre will contain 1,400,000 square feet of rentable office space and a 160,000 square foot, three-level retail galleria. Plans also provide for a 200,000 square foot low rise office tower situated above the north portion of the retail galleria. The project's architectural treatment features a dramatically sloped roof-line, and a facade of granite and glass. Construction will begin in the fall of 1988, working to a scheduled completion in the late spring of 1991.

The 308,000 square foot third phase of First Stamford Place, a 15-acre development with 776,000 square feet of rentable area in three atrium office buildings, was completed this year. This project, developed in joint venture with Xerox, is a leading development in



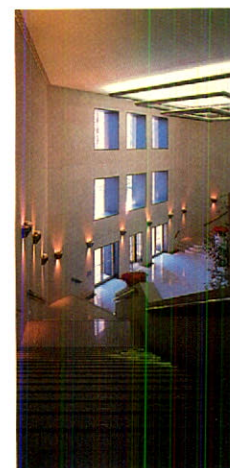
A GRAND ATRIUM, WITH MARBLE FLOORING AND LUSH LANDSCAPING, GREET'S TENANTS IN THE LOBBY OF 300 FIRST STAMFORD PLACE.

Stamford, Connecticut and is situated adjacent to the luxury, 500-room Sheraton Stamford Hotel. Proximity to New York and other eastern seaboard cities makes Stamford an attractive business alternative, both aesthetically and financially.

Two Pershing Square, the second phase of a 57-acre development surrounding the historic Union Station, in Kansas City, Missouri, has achieved commendable occupancy in a relatively soft leasing market. This 11-storey, 500,000 square foot atrium building is now approximately 60 percent leased, and negotiations continue for the balance of the space. Payless Cashways, Inc., a major tenant in the original One Pershing Square, has relocated to Two Pershing Square. Subsequently, the 160,000 square foot One Pershing Square building was re-leased in its entirety under a long-term lease to Blue Cross/Blue Shield of Kansas City.

In the U.S., two markets continue to hold particular interest: Los Angeles and the New York area. Having established a new development office in Los Angeles, California, Trizec is well-positioned to actively pursue new projects that will increase our presence in the downtown area. Despite the highly aggressive nature of this marketplace, Trizec is confident that a new development will be initiated in the near term. In New York City, high land and development costs typically make new developments economically difficult. However, Trizec believes various Manhattan projects have acquisition potential, and the Corporation remains poised to acquire properties that meet its acquisition criteria and offer sound economic returns.

To a large degree, the high occupancy levels achieved by the Corporation reflect Trizec's dedication to service and its commitment to enhance the value of its properties over the long term. Trizec's program of quality enhancement began four years ago with the broad-based renovation of seven buildings in Los Angeles. Upgrading of the Los Angeles portfolio is now virtually complete, with appearances modernized and operating efficiencies greatly improved. The revitalization of the Peachtree Center in Atlanta, Georgia was also completed during 1987.



A GRANITE-CLAD STAIRCASE LEADS INTO THE LOBBY OF THE 1600 SMITH BUILDING IN THE CULLEN CENTER.



THE 1600 SMITH
BUILDING IS THE
FLAGSHIP PROPERTY
OF CULLEN CENTER.
A 2.9 MILLION SQUARE
FOOT DEVELOPMENT
SITUATED ON EIGHT
CITY BLOCKS IN
HOUSTON.

THE FIRST PORTION
OF A MULTI-PHASED
RENOVATION PRO-
GRAM AT PLACE
VILLE MARIE IS NOW
COMPLETE. TRIZEC'S
FLAGSHIP PROPERTY,
WITH ITS UNIQUE
INFRASTRUCTURE, IS
MONTREAL'S PREMIER
BUSINESS ADDRESS.

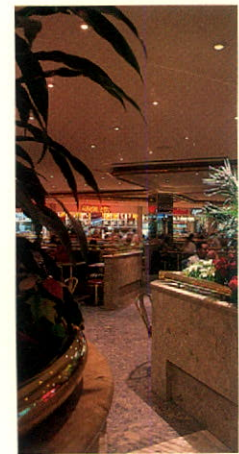


One of Trizec's recently acquired properties, Northstar Center in downtown Minneapolis, Minnesota, is currently undergoing a major restoration. The entrances and main lobby of the office building, together with its office and retail common areas, are being renewed to their original attractiveness. With this remodelling, Northstar Center, in its superior location, represents a value alternative to comparable quality buildings in the downtown core.

In re-establishing Place Ville Marie's pre-eminence in Montreal, Quebec, Trizec has completed the first phase of a multi-phase renovation program. The plaza court, a public forum for Montrealers, has been re-designed to provide a more exciting tenant amenity. The fashionable retail area has been refurbished and fully re-merchandised. Double glazing of the windows in the main tower is now more than 60 percent complete and will add to the general comfort of tenants. To be completed this year is the balance of the re-glazing, the modernization of elevator systems and the renovation of a substantial portion of Place Ville Marie's common areas. The success of this renovation program is already reflected in the increased leasing activity and higher occupancy rates experienced this year. With the reduced availability of space Trizec anticipates Montreal to experience in 1988 and beyond, Place Ville Marie, with its unique infrastructure, will continue to be a popular choice for first class tenants.

The decision to renovate properties is based on quality preservation and tenant service and is clearly demonstrated at Scotia Centre in Calgary. In a fully leased building with long-term, major tenants, Trizec has taken the initiative to enhance the building's aesthetic qualities. The office building lobby has been clad with marble, and new exterior entrances now grace the building. The retail component has been fully refurbished and re-merchandised and now features new popout store fronts and a more comprehensive tenant mix.

Royal Centre in Vancouver, British Columbia is another development undergoing renovations primarily to exterior entrances and retail areas. At the same time, the complex's retail component is being linked underground to Vancouver's rapid transit system.



PLACE VILLE MARIE'S FASHION-ABLE RETAIL SHOPPING CONCOURSE INCLUDES A SELECTION OF QUALITY FOOD RETAILERS IN A SPACIOUS FOOD COURT.

OVERVIEW

The Corporation's retail centres in the United States are developed, owned and managed by The Hahn Company of San Diego, California, a wholly-owned subsidiary. Hahn is the fourth largest developer of retail centres in the United States, with 45 operating properties totalling 33.8 million square feet of rentable area. The centres are located in 16 states, most notably in the high growth state of California. Twelve of the company's centres are located in the Los Angeles area, a city whose current 8.4 million population has grown an estimated 12 percent since 1980.

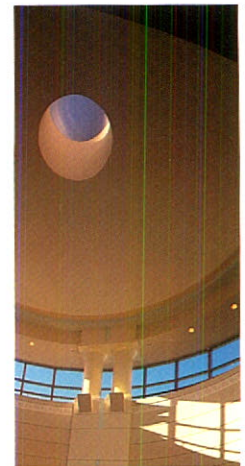
In 1988, the company faces another busy year with three new retail centres scheduled to open. Hahn's development program and the emphasis placed on new initiatives ensures that a satisfactory level of new project completions will be sustained in the years to come. In addition, with more than 30 percent of tenant space coming up for renewal over the next five years, Hahn is well-positioned to take advantage of numerous re-merchandising and expansion opportunities.

As owner and manager of a diverse portfolio, strong regional representation ensures that Hahn's detail-orientation translates into all aspects of property management. Population size, household income and other related demographics are serious considerations in the ongoing management of existing centres. In order to more closely align management with changing market conditions, Hahn's four regional offices have been reorganized into five distinct regions. This reorganization reduces the geographic area of responsibility of each region and provides for greater focus, particularly in the eastern United States.

REVIEW OF OPERATIONS

In a heavily retailed environment, Hahn's properties have performed exceptionally well. Sales for the total portfolio increased an average of seven percent over 1986 and occupancies remain high at an average 98 percent. Hahn's in-house leasing staff completed negotiations for nearly 1.3 million square feet of retail area during 1987. This accomplishment reflects the attractiveness of Hahn centres to America's leading retailers and department stores. Favourable performances by the company's newer centres are indicative of the potential offered by future developments.

Valley Fair, a 1.1 million square foot centre in northern California, opened in 1986 and performed extremely well during its first full year of operation. The centre consistently outperforms sales-per-square-foot of Hahn's centres nationwide. Similarly, Horton Plaza, San Diego's centrepiece of downtown re-development, continues to set sales and traffic records more than two years after opening. This



THIS UNIQUE SKY-LIGHT IS A CENTRE-PIECE OF VALLEY FAIR'S BRIGHT AND LIVELY PUBLIC SPACES.



VALLEY FAIR IS A
1.1 MILLION SQUARE
FOOT CENTRE IN
NORTHERN CALIFOR-
NIA. SINCE OPENING IN
1986, THE PROPERTY
HAS CONSISTENTLY
OUT-PERFORMED
RETAIL SALES PER
SQUARE FOOT OF
HAHN'S CENTRES
NATION-WIDE.

HORTON PLAZA'S
COLOURFUL, ECLECTIC
ARCHITECTURE AND
ANIMATED SHOPPING
SPIRIT MAKE IT A
"MUST SEE" ATTRAC-
TION IN SAN DIEGO.
SALES AND TRAFFIC
RECORDS CONTINUE
TO BE ACHIEVED MORE
THAN TWO YEARS
AFTER OPENING.





colourful centre's eclectic architecture, refreshing tenant mix and on-going entertainment have made it a "must see" attraction for residents and visitors alike. San Diego has experienced a population increase of 17 percent since 1980 and is now the fifteenth-largest metropolitan area in the United States and second largest in California.

REVIEW OF DEVELOPMENTS

In 1987, construction began on three regional centres and two new development sites were added to the portfolio. All of the centres under construction will open this year.

Bridgewater Commons in Bridgewater, New Jersey features 900,000 square feet of retail area in a multi-level enclosed mall. The project has been well received by tenants and will be fully leased on opening. Future phases planned for this mixed-use project include a 500,000 square foot office complex and a 300-room hotel. East Hills Mall, a 324,000 square foot centre in Bakersfield, California, is scheduled to open this fall. Ancillary retail areas and future phases will eventually increase the centre's total leasable area to 952,000 square feet. Sierra Vista Mall in Clovis, California, also opening this fall, offers 474,000 square feet of department stores and shops.

Hahn has further established its presence on the east coast of the United States through new development partnerships and a bold entry into New York City. Under a recently consummated agreement, Hahn will master lease and operate five levels of retail and restaurant space in a 45-storey office tower, which is an integral part of the Times Square re-development in New York City. The shops will surround a five-level atrium featuring a spectacular, multi-million dollar electronic wall display. This development is expected to open in the fall of 1989 and will be a significant addition to Hahn's downtown re-development projects.

In Towson, Maryland, Hahn has acquired the Towson Town Center, an existing fashion centre that will be expanded by the addition of an up-scale department store and 300,000 square feet of new retail



THE CONSERVATORY IS A 360,000 SQUARE FOOT RETAIL DEVELOPMENT IN THE HEART OF MINNEAPOLIS' DOWNTOWN AREA.

area. This expansion, slated for completion in the summer of 1991, will increase the centre's total rentable area to 1.3 million square feet.

Hahn's investment in The Conservatory on Nicollet Mall, a 360,000 square foot, retail and mixed-use development in downtown Minneapolis, Minnesota, was a key element in bringing the project to completion in 1987. The centre's satisfactory performance to date is indicative of its good long-term potential.

A newly acquired retail development site in Charlotte, North Carolina will be the home of The Mall at University Place. Scheduled to be completed in the early 1990's, the 900,000 square foot mall will be the regional retail component of University Place, a 250-acre, mixed-use development in a rapidly growing community.

Negotiations continue on the acquisition of development sites from coast to coast. One of these areas is Phoenix, Arizona where the company is planning a new retail centre. This south-western city continues to grow rapidly—up 32 percent since 1980—and its population ranks twenty-third among top U.S. cities. Hahn is also making progress on future development projects in Orlando Florida; Woodbridge, Virginia; and Wanaque, New Jersey; and in other cities in the United States.

Hahn's well-calculated and aggressive expansion and renovation programs will bring a fresh, new look to 15 Hahn centres over the next three years. In all, 11 centres will be renovated and four expanded. Renovation and remodelling plans range from new skylights, food courts and improved vertical transportation systems to new tenants and storefronts at most centres. As communities grow and change, all centres are evaluated for renovation or expansion potential on a continuing basis.

All developments, expansions and acquisitions are thoroughly planned and timed, drawing upon a broad base of experience. The integrity of each centre and of the company as a whole, has earned Hahn the reputation of being one of the most respected developers of retail centres in the United States.



A STRONG RECEPTION BY TENANTS ASSURES THAT BRIDGEWATER COMMONS WILL BE FULLY LEASED ON OPENING.



THE LATEST ADDI-
TION TO HAHN'S PORT-
FOLIO IS BRIDGEWATER
COMMONS, OPENING
THIS FEBRUARY. THE
900,000 SQUARE FOOT
CENTRE, LOCATED IN
BRIDGEWATER, NEW
JERSEY, ACCENTU-
ATES HAHN'S GROW-
ING PRESENCE ON THE
EAST COAST.

THE QUEEN'S DRIVE
BUILDING IS ONE OF
FIVE RETIREMENT
PROPERTIES BEING
RENOVATED. THE
CREATION OF LARGER
SUITES - AN INTEGRAL
PART OF THE RENOVATION - APPEALS TO
TODAY'S SENIORS.

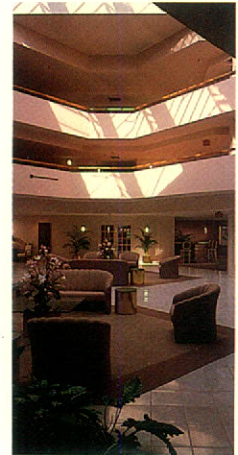


Trizec's commitment to meet the housing needs of people in all walks of life includes a substantial and growing number of seniors in North America. For 23 years, Central Park Lodges, a wholly-owned subsidiary of Trizec, has developed and operated retirement, nursing and life-care facilities. Today, this portfolio comprises 42 properties located in several Canadian provinces, and in Florida and Pennsylvania. Central Park Lodges' 16 retirement lodges, 24 nursing homes and two life-care facilities have a total guest capacity of 6,377. Occupancy of the combined facilities averages 91 percent.

As is true of all Trizec properties, Central Park Lodges accommodates needs, not just people. On-site staff attend to the various degrees of personal care required by residents in retirement lodge and nursing home settings. Life-care facilities provide luxury apartments and amenities for more independent seniors who choose to live in a country-like environment. In all facilities, guests are provided high-quality food services and housekeeping, as well as excellent recreational programs. In addition, Centracare, Central Park Lodges' health care division, provides in excess of 800,000 hours each year of registered nursing and nursing assistant time and companion services to hospitals, nursing homes, private homes and Trizec's own facilities. Centracare has evolved into one of the largest Canadian-owned operations of its kind.

Central Park Lodges has undergone major changes during the year necessitated by rapid growth in the U.S. and increasing competition. A higher level of sophistication among seniors has also placed new demands on the industry. In response to these trends, the organization has now been segregated into distinct Canadian and U.S. divisions. In addition, considerable emphasis has been placed on refurbishing and renovating existing facilities. This includes the creation of larger suites in five Central Park properties: the Spadina, and Queen's Drive I and II retirement lodges in Toronto, Ontario; the London, Ontario retirement lodge; and the Orlando, Florida life-care facility.

Statistics indicate that, by the year 2000, one in every eight people in North America will be over the age of 65. With this general aging of the population, Trizec's representation in retirement and nursing care facilities will continue to be an important one. The most significant future growth prospects exist in the United States, a retirement destination for many seniors. Accordingly, several developments are currently underway including a 21-unit expansion and renovation at Lakehouse East, Sarasota, Florida; an extensive upgrading of the garden apartments in Orlando; and development of a new life-care facility in Sarasota—The Barclay.



THIS TASTEFULLY APPOINTED SITTING AREA IS PROVIDED FOR THE ENJOYMENT OF RESIDENTS AT THE LAKEHOUSE LIFE-CARE CENTRE.

OVERVIEW

Bramalea Limited, in which Trizec has a 65 percent ownership interest, has a diverse North American property portfolio comprising 35 million square feet of office and mixed-use properties, including industrial buildings and hotels, shopping centres and residential rental properties. As a developer and masterplanner of residential communities in Ontario and California, Bramalea also constructs and markets a wide range of family housing and condominiums. Bramalea's Canadian retail operations are undertaken through its newly formed subsidiary, Trilea Centres Inc., which has interests in 29 major regional shopping centres throughout Canada. The activities of Trilea are discussed in the next section of this report.

Bramalea continues to attain strong financial growth, with earnings for the first nine months of fiscal 1987 of \$29.3 million, a 76 percent increase over 1986. Cash flow from operations totalled \$79.6 million, 65 percent higher than the previous year. Approximately 75 percent of Bramalea's income is derived from the rental of properties, with the remaining 25 percent from housing and land sales.

REVIEW OF OPERATIONS

Nearly half of Bramalea's 8.8 million square foot office portfolio is located in Toronto, Ontario, where its ten Toronto-area buildings are fully leased. Toronto is one of the healthiest urban economies in North America, with vacancy rates below five percent.

First RepublicBank Plaza, Bramalea's 72-storey office complex in Dallas, Texas, has performed well in a highly competitive leasing environment. At year-end, the building was 85 percent leased. First RepublicBank Plaza is the first phase of Bramalea's one billion dollar Dallas Main Center, a project that will ultimately contain a second office tower, an executive hotel and expanded specialty retail.

Bramalea's one million square foot Oakland, California portfolio is virtually fully leased, and the company plans to jointly develop several other projects in the immediate area. The Oakland office market is very stable and is expected to show further improvement. An increasing number of business firms are relocating from neighboring San Francisco, and Oakland's rising popularity as a preferred locale could precipitate the development of a number of new buildings.

Bramalea's industrial buildings and hotels also continue to perform satisfactorily. The Bramalea Business Park in Brampton, Ontario is one of Canada's most popular industrial locations, and is home to more than 350 firms. Industrial buildings within the park are fully leased, a reflection of the growing preference of firms to locate in proximity to the large Metropolitan Toronto consumer market.



KENNETH E. FIELD,
PRESIDENT AND
CHIEF EXECUTIVE
OFFICER (LEFT); AND
BENJAMIN SWIRSKY,
VICE-CHAIRMAN AND
CHIEF EXECUTIVE
OFFICER (RIGHT) OF
BRAMALEA LIMITED.



GREEN ARGON LIGHT-
ING SILHOUETTES
FIRST REPUBLIC BANK
PLAZA'S IMPRESSIVE
PROFILE AGAINST THE
DALLAS SKYLINE.
THE 72-STORY
BUILDING IS THE
FIRST PHASE OF
BRAMALEA'S DALLAS
MAIN CENTER.

THE HISTORIC STRUCTURE OF BRAMALEA'S CONFEDERATION SQUARE IN TORONTO WILL BE JOINED BY A COMPLEMENTARY 21-STORY, ROSE-CLAD TOWER.




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Bramalea's three hotels maintained high occupancy levels in 1987. These properties, located in Toronto and Vancouver, contain a total of 1,293 guest rooms. The Four Seasons, situated in Toronto's fashionable Yorkville district, continues to be ranked by business executives as the finest hotel in Canada.

Bramalea provides a wide range of housing from starter homes to elegant residences and luxury condominiums. Residential operations are confined to southern Ontario and southern California, the two steadfastly strong residential markets in North America. In Ontario, Bramalea designs, constructs and markets both low-rise, single family housing and high-rise condominiums in greater Metropolitan Toronto and in Ottawa. The sales of 1,446 low and high-rise Ontario housing units were closed during 1987. In California, Bramalea is creating new communities in several counties south of Los Angeles. The company designs, constructs and sells family housing, and sells serviced lots to local builders. The sales of 577 housing units in California closed in the past year. Bramalea also manages more than 3,300 residential rental units in the Toronto and surrounding area. Major renovations in four of Bramalea's 15 rental properties are currently underway as part of a program to maintain the quality of its portfolio.

REVIEW OF DEVELOPMENTS

Bramalea is taking advantage of the favorable market outlook for Toronto and is proceeding with plans for two new office developments that will expand its Toronto office portfolio by 700,000 square feet. Construction is expected to begin this year on a 409,000 square foot building that will adjoin and complement the historic structure of Bramalea's Confederation Square building. The new 21-storey, rose-clad tower will house a specialty retail concourse and an underground connection to the Toronto subway system. A 14-storey, 300,000 square foot office building is also planned for 33 Bloor Street East, situated just above Toronto's busiest subway station. In addition, General Motors of Canada has selected Bramalea as the project manager to construct a 300,000 square foot head office building in Oshawa, Ontario.

An extensive retrofit, renovation and re-merchandising is planned during 1988 for Bramalea's one million square foot Hudson's Bay Centre in Toronto. This redevelopment activity is in keeping with Bramalea's original intentions upon purchase of the property in 1986. Located on a prime site along prestigious Bloor Street, The Hudson's Bay Centre contains an office tower, hotel, retail concourse, apartment tower and a health club.

In Oakland, California a fourth building was added to Bramalea's Oakland City Center development during 1987. City Square, a 200,000 square foot office and retail campus, provides a new



THE FOUR SEASONS HOTEL IN TORONTO CONTINUES TO BE RANKED BY BUSINESS EXECUTIVES AS THE FINEST HOTEL IN CANADA.



pedestrian gathering point for the business community. Bramalea's presence in the downtown core of Oakland has been a catalyst in the redevelopment of the city's central business district.

The second building in Bramalea's Corporate Pointe commercial park in Culver City, California neared completion in 1987. The addition of this 165,000 square foot office building to the existing 109,000 square foot development increases the size of Bramalea-owned office buildings in the park to 274,000 square feet. Sixty-five percent of the space in the new building is leased and construction of a third Corporate Pointe building is scheduled to begin this year. The development's master plan calls for a total of nine Bramalea-owned properties in the Corporate Pointe business park. Other planned office and mixed-use properties include a project in Newport Beach, California. A number of other urban projects in the U.S. are being reviewed as part of Bramalea's orderly expansion of its portfolio.

On the U.S. retail front, Bramalea's current activities concentrate on the development of major regional shopping centres in various U.S. locations as compared to earlier developments which focused on middle market malls in the southwest. Westshore Mall, a 420,000 square foot centre in Holland, Michigan, currently under construction, is scheduled to open this year, and is already 60 percent leased. A 1.2 million square foot, joint-venture regional centre in Denver, Colorado is in the planning stages, and a further 850,000 square foot centre is planned for the Pittsburgh, Pennsylvania area. The expansion of the company's regional shopping centre in Harrisburg, Pennsylvania was completed and fully leased at year-end. When complete, these developments will add 2,470,000 square feet to Bramalea's current retail portfolio.

Bramalea's strategy in its housing and land development operations continues to emphasize the identification of buyer segments and building to meet specific consumer demands. Over the past two years housing starts have been at exceptional levels in both the Ontario and California markets as homebuyers respond to low mortgage rates and the pent-up demand from the 1982-83 recession. In 1988, new housing starts are expected to moderate from recent record levels. Overall demand will, however, remain high due to the strong population growth forecast for both these markets and the positive outlook of their economies.



EACH BRAMALEA SHOW HOME IS DISTINCTIVELY FURNISHED TO ILLUSTRATE THE FULL POTENTIAL OF THE SPACE.





IN CALIFORNIA,  
BRAMALEA IS  
CREATING NEW COM-  
MUNITIES SOUTH OF  
LOS ANGELES. THE  
ELEGANT RESIDENCES  
OF ROLLING RIDGE  
APPEAL TO DISCERN-  
ING HOME-BUYERS.





YORKDALE SHOPPING  
CENTRE IN TORONTO-  
TRILEA'S LARGEST  
AND FLAGSHIP  
CENTRE-REMAINS A  
PACE-SETTER IN THE  
COMPANY'S PORTFOLIO  
AND IN THE CANADIAN  
SHOPPING CENTRE  
INDUSTRY.



## OVERVIEW

Trilea Centres Inc. was formed in 1986 as a wholly-owned subsidiary of Bramalea, through the consolidation of the Canadian shopping centre interests previously held by Trizec and Bramalea. With assets of \$1.6 billion, Trilea now has one of the largest shopping centre portfolios in the nation. This portfolio, totalling 13.7 million square feet of leasable area, consists of 29 shopping centres located in 22 urban and suburban communities stretching from Vancouver to Halifax.

With the ownership of the retail centres under one entity, significant operating efficiencies have been realized through the rationalization of overheads and the pooling of skills. The large base of retail tenants common to many of Trilea's centres also facilitates the re-leasing and re-merchandising of existing centres. This has become of greater importance in recent years as numerous expansions and renovations are being undertaken in response to changing consumer trends.

Trilea, with its streamlined management team and singular focus, is well positioned to capitalize on these trends and to grow in the highly competitive retail environment that persists throughout Canada. This growth is assured through the expansion and renovation of some two-thirds of its centres over the next two to three years—a program that will ultimately create approximately 400 new retail units in its portfolio.

Trilea continues to seek retail acquisitions which possess strong upside potential and where Trilea's expertise will improve the value of the asset. The company is also assessing the potential of a number of new development opportunities and is focusing much of this activity on the downtown core of major Canadian cities. Given the expertise of the Trizec group in downtown redevelopments, this urban focus is a natural extension of Trilea's regional activities.

With geographic representation across Canada, Trilea's retail centres enjoy strong positions in their respective markets. Retail sales in Trilea centres for the 12 months ended October 31, 1987 increased an average 6 percent year-over-year. The most marked increases were in the company's southern Ontario and Quebec properties where consumer spending continued to out-perform other regions of Canada, with retail sales increasing 10 to 12 percent over 1986. Sales in centres in all but one province continued to keep pace with or exceed inflation. The company expects 1988 sales increases to match or exceed 1987 percentage increases. The improved economic prospects for western Canada should also boost consumer psychology and sales activity in this area.

The average occupancy of the total portfolio is exceptional, with 98 percent of space leased. This achievement is a product of the company's strong leasing orientation, coupled with its sound understanding of retailing.



GORDON E. ARNELL,  
PRESIDENT & CHIEF  
EXECUTIVE OFFICER,  
TRILEA CENTRES INC.

## REVIEW OF OPERATIONS



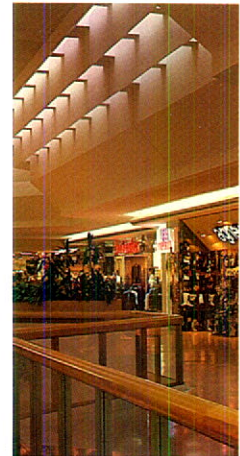
Trilea has identified 18 centres for expansion and renovation—a program that will add over one million square feet of rentable space to the portfolio in the next three years. An integral part of this program involves the reduction of store sizes and the adjustment of the merchandising mix, allowing more retailers to participate in established locations. Trilea’s detailed understanding of demographics, consumer demands and timing are important determinants in evaluating and maximizing the potential of each centre.

The company’s current expansion and renovation thrust is led by several factors. The large number of retail developments in recent years and modest population growth in the nation’s suburbs has led to saturation in most markets. In addition, the financial pressures experienced by the department stores in recent times further restrict the potential for new development. These trends have the effect of placing increased demand on existing centres and provide numerous expansion and re-merchandising opportunities. By capitalizing on these opportunities, Trilea will not only increase a centre’s competitive position but will also realize superior returns in demonstrated markets.

During 1987, the expansion and renovation of the 534,000 square foot Carlingwood Mall in Ottawa, Ontario was completed. Approximately 83,000 square feet of new and re-characterized retail space, including 40 new stores, a new 500-vehicle parking structure and a new food court were added to the centre. Six further expansions and renovations are currently proceeding or in the planning stages.

In Calgary, Alberta, the final phase of the expansion to the Southcentre Mall is scheduled for completion in the spring of this year. This 120,000 square foot expansion will increase the tenant count from 110 to 200 and will complete the previous addition of a six-screen cinema and a free-standing Safeway Food For Less store. The existing mall has also been entirely renovated to complement the new area, and features skylights, interior landscaping and marble tile and finishes. Upon completion of the expansion, Southcentre will contain approximately 739,000 square feet of space.

Yorkdale Shopping Centre, in Toronto, Ontario was expanded for a second time in 1986, increasing the total rentable area to 1.4 million square feet. A 125,000 square foot Bay store will be added this year, anchoring the second expansion. The addition of this third department store to the existing Eaton’s and Simpsons stores completes Yorkdale’s offering of Canada’s three largest department stores. Yorkdale, the largest and flagship property of Trilea, remains a pace-setter in the company’s portfolio and in the Canadian shopping centre industry.



WITH OVER 1.1 MILLION SQUARE FEET OF RENTABLE AREA, SCARBOROUGH TOWN CENTRE IS TRILEA'S SECOND LARGEST RETAIL CENTRE.





THE 120,000 SQUARE  
FOOT EXPANSION OF  
SOUTHCENTRE MALL  
IN CALGARY WILL  
OPEN THIS SPRING.  
CONCURRENTLY, THE  
EXISTING MALL HAS  
BEEN ENTIRELY  
RENOVATED TO COM-  
PLEMENT THE NEW  
AREA.



APPROXIMATELY  
83,000 SQUARE FEET  
OF NEW AND RE-CHAR-  
ACTERIZED RETAIL  
SPACE WAS ADDED TO  
CARLINGWOOD MALL,  
OTTAWA IN 1987.  
FORTY NEW RETAIL  
UNITS WERE CREATED  
THROUGH THE  
EXPANSION.





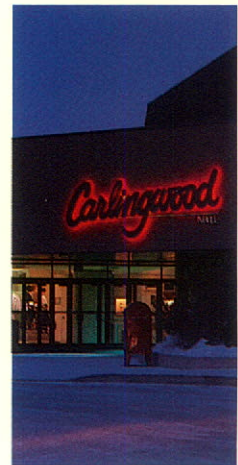
Another leading centre in Trilea's portfolio, Bramalea City Centre in Brampton, Ontario, is also being expanded and renovated. A 160,000 square foot Sears store is currently under construction and is expected to be completed this summer. The new Sears store will complement the existing Eaton's and Bay stores in Bramalea City Centre. A major re-characterization of 250,000 square feet of space will create 60 additional stores. The expanded and renovated centre, when completed in the spring of 1989, will contain 1.3 million square feet of rentable space.

In St. Catharines, Ontario, an extensive expansion and renovation is being planned for the 958,000 square foot Niagara Pen Centre. Construction is scheduled to begin this summer on a 100,000 square foot expansion, to be completed in mid-1989. Through renovations and a new tenant mix, the centre will be re-positioned in its market to attract an up-scale consumer group.

Construction will begin this spring on a 70,000 square foot addition to Halifax Shopping Centre in Halifax, Nova Scotia, increasing the size of the centre to approximately 628,000 square feet. Concurrently, a complete renovation and re-merchandising of the existing centre will be undertaken. Completion of all work is expected in the spring of 1990.

Preliminary planning is under way for a major reconfiguration, renovation and re-merchandising of Brentwood Mall in Burnaby, British Columbia. Plans include the addition of a second department store and 80,000 square feet of retail area to the 435,000 square foot centre. Renovation and expansion plans are also in preliminary planning stages for both Confederation Park Plaza in Saskatoon, Saskatchewan and Centre Laval in Laval, Quebec.

On August 6, 1987, Trilea acquired a 26 percent fully diluted interest in J.D.S. Investments Limited by purchasing \$30 million of J.D.S.' \$56 million common and convertible preferred share offering. J.D.S. is a well-established Canadian real estate company, with a three million square foot portfolio comprising four regional shopping centres and other commercial properties located primarily in greater Metropolitan Toronto. Two of the company's retail centres are currently being expanded. Trilea's existing Toronto-area properties, coupled with its investment in J.D.S., makes Trilea a leading developer, owner and manager of retail centres in this market.



THE NEWLY  
EXPANDED  
CARLINGWOOD  
MALL CONTAINS  
534,000 SQUARE  
FEET OF RENTABLE  
AREA.



The Rouse Company is a developer, owner and manager of income-producing properties, primarily regional and specialty retail centres in urban and suburban communities throughout the United States. Trizec is Rouse's largest shareholder, holding 23.1 percent of the common shares (25 percent on a fully diluted basis).

Rouse's 100 operating properties contain in excess of 40 million square feet of retail space and 1.8 million square feet of office space. The company's \$2.5 billion in assets are located in 21 states, The District of Columbia and Ontario, Canada. Its headquarters are in Columbia, Maryland, a city being developed by Rouse.

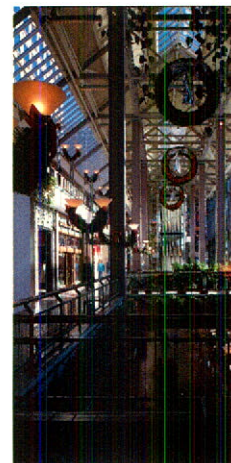
Rouse's financial performance and retail sales growth consistently outperform industry averages. For the 9-month period ended September 30, 1987, the company reported earnings before non-cash charges applicable to common stock of \$43.5 million, 27 percent ahead of the comparable period in 1986. During the 12 months preceding September 30, 1987, more than 7,000 merchants and 134 department stores in Rouse's centres produced over \$3.6 billion in retail sales.

Since the late 1950s, The Rouse Company has been an innovator in retail development. Rouse's development of the acclaimed Faneuil Hall Marketplace in Boston, Massachusetts set the stage for the resurgence of many other downtown retail developments in cities across the U.S. More recently, the scope of Rouse's operations was broadened to include the development and construction of office buildings and land development in Columbia, Maryland.

During 1987, two new retail centres, one retail centre expansion and two new office buildings were added to the company's portfolio. Bayside, a 229,000 square foot specialty centre, opened in downtown Miami, Florida. Rouse's second new centre—Jacksonville Landing, also in Florida—brought a new 126,000 square foot centre to Jacksonville's downtown area. The addition of the retail phase of The Gallery at Harborplace, which connects to Rouse's popular Harborplace in Baltimore, Maryland, had a successful opening.

Two further projects are in planning and construction phases. The 121,000 square foot Westlake Center in downtown Seattle, Washington will open this year. A major redevelopment project in downtown Phoenix, Arizona is scheduled to open in 1990. Future development projects are planned for Atlanta, Georgia; Portland, Oregon; San Francisco, California; and other U.S. cities.

Trizec's investment in Rouse has appreciated substantially in value over its book cost and has provided a superior overall return, despite the relatively low cash return of dividends and interest. In 1987, Trizec's letter accord with Rouse, setting out the framework for future relationships, was amended. The new accord permits the Corporation to increase its ownership interest to 27.5 percent and places certain restrictions on the sale of Trizec's holdings in Rouse.



THE DRAMATIC  
RETAIL GALLERIA OF  
THE TABOR CENTER  
EXEMPLIFIES  
ROUSE'S RETAIL  
INNOVATIONS.





THE TABOR CENTER  
IN DENVER IS ONE OF  
MANY SUCCESSFUL  
DOWNTOWN REDEVEL-  
OPMENTS COMPLETED  
BY THE ROUSE  
COMPANY. ROUSE'S  
THEME AND SPECIALTY  
RETAIL CENTRES  
HAVE CONTRIBUTED  
SIGNIFICANTLY TO  
THE REVITALIZATION  
OF NUMEROUS DOWN-  
TOWNS.







**SEGMENTED INFORMATION**

| GROSS BOOK VALUE                           | Total          | Office and                            | Retirement and    | Properties                                  | Properties                         | Properties                      |
|--------------------------------------------|----------------|---------------------------------------|-------------------|---------------------------------------------|------------------------------------|---------------------------------|
|                                            |                | Mixed-Use<br>Properties               | Retail<br>Centres | Residential<br>Properties                   | Under<br>Development               | Held for<br>Development         |
| <i>(\$ millions)</i>                       |                |                                       |                   |                                             |                                    |                                 |
| <i>As at October 31, 1987</i>              |                |                                       |                   |                                             |                                    |                                 |
| Canada                                     | 3,549.1        | 1,484.3                               | 1,160.8           | 247.7                                       | 271.7                              | 122.8                           |
| United States                              | 3,521.4        | 1,112.6                               | 1,481.7           | 145.5                                       | 359.7                              | 80.7                            |
| <b>Total</b>                               | <b>7,070.5</b> | <b>2,596.9</b>                        | <b>2,642.5</b>    | <b>393.2</b>                                | <b>631.4</b>                       | <b>203.5</b>                    |
| <i>As at October 31, 1986</i>              |                |                                       |                   |                                             |                                    |                                 |
| Canada                                     | 1,478.7        | 850.5                                 | 309.4             | 105.7                                       | 107.8                              | —                               |
| United States                              | 2,524.2        | 648.8                                 | 1,191.9           | 57.8                                        | 422.6                              | 47.9                            |
| <b>Total</b>                               | <b>4,002.9</b> | <b>1,499.3</b>                        | <b>1,501.3</b>    | <b>163.5</b>                                | <b>530.4</b>                       | <b>47.9</b>                     |
| <b>OPERATING INCOME</b>                    |                |                                       |                   |                                             |                                    |                                 |
|                                            | <b>Total</b>   | Office and<br>Mixed-Use<br>Properties | Retail<br>Centres | Retirement and<br>Residential<br>Properties | Housing<br>and Land<br>Development | Interest<br>and other<br>income |
| <i>(\$ millions)</i>                       |                |                                       |                   |                                             |                                    |                                 |
| <i>For the year ended October 31, 1987</i> |                |                                       |                   |                                             |                                    |                                 |
| Revenue                                    | 1,049.0        | 474.0                                 | 409.0             | 166.0                                       | —                                  | —                               |
| Expense                                    | 408.7          | 160.6                                 | 129.0             | 119.1                                       | —                                  | —                               |
| Property taxes                             | 102.9          | 57.9                                  | 38.4              | 6.6                                         | —                                  | —                               |
| Rental income                              | 537.4          | 255.5                                 | 241.6             | 40.3                                        | —                                  | —                               |
| Other income—net                           | 84.7           | —                                     | —                 | —                                           | 64.9                               | 19.8                            |
| <b>Operating income</b>                    | <b>622.1</b>   | <b>255.5</b>                          | <b>241.6</b>      | <b>40.3</b>                                 | <b>64.9</b>                        | <b>19.8</b>                     |
| <i>For the year ended October 31, 1986</i> |                |                                       |                   |                                             |                                    |                                 |
| Revenue                                    | 703.7          | 287.1                                 | 304.9             | 111.7                                       | —                                  | —                               |
| Expense                                    | 269.1          | 91.4                                  | 93.0              | 84.7                                        | —                                  | —                               |
| Property taxes                             | 64.9           | 36.6                                  | 25.6              | 2.7                                         | —                                  | —                               |
| Rental income                              | 369.7          | 159.1                                 | 186.3             | 24.3                                        | —                                  | —                               |
| Other income—net                           | 15.6           | —                                     | —                 | —                                           | —                                  | 15.6                            |
| <b>Operating income</b>                    | <b>385.3</b>   | <b>159.1</b>                          | <b>186.3</b>      | <b>24.3</b>                                 | <b>—</b>                           | <b>15.6</b>                     |



**ELEVEN YEAR FINANCIAL REVIEW**

| <i>(\$ millions except per share amounts)</i>                                                       | 1987           | 1986           | 1985           | 1984           |
|-----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| <b>CONSOLIDATED BALANCE SHEET</b>                                                                   |                |                |                |                |
| <b>Assets</b>                                                                                       |                |                |                |                |
| Properties                                                                                          | 6,806.3        | 3,786.7        | 3,271.2        | 2,807.5        |
| Investments                                                                                         | 758.4          | 854.7          | 652.9          | 501.9          |
| Other assets                                                                                        | 400.3          | 196.9          | 171.2          | 143.8          |
|                                                                                                     | <b>7,965.0</b> | <b>4,838.3</b> | <b>4,095.3</b> | <b>3,453.2</b> |
| <b>Liabilities</b>                                                                                  |                |                |                |                |
| Long-term debt                                                                                      | 5,715.9        | 3,601.2        | 2,937.8        | 2,522.0        |
| Accounts payable                                                                                    | 419.1          | 225.0          | 215.4          | 187.2          |
| Bank advances                                                                                       | 65.8           | 3.5            | 1.3            | 72.4           |
|                                                                                                     | <b>6,200.8</b> | <b>3,829.7</b> | <b>3,154.5</b> | <b>2,781.6</b> |
| Minority Interest                                                                                   | 366.2          | -              | -              | -              |
| Deferred Income Taxes                                                                               | 292.0          | 171.3          | 133.3          | 93.2           |
| Shareholders' Equity                                                                                | 1,106.0        | 837.3          | 807.5          | 578.4          |
|                                                                                                     | <b>7,965.0</b> | <b>4,838.3</b> | <b>4,095.3</b> | <b>3,453.2</b> |
| <b>CONSOLIDATED STATEMENT OF INCOME</b>                                                             |                |                |                |                |
| Revenue                                                                                             | 1,049.0        | 703.7          | 589.8          | 512.4          |
| Expense                                                                                             | 511.6          | 334.0          | 276.6          | 243.8          |
| Rental income                                                                                       | 537.4          | 369.7          | 313.2          | 268.6          |
| Other income                                                                                        | 84.7           | 15.6           | 11.8           | 15.7           |
| Operating income                                                                                    | 622.1          | 385.3          | 325.0          | 284.3          |
| Other expenses                                                                                      | 393.9          | 225.5          | 190.4          | 170.9          |
| Net operating income                                                                                | 228.2          | 159.8          | 134.6          | 113.4          |
| Depreciation                                                                                        | 72.0           | 49.7           | 38.4           | 34.2           |
| Income taxes                                                                                        | 58.5           | 37.0           | 33.3           | 26.6           |
| Minority interest                                                                                   | 18.5           | -              | -              | -              |
| Net income before<br>non-operating items                                                            | 79.2           | 73.1           | 62.9           | 52.6           |
| Non-operating income (loss)                                                                         | 10.8           | 5.7            | 3.8            | 2.8            |
| Net Income                                                                                          | 90.0           | 78.8           | 66.7           | 55.4           |
| Cash Flow from Operations                                                                           | 243.0          | 188.9          | 156.9          | 124.1          |
| <b>Per Ordinary Share</b>                                                                           |                |                |                |                |
| Net income                                                                                          | \$.58          | \$.53          | \$.48          | \$.44          |
| Dividends                                                                                           | \$.35          | \$.30          | \$.27          | \$.23          |
| Cash flow                                                                                           | \$2.11         | \$1.82         | \$1.54         | \$1.26         |
| Average number of ordinary<br>shares (000's)                                                        | 88,160         | 84,952         | 84,686         | 84,237         |
| Shareholders' equity<br>based on number of ordinary<br>shares outstanding at year<br>end of (000's) | \$6.29         | \$4.70         | \$4.31         | \$3.79         |
|                                                                                                     | 90,456         | 85,233         | 84,815         | 84,339         |



| 1983    | 1982    | 1981    | 1980    | 1979    | 1978   | 1977   |
|---------|---------|---------|---------|---------|--------|--------|
| 2,359.4 | 2,426.6 | 2,177.9 | 1,086.7 | 951.4   | 869.0  | 845.4  |
| 286.7   | 268.1   | 181.3   | 25.8    | 35.2    | 34.1   | 30.6   |
| 109.6   | 107.6   | 136.6   | 187.1   | 50.3    | 53.6   | 55.6   |
| 2,755.7 | 2,802.3 | 2,495.8 | 1,299.6 | 1,036.9 | 956.7  | 931.6  |
| 1,959.2 | 1,974.2 | 1,673.5 | 834.3   | 706.9   | 655.4  | 656.0  |
| 156.9   | 172.7   | 174.5   | 68.7    | 58.0    | 46.2   | 45.1   |
| 49.4    | 48.2    | 64.8    | .6      | 1.9     | 2.5    | 12.5   |
| 2,165.5 | 2,195.1 | 1,912.8 | 903.6   | 766.8   | 704.1  | 713.6  |
| 22.7    | 21.2    | 19.3    | -       | -       | -      | -      |
| 143.0   | 173.6   | 150.2   | 79.6    | 62.6    | 49.2   | 39.9   |
| 424.5   | 412.4   | 413.5   | 316.4   | 207.5   | 203.4  | 178.1  |
| 2,755.7 | 2,802.3 | 2,495.8 | 1,299.6 | 1,036.9 | 956.7  | 931.6  |
| 461.3   | 415.3   | 355.2   | 248.6   | 223.9   | 199.3  | 171.0  |
| 224.4   | 204.5   | 174.7   | 134.7   | 125.3   | 114.0  | 97.7   |
| 236.9   | 210.8   | 180.5   | 113.9   | 98.6    | 85.3   | 73.3   |
| 7.8     | 12.9    | 5.4     | 1.3     | 1.2     | 1.9    | 2.2    |
| 244.7   | 223.7   | 185.9   | 115.2   | 99.8    | 87.2   | 75.5   |
| 148.4   | 134.9   | 107.5   | 69.7    | 64.1    | 60.2   | 56.8   |
| 96.3    | 88.8    | 78.4    | 45.5    | 35.7    | 27.0   | 18.7   |
| 27.1    | 22.4    | 19.3    | 12.4    | 10.5    | 9.3    | 8.2    |
| 27.3    | 28.9    | 26.3    | 17.2    | 13.3    | 9.4    | 5.8    |
| 1.7     | 1.8     | 1.6     | -       | -       | -      | -      |
| 40.2    | 35.7    | 31.2    | 15.9    | 11.9    | 8.3    | 4.7    |
| 3.9     | .1      | .1      | -       | (.1)    | .1     | .1     |
| 44.1    | 35.8    | 31.3    | 15.9    | 11.8    | 8.4    | 4.8    |
| 101.5   | 91.4    | 77.5    | 45.4    | 35.7    | 27.3   | 19.1   |
| \$ .36  | \$ .20  | \$ .15  | \$ .11  | \$ .10  | \$ .08 | \$ .07 |
| \$ .20  | \$ .17  | \$ .13  | \$ .11  | \$ .10  | \$ .09 | \$ .09 |
| \$1.05  | \$ .87  | \$ .71  | \$ .55  | \$ .47  | \$ .37 | \$ .33 |
| 83,877  | 83,508  | 82,758  | 67,842  | 63,690  | 63,360 | 54,300 |
| \$3.33  | \$3.13  | \$3.07  | \$2.94  | \$2.39  | \$2.36 | \$2.34 |
| 84,108  | 85,008  | 83,454  | 82,458  | 63,420  | 63,420 | 63,330 |

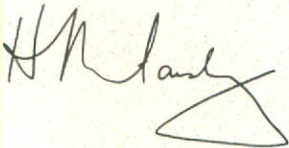


**CONSOLIDATED BALANCE SHEET**

as at October 31

| (\$ millions)               | Note | 1987    | 1986    |
|-----------------------------|------|---------|---------|
| <b>ASSETS</b>               |      |         |         |
| Properties                  | 3    | 6,806.3 | 3,786.7 |
| Investments                 | 6    | 758.4   | 854.7   |
| Cash                        |      | 37.5    | 7.0     |
| Accounts receivable         | 7    | 234.8   | 107.2   |
| Other assets                |      | 128.0   | 82.7    |
|                             |      | 7,965.0 | 4,838.3 |
| <b>LIABILITIES</b>          |      |         |         |
| Long-term debt              | 8    | 5,715.9 | 3,601.2 |
| Accounts payable            |      | 419.1   | 225.0   |
| Bank advances               |      | 65.8    | 3.5     |
|                             |      | 6,200.8 | 3,829.7 |
| <b>DEFERRED TAXES</b>       |      | 292.0   | 171.3   |
| <b>MINORITY INTEREST</b>    |      | 366.2   | -       |
| <b>SHAREHOLDERS' EQUITY</b> | 9    | 1,106.0 | 837.3   |
|                             |      | 7,965.0 | 4,838.3 |

On behalf of the Board:



Harold P. Milavsky, Director



Kevin E. Benson, Director



**CONSOLIDATED STATEMENT OF INCOME**

Years ended October 31

| (\$ millions)                                | Note | 1987         | 1986         |
|----------------------------------------------|------|--------------|--------------|
| Revenue                                      | 4    | 1,049.0      | 703.7        |
| Expense                                      |      | 408.7        | 269.1        |
| Property taxes                               |      | 102.9        | 64.9         |
| <b>RENTAL INCOME</b>                         |      | <b>537.4</b> | <b>369.7</b> |
| Real estate sales—net                        |      | 64.9         | —            |
| Interest and other income                    |      | 19.8         | 15.6         |
| <b>OPERATING INCOME</b>                      |      | <b>622.1</b> | <b>385.3</b> |
| General and administrative expense           |      | 52.3         | 32.5         |
| Interest                                     |      | 341.6        | 193.0        |
| <b>NET OPERATING INCOME</b>                  |      | <b>228.2</b> | <b>159.8</b> |
| Depreciation                                 |      | 72.0         | 49.7         |
| Income taxes                                 | 10   | 58.5         | 37.0         |
| Minority interest                            |      | 18.5         | —            |
|                                              |      | <b>149.0</b> | <b>86.7</b>  |
| <b>NET INCOME BEFORE NON-OPERATING ITEMS</b> |      | <b>79.2</b>  | <b>73.1</b>  |
| Non-operating income                         | 11   | 10.8         | 5.7          |
| <b>NET INCOME</b>                            |      | <b>90.0</b>  | <b>78.8</b>  |
| Per ordinary share                           |      | <b>58.0¢</b> | <b>52.7¢</b> |



**CONSOLIDATED STATEMENT OF CASH FLOW FROM OPERATIONS**  
*Years ended October 31*

| <i>(\$ millions)</i>                                         | 1987          | 1986          |
|--------------------------------------------------------------|---------------|---------------|
| <b>NET INCOME BEFORE NON-OPERATING ITEMS</b>                 | 79.2          | 73.1          |
| Add non-cash items:                                          |               |               |
| Depreciation                                                 | 72.0          | 49.7          |
| Deferred income taxes                                        | 57.9          | 36.6          |
| Unremitted cash flow from operations of affiliated companies | 13.6          | 31.7          |
| Minority interest                                            | 18.5          | —             |
| Other                                                        | 1.8           | (2.2)         |
| <b>CASH FLOW FROM OPERATIONS</b>                             | <b>243.0</b>  | <b>188.9</b>  |
| Per ordinary share                                           | <b>\$2.11</b> | <b>\$1.82</b> |

**CONSOLIDATED STATEMENT OF RETAINED INCOME**  
*Years ended October 31*

| <i>(\$ millions)</i>      | 1987         | 1986         |
|---------------------------|--------------|--------------|
| <b>NET INCOME</b>         | <b>90.0</b>  | <b>78.8</b>  |
| Dividends paid—preferred  | (38.2)       | (34.2)       |
| —ordinary                 | (30.7)       | (25.5)       |
| Share issue costs         | (4.9)        | —            |
| Balance beginning of year | 16.2         | 19.1         |
| Balance end of year       | <b>106.0</b> | <b>86.9</b>  |
|                           | <b>122.2</b> | <b>106.0</b> |



**CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOW**

Years ended October 31

| <i>(\$ millions)</i>                                                 |         |         |
|----------------------------------------------------------------------|---------|---------|
| Inflows (Outflows)                                                   | 1987    | 1986    |
| <b>OPERATING ACTIVITIES</b>                                          |         |         |
| Cash flow from operations                                            | 243.0   | 188.9   |
| <b>FINANCING ACTIVITIES</b>                                          |         |         |
| Ordinary shares issued                                               | 175.0   | 7.6     |
| Preferred shares issued                                              | 105.0   | —       |
| Long-term financing                                                  | 574.2   | 621.6   |
| Long-term financing assumed on property acquisitions and investments | 201.9   | 203.7   |
| Bank advances drawn                                                  | 6.5     | 2.2     |
| Preferred shares redeemed                                            | (4.7)   | (5.5)   |
| Long-term debt repaid                                                | (261.7) | (120.1) |
| Regular mortgage and sinking fund repayments                         | (53.2)  | (27.5)  |
| Long-term financing repaid on disposal of properties                 | (74.9)  | (112.9) |
| Minority shareholders' dividends                                     | (10.1)  | —       |
| Cash from financing activities                                       | 658.0   | 569.1   |
| <b>INVESTMENT ACTIVITIES</b>                                         |         |         |
| Construction and development of properties                           | (856.3) | (339.0) |
| Property acquisitions and investments                                | (440.6) | (417.8) |
| Funds retained in affiliated companies                               | (13.6)  | (31.7)  |
| Sales proceeds from disposal of properties                           | 496.8   | 122.6   |
| Funds retained in other assets and liabilities                       | (6.4)   | (38.0)  |
| Cash to investment activities                                        | (820.1) | (703.9) |
| <b>DIVIDENDS PAID</b>                                                |         |         |
|                                                                      | (68.9)  | (59.7)  |
| Net change in cash (Note 2(b))                                       | 12.0    | (5.6)   |



## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) General

The Corporation's accounting policies and its standards of financial disclosure are in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies (CIPREC), of which it is a member. The consolidated financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants, and conform in all material respects with International Accounting Standards relating to the presentation of historical cost financial information.

### (b) Principles of consolidation

The consolidated financial statements include:

- (i) The accounts of all subsidiaries of the Corporation.
- (ii) The accounts of all incorporated and unincorporated joint ventures and partnerships to the extent of the Corporation's proportionate interest in their respective assets, liabilities, revenue and expenses.
- (iii) The investment in The Rouse Company which is accounted for using the equity method of accounting.

### (c) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at the weighted average rate for the year.

The Corporation's operations in the United States are of a self-sustaining nature. Cumulative gains or losses arising from the translation of the assets and liabilities of these operations are recorded as a separate component of shareholders' equity.

Gains or losses arising from the translation of U.S. debt used to finance Canadian assets are amortized over the life of the debt and included in financial and other income.

### (d) Properties

#### (i) Income producing properties

Income producing properties are stated at the lower of cost or net realizable value.

Depreciation on income producing properties is provided on the sinking fund method under which an increasing amount consisting of a fixed annual sum together with interest compounded at the rate of 4% per annum is charged to income so as to fully depreciate the buildings and improvements over their estimated useful lives of 30 to 60 years.

Furniture and equipment are depreciated on a straight-line basis over periods of up to 10 years.

#### (ii) Properties under development

Properties under development, consisting of rental properties under construction, are recorded at the lower of cost including pre-development expenditures or net realizable value.

#### (iii) Land under and held for development

Land under and held for development is recorded at the lower of cost or net realizable value. Costs relating to land designated for residential uses are allocated to the saleable acreage of each project or subdivision in proportion to the anticipated revenues.

#### (iv) Properties held for sale

Properties held for sale, which include properties subject to sales agreements, are recorded at the lower of cost or net realizable value. Cash received and debt directly related to these properties are offset against the cost of these properties.

### (e) Capitalized costs

The cost of properties under development, land under and held for development, and properties held for sale includes all expenditures incurred in connection with the acquisition, development and construction of these properties.

These expenditures consist of all direct costs, interest on general and specific debt and general and administrative expenses. Revenue relating specifically to such properties is treated as a reduction of costs.



(f) *Income recognition*

- (i) Revenue from an income producing property is recognized upon the earlier of attaining a break-even point in cash flow after debt amortization or the expiration of a reasonable period of time following substantial completion. Prior to this time, the property is categorized as a property under development and revenue related to such property is applied to reduce development costs.
- (ii) Revenue and income from the sale of land and other properties are recorded when the collection of the sale proceeds is reasonably assured and all other significant conditions are met. Properties which have been sold, but for which these criteria have not been satisfied, are included in properties held for sale.

(g) *Per share calculations*

Net income and cash flow from operations per ordinary share have been calculated after providing for preferred share dividends and minority interest, on the weighted average number of ordinary shares outstanding.

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**2. SIGNIFICANT TRANSACTIONS**

(a) *Purchase and sale of shopping centres*

Prior to the end of its 1986 fiscal year, the Corporation entered into a number of transactions with Bramalea Limited ("Bramalea"), including the purchase of substantially all of Bramalea's Canadian shopping centre interests and, on September 18, 1986, the sale to Bramalea of certain of the Corporation's Canadian shopping centre interests for an aggregate selling price of \$524 million, which is \$363 million in excess of net book value.

As a result of this sale, the Corporation recognized a \$247.0 million gain which reflects that portion of the excess attributed to the interest in Bramalea held by outside parties at the time. This gain was recognized in 1987 following the realization of the promissory note received as consideration for the sale and is included in non-operating income (Note 11).

(b) *Purchase of shares of Bramalea Limited*

On November 3, 1986, the Corporation sold all of its remaining Canadian shopping centre interests to a wholly-owned subsidiary of Bramalea for \$930 million, which is \$221 million in excess of net book value.

At the same time, the Corporation acquired 18.5 million treasury shares of Bramalea at \$25 per share thereby increasing its ownership interest in Bramalea from 32% (43% on a fully diluted basis) to 61% (65% on a fully diluted basis). This acquisition has been accounted for by the purchase method and Bramalea's results have been included in the consolidated financial statements from the date of acquisition. Prior to the purchase of additional shares, the investment in Bramalea was accounted for by the equity method.

The following are the details of the acquisition which are not reflected in the Consolidated Statement of Changes in Cash Flow:

(\$ millions)

|                                                                                                                 |         |
|-----------------------------------------------------------------------------------------------------------------|---------|
| Net assets acquired:                                                                                            |         |
| Gross assets acquired (includes cash of \$18.5 million and cost of \$209.4 million in excess of net book value) | 3,493.3 |
| Liabilities assumed                                                                                             | 2,514.0 |
| Minority interest                                                                                               | 358.8   |
|                                                                                                                 | <hr/>   |
|                                                                                                                 | 620.5   |
| Consideration given:                                                                                            |         |
| Prior to November 1, 1986                                                                                       | 158.0   |
| Proceeds from sale of notes and shopping centre interests                                                       | 462.5   |
|                                                                                                                 | <hr/>   |
|                                                                                                                 | 620.5   |

Bramalea is a public company headquartered in Toronto whose principal activities include the development, ownership and management of a portfolio of shopping centres, office buildings, industrial properties, hotels and apartment buildings. The company is also a community developer and home builder.



### 3. PROPERTIES

| (\$ millions)                                                                   | 1987           | 1986           |
|---------------------------------------------------------------------------------|----------------|----------------|
| Income producing properties                                                     | 5,632.6        | 3,164.1        |
| Properties under development                                                    | 631.4          | 530.4          |
| Land under and held for development                                             | 603.0          | 260.5          |
| Properties held for sale, net of debt of \$60.7 million (1986 – \$13.8 million) | 203.5          | 47.9           |
|                                                                                 | <u>7,070.5</u> | <u>4,002.9</u> |
| Less accumulated depreciation                                                   | 264.2          | 216.2          |
|                                                                                 | <u>6,806.3</u> | <u>3,786.7</u> |

(a) Land under and held for development includes \$217.4 million (1986 – Nil) of land currently being serviced for residential sales.

(b) The following net development expenditures have been capitalized during the year:

| (\$ millions)                        | 1987        | 1986        |
|--------------------------------------|-------------|-------------|
| (i) On properties under development: |             |             |
| Operating expense                    | 17.9        | 13.1        |
| General and administrative expense   | 6.6         | 8.8         |
| Property taxes                       | 5.9         | 2.4         |
| Interest                             | 59.0        | 49.8        |
|                                      | <u>89.4</u> | <u>74.1</u> |
| Less operating revenue               | 33.8        | 27.9        |
|                                      | <u>55.6</u> | <u>46.2</u> |

The above expenditures form an integral part of the cost of developing income producing properties and are accordingly treated in the same manner as other development and construction costs. The total development cost for each new project is funded on a medium-term basis from construction loan facilities and on a long-term basis from the proceeds of long-term financing. Funds required to service such long-term financing are obtained from the rental income generated by the property following its physical completion.

| (\$ millions)                                                             | 1987         | 1986        |
|---------------------------------------------------------------------------|--------------|-------------|
| (ii) On land under and held for development and properties held for sale: |              |             |
| Operating expense                                                         | 2.4          | 1.2         |
| General and administrative expense                                        | 3.5          | 1.5         |
| Property taxes                                                            | 7.9          | 1.0         |
| Interest                                                                  | 96.4         | 54.2        |
|                                                                           | <u>110.2</u> | <u>57.9</u> |
| Less operating revenue                                                    | 12.8         | 2.3         |
|                                                                           | <u>97.4</u>  | <u>55.6</u> |

(c) Properties carried at a net book value of approximately \$2,371.8 million (1986 – \$1,455.5 million) are situated on land held under leases or agreements expiring in the years 2011 to 2086.

(d) The Corporation's share of expenditures required to complete properties under development is estimated at \$802.0 million (1986 – \$411.7 million) for which financing has been arranged.



#### 4. SEGMENTED INFORMATION

The distribution of the Corporation's operations between Canada and the United States is:

| <i>(\$ millions)</i> | 1987           | 1986           |
|----------------------|----------------|----------------|
| Revenue              |                |                |
| Canada               | 587.1          | 366.9          |
| United States        | 461.9          | 336.8          |
|                      | <u>1,049.0</u> | <u>703.7</u>   |
| Operating income     |                |                |
| Canada               | 351.3          | 191.4          |
| United States        | 270.8          | 193.9          |
|                      | <u>622.1</u>   | <u>385.3</u>   |
| Properties           |                |                |
| Canada               | 3,423.7        | 1,404.0        |
| United States        | 3,382.6        | 2,382.7        |
|                      | <u>6,806.3</u> | <u>3,786.7</u> |

#### 5. JOINT VENTURES

(a) The following amounts represent the Corporation's proportionate interest in incorporated and unincorporated joint ventures and partnerships:

| <i>(\$ millions)</i> | 1987    | 1986    |
|----------------------|---------|---------|
| Assets               | 2,816.3 | 2,042.7 |
| Liabilities          | 1,577.7 | 1,135.7 |
| Revenue              | 377.7   | 222.7   |
| Expenses             | 301.0   | 184.4   |

(b) The Corporation is contingently liable for obligations of its associates in such joint venture developments. In each case, all of the assets of the joint venture are available for the purpose of satisfying such obligations.



## 6. INVESTMENTS

| (\$ millions)                                | 1987  | 1986  |
|----------------------------------------------|-------|-------|
| Notes receivable on balances of sale         | 169.0 | 102.5 |
| Advances on behalf of joint venture partners | 200.9 | 193.7 |
| Investment in The Rouse Company              | 267.8 | 199.7 |
| Other investments                            | 120.7 | 69.9  |
| Investment in Bramalea Limited (Note 2(b))   | —     | 288.9 |
|                                              | 758.4 | 854.7 |

### (a) Investment in The Rouse Company

In 1987, agreement was reached with The Rouse Company ("Rouse") which entitled the Corporation to increase its ownership in Rouse to 27.5% on a fully diluted basis. In addition, the Corporation agreed not to sell or dispose of its interests in Rouse until January 1, 1990, except in certain circumstances.

On July 23, 1987, the Corporation purchased U.S. \$60 million of the U.S. \$130 million, 5<sup>3</sup>/<sub>4</sub>% convertible debentures issued by Rouse. As a result of this purchase, the Corporation's ownership in Rouse increased to 25% on a fully diluted basis (1986—24%).

Rouse is a public company headquartered in Columbia, Maryland, whose principal activities include the development, ownership and management of regional shopping centres and specialty retail centres located primarily in the eastern part of the United States.

### (b) Financial results

The following is a summary of the unaudited financial results of Rouse with the income items restated in accordance with Canadian generally accepted accounting principles:

| (\$ millions)             | <i>Twelve months ended September 30</i> |         |
|---------------------------|-----------------------------------------|---------|
|                           | 1987                                    | 1986    |
| Total assets              | 2,143.6                                 | 1,955.2 |
| Shareholders' equity      | 95.3                                    | 113.4   |
| Operating revenue         | 514.7                                   | 449.9   |
| Cash flow from operations | 87.8                                    | 66.8    |
| Net income                | 29.2                                    | 21.3    |
| Rate of exchange          | 1.309                                   | 1.389   |
| Corporation's ownership   |                                         |         |
| — Basic                   | 23%                                     | 24%     |
| — Fully diluted           | 25%                                     | 24%     |

Equity income from the investment in Rouse of \$8.0 million (1986—\$6.4 million) is included in the Corporation's operating revenue and the net carrying cost of approximately \$11.6 million (1986—\$11.8 million) is included in the Corporation's expenses. An equity loss of \$2.7 million (1986—Nil) from Rouse's non-operating activity is reflected in the Corporation's non-operating income.

Dividends from Rouse totalling \$6.7 million (1986—\$6.0 million) were received during the year.



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**7. ACCOUNTS RECEIVABLE**

Accounts receivable includes \$18.1 million (1986—\$17.3 million) provided to a trustee under the terms of employee share purchase plans and loaned to purchase fully paid shares of the Corporation. The shares are held as security for the loans.

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**8. LONG-TERM DEBT**

Principal repayments are due as follows:

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| (\$ millions)                             | Average weighted interest rates as at October 31, 1987 |      |       |       |       |       |       |            |                      |
|-------------------------------------------|--------------------------------------------------------|------|-------|-------|-------|-------|-------|------------|----------------------|
|                                           | %                                                      | 1987 | 1988  | 1989  | 1990  | 1991  | 1992  | Subsequent | Total <sup>(2)</sup> |
| Mortgage loans and bonds                  | 10.00                                                  |      | 114.6 | 83.0  | 187.8 | 299.4 | 91.6  | 2,238.4    | 3,014.8              |
| Senior Debentures—secured                 | 11.05                                                  |      | 15.1  | 50.6  | 2.1   | 68.9  | 5.3   | 406.2      | 548.2                |
| Construction, development and other loans |                                                        |      |       |       |       |       |       |            |                      |
| —secured <sup>(1)</sup>                   | 8.79                                                   |      | 214.4 | 219.8 | 105.1 | 129.6 | 111.5 | 625.8      | 1,406.2              |
| —unsecured                                | 8.89                                                   |      | 112.0 | 46.2  | 107.1 | 95.0  | 16.1  | 370.3      | 746.7                |
| Maturities at October 31, 1987            | 9.65                                                   |      | 456.1 | 399.6 | 402.1 | 592.9 | 224.5 | 3,640.7    | 5,715.9              |
| Maturities at October 31, 1986            | 9.01                                                   | 48.1 | 228.6 | 322.8 | 172.1 | 238.2 |       | 2,591.4    | 3,601.2              |

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<sup>(1)</sup> Construction and development loan maturities reflect the terms of long-term financing commitments.

<sup>(2)</sup> Long-term debt includes \$3,974.2 million (1986—\$2,643.1 million) repayable in United States dollars of \$3,020.3 million (1986—U.S. \$1,901.5 million).



## 9. SHAREHOLDERS' EQUITY

### Capital Stock

Authorized—unlimited number.

Senior Preferred Shares—Classes A and B, without nominal or par value, issuable in series.

Ordinary Shares —Class A Subordinate Voting Ordinary Shares without nominal or par value.

—Class B Ordinary Shares without nominal or par value convertible on a one-for-one basis into Class A Subordinate Voting Ordinary Shares.

| (\$ millions)                                                                                           | 1987    | 1986  |
|---------------------------------------------------------------------------------------------------------|---------|-------|
| Issued                                                                                                  |         |       |
| Senior Preferred Shares                                                                                 |         |       |
| Class A                                                                                                 |         |       |
| 580,196 Series 1 shares—Issued in 1979 for \$100 per share (1986—595,693 shares)                        | 58.1    | 59.6  |
| 147,020 Series 2 shares—Issued in 1980 for \$100 per share (1986—154,757 shares)                        | 14.7    | 15.5  |
| Class B                                                                                                 |         |       |
| 196,109 Series 1 shares—Issued in 1980 for \$100 per share (1986—204,055 shares)                        | 19.6    | 20.4  |
| 257,286 Series 2 shares—Issued in 1980 for U.S. \$100 per share (1986—270,826 shares)                   | 30.6    | 32.2  |
| 14,933,483 Series 3 shares—Issued in 1984, 1985 and 1986 for \$10 per share<br>(1986—14,933,483 shares) | 149.3   | 149.3 |
| 6,600,000 Series 4 shares—Issued in 1985 and 1987 for \$25 per share<br>(1986—6,400,000 shares)         | 165.0   | 160.0 |
| 4,000,000 Series 6 shares —Issued in 1987 for \$25 per share                                            | 100.0   | —     |
| Ordinary Shares                                                                                         | 392.9   | 217.9 |
| Class A 48,201,055 shares (1986—43,022,969)                                                             |         |       |
| Class B 42,254,840 shares (1986—42,209,996)                                                             |         |       |
|                                                                                                         | 930.2   | 654.9 |
| Retained income                                                                                         | 122.2   | 106.0 |
| Foreign currency translation                                                                            | 53.6    | 76.4  |
|                                                                                                         | 1,106.0 | 837.3 |

### (a) Dividends

Dividends on Senior Preferred Shares Class A, Series 1 and 2 and on Senior Preferred Shares Class B, Series 1 are cumulative and payable quarterly at an annual rate of 1½% plus half of the prime lending rate.

Dividends on Senior Preferred Shares Class B, Series 2 are cumulative and payable quarterly at an annual rate of 1½% plus half the prime lending rate applicable to United States dollar loans made in Canada.

Dividends on Senior Preferred Shares Class B, Series 3 are cumulative and payable quarterly. The quarterly dividend rate of half the prime lending rate plus ½% is increased or decreased by ¼% from the rate payable for the preceding dividend quarter, if during the 30 days preceding the dividend quarter the weighted average trading price of the shares on The Toronto Stock Exchange is less than \$9.75 or more than \$10.25 respectively, subject to a minimum annual rate of half the prime lending rate plus ½% per annum and a maximum annual rate of half the prime lending rate plus 3% per annum. The annual rate throughout the year remained at half the prime lending rate plus ½%.

Dividends on Senior Preferred Shares Class B, Series 4 are cumulative and payable quarterly at an annual rate of 9% for dividends payable prior to April 1, 1990. For each dividend quarter commencing after March 31, 1990, the annual rate shall be 70% of the prime lending rate.



Dividends on Senior Preferred Shares Class B, Series 6 are cumulative and payable quarterly at an annual rate of 8.25% payable prior to January 1, 1992. For each dividend quarter commencing after December 31, 1991, the annual rate shall be 70% of the prime lending rate.

In addition, dividends of 35¢ for both classes of ordinary shares (1986 – 30¢) were declared and paid during the year.

*(b) Redemptions*

The Senior Preferred Shares Class A and B, Series 1 and 2 are redeemable by the Corporation at any time at their paid up amount. The Corporation will offer to purchase for cancellation annually, at the amount paid up thereon, 5% of all such preferred shares then held by each holder. In any event, the Corporation will offer to purchase at the amount paid up thereon, all such senior preferred shares outstanding on December 31 next following the tenth anniversary of the date of their initial issue. All offers to purchase by the Corporation may be accepted or rejected by individual shareholders. The Corporation is obligated to redeem at the amount paid up thereon, all such senior preferred shares outstanding on December 31 next following the twentieth anniversary of the date of their initial issue.

The Senior Preferred Shares Class B, Series 3 are not redeemable by the Corporation prior to December 31, 1987. Thereafter the shares are redeemable at a price of \$10.40 per share reducing by \$0.10 per annum to \$10.00 per share. The Corporation will offer to purchase all such shares outstanding on December 31, 1993, and every five years after December 31, 1993 for as long as any such shares are outstanding.

The Senior Preferred Shares Class B, Series 4 are not redeemable by the Corporation prior to March 31, 1990. Thereafter, the shares are redeemable at a price of \$26.00 per share, reducing by \$0.25 per annum to \$25.00 per share. The Corporation will offer to purchase in September, 1990 and in each September thereafter 4% of all such shares issued prior to the date of such offer, at a price of \$25.00 per share. The purchase obligation is cumulative so that the number of shares which the Corporation offers to purchase shall include any shares previously offered to be purchased but which were not tendered in sufficient quantities.

The Senior Preferred Shares Class B, Series 6 are not redeemable by the Corporation prior to December 31, 1991. Thereafter, the shares are redeemable at the option of the Corporation, in whole or in part, at a price of \$25.00 per share. The Corporation has no purchase obligations under this series.

*(c) Ordinary share purchase programme*

Subsequent to its fiscal year end, the Corporation received regulatory approval to purchase up to 750,000 of its issued Class A Subordinate Voting Ordinary Shares and/or 750,000 of its issued Class B Ordinary Shares on the open market until December 3, 1988. The 1987 Share Purchase Programme replaced the previous programme which expired on December 3, 1987.

Subsequent to the year end of the Corporation, a total of 241,000 Class A Subordinate Voting Ordinary Shares and 5,700 Class B Ordinary Shares were purchased for cancellation under the 1986 Share Purchase Programme for a total cash consideration of \$5.8 million.



(d) Issued capital increase/(decrease)

|                                            | 1987      |             | 1986       |             |
|--------------------------------------------|-----------|-------------|------------|-------------|
|                                            | Shares    | \$ millions | Shares     | \$ millions |
| <b>SENIOR PREFERRED SHARES</b>             |           |             |            |             |
| Class A, Series 1                          | (15,497)  | (1.5)       | (21,080)   | (2.1)       |
| Class A, Series 2                          | (7,737)   | (.8)        | (8,145)    | (.8)        |
| Class B, Series 1                          | (7,946)   | (.8)        | (9,160)    | (.9)        |
| Class B, Series 2                          | (13,540)  | (1.6)       | (14,253)   | (1.7)       |
| Class B, Series 3                          |           |             |            |             |
| – Employee share purchase and option plans | –         | –           | 450        | –           |
| Class B, Series 4                          |           |             |            |             |
| – New issue                                | 200,000   | 5.0         | –          | –           |
| Class B, Series 6                          |           |             |            |             |
| – New issue                                | 4,000,000 | 100.0       | –          | –           |
|                                            | 4,155,280 | 100.3       | (52,188)   | (5.5)       |
| <b>ORDINARY SHARES</b>                     |           |             |            |             |
| New issue                                  | 5,000,000 | 171.3       | –          | –           |
| Employee share purchase and option plans   | 222,930   | 3.7         | 378,135    | 7.6         |
| Stock dividend                             | –         | –           | 28,311,932 | –           |
|                                            | 5,222,930 | 175.0       | 28,690,067 | 7.6         |
| Net increase                               |           | 275.3       |            | 2.1         |

(e) Employee share purchase and option plans

As at October 31, 1987, 701,960 Class A Subordinate Voting Ordinary Shares and 51,835 Class B Ordinary Shares were reserved for share option plans at exercise prices ranging from \$7.02 to \$32.75 per ordinary share. The total exercise price of such options is \$15.7 million. These options have expiry dates from February 23, 1988 to October 21, 1992. A further 926,475 of such Class A shares are available for future grants under management share purchase and option plans.

(f) Foreign currency translation

| (\$ millions)                                      | 1987   | 1986 |
|----------------------------------------------------|--------|------|
| Balance beginning of year                          | 76.4   | 67.8 |
| Exchange rate changes on opening balance           | (23.1) | 8.6  |
| Exchange rate changes on current year transactions | 0.3    | –    |
| Balance end of year                                | 53.6   | 76.4 |



#### 10. INCOME TAXES

The total income taxes charged to income of \$58.5 million in 1987 and \$37.0 million in 1986 resulted in an effective tax rate of 39.4 percent and 33.6 percent respectively. These percentages are different from the expected income tax rate of 46.6 percent computed by applying the combined Canadian and United States federal and provincial or state tax rates to earnings before income taxes. These differences are caused by the lower rates applicable to items such as capital gains and investment income.

#### 11. NON-OPERATING INCOME

| <i>(\$ millions)</i>                                                                                                                                             | 1987        | 1986       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|
| Net income from sales of properties and other non-recurring items, net of deferred income tax of \$73.2 million (1986 - \$2.5 million) (Note 2 (a))              | 171.0       | 11.7       |
| Provision for estimated diminution in the economic value of undeveloped properties, net of deferred income tax recovery of \$67.5 million (1986 - \$2.0 million) | (157.5)     | (6.0)      |
| Equity share of non-operating loss in The Rouse Company, net of deferred income tax recovery of \$2.3 million                                                    | (2.7)       | -          |
|                                                                                                                                                                  | <u>10.8</u> | <u>5.7</u> |

#### 12. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

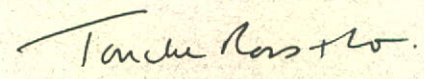
#### AUDITORS' REPORT

The Shareholders  
Trizec Corporation Ltd.

We have examined the consolidated balance sheet of Trizec Corporation Ltd. as at October 31, 1987 and the consolidated statements of income, cash flow from operations, retained income and changes in cash flow for the year then ended. 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 Corporation as at October 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta  
December 22, 1987

  
Touche Ross & Co.  
Chartered Accountants



| OFFICE AND<br>MIXED-USE PROPERTIES<br>CANADA –<br>IN OPERATION | Corporation's<br>Ownership<br>Interest (1) | Rentable<br>Area<br>(Sq. Ft.) (2) | Retail Area<br>included in<br>mixed-use<br>buildings<br>(Sq. Ft.) |
|----------------------------------------------------------------|--------------------------------------------|-----------------------------------|-------------------------------------------------------------------|
| Name (Location)                                                |                                            |                                   |                                                                   |
| <b>Halifax, Nova Scotia</b>                                    |                                            |                                   |                                                                   |
| Maritime Centre                                                | 100%                                       | 622,000                           | 79,000                                                            |
| Centennial Building                                            | 100%                                       | 164,000                           |                                                                   |
| <b>Quebec City, Quebec</b>                                     |                                            |                                   |                                                                   |
| Place Quebec – Phase I & II                                    | 100%                                       | 790,000                           | 117,000                                                           |
| <b>Montreal, Quebec</b>                                        |                                            |                                   |                                                                   |
| Place Ville Marie                                              | 100%                                       | 3,150,000                         | 360,000                                                           |
| 2020 University                                                | 100%                                       | 534,000                           | 88,000                                                            |
| 500 Place d'Armes                                              | 100%                                       | 511,000                           |                                                                   |
| Place Air Canada (3)                                           | 100%                                       | 359,000                           |                                                                   |
| 360 St. Jacques                                                | 100%                                       | 316,000                           |                                                                   |
| <b>Toronto, Ontario</b>                                        |                                            |                                   |                                                                   |
| The Hudson's Bay Centre (4)                                    | 100%                                       | 1,479,000                         | 460,000                                                           |
| The Atrium On Bay                                              | 36%                                        | 1,296,000                         | 132,000                                                           |
| The Toronto Star Building (4)                                  | 100%                                       | 793,000                           |                                                                   |
| The Renaissance Centre (4)                                     | 100%                                       | 348,000                           | 33,000                                                            |
| 55 University Avenue (4)                                       | 100%                                       | 336,000                           | 21,000                                                            |
| Esso Place (4)                                                 | 50%                                        | 326,000                           | 14,000                                                            |
| The New York Life Centre (4)                                   | 100%                                       | 297,000                           |                                                                   |
| 180 Wellington Street West                                     | 100%                                       | 249,000                           |                                                                   |
| One Eglinton Avenue East (4)                                   | 100%                                       | 171,000                           |                                                                   |
| 1867 Yonge Street (4)                                          | 100%                                       | 151,000                           |                                                                   |
| Yorkdale Place (5)                                             | 100%                                       | 122,000                           |                                                                   |
| Confederation Square (4)                                       | 100%                                       | 108,000                           | 15,000                                                            |
| 40 Sheppard Avenue West (4)                                    | 80%                                        | 159,000                           |                                                                   |
| Sterling Tower                                                 | 50%                                        | 93,000                            |                                                                   |
| The National Building                                          | 50%                                        | 60,000                            |                                                                   |
| <b>Brampton, Ontario</b>                                       |                                            |                                   |                                                                   |
| 40/44 Peel Centre Drive (5)                                    | 100%                                       | 101,000                           |                                                                   |
| <b>Winnipeg, Manitoba</b>                                      |                                            |                                   |                                                                   |
| Winnipeg Square                                                | 100%                                       | 619,000                           | 65,000                                                            |
| <b>Edmonton, Alberta</b>                                       |                                            |                                   |                                                                   |
| CN Tower                                                       | 100%                                       | 366,000                           |                                                                   |
| Centennial Building                                            | 100%                                       | 253,000                           |                                                                   |
| 9920 - 108th Street (4)                                        | 100%                                       | 215,000                           |                                                                   |
| 10808 - 99th Avenue (4)                                        | 100%                                       | 90,000                            |                                                                   |
| Edwards Professional Centre (4)                                | 100%                                       | 57,000                            |                                                                   |
| <b>Calgary, Alberta</b>                                        |                                            |                                   |                                                                   |
| Western Canadian Place                                         | 50%                                        | 1,183,000                         |                                                                   |
| Calgary Place                                                  | 50%                                        | 735,000                           |                                                                   |
| Scotia Centre                                                  | 50%                                        | 623,000                           | 99,000                                                            |
| Fifth & Fifth                                                  | 75%                                        | 567,000                           |                                                                   |
| Royal Bank Building                                            | 100%                                       | 367,000                           |                                                                   |
| 700 - 6th Avenue                                               | 100%                                       | 231,000                           |                                                                   |
| Petex Building                                                 | 75%                                        | 120,000                           |                                                                   |
| Marlborough Professional Centre (5)                            | 100%                                       | 48,000                            |                                                                   |
| <b>Vancouver, British Columbia</b>                             |                                            |                                   |                                                                   |
| Royal Centre                                                   | 100%                                       | 897,000                           | 144,000                                                           |
| <b>Total – Canada</b>                                          |                                            | <b>18,906,000</b>                 | <b>1,627,000</b>                                                  |

(1) This represents Trizec's percentage ownership interest unless otherwise noted. In some cases Trizec's effective interest may be less.

(2) Includes parking where applicable.

(3) Excludes Air Canada's condominium ownership of 190,000 sq. ft.

(4) Reflects Bramalea's percentage ownership interest.

(5) Reflects Trilea's percentage ownership interest.



OFFICE AND  
MIXED-USE PROPERTIES  
UNITED STATES –  
IN OPERATION

| Name (Location)                                  | Corporation's<br>Ownership<br>Interest (1) | Rentable<br>Area<br>(Sq. Ft.) (2) | Retail Area<br>included in<br>mixed-use<br>buildings<br>(Sq. Ft.) |
|--------------------------------------------------|--------------------------------------------|-----------------------------------|-------------------------------------------------------------------|
| <b>Oakland, California</b>                       |                                            |                                   |                                                                   |
| Clorox Building (4)                              | 100%                                       | 489,000                           |                                                                   |
| 475 - 14th Street (4)                            | 90%                                        | 172,000                           |                                                                   |
| 505 - 14th Street (4)                            | 90%                                        | 160,000                           |                                                                   |
| City Square (4)                                  | 100%                                       | 199,000                           | 71,000                                                            |
| <b>Los Angeles, California</b>                   |                                            |                                   |                                                                   |
| Marina Towers                                    | 40%                                        | 669,000                           |                                                                   |
| 9800 La Cienega                                  | 100%                                       | 660,000                           |                                                                   |
| Encino Gateway                                   | 100%                                       | 643,000                           |                                                                   |
| Hollywood Center                                 | 100%                                       | 477,000                           |                                                                   |
| Airport Freeway                                  | 100%                                       | 469,000                           |                                                                   |
| Valley Center                                    | 100%                                       | 374,000                           |                                                                   |
| Wilshire Center                                  | 100%                                       | 345,000                           |                                                                   |
| <b>Culver City, California</b>                   |                                            |                                   |                                                                   |
| 100 Corporate Pointe (4)                         | 100%                                       | 109,000                           |                                                                   |
| <b>San Diego, California</b>                     |                                            |                                   |                                                                   |
| San Diego Commercenter (4)                       | 80%                                        | 146,000                           |                                                                   |
| <b>Denver, Colorado</b>                          |                                            |                                   |                                                                   |
| Dominion Plaza                                   | 100%                                       | 664,000                           |                                                                   |
| Ptarmigan Place (4)                              | 90%                                        | 645,000                           | 34,000                                                            |
| <b>Dallas, Texas</b>                             |                                            |                                   |                                                                   |
| First RepublicBank Plaza, Dallas Main Center (4) | 40%                                        | 2,343,000                         | 41,000                                                            |
| McKinney Place                                   | 100%                                       | 308,000                           |                                                                   |
| <b>Houston, Texas</b>                            |                                            |                                   |                                                                   |
| Cullen Center (5)                                |                                            |                                   |                                                                   |
| 1600 Smith                                       | 50%                                        | 2,110,000                         |                                                                   |
| Dresser Tower                                    | 50%                                        | 1,621,000                         |                                                                   |
| 500 Jefferson                                    | 100%                                       | 603,000                           |                                                                   |
| 600 Jefferson                                    | 100%                                       | 470,000                           |                                                                   |
| <b>Atlanta, Georgia</b>                          |                                            |                                   |                                                                   |
| Peachtree Center Tower                           | 100%                                       | 427,000                           |                                                                   |
| <b>Kansas City, Missouri</b>                     |                                            |                                   |                                                                   |
| One Pershing Square                              | 50%                                        | 239,000                           |                                                                   |
| Two Pershing Square (3)                          | 83%                                        | 839,000                           |                                                                   |
| <b>Stamford, Connecticut</b>                     |                                            |                                   |                                                                   |
| 100 First Stamford Place                         | 50%                                        | 694,000                           |                                                                   |
| 200 First Stamford Place                         | 50%                                        | 373,000                           |                                                                   |
| 300 First Stamford Place (3)                     | 50%                                        | 700,000                           |                                                                   |
| <b>Detroit, Michigan</b>                         |                                            |                                   |                                                                   |
| Fisher Building                                  | 100%                                       | 920,000                           | 117,000                                                           |
| New Center One                                   | 67%                                        | 530,000                           | 86,000                                                            |
| New Center Building                              | 100%                                       | 290,000                           |                                                                   |
| <b>Minneapolis, Minnesota</b>                    |                                            |                                   |                                                                   |
| Northstar Center                                 | 90%                                        | 1,184,000                         | 72,000                                                            |
| <b>Total – United States</b>                     |                                            | <b>19,872,000</b>                 | <b>421,000</b>                                                    |
| <b>Total – Office Buildings in Operation</b>     |                                            | <b>38,778,000</b>                 | <b>2,048,000</b>                                                  |

(1) This represents Trizec's percentage ownership interest unless otherwise noted. In some cases Trizec's effective interest may be less.

(2) Includes parking where applicable.

(3) Classified as property under development for accounting purposes.

(4) Reflects Bramalea's percentage ownership interest.

(5) Reflects percentage ownership interest of Cullen Center, Inc., of which Trizec owns 50%.



OFFICE AND  
MIXED-USE PROPERTIES  
CANADA AND  
UNITED STATES –  
UNDER DEVELOPMENT

| Name (Location)                                   | Corporation's<br>Ownership<br>Interest (1) | Rentable<br>Area<br>(Sq. Ft.) (2) | Retail Area<br>included in<br>mixed-use<br>buildings<br>(Sq. Ft.) |
|---------------------------------------------------|--------------------------------------------|-----------------------------------|-------------------------------------------------------------------|
| <b>Toronto, Ontario</b>                           |                                            |                                   |                                                                   |
| Bay-Adelaide Financial Centre                     | 50%                                        | 1,760,000                         | 160,000                                                           |
| Confederation Square (3)                          | 100%                                       | 409,000                           |                                                                   |
| <b>Edmonton, Alberta</b>                          |                                            |                                   |                                                                   |
| Canada Place, Phase I                             | 100%                                       | 1,257,000                         | 90,000                                                            |
| <b>Calgary, Alberta</b>                           |                                            |                                   |                                                                   |
| Bankers Hall                                      | 100%                                       | 2,078,000                         | 274,000                                                           |
| <b>Culver City, California</b>                    |                                            |                                   |                                                                   |
| 400 Corporate Pointe (3)                          | 100%                                       | 165,000                           | 4,000                                                             |
| 600 Corporate Pointe (3)                          | 100%                                       | 265,000                           |                                                                   |
| <b>Total – Office Buildings Under Development</b> |                                            | <b>5,934,000</b>                  | <b>528,000</b>                                                    |

(1) This represents Trizec's percentage ownership interest unless otherwise noted. In some cases Trizec's effective interest may be less.

(2) Includes parking where applicable.

(3) Reflects Bramalea's percentage ownership interest.

HOTELS  
CANADA AND  
UNITED STATES

| Name (Location)                    | Corporation's<br>Ownership<br>Interest (1) | Number of<br>Rooms |
|------------------------------------|--------------------------------------------|--------------------|
| <b>Quebec City, Quebec</b>         |                                            |                    |
| Quebec-Hilton                      | 50%                                        | 563                |
| <b>Toronto, Ontario</b>            |                                            |                    |
| Four Seasons (2)                   | 75%                                        | 379                |
| Plaza II (2)                       | 100%                                       | 260                |
| <b>Brampton, Ontario</b>           |                                            |                    |
| Holiday Inn (3)                    | 100%                                       | 148                |
| <b>Richmond, British Columbia</b>  |                                            |                    |
| River Inn                          | 100%                                       | 373                |
| <b>Vancouver, British Columbia</b> |                                            |                    |
| Hyatt Regency (2)                  | 75%                                        | 654                |
| <b>Houston, Texas</b>              |                                            |                    |
| Whitehall Hotel (4)                | 100%                                       | 325                |
| <b>Minneapolis, Minnesota</b>      |                                            |                    |
| The Northstar Inn                  | 90%                                        | 225                |
| <b>Total – Hotels</b>              |                                            | <b>2,927</b>       |

(1) This represents Trizec's percentage ownership interest unless otherwise noted. In some cases Trizec's effective interest may be less.

(2) Reflects Bramalea's percentage ownership interest.

(3) Reflects Trilea's percentage ownership interest.

(4) Reflects percentage ownership interest of Cullen Center, Inc., of which Trizec owns 50%.



| INDUSTRIAL PROPERTIES<br>CANADA -<br>IN OPERATION |                                     | Major<br>Tenant | Land Area<br>(Acres) | Building<br>Area<br>(Sq. Ft.) (1) |
|---------------------------------------------------|-------------------------------------|-----------------|----------------------|-----------------------------------|
| <b>Bramalea, Ontario</b>                          |                                     |                 |                      |                                   |
| 8550 Airport Road                                 | Boots Drug Store (Canada) Ltd.      | 11.0            | 264,000              |                                   |
| 12 Baker Road                                     | Dominion Cellulose Limited          | 10.7            | 195,000              |                                   |
| 15 Blair Drive                                    | Crowle Fittings Ltd.                | 2.7             | 26,000               |                                   |
| 2 Chelsea Lane                                    | Western Controls Inc.               | 2.3             | 26,000               |                                   |
| 1000 Clark Boulevard (2)                          | Groupe Hamelin Inc.                 | 6.4             | 156,000              |                                   |
| 1075 Clark Boulevard                              | Champion Road Machinery Sales Ltd.  | 3.5             | 36,000               |                                   |
| 1195 Clark Boulevard                              | Macdonald Mirror Inc.               | 1.8             | 83,000               |                                   |
| 1615 Clark Boulevard                              | Canadian Tire Corporation, Limited  | 5.9             | 122,000              |                                   |
| 1995 Clark Boulevard                              | Reed Inc.                           | 25.0            | 334,000              |                                   |
| 2 Colony Court                                    | Burlington Canada Inc.              | 5.5             | 125,000              |                                   |
| 10 Colony Court                                   | Carlton Cards Limited               | 5.0             | 96,000               |                                   |
| 151 East Drive                                    | International Paints of Canada Ltd. | 4.0             | 97,000               |                                   |
| 152 East Drive                                    | Advance Power Inc.                  | 7.0             | 114,000              |                                   |
| 2 Gateway Drive                                   | Airport Chevrolet Oldsmobile Inc.   | 6.1             | 26,000               |                                   |
| 2 Indell Lane                                     | Comshare Limited                    | 1.2             | 12,000               |                                   |
| 8 Indell Lane                                     | Jaguar Canada Inc.                  | 2.4             | 38,000               |                                   |
| 10 Indell Lane                                    | Volvo Canada Ltd.                   | 3.0             | 15,000               |                                   |
| 12 Indell Lane                                    | Canterbury Foods Limited            | 1.6             | 19,000               |                                   |
| 380 Orenda Road                                   | Thomas J. Lipton Inc.               | 2.0             | 26,000               |                                   |
| 2 Shaftsbury Lane                                 | Data Business Forms Limited         | 10.5            | 175,000              |                                   |
| 6 Shaftsbury Lane                                 | Atlantic Packaging Products Ltd.    | 6.4             | 126,000              |                                   |
| 1310 Steeles Avenue                               | Huegenot Limited                    | 4.2             | 67,000               |                                   |
| 1940 Steeles Avenue                               | Ducon-Mikropul Canada Limited       | 5.0             | 19,000               |                                   |
| 2150 Steeles Avenue                               | Multi-tenancy                       | 5.0             | 98,000               |                                   |
| One Summerlea Road                                | Aluminart Products Ltd.             | 6.1             | 126,000              |                                   |
| 40 Summerlea Road                                 | Magna International                 | 5.9             | 119,000              |                                   |
| 109 Summerlea Road                                | Kinney Shoes of Canada Limited      | 6.0             | 126,000              |                                   |
| 8026 - 8032 Torbram Road                          | Multi-tenancy                       | 5.0             | 91,000               |                                   |
| 90 Walker Drive                                   | Available for lease                 | 2.5             | 33,000               |                                   |
| 220 Walker Drive                                  | Multi-tenancy                       | 5.5             | 103,000              |                                   |
| 300 Walker Drive                                  | Multi-tenancy                       | 5.0             | 103,000              |                                   |
| 5 West Drive                                      | ADH Hammond                         | 3.0             | 31,000               |                                   |
| <b>Pickering, Ontario</b>                         |                                     |                 |                      |                                   |
| 680 Granite Court                                 | IBM Canada Ltd.                     | 5.0             | 95,000               |                                   |
| 1800 Ironstone Manor                              | Web Offset Publications Limited     | 7.8             | 158,000              |                                   |
| <b>Total - Industrial Properties in Operation</b> |                                     |                 | <b>190.0</b>         | <b>3,280,000</b>                  |

(1) Owned 100% by Bramalea unless otherwise noted.

(2) Owned 50% by Bramalea.

| INDUSTRIAL PROPERTIES<br>UNDER DEVELOPMENT             |                     | Major<br>Tenant | Land Area<br>(Acres) | Building<br>Area<br>(Sq. Ft.) (1) |
|--------------------------------------------------------|---------------------|-----------------|----------------------|-----------------------------------|
| <b>Bramalea, Ontario</b>                               |                     |                 |                      |                                   |
| One Bradgate Court                                     | Available for lease | 5.3             | 102,000              |                                   |
| <b>Total - Industrial Properties Under Development</b> |                     |                 | <b>5.3</b>           | <b>102,000</b>                    |

(1) Owned 100% by Bramalea.



CANADA –  
IN OPERATION

| Name (Location)                           | Corporation's<br>Ownership<br>Interest (1) | Major<br>Stores                                                    | Total<br>Retail Area<br>(Sq. Ft.) | Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|-------------------------------------------|--------------------------------------------|--------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------|
| <b>Nova Scotia</b>                        |                                            |                                                                    |                                   |                                                                     |
| Dartmouth Shopping Centre<br>Dartmouth    | 100%                                       | IGA, Zellers                                                       | 130,000                           | 130,000                                                             |
| Halifax Shopping Centre<br>Halifax        | 100%                                       | Eaton's, Sobeys                                                    | 558,000                           | 558,000                                                             |
| <b>Quebec</b>                             |                                            |                                                                    |                                   |                                                                     |
| Centre Laval<br>Laval                     | 100%                                       | Woolco, The Bay, Steinberg                                         | 626,000                           | 491,000                                                             |
| Les Galeries Normandie<br>Montreal        | 100%                                       | Pascal, Steinberg, Provigo                                         | 250,000                           | 250,000                                                             |
| <b>Ontario</b>                            |                                            |                                                                    |                                   |                                                                     |
| Amberlea Shopping Centre<br>Pickering     | 100%                                       | Payless Drugs                                                      | 74,000                            | 74,000                                                              |
| Bramalea City Centre<br>Brampton          | 100%                                       | Eaton's, The Bay, Miracle Mart,<br>Food City, Sears, Beaver Lumber | 1,117,000                         | 996,000                                                             |
| Carlingwood Mall<br>Ottawa                | 100%                                       | Sears, Loblaws, Zellers,<br>Woolworth's                            | 534,000                           | 354,000                                                             |
| 410 & 7 Centre<br>Brampton                | 100%                                       |                                                                    | 224,000                           | 224,000                                                             |
| The Shops on Steeles and 404<br>Thornhill | 50%                                        | Sears, Miracle Mart                                                | 267,000                           | 267,000                                                             |
| Niagara Pen Centre<br>St. Catharines      | 100%                                       | Eaton's, Robinson's, Sears,<br>Dominion, Zellers, Howies           | 958,000                           | 958,000                                                             |
| Scarborough Town Centre<br>Scarborough    | 100%                                       | Eaton's, Simpsons, The Bay,<br>Miracle Mart                        | 1,122,000                         | 960,000                                                             |
| Shoppers World Albion<br>Etobicoke        | 100%                                       | K-Mart, Loblaws                                                    | 302,000                           | 302,000                                                             |
| Shoppers World Brampton<br>Brampton       | 100%                                       | Simpsons, Food City, K-Mart,<br>Pascal, A&P                        | 769,000                           | 631,000                                                             |
| Shoppers World Danforth<br>East York      | 100%                                       | Eaton's, New Dominion                                              | 274,000                           | 274,000                                                             |
| Southridge Mall<br>Sudbury                | 100%                                       | K-Mart, Miracle Mart                                               | 173,000                           | 173,000                                                             |
| Yorkdale Shopping Centre<br>Toronto       | 100%                                       | Eaton's, Simpsons, Dominion                                        | 1,381,000                         | 1,080,000                                                           |



CANADA –  
IN OPERATION

| Name (Location)                           | Corporation's<br>Ownership<br>Interest (1) | Major<br>Stores                      | Total<br>Retail Area<br>(Sq. Ft.) | Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|-------------------------------------------|--------------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------------------------------------|
| <b>Manitoba</b>                           |                                            |                                      |                                   |                                                                     |
| Brandon Shoppers Mall<br>Brandon          | 100%                                       | Woolco, Safeway                      | 286,000                           | 286,000                                                             |
| St. Vital Centre<br>Winnipeg              | 50%                                        | The Bay, Eaton's, Woolco,<br>Safeway | 669,000                           | 669,000                                                             |
| Unicity Fashion Square<br>Winnipeg        | 67%                                        | The Bay, Woolco, Safeway             | 478,000                           | 478,000                                                             |
| <b>Saskatchewan</b>                       |                                            |                                      |                                   |                                                                     |
| Confederation Park Plaza<br>Saskatoon     | 100%                                       | Woolco, Safeway                      | 259,000                           | 259,000                                                             |
| South Hill Shoppers Mall<br>Prince Albert | 100%                                       | Woolco, The Bay, Safeway             | 275,000                           | 275,000                                                             |
| Town 'N' Country Mall<br>Moose Jaw        | 100%                                       | Woolco, Safeway, Sears               | 358,000                           | 358,000                                                             |
| <b>Alberta</b>                            |                                            |                                      |                                   |                                                                     |
| Macleod Mall<br>Calgary                   | 100%                                       | Safeway, Woolco                      | 209,000                           | 209,000                                                             |
| Marlborough Mall<br>Calgary               | 100%                                       | Woolco, Sears, Safeway               | 489,000                           | 489,000                                                             |
| Southcentre Mall<br>Calgary               | 50%                                        | The Bay, Eaton's, Safeway            | 619,000                           | 619,000                                                             |
| Trans Canada Mall<br>Calgary              | 100%                                       | K-Mart, Super Valu                   | 166,000                           | 166,000                                                             |
| <b>British Columbia</b>                   |                                            |                                      |                                   |                                                                     |
| Brentwood Mall<br>Burnaby                 | 100%                                       | Eaton's, Super Valu                  | 435,000                           | 435,000                                                             |
| Lougheed Mall<br>Burnaby                  | 100%                                       | The Bay, Woolco, Safeway             | 580,000                           | 580,000                                                             |
| Westview Shopping Centre<br>Vancouver     | 50%                                        | Safeway                              | 98,000                            | 98,000                                                              |
| <b>Total – Canada</b>                     |                                            |                                      | <b>13,680,000</b>                 | <b>12,643,000</b>                                                   |

(1) Reflects Trileva's percentage ownership interest.



UNITED STATES -  
IN OPERATION

| Name (Location)                        | Corporation's<br>Ownership<br>Interest (1) | Major<br>Stores                                                         | Total<br>Retail Area<br>(Sq. Ft.) | Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|----------------------------------------|--------------------------------------------|-------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------|
| <b>California</b>                      |                                            |                                                                         |                                   |                                                                     |
| Barstow Mall<br>Barstow                | 50%                                        | Sears, K-Mart                                                           | 144,000                           | 144,000                                                             |
| The Courtyard<br>Rolling Hills Estates | 45%                                        | Bullock's Wilshire, May Co.                                             | 395,000                           | 223,000                                                             |
| Fox Hills Mall<br>Culver City          | 94%                                        | The Broadway, May Co.,<br>JC Penney                                     | 908,000                           | 357,000                                                             |
| Hawthorne Plaza<br>Hawthorne           | 88%                                        | The Broadway, Montgomery<br>Ward, JC Penney                             | 835,000                           | 517,000                                                             |
| Horton Plaza<br>San Diego              | 54%                                        | The Broadway, Mervyn's,<br>JW Robinson's, Nordstrom                     | 904,000                           | 551,000                                                             |
| La Cumbre Plaza<br>Santa Barbara       | 83%                                        | JW Robinson's, Sears                                                    | 505,000                           | 180,000                                                             |
| Los Cerritos Center<br>Cerritos        | 50%                                        | The Broadway, Ohrbach's,<br>Sears, JW Robinson's, Nordstrom             | 1,316,000                         | 514,000                                                             |
| North County Fair<br>Escondido         | 50%                                        | JC Penney, JW Robinson's,<br>Nordstrom, May Co.,<br>The Broadway, Sears | 1,287,000                         | 384,000                                                             |
| Oakridge Mall<br>San Jose              | 50%                                        | Montgomery Ward, Macy's,<br>Nordstrom                                   | 801,000                           | 333,000                                                             |
| The Oaks<br>Thousand Oaks              | 100%                                       | JW Robinson's, May Co.,<br>The Broadway, JC Penney, Bullock's           | 1,086,000                         | 359,000                                                             |
| Parkway Plaza<br>El Cajon              | 100%                                       | May Co., Sears, Woolworth's                                             | 837,000                           | 448,000                                                             |
| Plaza Pasadena<br>Pasadena             | 73%                                        | The Broadway, May Co.,<br>JC Penney                                     | 583,000                           | 583,000                                                             |
| Puente Hills Mall<br>City of Industry  | 100%                                       | The Broadway, JC Penney,<br>Sears, JW Robinson's                        | 1,196,000                         | 522,000                                                             |
| San Mateo Fashion Island<br>San Mateo  | 38%                                        | JC Penney, Montgomery Ward                                              | 844,000                           | 475,000                                                             |
| Santa Anita Fashion Park<br>Arcadia    | 38%                                        | The Broadway, Buffums,<br>JC Penney, JW Robinson's                      | 977,000                           | 447,000                                                             |
| Santa Maria Town Center<br>Santa Maria | 46%                                        | Sears, Gottschalk's                                                     | 435,000                           | 320,000                                                             |
| Santa Monica Place<br>Santa Monica     | 25%                                        | The Broadway, JW Robinson's                                             | 560,000                           | 284,000                                                             |
| Solano Mall<br>Fairfield               | 40%                                        | Mervyn's, JC Penney, Sears,<br>Emporium Capwell, Macy's                 | 1,029,000                         | 348,000                                                             |
| Sunnyvale Town Center<br>Sunnyvale     | 50%                                        | Macy's, Montgomery Ward                                                 | 617,000                           | 287,000                                                             |
| University Towne Centre<br>San Diego   | 50%                                        | The Broadway, Sears,<br>JW Robinson's, Nordstrom                        | 1,036,000                         | 442,000                                                             |
| Valley Fair<br>San Jose/Santa Clara    | 33%                                        | Macy's, Emporium, Nordstrom,<br>I. Magnin                               | 1,110,000                         | 396,000                                                             |



UNITED STATES –  
IN OPERATION

| Name (Location)                             | Corporation's<br>Ownership<br>Interest (1) | Major<br>Stores                                                          | Total<br>Retail Area<br>(Sq. Ft.) | Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|---------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------|
| The Village at Corte Madera<br>Corte Madera | 36%                                        | Macy's, Nordstrom                                                        | 418,000                           | 191,000                                                             |
| Villa Westwood<br>Los Angeles               | 70%                                        | Specialty Centre                                                         | 73,000                            | 73,000                                                              |
| Vintage Faire<br>Modesto                    | 50%                                        | JC Penney, Sears, Macy's,<br>Gottschalk's, Weinstock's                   | 1,053,000                         | 605,000                                                             |
| <b>Washington</b>                           |                                            |                                                                          |                                   |                                                                     |
| Capital Mall<br>Olympia                     | 50%                                        | JC Penney, Bon Marche,<br>Lamont's, Frederick & Nelson                   | 558,000                           | 458,000                                                             |
| Sea Tac Mall<br>Federal Way                 | 71%                                        | Bon Marche, Lamont's,<br>Mervyn's, Sears                                 | 739,000                           | 437,000                                                             |
| <b>Oregon</b>                               |                                            |                                                                          |                                   |                                                                     |
| Clackamas Town Center<br>Portland           | 21%                                        | Meier & Frank, Nordstrom,<br>Sears, JC Penney,<br>Montgomery Ward        | 1,191,000                         | 434,000                                                             |
| <b>Nevada</b>                               |                                            |                                                                          |                                   |                                                                     |
| The Fashion Show<br>Las Vegas               | 25%                                        | Saks Fifth Avenue, Bullock's,<br>Dillard's, Neiman Marcus,<br>Goldwaters | 821,000                           | 289,000                                                             |
| <b>Montana</b>                              |                                            |                                                                          |                                   |                                                                     |
| Rimrock Mall<br>Billings                    | 50%                                        | Hennessey's, JC Penney,<br>Montgomery Ward                               | 584,000                           | 406,000                                                             |
| <b>Utah</b>                                 |                                            |                                                                          |                                   |                                                                     |
| Fashion Place<br>Murray                     | 81%                                        | Weinstock's, Sears, Nordstrom                                            | 982,000                           | 416,000                                                             |
| Ogden City Mall<br>Ogden                    | 75%                                        | Bon Marche, JC Penney,<br>Weinstock's, Nordstrom                         | 774,000                           | 399,000                                                             |
| <b>New Mexico</b>                           |                                            |                                                                          |                                   |                                                                     |
| Coronado Center<br>Albuquerque              | 53%                                        | The Broadway, Sears, Mervyn's,<br>Goldwaters, Sanger-Harris              | 1,093,000                         | 520,000                                                             |
| <b>Colorado</b>                             |                                            |                                                                          |                                   |                                                                     |
| Durango Mall (2)<br>Durango                 | 100%                                       | K-Mart, JC Penney                                                        | 182,000                           | 182,000                                                             |
| Larimer Square<br>Denver                    | 100%                                       | Specialty Centre                                                         | 179,000                           | 179,000                                                             |
| Pueblo Mall<br>Pueblo                       | 75%                                        | Joslin's, Montgomery Ward,<br>JC Penney, Mervyn's                        | 571,000                           | 289,000                                                             |
| The Tivoli Denver<br>Denver                 | 44%                                        | Specialty Centre                                                         | 209,000                           | 209,000                                                             |
| <b>Texas</b>                                |                                            |                                                                          |                                   |                                                                     |
| Big Spring Mall (2)<br>Big Spring           | 100%                                       | JC Penney, Bealls                                                        | 129,000                           | 129,000                                                             |



UNITED STATES—  
IN OPERATION

| Name (Location)                                  | Corporation's<br>Ownership<br>Interest (1) | Major<br>Stores                                                  | Total<br>Retail Area<br>(Sq. Ft.) | Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|--------------------------------------------------|--------------------------------------------|------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------|
| Prestonwood Town Center<br>Dallas                | 100%                                       | Joske's, JC Penney,<br>Neiman-Marcus, Mervyn's,<br>Lord & Taylor | 1,117,000                         | 429,000                                                             |
| Town & Country Center<br>Houston                 | 16%                                        | JC Penney, Neiman-Marcus,<br>Joske's, Marshall Field             | 1,057,000                         | 369,000                                                             |
| <b>Iowa</b>                                      |                                            |                                                                  |                                   |                                                                     |
| Westdale Mall<br>Cedar Rapids                    | 21%                                        | Montgomery Ward, JC Penney,<br>Younger's, Petersens              | 879,000                           | 733,000                                                             |
| <b>Minnesota</b>                                 |                                            |                                                                  |                                   |                                                                     |
| The Conservatory on Nicollet Mall<br>Minneapolis | 50%                                        | Specialty Centre                                                 | 360,000                           | 360,000                                                             |
| <b>Tennessee</b>                                 |                                            |                                                                  |                                   |                                                                     |
| The Mall of Memphis<br>Memphis                   | 19%                                        | Dillard's, JC Penney, Thalhimers,<br>Service Merchandise         | 891,000                           | 490,000                                                             |
| Fort Henry<br>Kingsport                          | 100%                                       | JC Penney, Park-Belk, Sears,<br>Miller's                         | 531,000                           | 531,000                                                             |
| <b>North Carolina</b>                            |                                            |                                                                  |                                   |                                                                     |
| Carolina East Mall<br>Greenville                 | 100%                                       | Belk Tyler, Sears                                                | 329,000                           | 140,000                                                             |
| <b>Virginia</b>                                  |                                            |                                                                  |                                   |                                                                     |
| Newmarket North<br>Hampton                       | 50%                                        | Leggett, Miller & Rhoads, Sears                                  | 797,000                           | 423,000                                                             |
| <b>Pennsylvania</b>                              |                                            |                                                                  |                                   |                                                                     |
| Colonial Park Plaza (2)<br>Harrisburg            | 100%                                       | Pomeroy's, Sears Roebuck                                         | 691,000                           | 576,000                                                             |
| Levittown Center (2)<br>Philadelphia             | 100%                                       | Pomeroy's, Thriftway<br>Supermarket                              | 641,000                           | 489,000                                                             |
| <b>Maryland</b>                                  |                                            |                                                                  |                                   |                                                                     |
| Towson Marketplace (2)<br>Baltimore              | 100%                                       | Montgomery Ward, Toys R Us                                       | 515,000                           | 449,000                                                             |
| Towson Town Center<br>Baltimore                  | 33%                                        | Specialty Centre                                                 | 290,000                           | 290,000                                                             |
| <b>Florida</b>                                   |                                            |                                                                  |                                   |                                                                     |
| Gateway Shopping Center (2)<br>Jacksonville      | 100%                                       | JC Penney, Zayre                                                 | 690,000                           | 690,000                                                             |
| Clearwater Mall<br>Clearwater                    | 100%                                       | Burdines, Gayfers,<br>Montgomery Ward, Ivey's                    | 863,000                           | 705,000                                                             |
| <b>Total—United States</b>                       |                                            |                                                                  | <b>36,612,000</b>                 | <b>20,004,000</b>                                                   |
| <b>Total—Retail Centres in Operation</b>         |                                            |                                                                  | <b>50,292,000</b>                 | <b>32,647,000</b>                                                   |

(1) This represents Trizec's percentage ownership interest unless otherwise noted. In some cases Trizec's effective interest may be less.  
(2) Reflects Bramalea's percentage ownership interest.



CANADA AND UNITED STATES—  
UNDER DEVELOPMENT

| Name (Location)                                      | Corporation's<br>Ownership<br>Interest (1) | Major<br>Stores                        | Total<br>Retail Area<br>(Sq. Ft.) | Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|------------------------------------------------------|--------------------------------------------|----------------------------------------|-----------------------------------|---------------------------------------------------------------------|
| <b>Alberta</b>                                       |                                            |                                        |                                   |                                                                     |
| Southcentre Mall Expansion (2)<br>Calgary            | 50%                                        | 90 stores                              | 120,000                           | 120,000                                                             |
| <b>Ontario</b>                                       |                                            |                                        |                                   |                                                                     |
| Bramalea City Centre Expansion (2)<br>Bramalea       | 100%                                       | Sears                                  | 160,000                           | 160,000                                                             |
| Yorkdale Shopping Centre<br>Expansion (2)<br>Toronto | 100%                                       | The Bay                                | 125,000                           | 125,000                                                             |
| <b>California</b>                                    |                                            |                                        |                                   |                                                                     |
| East Hills Mall<br>Bakersfield                       | 58%                                        | Mervyn's, Gottschalk's                 | 324,000                           | 174,000                                                             |
| Sierra Vista Mall<br>Clovis                          | 77%                                        | Gottschalk's, Mervyn's,<br>Target      | 474,000                           | 215,000                                                             |
| <b>Michigan</b>                                      |                                            |                                        |                                   |                                                                     |
| Westshore Mall (3)<br>Holland                        | 100%                                       | Sears, JC Penny,<br>Skeketees, Pranges | 420,000                           | 420,000                                                             |
| <b>New Jersey</b>                                    |                                            |                                        |                                   |                                                                     |
| Bridgewater Commons<br>Bridgewater                   | 45%                                        | Macy's, Sterns, Hahne's                | 900,000                           | 375,000                                                             |
| <b>New York</b>                                      |                                            |                                        |                                   |                                                                     |
| Times Square<br>New York City                        | 100%                                       | Specialty Centre                       | 64,000                            | 64,000                                                              |
| <b>Total—Retail Centres Under Development</b>        |                                            |                                        | <b>2,587,000</b>                  | <b>1,653,000</b>                                                    |

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(2) Reflects Trilea's percentage ownership interest.

(3) Reflects Bramalea's percentage ownership interest.



CANADA AND  
UNITED STATES—  
IN PLANNING STAGES

| Name (Location)                                    | Corporation's<br>Ownership<br>Interest (1) | Proposed<br>Major<br>Stores                                   | Proposed<br>Total<br>Retail Area<br>(Sq. Ft.) | Proposed<br>Retail Area<br>Owned by<br>Corporation<br>and Partners<br>(Sq. Ft.) |
|----------------------------------------------------|--------------------------------------------|---------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------------|
| <b>Nova Scotia</b>                                 |                                            |                                                               |                                               |                                                                                 |
| Halifax Shopping Centre Expansion (2)<br>Halifax   | 100%                                       |                                                               | 70,000                                        | 70,000                                                                          |
| <b>Ontario</b>                                     |                                            |                                                               |                                               |                                                                                 |
| Niagara Pen Centre Expansion (2)<br>St. Catharines | 100%                                       |                                                               | 100,000                                       | 100,000                                                                         |
| <b>California</b>                                  |                                            |                                                               |                                               |                                                                                 |
| Parkway Plaza Expansion<br>El Cajon                | 100%                                       | The Broadway, Mervyn's,<br>JC Penney                          | 664,000                                       | 139,000                                                                         |
| Victoria Gardens<br>Rancho Cucamonga               | 63%                                        | The Broadway, May Co.,<br>plus 4 additional department stores | 1,000,000                                     | 300,000                                                                         |
| Santa Maria Town Center Expansion<br>Santa Maria   | 46%                                        | May Co.                                                       | 162,000                                       | 40,000                                                                          |
| Sierra Vista Mall, Phase 2<br>Clovis               | 77%                                        | 2 additional department stores                                | 322,000                                       | 23,000                                                                          |
| Town Center West Expansion<br>Santa Maria          | 50%                                        | Mervyn's                                                      | 142,000                                       | 60,000                                                                          |
| <b>Arizona</b>                                     |                                            |                                                               |                                               |                                                                                 |
| Tempe Regional Mall<br>Tempe                       | 50%                                        | 4 department stores                                           | 1,000,000                                     | 325,000                                                                         |
| <b>Colorado</b>                                    |                                            |                                                               |                                               |                                                                                 |
| Park Meadows<br>Denver                             | 100%                                       | 5 department stores                                           | 1,200,000                                     | 325,000                                                                         |
| <b>Maryland</b>                                    |                                            |                                                               |                                               |                                                                                 |
| Towson Town Center Expansion<br>Baltimore          | 33%                                        | Hecht's, Hutzler's plus<br>2 additional department stores     | 1,010,000                                     | 590,000                                                                         |
| <b>North Carolina</b>                              |                                            |                                                               |                                               |                                                                                 |
| The Mall at University Place<br>Charlotte          | 100%                                       | 4 department stores                                           | 900,000                                       | 300,000                                                                         |
| <b>Florida</b>                                     |                                            |                                                               |                                               |                                                                                 |
| Heathrow Town Center<br>Heathrow                   | 50%                                        | 4 department stores                                           | 1,100,000                                     | 325,000                                                                         |
| <b>Virginia</b>                                    |                                            |                                                               |                                               |                                                                                 |
| Woodbridge Mall<br>Prince William County           | 54%                                        | Hecht's plus 4 additional<br>department stores                | 1,160,000                                     | 335,000                                                                         |
| <b>New Jersey</b>                                  |                                            |                                                               |                                               |                                                                                 |
| Wanaque Town Center<br>Wanaque                     | 50%                                        | 4 department stores                                           | 1,000,000                                     | 350,000                                                                         |
| <b>Total—Retail Centres in Planning Stages</b>     |                                            |                                                               | <b>9,830,000</b>                              | <b>3,282,000</b>                                                                |

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(2) Reflects Trilea's percentage ownership interest.



RETIREMENT AND RESIDENTIAL PROPERTIES

RETIREMENT LIVING AND  
LIFE-CARE PROPERTIES (1)

| CANADA        |         | Location                                | Address                                    | Guest Capacity |
|---------------|---------|-----------------------------------------|--------------------------------------------|----------------|
|               | Quebec  | St. Lambert                             | 33 Argyle Avenue                           | 201            |
|               | Ontario | Ottawa                                  | 2374 Carling Avenue                        | 123            |
|               |         |                                         | 2370 Carling Avenue                        | 149            |
|               |         | Toronto                                 | 265 Queen's Drive                          | 113            |
|               |         |                                         | 303 Queen's Drive                          | 201            |
|               |         |                                         | 123 Spadina Road                           | 97             |
|               |         |                                         | 10 Wm. Morgan Drive                        | 232            |
|               |         | 14 Wm. Morgan Drive                     | 144                                        |                |
|               |         | Hamilton                                | 35 Arkledun Avenue                         | 76             |
|               |         | Brantford                               | 120 Darling Street                         | 80             |
|               |         | Kitchener                               | Victoria Place, 290 Queen Street S.        | 99             |
|               | London  | 279 Horton Street                       | 95                                         |                |
|               | Windsor | 3387 Riverside Drive E.                 | 144                                        |                |
| UNITED STATES | Florida | Orlando                                 | 9309 S. Orange Blossom Trail               | 172            |
|               |         | Sarasota                                | Beneva Park Club, 741 Beneva Road          | 95             |
|               |         | Lakehouse West, 3435 Fox Run Road (2)   | 163                                        |                |
|               |         | Lakehouse East, 4540 Bee Ridge Road (2) | 143                                        |                |
|               |         | Bradenton                               | College Park Club, 5612 - 26th Street West | 88             |
|               |         | <b>Total</b>                            |                                            | <b>2,415</b>   |

NURSING HOMES (1)

| CANADA                      |                  | Location            | Address                                                 | Guest Capacity                     |     |
|-----------------------------|------------------|---------------------|---------------------------------------------------------|------------------------------------|-----|
|                             | Ontario          | Toronto             | 1145 Albion Road, Rexdale                               | 290                                |     |
|                             |                  | Kitchener           | Westheights, 60 Westheights Drive                       | 229                                |     |
|                             |                  | Thunder Bay         | 315 S. Syndicate Avenue                                 | 107                                |     |
|                             | Manitoba         | Winnipeg            | 440 Edmonton Street                                     | 277                                |     |
|                             |                  |                     | 70 Poseidon Bay                                         | 217                                |     |
|                             | Alberta          | Brandon             | 3015 Victoria Avenue                                    | 89                                 |     |
|                             |                  | Edmonton            | Southside, 5905 - 112th Street                          | 134                                |     |
|                             |                  |                     | Jasper Place, 8903 - 168th Street                       | 100                                |     |
|                             |                  | Calgary             | 1813 - 9th Street S.W.                                  | 123                                |     |
|                             |                  | Medicine Hat        | 603 Prospect Drive S.W.                                 | 130                                |     |
|                             | Grande Prairie   | 10039 - 98th Street | 88                                                      |                                    |     |
|                             | British Columbia | Vancouver           | Windermere, 900 West 12th Avenue                        | 234                                |     |
|                             |                  | Victoria            | Glenwarren, 1230 Balmoral Road                          | 130                                |     |
| UNITED STATES               | Florida          | Auburndale          | 919 Old Winter Haven Road                               | 120                                |     |
|                             |                  | Orlando             | 9309 S. Orange Blossom Trail                            | 172                                |     |
|                             |                  | Pinellas Park       | 8701 - 49th Street N.                                   | 120                                |     |
|                             |                  | Tarpon Springs      | River Oaks, 900 Beckett Way                             | 120                                |     |
|                             |                  | Venice              | Venice Nursing Pavilion North, 437 South Nokomis Avenue | 180                                |     |
|                             |                  |                     | Venice Nursing Pavilion South, 200 Field Avenue East    | 120                                |     |
|                             |                  | Sarasota            | Sarasota Nursing Pavilion, 2600 Courtland Street        | 180                                |     |
|                             |                  |                     | Beneva Nursing Pavilion, 741 Beneva Road                | 120                                |     |
|                             |                  | Pennsylvania        | Philadelphia                                            | Broomall, 43 North Malin Road      | 250 |
|                             |                  |                     |                                                         | Chestnut Hill, 8833 Stenton Avenue | 195 |
| Whitemarsh, 9209 Ridge Pike | 237              |                     |                                                         |                                    |     |
|                             | <b>Total</b>     |                     | <b>3,962</b>                                            |                                    |     |

(1) Trizec's percentage ownership interest is 100% unless otherwise noted.

(2) Trizec's percentage ownership interest is 60%.



| RESIDENTIAL RENTAL<br>PROPERTIES –<br>IN OPERATION |         | Location | Address                                             | Site Area<br>(Acres)                         | Number of<br>Suites | Number of<br>Storeys |         |
|----------------------------------------------------|---------|----------|-----------------------------------------------------|----------------------------------------------|---------------------|----------------------|---------|
| HIGHRISE APARTMENTS (1)                            | Ontario | Bramalea | Buchanan Tower, 5 Kings Cross Road                  | 3.0                                          | 213                 | 18                   |         |
|                                                    |         |          | Cameron Tower, 3 Knightsbridge Road                 | 4.5                                          | 309                 | 26                   |         |
|                                                    |         |          | Lisa Apartments                                     |                                              |                     |                      |         |
|                                                    |         |          | 9 Lisa Street                                       | 3.3                                          | 188                 | 16                   |         |
|                                                    |         |          | 11 Lisa Street                                      | 3.3                                          | 188                 | 16                   |         |
|                                                    |         |          | MacKenzie Tower, 10 Kensington Road                 | 2.2                                          | 148                 | 15                   |         |
|                                                    |         |          | Monterey Park                                       |                                              |                     |                      |         |
|                                                    |         |          | 2 Hanover Road                                      | 5.0                                          | 281                 | 18                   |         |
|                                                    |         |          | 4 Hanover Road                                      | 5.0                                          | 324                 | 22                   |         |
|                                                    |         |          | Munro Tower, 11 Knightsbridge Road                  | 3.0                                          | 180                 | 18                   |         |
|                                                    |         |          | Williamsquare Apartments                            |                                              |                     |                      |         |
|                                                    |         |          | 15 Eastbourne Drive                                 | 4.0                                          | 174                 | 9                    |         |
|                                                    |         |          | 37 Eastbourne Drive                                 | 4.0                                          | 175                 | 9                    |         |
|                                                    |         |          | Toronto                                             | The Galleria, 77 Finch Avenue East           | 4.8                 | 438                  | 3 to 12 |
|                                                    |         |          | Toronto                                             | Plaza II Apartments, 88 Bloor Street East    | –                   | 336                  | 24      |
| TOWNHOUSES (1)                                     | Ontario | Bramalea | Balmoral Townhouses,<br>Balmoral Drive & Dixie Road | 8.0                                          | 101                 |                      |         |
|                                                    |         |          | Village on the Park, 800 Clark Boulevard            | 6.0                                          | 183                 |                      |         |
|                                                    |         |          | Toronto                                             | York Square North, 75 - 89 Gosford Boulevard | 5.0                 | 91                   |         |
|                                                    |         |          | <b>Total</b>                                        | <b>61.1</b>                                  | <b>3,329</b>        |                      |         |

(1) Reflects Bramalea's 100% ownership interest.



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