TRIZEC

Trizec Corporation Ltd.
1984 Annual Report

TRIZEC CORPORATION LTD. · 25 YEARS · 1960 1985

Trizec: A Silver Celebration

"Your company's policy contemplates further investment in Canadian real estate development as profitable opportunities occur."

From Trizec's First Annual Report, 1960.

With this mandate, Trizec embarked on one of the most successful real estate development and acquisition programs in North America. What began as the unification of three companies to complete the Place Ville Marie office and retail project in Montreal, has evolved into a prominent North American corporation with one of the world's largest income property portfolios and assets of almost $3.5 billion.

Today, 25 years after its inception, Trizec owns and manages a portfolio of 39 office buildings and 49 retail centres totalling over 58 million square feet of rentable area. Trizec's property portfolio enjoys a wide geographic distribution throughout North America, with 62 per cent of the Corporation's assets located in the United States. Through a carefully planned development program augmented by the acquisition of new properties, Trizec has emerged as a major presence in the real estate industry.

Place Ville Marie
Montreal, Quebec
1960

TRIZEC CORPORATION LTD. 1960 1985 · 25 YEARS ·

Trizec was founded on October 5, 1960. The name is a combination of its three founding companies: "Tri" for the three, "Z" for William Zeckendorff, "E" for Eagle Star Insurance of England and "C" for Eagle Star's real estate subsidiary, Second Covent Garden. Zeckendorff, president of Webb and Knapp of the United States, was Trizec's first president and retained that position until 1965. During its first five years of business, Trizec completed major projects in Montreal, Toronto, Halifax and Vancouver. By 1965, prudent geographic diversification which constitutes much of the strength of Trizec's property portfolio today, had been established.

The most significant year in Trizec's early history was 1968 when the company's assets grew from $179 million to $241 million, making it the largest publicly owned real estate investment company in Canada.

In 1970, Trizec purchased Cummings Properties Limited, a family-controlled real estate company based in Montreal with assets of $115 million. During the same year, the Corporation made its initial

Place Ville Marie
Montreal, Quebec
1962

move into the United States. The Corporation's presence in western Canada was further enhanced in 1971 through the purchase of Great West International Equities Limited, a real estate investment company with assets of $77 million controlled by Edper Investments. Together, these transactions increased Trizec's assets to $500 million. Having established itself in the United States, Trizec set out to further expand its portfolio through an active development program which, by 1972, comprised $120 million in new projects. That same year, Trizec became the largest publicly owned real estate company in North America.

In 1976, effective control of Trizec passed to Edper Investments. With a conservative approach to its future growth, Trizec moved forward, achieving assets in excess of $1 billion by 1979.

Having consolidated its position during the late 1970's, Trizec planned a major move into the retail sector of the United States. In 1980, the Corporation acquired Ernest W. Hahn, Inc., one of the largest retail centre developers, owners and managers in the United

Royal Centre
Vancouver, British Columbia
1972

States. In 1981, the Corporation acquired a 20 per cent interest in the common voting stock of The Rouse Company of Columbia, Maryland. This investment, a major portion of which included the purchase of treasury shares, made Trizec Rouse's largest single shareholder. Rouse is a developer of retail centres and, more recently, of festive and specialty retail centres.

In 1984, Trizec again invested in treasury securities of a major public real estate company, Bramalea Limited of Toronto. This investment gave Trizec a 31 per cent fully diluted interest in Bramalea with options to increase this interest to 43 per cent. Bramalea, with assets exceeding $2 billion, owns and manages a substantial real estate portfolio which includes office buildings, shopping centres, industrial parks, hotels and residential apartment buildings. In addition, Bramalea is a community developer, home builder, and through Coseka Resources Limited, has oil and gas interests.

1985 marks a significant milestone in the Corporation's history. Throughout the past 25 years, Trizec's commitment to real estate has remained strong and consistent. In the future, the focus of Trizec's corporate policy will continue to be the development, ownership and management of prime, income-producing properties.

Western Canadian Place
Calgary, Alberta
1982

TRIZEC CORPORATION LTD. 1960 1985 25 YEARS

Trizec Corporation Ltd. and Subsidiary Companies
FINANCIAL HIGHLIGHTS

years ended October 31, ($ millions)	1984	1983
Cash Flow from Operations	**124.1**	101.5
Per Ordinary Share*	**$1.89**	$1.57
Net Income	**55.4**	44.1
Per Ordinary Share*	**66.2¢**	54.3¢
Gross Revenue	**528.1**	469.0
Total Assets	**3,453.2**	2,755.7
Shareholders' Equity	**578.4**	424.5
Average Number of Ordinary Shares Outstanding	**56,158,000**	55,918,000
Number of Ordinary Shareholders		
–Class A	**2,085**	
–Class B	**2,096**	2,314 common
Dividends		
Per Ordinary Share Classes A and B		
–declared June 1, 1984 (1983 – June 6)	**17.5¢**	15¢
–declared December 20, 1984 (1983 – December 21)	**20¢**	17.5¢
	37.5¢	32.5¢

*Per share calculations are after providing for preferred share dividends on the accrual basis and on the weighted average number of ordinary shares outstanding after giving retroactive effect to the stock split in January, 1984.

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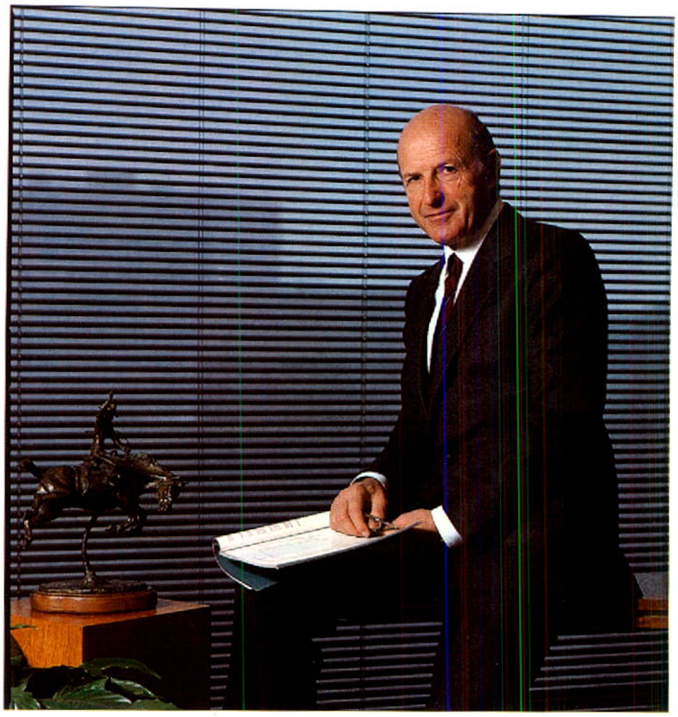
PRESIDENT'S MESSAGE

1984 marks the eighth consecutive year that Trizec Corporation Ltd. has reported increases in both cash flow and net income. Cash flow per share increased 20 per cent to $1.89 from $1.57 in 1983 and net income per share increased 22 per cent from 54.3 cents to 66.2 cents. In December, 1984, the Corporation's Board of Directors increased the semi-annual dividend by 14 per cent.

The underlying strength of Trizec's portfolio of income-producing properties is again evidenced by these results. This portfolio continued to grow in 1984 as a number of new developments as well as expansions to existing buildings were completed. I am confident that the geographic distribution of Trizec's portfolio throughout North America, the prominence of its properties in their respective locations, and the quality of its tenants will enable the Corporation to enjoy continued growth in the year ahead.

High levels of occupancy have been maintained during the year throughout the portfolio. In 1984, 2.6 million square feet of office space was leased, a significant achievement in light of the excess of such space which exists in many markets. In addition, 900,000 square feet of retail space was leased. The United States retail properties experienced particularly good growth, benefiting from the consumer-driven economic recovery in that country.

Trizec's development program continues to be carefully managed and the Corporation has identified a number of office building opportunities which it is actively pursuing. These opportunities will be proceeded with only when satisfactory pre-leasing and financing arrangements have been concluded. The retail development program is also active. A number of new projects are proceeding, primarily in the United States, and certain existing properties are designated for expansion in 1985 and 1986. Anchor tenants will be committed before major expenditures are undertaken. Recognizing the benefits of strong regional representation, full-service development offices were recently established in Toronto for projects in eastern Canada and eastern United States, and Denver for projects in western United States. These new offices will greatly facilitate the Corporation's development program.



Harold P. Milavsky
President and Chief Executive Officer

During 1984, a number of new projects and expansions were commenced. These included: Phase Two of First Stamford Place, a 170,000 square foot office building in Stamford, Connecticut; Two Pershing Square, an 11-storey, 500,000 square foot atrium office building in Kansas City, Missouri; Phase One of Crowfoot Town Centre, Calgary, Alberta, which, when fully complete, will contain 750,000 square feet of rentable area; and an expansion of approximately 500,000 square feet to Valley Fair, a regional retail centre in San Jose, California. Expansion plans are also under review for the addition of 161,000 square feet to Southcentre Mall in Calgary, Alberta; 66,000 square feet to St. Vital Shopping Centre in Winnipeg, Manitoba; and approximately 100,000 square feet to Lougheed Mall in Burnaby, British Columbia.

Trizec's nursing home and retirement lodge division, Central Park Lodges, had a very satisfactory year and continues to expand. Two nursing homes were added to this portfolio in 1984, both in Florida, raising guest capacity to 5,172.

The Corporation has a 20 per cent interest in The

Rouse Company of Columbia, Maryland. Rouse is a developer, owner and manager of retail and festive retail centres, primarily in the eastern half of the United States, and has interests in 62 centres totalling 38,000,000 square feet. For the nine months ended September 30, 1984, Rouse's earnings from continuing operations increased 13 per cent over the comparable period in 1983. These results do not take into account the profit of approximately U.S. $30,200,000 resulting from the sale of Rouse's mortgage banking division in September, 1984.

In April, 1984, Trizec made a major investment in Bramalea Limited of Toronto, purchasing from the treasury of Bramalea, 3,530,000 common shares at $17 per share, as well as $100,000,000 principal amount of 8¾ per cent convertible debentures. This investment gives Trizec an 18 per cent interest in Bramalea which increases to 31 per cent on a fully diluted basis. In addition, Trizec acquired an option to purchase a further 3,456,155 common shares of Bramalea from a major shareholder which, if exercised, would increase Trizec's interest to approximately 43 per cent. The direct purchase of both common stock and the convertible debentures from the treasury of Bramalea reflects the conservative nature of Trizec's investment strategy. In addition, this investment substantially expanded Bramalea's equity base, facilitating the preferred share issue completed by Bramalea in December, 1984. Trizec is represented on the Executive Committee and Board of Directors of Bramalea. Bramalea is a developer, owner and manager of commercial real estate with interests in a portfolio of more than 20,000,000 square feet of retail, office and industrial space in 95 buildings across North America. In addition, the company is a community developer, home builder and, through Coseka Resources Limited, has oil and gas interests.

The capital structure of Trizec was amended in January, 1984. Trizec split its common stock into two new classes of ordinary shares and a new series of preferred shares. Subsequent to this split, the Corporation privately placed a further $91,200,000 of preferred shares of the same series. This issue enlarged Trizec's equity base, underpinning the subsequent investment in Bramalea.

In October of 1984, Trizec completed a $50,000,000 senior debenture issue in the Euro-Canadian market. This financing, timed to take advantage of falling interest rates, has a term of five years and bears interest at an annual rate of 13 per cent. Subsequent to October 31, approximately $100,000,000 of long-term project financings were arranged and drawn down. Proceeds of these loans have been used to reduce short and medium-term indebtedness of the Corporation.

While caution will remain the watchword, we approach 1985 in an optimistic mood. The newly elected governments in Canada and the United States are endorsing the principle that business is the engine to drive the economic recovery. Since the fall of 1984, interest rates, which had been the major impediment to capital expenditures, have decreased steadily. We believe that capital expenditure, combined with the increased productivity being seen across North America, will provide the next step on the continued road back to economic performance.

1985 is the Silver Anniversary of Trizec Corporation Ltd. It is a milestone all employees can take great pride in, as their talents and expertise have played a major role in our success over the past 25 years. On behalf of the directors and shareholders, I extend our appreciation to all employees for their continued loyalty and support.

Harold P. Milavsky
President and Chief Executive Officer

February 19, 1985

BUSINESS PHILOSOPHIES

Trizec's corporate policy is to develop, own and manage commercial income properties for long-term investment and to expand this portfolio through the development of new projects, the expansion of existing properties and by acquisition.

To effect this policy, Trizec's philosophy is to utilize its own in-house experts organized into business units which have the resources to manage the company's four main functions: project development, corporate development, operations and finance and administration.

Project Development

Trizec brings together select groups of in-house experts and outside consultants in the development of its office buildings and retail centres. These projects are located in major cities throughout North America: the office buildings in prime central business districts; and the retail centres in strong suburban and urban markets.

Before committing to a new project, the Corporation evaluates economic conditions and demographics to establish the project's viability. Prior to proceeding with construction, Trizec secures financing, adequate pre-leasing and, in the case of retail centres, department stores to anchor the centre. Design and construction is performed by third parties under the direction of Trizec personnel. Through this arrangement, Trizec is able to call upon appropriate expertise to complement the human resources available within the Corporation. Marketing of the projects is conducted by the company's own leasing representatives.

Consistent with the philosophy that representation in a market area facilitates development activities, Trizec recently decentralized its development division. Two new regional development offices have been established: Toronto, encompassing projects in eastern Canada and eastern United States; and Denver for projects in western United States.

Trizec's development emphasis will continue to be directed primarily toward office buildings and retail centres throughout North America. While the temporary oversupply of office space throughout North America has resulted in reduced demand for new projects, Trizec has identified a number of opportunities with good potential.

From a retail perspective, the Corporation continues to place emphasis on the expansion of existing properties which return a higher than normal yield with reduced risk. In the United States, there are good prospects for new retail projects and Trizec has positioned itself to take advantage of future opportunities.

Corporate Development

Trizec's strong financial base positions it to act upon opportunities to acquire individual properties and corporate entities. At present, there are a number of opportunities which are being examined to determine compatibility with the Corporation's objectives. Essentially, Trizec is interested in acquiring assets which possess a strong upside or where the Corporation's expertise will improve the value of the asset. Only a select few opportunities meet these requirements. One such transaction was Trizec's recent investment in Bramalea Limited.

Operations

Trizec provides a single source of responsibility from the inception of the development through management of the completed project. A company well-versed in every facet of the management of commercial space, Trizec strives to fulfill the requirements of its tenants – from banks, major oil companies and government agencies to smaller business concerns.

Trizec employs its own group of in-house professionals to oversee all aspects of operations in its portfolio of mature, income-producing properties which are strategically distributed throughout North America. This management team, under the direction of a regional vice president, is attentive to tenant needs including cleanliness, security and energy conservation and the efficient functioning of mechanical and electrical systems.

Of paramount importance to all operating properties is a strong and active leasing program. Leasing of existing properties is managed by Trizec personnel who assure the company's priorities are established in the lease terms. A balance of long and short-term leases form the basis of a healthy leasing program: long-term leases provide stability and short-term leases permit the Corporation to share in rental uplifts.

Finance & Administration

Trizec has established its financial credibility in the North American financial markets and increasingly in Europe. This has been achieved through adherence to conservative financial principles and policies together with Trizec's strong and consistent management record over the past eight years.

The Corporation strives to add to this credibility through increased understanding of the company by the investment community and financial analysts. Regular meetings are held with these parties to explain the Corporation's direction and current plans.

Management of Trizec is facilitated through advanced financial and management systems in effect throughout the company. These include annual budgeting and forecasting as well as the monitoring of actual results against these budgets by way of exception reports. Emphasis is placed on short reporting lines and prompt action when necessary. Extensive use is made of electronic data processing facilities: mainframe computers for major systems; and personal and mini computers for smaller uses such as project evaluation and sensitivity analysis.

In-house legal personnel ensure compliance with legislation, provide legal guidance and oversee the services of outside counsel.

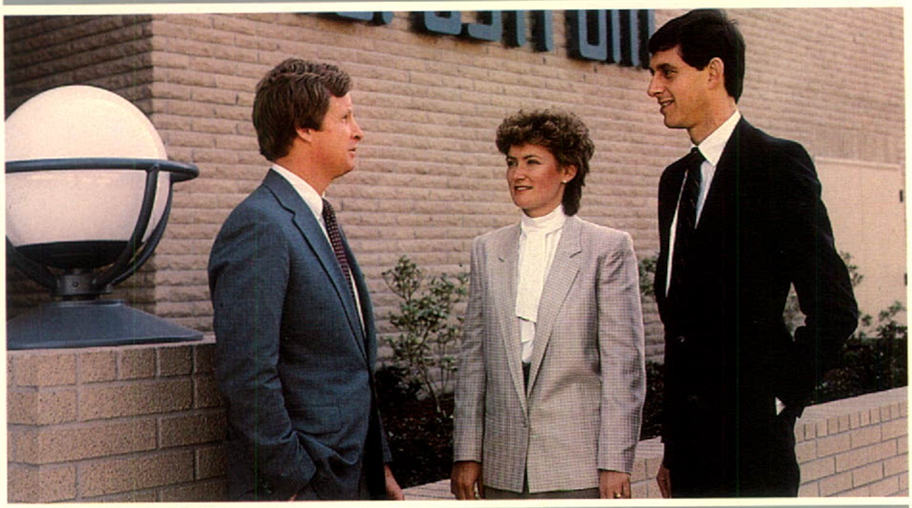
Trizec's senior management team. (from left to right) Seated: Jim Sherbut, Executive Vice President, Operations; Harold P. Milavsky, President & Chief Executive Officer; John M. Gilchrist, Jr., President & Chief Executive Officer, Ernest W. Hahn, Inc. Standing: Ed Sardachuk, Executive Vice President & Chief Development Officer; Gordon Arnell, Executive Vice President, Corporate Development; Kevin Benson, Executive Vice President, Finance & Administration


WELLS FARGO BANK
CENTRAL SAVINGS

The completion of one office building and a retail centre expansion added 671,000 square feet of rentable area to the operating portfolio in the United States during 1984. Construction commenced on two new retail centres and two office buildings, all of which are scheduled for completion in 1985 and 1986. A number of office and retail projects are currently at various stages of the development process, ensuring a balanced development program in the United States.

Retail Centres

San Diego, California **Horton Plaza** is a downtown redevelopment project covering 6½ city blocks. Designed with a European flavor, the 900,000 square foot project includes four major department stores and 190 specialty shops and boutiques, restaurants, a farmers' market, a performing arts theatre and a seven-screen cinema. Adjoining Horton Plaza to the west will be a 450-room luxury Omni International hotel and to the east, an arts and design centre in the renovated, historic Balboa Theatre. Construction commenced in February, 1982 and is proceeding on schedule for an August, 1985 completion. Strong leasing interest has been shown by both independent and national retailers.



Ernest W. Hahn Inc's John M. Gilchrist, Jr., President & Chief Executive Officer (left) and Vernon Schwartz, Senior Vice President & Chief Financial Officer (right) meet with Jammie Baugh, Regional Manager of Nordstrom (centre)

La Jolla, California **University Towne Centre** has been expanded by 172,000 square feet, increasing the total rentable area of this architecturally award-winning centre to 948,000 square feet. The expansion, completed in September, 1984, consists of the addition of a 127,000 square foot Nordstrom department store, 45,000 square feet of mall shops and two parking structures. The new Nordstrom reported one of the chain's best grand opening sales, meeting its ten-day sales projection in four days.

Left: Horton Plaza
San Diego, California

Right: Horton Plaza – model
San Diego, California


TIVOLI-UNION COMPANY
TIVOLI
1850
1890

Escondido, California **North County Fair**, a two-level regional retail centre of approximately 1,250,000 square feet of retail area, comprises six department stores, 180 shops and boutiques, a multi-screen cinema complex and a fitness centre. Construction is progressing on schedule toward a March, 1986 completion.

Corte Madera, California **The Village at Corte Madera** is a 428,000 square foot, open-air regional retail centre situated along the San Francisco Bay. The centre includes Macy's, Nordstrom and 100 shops and restaurants in an atmosphere designed to reflect a small town. Construction is proceeding on schedule toward an August, 1985 completion. It is anticipated that the centre will be 100 per cent leased on opening day.

San Jose, California **Valley Fair** is scheduled for an expansion and renovation which would increase the centre's total rentable area to 1,198,000 square feet. Expansion plans call for the connection of the two existing centres through the addition of a 150,000 square foot Nordstrom department store and 365,000 square feet of new mall shops. Construction of the expansion is scheduled to commence in the spring of 1985 for completion in the fall of 1986.

Ernest W. Hahn Inc's design and construction team: (from left to right) Maynard Rice, Vice President, Construction; Al Corti, Vice President, Director of Development Leasing; Arne Hansen, Vice President, Design & Construction; Bill Doyle, Vice President, PreDevelopment; Dan Felix, Vice President, ReDevelopment

Denver, Colorado **The Tivoli,** a restoration and development project in downtown Denver, will officially open in 1985. This 125-year-old brewery has been transformed into Denver's premiere specialty retail and entertainment complex. The newly renovated and expanded centre contains 224,000 square feet of specialty shops, food and entertainment facilities including several fine restaurants and fashion stores, a dinner theatre and a 12-screen AMC Cinema complex.

Left: The Tivoli
Denver, Colorado

Right: University Towne
Centre Expansion
La Jolla, California

Office Buildings

Kansas City, Missouri **Two Pershing Square,** the second phase of the 57-acre development surrounding the historic Union Station, commenced construction in November, 1984. This 11-storey atrium building will contain 500,000 square feet of office space and below-grade parking for 1,000 vehicles. The project, which also incorporates an Amtrak Station, is scheduled for completion in August, 1986. Payless Cashways, Inc., the major tenant and Trizec's equity partner, has committed to initially occupy 40 per cent of the building.

Stamford, Connecticut **First Stamford Place,** when fully completed, will include approximately 772,000 square feet of office space in three atrium buildings, a 500-room hotel and 194,000 square feet of parking. 100 First Stamford Place, the first office building of 305,000 square feet, was completed in the fall of 1984. Tenant occupancy began concurrently. The second atrium office building of 170,000 square feet is presently under construction and will be ready for occupancy this fall. Construction of the third office building of 310,000 rentable square feet is scheduled to commence upon completion of phase two.

Denver, Colorado **Park Meadows** is a town centre project encompassing 176 acres of land in Denver's southeast corridor. The project, to be developed in phases, will ultimately comprise a 1,200,000 square foot regional retail centre, 1,800,000 square feet of rentable office space and a 250-room hotel. Site grading which began in the fall of 1984, is moving along toward a spring completion. Subsequent construction activity is contingent upon leasing interest.

Trizec's Western U.S. Development Division: (from left to right) Charles Webb, Senior Vice President, Planning & Development; Morris Bleviss, Controller & Administrative Manager; John Arnold, Vice President, Construction

Left: First Stamford Place Stamford, Connecticut

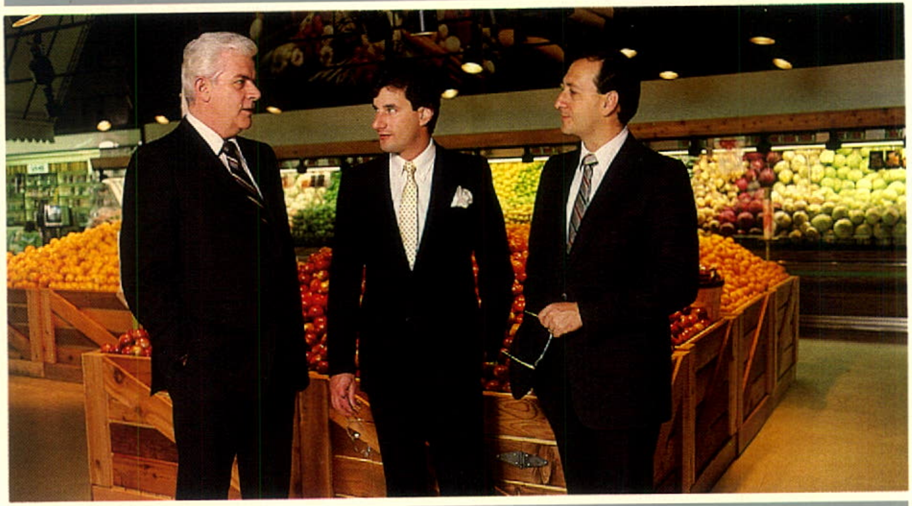
Right: Two Pershing Square – artist's rendering Kansas City, Missouri

Review of Development
Canada

In 1984, three projects were completed: one retail centre expansion and two multi-use project expansions. Together, these properties added 566,000 square feet of rentable area to the Canadian property portfolio. During the year, construction commenced on the first phase of a retail centre. The expansions of three existing retail centres are in various stages of the planning process. The construction of one office building is in the planning stage and the construction of another office building will commence in 1985.

Retail Centres

Toronto, Ontario **Yorkdale Shopping Centre** successfully opened its doors to a newly expanded and renovated centre, August 7, 1984. The rentable mall tenant space of Trizec's flagship retail centre was increased by 90,000 square feet, increasing the total rentable area to 1,318,000 square feet and making it the Corporation's largest Canadian retail centre. The expansion, which adds 75 new retail shops to the existing 110 tenants, is fully leased and planning has commenced on a further expansion.



(From left to right)
David Lewington, Senior Vice President, Design; Sam Wertman, Development Leasing Manager; Mitch Grossman, Vice President, Shopping Centre Planning & Development at Safeway "Food For Less", Crowfoot Town Centre.

Calgary, Alberta **Crowfoot Town Centre,** a regional retail centre located on a 49-acre site in northwest Calgary, will, upon completion, contain 750,000 square feet of rentable area. Trizec, the development partner, has a 50 per cent interest in the project. The first phase, a 68,000 square foot Safeway "Food For Less" store, opened in July, 1984. Pre-leasing is under way on the second phase which will contain a promotional department store and 70,000 square feet of enclosed mall shops.

Winnipeg, Manitoba **St. Vital Shopping Centre** is in the final planning stages of a 66,000 square foot expansion to the existing 627,000 square foot regional retail centre.

Calgary, Alberta **Southcentre Mall** is well positioned to accommodate an expansion. Expansion plans are presently under review for an additional 85,000 square feet of mall tenant space and a free-standing 76,000 square foot Safeway "Food For Less" store which would increase the centre's total rentable area to 626,000 square feet.

Burnaby, British Columbia **Lougheed Mall's** 100,000 square foot expansion plans are well advanced. This expansion would increase the regional retail centre's total rentable area to 593,000 square feet.

Left: Yorkdale Shopping Centre Expansion
Toronto, Ontario

Right: Southcentre Mall
Calgary, Alberta


IPCO OPTICAL
IPCO OPTICAL

Office and Multi-Use Buildings

Halifax, Nova Scotia **Maritime Centre** has been expanded by 176,000 square feet of office space through the addition of seven stories atop the existing 12-storey building. The completion of the expansion in the summer of 1984 increased the total rentable area of the building to 622,000 square feet. Approximately 90 per cent of the addition has been leased and negotiations are under way for the balance.

Toronto, Ontario **The Atrium On Bay Phase Two,** completed in the summer of 1984, adds approximately 300,000 square feet of rentable office space to the existing office space of 492,000 square feet. This addition which increases the rentable area of the total complex to approximately 1,296,000 square feet, is presently being leased.

Edmonton, Alberta **Canada Place** is a mixed-use complex which Trizec, following a competition, was selected to develop for the Government of Canada. This development will include an atrium office building, a pedestrian colonnade, retail shops, a food fair and underground parking for approximately 1,000 vehicles. Preparation of the site commenced in the fall of 1984 for the first phase, an 875,000 square foot office building. All but 150,000 square feet of this building, scheduled for completion in 1987, will be occupied by the Government of Canada.

Trizec's Eastern Canada/U.S. Development Division: (from left to right) Jack Rabinovitch, Senior Vice President, Planning & Development; Dag Nisbeth, Senior Vice President, Development & Construction; Kenner Ames, Senior Vice President, Shopping Centre Planning

Toronto, Ontario **The Yorkdale Shopping Centre** site can accommodate the construction of a 200,000 square foot office building. The proposed seven-storey atrium building would be connected to the shopping centre and subway by weather-protected walkways. Design and construction plans will be finalized once adequate pre-leasing has been obtained.

Left: The Atrium On Bay Toronto, Ontario

Right: Canada Place – model Edmonton, Alberta


s by jason
rose marie's
FLORSHEIM
EIM

Retail Centres

Retail centres in the United States are developed, owned and managed by a wholly owned subsidiary, Ernest W. Hahn, Inc. of San Diego, California. The company's 38 operating centres in the United States total approximately 29,618,000 square feet of rentable area and have a gross book value of one billion dollars. These centres contribute 34 per cent of net operating income to the Corporation.

These properties are predominantly situated in the western and midwest states, with a concentration in California where over 50 per cent of the centres are located.

Creating an environment that is equally appealing to shoppers and shopkeepers requires a careful balance of a number of different elements. At the outset, the Corporation selects a harmonious tenant mix that will best serve shoppers' needs. Recognizing that demographics change over time, the company employs in-house market research specialists to assess and re-merchandise the centres accordingly.

Ernest W. Hahn Inc's Greg Beyer, Vice President, Director of Operations Leasing, (centre); and Gordon Jackson, Mall Manager, University Towne Centre (right); with Dale Grose, owner, Dale's Footworks (left).

Today's consumers favor an exciting and enjoyable shopping atmosphere over the more traditional forums for buying and selling. Trizec endeavors to make its retail centres "people places" through community facilities ranging from ice skating rinks to daycare facilities and public libraries. Ongoing promotional programs organized by the company's marketing directors attract and entertain shoppers and add another dimension to the shopping experience. The resultant benefits to the Corporation and its tenants are reflected in both leasing and retail sales activity. Occupancy rates in the United States centres remained a firm 98 per cent during 1984, with 409,000 square feet of space leased or renewed.

Retail sales per square foot in Trizec centres increased an average of 12 per cent over the previous year. These sales increases were, for the most part, in keeping with the average activity reported throughout North America during the year. The Corporation participates in the growth and success of its centres through percentage rent based on sales performance. We anticipate that improvements in economic activity achieved in 1984 will continue during the forthcoming year with a parallel effect on sustaining growth in the retail sector.

Left: Town & Country Center
Houston, Texas

Right: Plaza Pasadena
Pasadena, California


LAS VEGAS
TERRY YORK

Office Buildings

The Corporation has interests in 14 office buildings in the United States totalling approximately 7,486,000 square feet of rentable area and with a book value of $386 million. These properties contribute 10 per cent of Trizec's net operating income.

Toward the end of 1984, the Corporation completed the first office building of First Stamford Place, Stamford, Connecticut. The completion of this atrium office building added 499,000 square feet of rentable area to the operating portfolio in the United States. In keeping with its commitment to maintain its properties in first class condition, the company continues to modernize the facilities and equipment in its Los Angeles properties. These buildings are being updated and upgraded through a progressive retrofit program for the HVAC systems and elevators.

(From left to right) Al Patterson, Director of Leasing and Rob Forrest, Vice President, Trizec's Western U.S. Operations Division meet with Tom Stephenson, Senior Vice President, Operations, Ernest W. Hahn, Inc.

During 1984, 1,221,000 square feet of office space was leased in the United States, an increase of 57 per cent over 1983. The strengthening of the United States economy significantly increased office space absorptions with certain markets benefiting more than others.

Leasing was especially strong in the Detroit properties where 784,000 square feet of space was leased. In Los Angeles, lease-up of the newly completed 9800 La Cienega property gained momentum, with 46 per cent of the project now leased and active negotiations proceeding for the balance of the space. In the strong metropolitan market of Atlanta, Trizec's 230 Peachtree Building continues to maintain high occupancy levels as a result of a leasing program directed to major financial and professional tenants.

Left: Encino Gateway
Los Angeles, California

Right: Marina Towers
Los Angeles, California

Retail Centres

Trizec has interests in 11 retail centres in Canada totalling approximately 6,266,000 square feet of rentable area and with a gross book value of $247 million. These centres generate 16 per cent of the Corporation's net operating income.

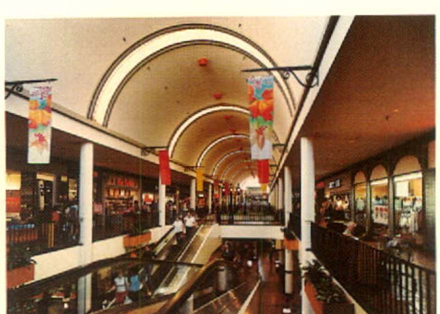
The company made its entry into the Canadian shopping centre industry in 1964 with the opening of Yorkdale Shopping Centre. Through the years, each of Trizec's properties have established dominance in their markets across the country. The re-merchandising and renovation of centres ensures that the properties retain their position at the forefront of the industry as demographics change.

Trizec understands that being a part of the community encompasses more than a physical presence. Close attention is paid to selecting the right merchants for each marketplace and to creating a pleasant shopping atmosphere. New forms of merchandising are brought to each centre in the re-leasing and renewing of leases. Comprehensive promotional programs supporting community and special interests attract customers and enhance retail sales activity.

(From left to right) Brent Bitz, Vice President, Operations; Bill Seli, Vice President, Canadian Shopping Centres

Trizec's Canadian retail centres presently have a 99 per cent occupancy rate. Approximately 508,000 square feet of retail space was leased in Canada during 1984.

Retail sales in the company's Canadian centres were in keeping with the levels of economic growth experienced across the nation. Sales per square foot increased an average of 12 per cent over 1983. The Canadian economy, moving forward at a moderate pace, should support continued increases in consumer spending during the coming year with resultant benefits to the Corporation and its tenants.



Left: Unicity Fashion Square
Winnipeg, Manitoba

Right: Lougheed Mall
Burnaby, British Columbia

Office and Multi-Use Buildings

The 25 office and multi-use buildings in Canada total approximately 14,738,000 square feet of rentable area and have a gross book value of $689 million. These properties generate 30 per cent of the Corporation's net operating income.

The completion of phase two of the Atrium On Bay, Toronto and the expansion of Maritime Centre, Halifax, added 476,000 square feet of space to the Canadian office building portfolio.

Trizec strives to ensure a comfortable and contemporary environment for its office and retail tenants. The company is consistently committed to keeping its buildings in excellent condition. Attention to daily operations has led many major national and international corporations to choose Trizec buildings as their corporate headquarters. Over 40 per cent of the Corporation's office space in Canada is occupied by major users and the balance by various smaller businesses. This medley of companies creates a strong tenant blend and reduces exposure in any given property.

Trizec's Western Canada Operations Division: (from left to right) Tom Allen, Manager, Energy Conservation & Preventative Maintenance; Peter Kasian, Leasing Manager; Bill Elliott, Vice President

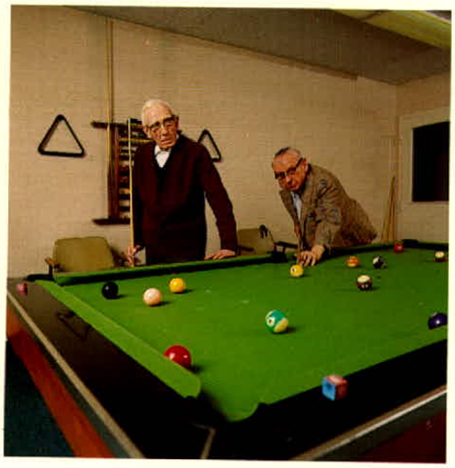
Approximately 1,428,000 square feet of space was re-leased or renewed in Canada during 1984. The market for office space remains temporarily overbuilt, particularly in certain centres in Canada. However, with average rental rates still below prevailing market levels in Trizec properties, the potential is good for further growth in cash flow and earnings through lease renewals.

The retail component of multi-use buildings complements and serves the needs of office tenants. By adding the amenities required by tenants and visitors, these retail elements have been instrumental in the revitalization of several city centres.

Left: Western Canadian Place
Calgary, Alberta

Right: Maritime Centre
Halifax, Nova Scotia

Central Park Lodges' Bill Jappy, Executive Vice President & Chief Operating Officer (inside far right); and Norbert Warnke, Vice President, Finance & Administration (far right) chat with lodge guests.



Guests enjoy one of many social activities.

Albion Road Nursing Home
Toronto, Ontario

Other Properties

Central Park Lodges

Central Park Lodges, a division of Trizec, owns and manages nursing homes and retirement lodges throughout North America. With 14 retirement lodges and 17 nursing homes, the company's portfolio has a combined total guest capacity of 5,172.

Central Park Lodges increased its guest capacity by 240 during 1984 through the purchase of a nursing home in Auburndale, Florida and the completion of a new nursing home adjacent to the existing retirement lodge in Orlando, Florida. The company is aggressively seeking further acquisitions to complement its existing homes and lodges.

Both the retirement lodges and nursing homes provide accommodation and personal care for seniors. The retirement lodges provide meals and housekeeping and have nursing services available. The nursing homes give more individual care to those requiring more extensive assistance in their daily lives. Residents are encouraged to participate in a variety of recreational and social activities organized by activities staff.

Hotel and Residential Developments

Trizec has a 30 per cent interest in the Delta Inn at Brunswick Square, Saint John, New Brunswick; and a 50 per cent interest in the Quebec Hilton in Place Quebec, Quebec City. Trizec also owns the River Inn in Richmond, British Columbia which is leased to, and operated by, Delta Hotels Limited.

The Corporation has a 50 per cent interest in The Fountains of Palm Beach, Florida, a 325-acre luxury condominium project centred around 54 holes of golf and 19 tennis courts. Phase one, consisting of 167 villas and apartments, has been completed and sold. Approximately 90 per cent of phase two's 200 villas and apartments currently completed, or under construction, have been sold. Over time, development of the balance of the land could add a further 1,000 units.

Bramalea Limited

In April, 1984, Trizec invested in the Toronto-based real estate company through the purchase, from the treasury, of common shares and a convertible debenture issue. Trizec owns approximately 31 per cent of Bramalea on a fully diluted basis, with an option to increase this to 43 per cent. Trizec has representation on the Bramalea Board of Directors and Executive Committee, providing a forum for interaction with management.

Incorporated in 1957 as a community developer, Bramalea Limited today owns a diversified portfolio of North American real estate properties and oil and gas investments. Bramalea is also a builder of single-family homes, condominiums and rental apartments, a majority of which are located in the Metro Toronto region. The company manages 5,000 rental units in Ontario and is developing two communities on 2,500 acres in the Los Angeles area. Additionally, Bramalea owns and manages a portfolio of industrial buildings situated in two landscaped business parks, and three Canadian hotels.

Since 1975, Bramalea has acquired and developed a substantial income property portfolio and today owns more than 20 million square feet of retail, office, industrial, residential rental and hospitality space in 105 buildings in 30 North American communities.

The large shopping centre component continues to grow through acquisition, development and redevelopment opportunities in the United States and the expansion of existing facilities in Canada. The office building portfolio is experiencing rapid growth with new developments in Toronto, Dallas, Los Angeles, Oakland and Denver. Bramalea's most prominent project is in Dallas where InterFirst Plaza, a 72-storey, 1.7 million square foot office tower, is being completed. The Dallas project will ultimately include a second 70-storey office tower, a major hotel and retail facilities.

In 1981, Bramalea expanded into the energy sector where it has a controlling interest in Coseka Resources Limited, a Calgary-based exploration, development and production company with oil and gas reserves in Canada and the United States.

The company continues to report good growth in earnings and is optimistic about 1985.

InterFirst Plaza
Dallas, Texas

The New York Life Centre
Toronto, Ontario

St. Louis Station
A redevelopment project in St. Louis, Missouri

The Shops at National Center
Washington, D.C.

The Rouse Company

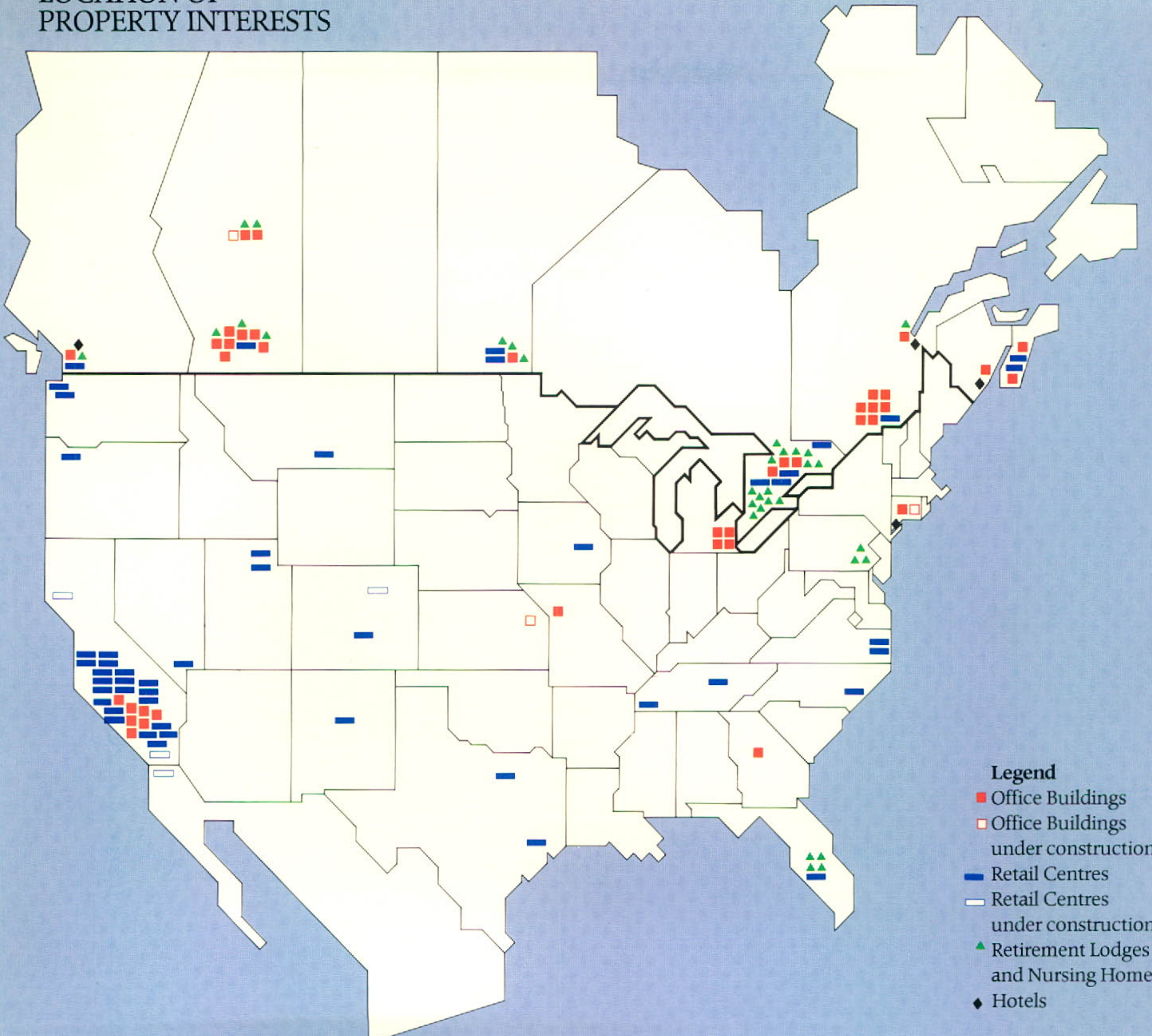
The Rouse Company, headquartered in Columbia, Maryland, is a developer, owner and manager of regional and downtown retail and specialty centres. The company has ownership and management interests in 62 operating retail centres totalling 38 million square feet. Trizec, the largest shareholder of Rouse, owns approximately 20 per cent of the company's common shares.

Since its inception, Rouse has been a pioneer in its industry, building one of the first climate-controlled centres in the United States in 1958. In the decades that followed, Rouse grew through the development of regional retail centres, primarily in the eastern and southern United States. The opening of Faneuil Hall in 1976, sparked the rebirth of Boston's historic downtown. Since then, the company has completed numerous similar projects which have assisted in the revitalization of the downtown areas of Baltimore, Santa Monica, Philadelphia, Milwaukee and New York City. Five years ago, the company's portfolio was augmented by an acquisition/management program that now comprises 23 centres.

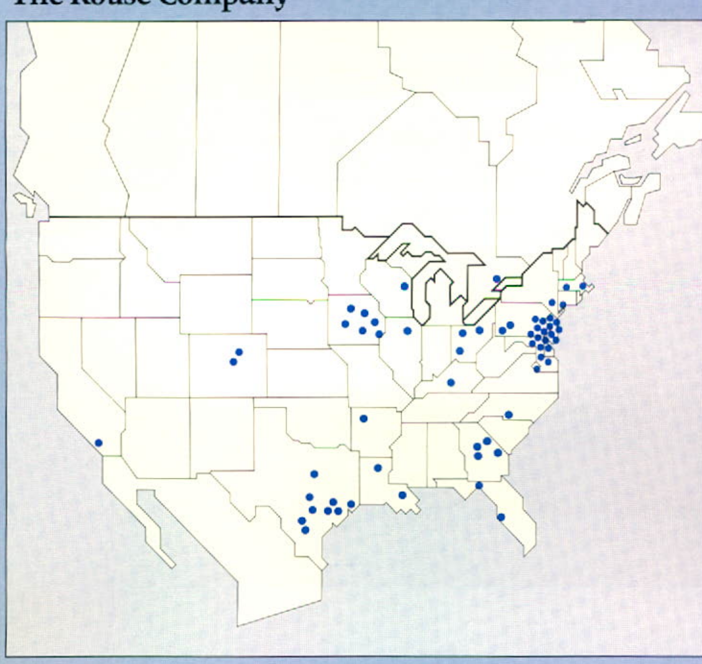
During 1984, two new retail centres, an expansion of an existing centre and one office project were opened: The Shops at Tabor Center in Denver, Colorado; The Shops at National Place in Washington, D.C.; an addition to The Citadel in Colorado Springs, Colorado; and The Baltimore Federal Financial Center office building in Baltimore, Maryland. Six new projects and expansions are scheduled to open in 1985 and 1986: the final phase of the South Street Seaport in New York City, New York; St. Louis Station in St. Louis, Missouri; The Shops at National Press in Washington, D.C.; Riverwalk in New Orleans, Louisiana; Owings Mills in Baltimore County, Maryland; and Bayside in Miami, Florida.

In September, 1984, The Rouse Company sold its mortgage banking division for U.S. $50 million, realizing a book profit of approximately U.S. $30 million. For the nine months ended September 30, 1984, earnings before non-cash charges from continuing operations increased 13 per cent. The company expects a strong fourth quarter and continued financial growth in 1985.

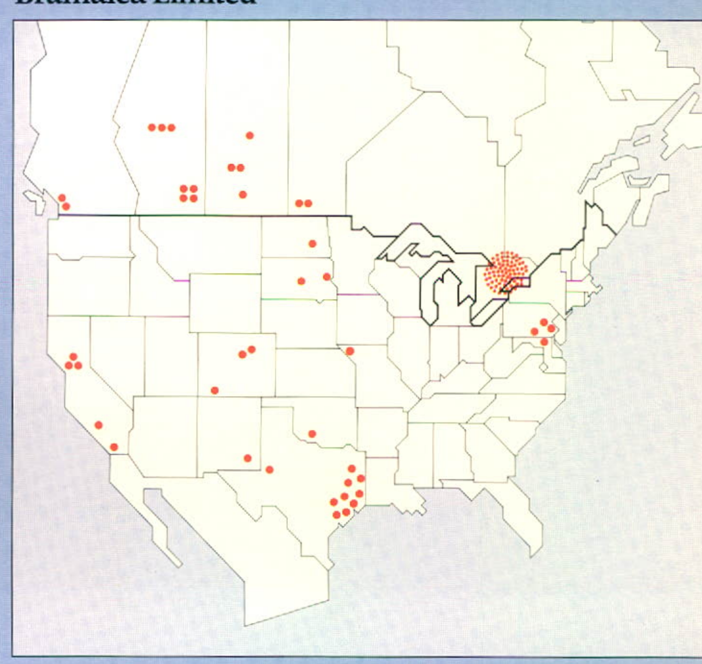
LOCATION OF PROPERTY INTERESTS



The Rouse Company



Bramalea Limited



PORTFOLIO OF PROPERTIES

as at October 31, 1984

Office and Multi-Use Buildings
Canada and United States

Name (Location)	Corporation's Equity Interest	Rentable Area (Sq. Ft.) (1)	Retail Area included in multi-use buildings (Sq. Ft.)
Halifax, Nova Scotia			
Maritime Centre	100%	622,000	73,000
Centennial Building	100%	164,000	
Saint John, New Brunswick			
Brunswick Square	30%	423,000	120,000
Quebec City, Quebec			
Place Quebec – Phase I & II	100%	790,000	117,000
Montreal, Quebec			
Place Ville Marie	100%	3,048,000	193,000
2020 University	100%	534,000	78,000
BNC Building	100%	511,000	
Place Air Canada (2)	100%	359,000	
360 St. James Street	100%	316,000	
Domtar House	100%	198,000	
Port St. Laurent	100%	179,000	
Toronto, Ontario			
The Atrium On Bay	36%	1,296,000	132,000
180 Wellington Street West Building	100%	249,000	
Yorkdale Place	100%	122,000	
Winnipeg, Manitoba			
Winnipeg Square	100%	612,000	67,000
Edmonton, Alberta			
CN Tower	100%	365,000	
Centennial Building	100%	253,000	
Calgary, Alberta			
Western Canadian Place	50%	1,170,000	
Calgary Place	50%	735,000	
Scotia Centre	50%	621,000	86,000
Fifth & Fifth	75%	567,000	
Royal Bank Building	100%	367,000	
700 – 6th Avenue	100%	231,000	
Petex Building	75%	117,000	
Vancouver, British Columbia			
Royal Centre	100%	889,000	126,000
Los Angeles, California			
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	
Kansas City, Missouri			
One Pershing Square	50%	239,000	

Name (Location)	Corporation's Equity Interest	Rentable Area (Sq. Ft.) (1)	Retail Area included in multi-use buildings (Sq. Ft.)
Detroit, Michigan			
First National Building	100%	944,000	
Fisher Building	100%	920,000	79,000
New Center One	67%	530,000	82,000
New Center Building	100%	290,000	
Stamford, Connecticut			
First Stamford Place	67%	499,000	
Atlanta, Georgia			
Peachtree Center Tower	100%	427,000	
Total		**22,224,000**	**1,153,000**

(1) Includes parking where applicable.
(2) Air Canada is the condominium owner of 190,000 sq. ft.

Retail Centres – In Operation
United States

Name (Location)	Corporation's Equity Interest	Major Stores	Total Retail Area (Sq. Ft.)	Retail Area Owned by Corporation and Partners (Sq. Ft.)
California				
Barstow Mall Barstow	50%	Sears K-Mart	144,000	144,000
Fox Hills Mall Culver City	67%	The Broadway, May Co. JC Penney	908,000	356,000
Hawthorne Plaza Hawthorne	49%	The Broadway, Montgomery Ward JC Penney	836,000	519,000
La Cumbre Plaza Santa Barbara	83%	Robinson's, Sears	480,000	180,000
Los Cerritos Center Cerritos	98%	The Broadway, Ohrbach's Robinson's, Sears, Nordstrom	1,321,000	519,000
Oakridge Mall San Jose	50%	Montgomery Ward, Macy's Bullock's	801,000	333,000
Parkway Plaza El Cajon	95%	May Co., Sears Woolworth's	867,000	448,000
Plaza Pasadena Pasadena	73%	The Broadway, May Co. JC Penney	583,000	583,000
Puente Hills Mall City of Industry	63%	The Broadway, JC Penney Sears, Robinson's	1,196,000	521,000
San Mateo Fashion Island San Mateo	15%	JC Penney, Bullock's Liberty House, Montgomery Ward	846,000	477,000
Santa Anita Fashion Park Arcadia	38%	The Broadway, Buffums JC Penney, Robinson's	977,000	447,000
Santa Maria Town Center Santa Maria	46%	Sears, Gottschalk's	443,000	327,000

Name (Location)	Corporation's Equity Interest	Major Stores	Total Retail Area (Sq. Ft.)	Retail Area Owned by Corporation and Partners (Sq. Ft.)
Santa Monica Place Santa Monica	25%	The Broadway, Robinson's	560,000	284,000
Solano Mall Fairfield	40%	Mervyn's, JC Penney, Macy's Emporium Capwell, Sears	1,028,000	348,000
Sunnyvale Town Center Sunnyvale	50%	Macy's, Montgomery Ward	617,000	287,000
The Courtyard Rolling Hills Estates	45%	Bullock's Wilshire May Co.	357,000	185,000
The Oaks Thousand Oaks	97%	Robinson's, May Co., The Broadway JC Penney, Bullock's	1,113,000	387,000
University Towne Centre La Jolla	50%	The Broadway, Sears Robinson's, Nordstrom	1,036,000	442,000
Villa Westwood Westwood	70%		73,000	73,000
Vintage Faire Modesto	50%	JC Penney, Sears, Gottschalk's Weinstock's, Macy's	1,053,000	605,000
Washington				
Capital Mall Olympia	50%	JC Penney, Bon Marche Lamont's, Frederick & Nelson	563,000	463,000
Sea Tac Mall Federal Way	35%	Bon Marche, Lamont's Sears, Mervyn's	744,000	342,000
Oregon				
Clackamas Town Center Portland	21%	Meier & Frank, Nordstrom JC Penney, Sears, Montgomery Ward	1,181,000	424,000
Nevada				
The Fashion Show Las Vegas	25%	Saks Fifth Avenue, Bullock's Neiman-Marcus, Diamonds Goldwaters	827,000	293,000
Montana				
Rimrock Mall Billings	50%	Hennessey's, Montgomery Ward JC Penney	582,000	405,000
Utah				
Fashion Place Murray	81%	Weinstock's, Sears Nordstrom	988,000	422,000
Ogden City Mall Ogden	75%	Bon Marche, JC Penney Weinstock's, Nordstrom	774,000	399,000
New Mexico				
Coronado Center Albuquerque	50%	The Broadway, Sears, Goldwaters Mervyn's, Sanger-Harris	1,098,000	524,000
Colorado				
Pueblo Mall Pueblo	75%	Joslin's, Montgomery Ward JC Penney, The Denver	571,000	290,000

Name (Location)	Corporation's Equity Interest	Major Stores	Total Retail Area (Sq. Ft.)	Retail Area Owned by Corporation and Partners (Sq. Ft.)
Texas				
Prestonwood Town Center Dallas	95%	Joske's, JC Penney, Neiman-Marcus Montgomery Ward, Lord & Taylor	1,127,000	459,000
Town & Country Center Houston	16%	JC Penney, Neiman-Marcus Joske's, Marshall Field	1,041,000	359,000
Iowa				
Westdale Mall Cedar Rapids	21%	Montgomery Ward, JC Penney Younker's, Petersens	901,000	755,000
Tennessee				
The Mall of Memphis Memphis	19%	Dillard's, JC Penney, Thalhimers Wilson's, 5th dept. store	957,000	555,000
Fort Henry Kingsport	100%	JC Penney, Park-Belk, Sears Miller's	531,000	531,000
North Carolina				
Carolina East Mall Greenville	100%	Belk Tyler, Sears	326,000	135,000
Virginia				
Newmarket North Hampton	50%	Leggett, Miller & Rhoads Sears	800,000	426,000
Newmarket South Hampton	50%	JC Penney, Hechingers	508,000	508,000
Florida				
Clearwater Mall Clearwater	100%	Burdines, Gayfers Montgomery Ward, Ivey's	860,000	702,000
Total			**29,618,000**	**15,457,000**

Retail Centres – In Operation
Canada

Name (Location)	Corporation's Equity Interest	Major Stores	Total Retail Area (Sq. Ft.)	Retail Area Owned by Corporation and Partners (Sq. Ft.)
Nova Scotia				
Halifax Shopping Centre Halifax	100%	Eaton's, Sobey's	558,000	558,000
Dartmouth Shopping Centre Dartmouth	100%	Dominion, Zellers	130,000	130,000
Quebec				
Les Galeries Normandie Montreal	100%	Pascal's, Steinberg's	250,000	250,000

Name (Location)	Corporation's Equity Interest	Major Stores	Proposed Total Retail Area (Sq. Ft.)	Proposed Retail Area Owned by Corporation and Partners (Sq. Ft.)
Ontario				
Carlingwood Shopping Centre Ottawa	100%	Sears, Loblaws	502,000	332,000
Yorkdale Shopping Centre Toronto	100%	Eaton's, Simpsons Dominion	1,318,000	1,017,000
Scarborough Town Centre Scarborough	100%	Eaton's, Simpsons The Bay, Miracle Mart	1,107,000	945,000
Markham Place Markham	50%	Sears, Miracle Food Mart	266,000	266,000
Manitoba				
St. Vital Shopping Centre Winnipeg	50%	The Bay, Eaton's Woolco, Safeway	627,000	627,000
Unicity Fashion Square Winnipeg	67%	The Bay, Woolco Safeway	472,000	472,000
Alberta				
Southcentre Mall Calgary	50%	The Bay, Eaton's Safeway	543,000	543,000
British Columbia				
Lougheed Mall Burnaby	100%	The Bay, Woolco Safeway	493,000	493,000
Total			**6,266,000**	**5,633,000**

Retail Centres – Under Construction
United States

Name (Location)	Corporation's Equity Interest	Proposed Major Stores	Proposed Total Retail Area (Sq. Ft.)	Proposed Retail Area Owned by Corporation and Partners (Sq. Ft.)
California				
Horton Plaza San Diego	94%	The Broadway, Mervyn's Robinson's, Nordstrom	837,000	514,000
North County Fair Escondido	50%	JC Penney, Robinson's, Nordstrom May Co., The Broadway Sears	1,256,000	382,000
The Village at Corte Madera Corte Madera	72%	Macy's, Nordstrom	417,000	208,000
Colorado				
The Tivoli Denver	89%		224,000	224,000
Total			**2,734,000**	**1,328,000**

Retail Centres – In Planning Stages
United States

Name (Location)	Corporation's Equity Interest	Proposed Major Stores	Proposed Total Retail Area (Sq. Ft.)	Proposed Retail Area Owned by Corporation and Partners (Sq. Ft.)
California				
Bakersfield Center Bakersfield	50%	Mervyn's, Brock's 3rd dept. store	1,024,000	652,000
Burbank Town Center Burbank	90%	JC Penney, Robinson's Broadway, Nordstrom	797,000	396,000
Novato Center Novato	77%	Macy's, JC Penney Nordstrom	703,000	414,000
Parkway Plaza Expansion El Cajon	95%	The Broadway, Mervyn's JC Penney, 4th dept. store	600,000	125,000
Rancho Cucamonga Center Rancho Cucamonga	63%	The Broadway, May Co. plus 4 additional dept. stores	1,160,000	350,000
Santa Anita Fashion Park Expansion Arcadia	38%	Dept. store to be named	178,000	78,000
Sierra Vista Center Clovis	85%	Weinstock's, Macy's, Gottschalk's Mervyn's, 5th dept. store	894,000	314,000
Silicon Valley Financial Center San Jose	100%		120,000	120,000
Stevens Creek/Valley Fair San Jose	33%	Macy's (1), Emporium (1) Nordstrom	1,198,000	542,000
Colorado				
Park Meadows Denver	100%	5 dept. stores	1,200,000	325,000
New Jersey				
Bridgewater Commons Bridgewater	90%	Bamberger's, Sterns, Hahne's 4th dept. store	1,121,000	545,000
Virginia				
Woodbridge Mall Prince William	77%	5 dept. stores	1,750,000	325,000
Total			**10,745,000**	**4,186,000**

(1) Existing department stores

Retail Centres – In Planning Stages
Canada

Name (Location)	Corporation's Equity Interest	Proposed Total Retail Area (Sq. Ft.)	Proposed Retail Area Owned by Corporation and Partners (Sq. Ft.)
British Columbia			
Lougheed Mall Expansion Burnaby	100%	100,000	100,000

Name (Location)	Corporation's Equity Interest	Total Retail Area (Sq. Ft.)	Retail Area Owned by Corporation and Partners (Sq. Ft.)
Alberta			
Shawnessy Shopping Centre Calgary	75%	540,000	540,000
Crowfoot Town Centre Calgary	50%	750,000	750,000
Southcentre Mall Expansion Calgary	50%	161,000	161,000
Manitoba			
St. Vital Shopping Centre Expansion Winnipeg	67%	66,000	66,000
Total		**1,617,000**	**1,617,000**

Retirement Lodges

Corporation's interest is 100%

Location	No. of Lodges	Guest Capacity
Quebec	1	210
Ontario	12	1,635
Florida	1	277
		2,122

Nursing Homes

Corporation's interest is 100%

Location	No. of Homes	Guest Capacity
Ontario	3	626
Manitoba	3	583
Alberta	5	575
British Columbia	1	234
Florida	3	360
Pennsylvania	3	672
		3,050

Hotels

Corporation's interest is 100% unless otherwise noted

	No. of Rooms
Quebec-Hilton, Quebec City (50%)	563
River Inn, Richmond, B.C.	373
Brunswick Square Hotel, Saint John, N.B. (30%)	255
	1,191

ANALYSIS OF PROPERTY INTERESTS

($ millions)	Total	Office Buildings	Shopping Centres	Retirement Lodges	Mobile Homes	Hotels	Properties Under Develop-ment	Properties Held for Develop-ment	Properties Held for Sale
Gross Book Value									
As at October 31, 1984									
Canada	1,165.0	629.1	247.8	94.3	1.4	39.5	79.3	73.6	–
United States	1,813.6	221.9	1,029.5	40.2	–	–	378.2	103.6	40.2
Total	2,978.6	851.0	1,277.3	134.5	1.4	39.5	457.5	177.2	40.2
As at October 31, 1983									
Canada	1,115.0	559.9	227.5	88.8	1.4	31.6	115.6	90.2	–
United States	1,374.5	168.0	743.1	30.4	–	–	300.9	73.9	58.2
Total	2,489.5	727.9	970.6	119.2	1.4	31.6	416.5	164.1	58.2

Income	Total	Office Buildings	Shopping Centres	Retirement Lodges	Mobile Homes	Hotels
For the year ended October 31, 1984						
Operating revenues	512.4	197.0	217.3	85.3	.3	12.5
Operating expenses	193.3	59.8	62.5	61.8	.1	9.1
Property taxes	50.3	29.4	18.0	2.1	–	.8
Net profit before interest and general and administrative expenses	268.8	107.8	136.8	21.4	.2	2.6
For the year ended October 31, 1983						
Operating revenues	461.3	169.7	182.0	71.3	28.5	9.8
Operating expenses	178.5	54.6	51.5	54.4	11.1	6.9
Property taxes	45.9	26.1	16.3	2.0	.9	.6
Net profit before interest and general and administrative expenses	236.9	89.0	114.2	14.9	16.5	2.3

ELEVEN YEAR FINANCIAL REVIEW

($ millions)

Years ended October 31,				
Consolidated Balance Sheet	**1984**	1983	1982	1981
Assets				
Properties	**2,807.5**	2,359.4	2,426.6	2,177.9
Investments	**501.9**	286.7	268.1	181.3
Other assets	**143.8**	109.6	107.6	136.6
	3,453.2	2,755.7	2,802.3	2,495.8
Liabilities				
Long term debt	**2,522.0**	1,959.2	1,974.2	1,673.5
Accounts payable	**187.2**	156.9	172.7	174.5
Bank advances	**72.4**	49.4	48.2	64.8
	2,781.6	2,165.5	2,195.1	1,912.8
Minority Interest	**—**	22.7	21.2	19.3
Deferred Income Taxes	**93.2**	143.0	173.6	150.2
Shareholders' Equity	**578.4**	424.5	412.4	413.5
	3,453.2	2,755.7	2,802.3	2,495.8
Consolidated Statement of Income				
Operating revenues	**528.1**	469.0	428.2	360.6
Expenses	**414.5**	372.7	339.4	282.2
Operating profit	**113.6**	96.3	88.8	78.4
Depreciation	**34.2**	27.1	22.4	19.3
Minority interest	**.2**	1.7	1.8	1.6
Income taxes	**26.6**	27.3	28.9	26.3
Net operating income	**52.6**	40.2	35.7	31.2
Non-operating income (loss)	**2.8**	3.9	.1	.1
Net income	**55.4**	44.1	35.8	31.3
Cash Flow From Operations	**124.1**	101.5	91.4	77.5
Per Ordinary Share				
Net income	**$.66**	$.54	$.30	$.23
Dividends	**$.35**	$.30	$.25	$.20
Cash flow	**$1.89**	$1.57	$1.30	$1.07
Average number of ordinary shares (000's)	**56,158**	55,918	55,672	55,172
Shareholders' equity	**$5.69**	$5.00	$4.69	$4.60
based on number of ordinary shares outstanding at year end of (000's)	**56,226**	56,072	56,672	55,636

1980	1979	1978	1977	1976	1975	1974
1,086.7	951.4	869.0	845.4	805.7	833.6	795.1
25.8	35.2	34.1	30.6	32.9	21.2	10.0
187.1	50.3	53.6	55.6	57.7	66.1	52.4
1,299.6	1,036.9	956.7	931.6	896.3	920.9	857.5
834.3	706.9	655.4	656.0	658.3	699.1	650.3
68.7	58.0	46.2	45.1	50.6	44.3	43.8
.6	1.9	2.5	12.5	36.1	31.1	30.0
903.6	766.8	704.1	713.6	745.0	774.5	724.1
—	—	—	—	.8	1.5	1.0
79.6	62.6	49.2	39.9	34.5	29.1	22.4
316.4	207.5	203.4	178.1	116.0	115.8	110.0
1,299.6	1,036.9	956.7	931.6	896.3	920.9	857.5
249.9	225.1	201.2	173.2	162.8	173.9	144.4
204.4	189.4	174.2	154.5	146.9	156.3	126.5
45.5	35.7	27.0	18.7	15.9	17.6	17.9
12.4	10.5	9.3	8.2	7.6	7.8	6.3
—	—	—	—	.3	.5	.2
17.2	13.3	9.4	5.8	4.7	6.1	6.4
15.9	11.9	8.3	4.7	3.3	3.2	5.0
—	(.1)	.1	.1	.6	(.3)	1.1
15.9	11.8	8.4	4.8	3.9	2.9	6.1
45.4	35.7	27.3	19.1	16.0	17.6	17.7
$.17	$.15	$.12	$.10	$.09	$.06	$.17
$.17	$.15	$.14	$.13	$.13	$.13	$.12
$.82	$.71	$.56	$.49	$.47	$.54	$.56
45,228	42,460	42,240	36,200	31,048	30,304	29,540
$4.41	$3.59	$3.54	$3.51	$3.74	$3.74	$3.72
54,972	42,280	42,280	42,220	31,052	31,040	29,580

1984 FINANCIAL REVIEW

Cash flow from operations for 1984 was $124.1 million as compared to $101.5 million in 1983. Net income increased to $55.4 million from $44.1 million in 1983. On a per share basis, cash flow per share increased 20 per cent to $1.89 and net income increased 22 per cent to 66.2 cents. These per share numbers have been calculated as if the stock split which the Corporation completed on January 24, 1984 had occurred at the beginning of the fiscal year. 1983 figures have been restated to conform to this presentation.

Operating revenue during 1984 increased by 11 per cent to $512.4 million from $461.3 million in 1983. However, the 1983 numbers included $28.5 million of revenue from the Mobile Home Division which the Corporation sold in August, 1983. If this revenue was excluded, revenue growth on a comparative basis would be 18 per cent.

On December 20, 1984, the Corporation declared a semi-annual dividend of 20 cents per Class A Subordinate Voting Ordinary Share and 20 cents per Class B Ordinary Share. This represents an increase of 14 per cent over the semi-annual dividend paid in July, 1984.

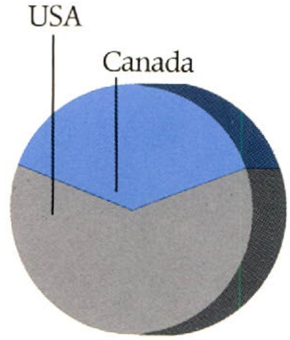
The book value of gross assets increased significantly during 1984, exceeding $3.4 billion at October 31, 1984. The major portion of this increase occurred in income-producing properties which totalled $2.3 billion at the end of 1984 as against $1.85 billion in 1983. Approximately $220 million of this increase resulted from the transfer of completed properties from properties under development as well as from the increased ownership acquired in certain existing properties. A further $184 million resulted from the change in the method of foreign currency translation described below. Investments also increased substantially to $502 million from $287 million in 1983, primarily as a result of the $176 million investment in Bramalea Limited made during 1984.

Properties under development increased by $41 million to $457 million as a result of a number of developments nearing completion and the commencement of certain new developments. Properties held for development and properties held for sale totalled $217 million in 1984, a small decrease from the 1983 figure of $222 million.

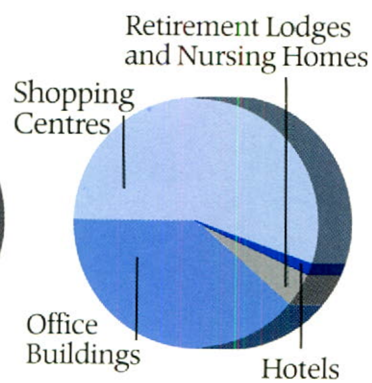
Income-producing properties are carried at cost and the financial statements do not recognize the significant appreciation in value of these assets since their acquisition or completion. Properties under development, properties held for development and properties held for sale, are carried at cost less a provision for any possible diminution in the values of such assets, whether such diminution is of a permanent or temporary nature. This provision has been created through charges to non-operating income and by setting aside substantially all income arising from gains realized from the sale of properties.

During the 1984 fiscal year, the Corporation changed its method of translating foreign currencies to comply with the new requirements of the Canadian Institute of Chartered Accountants. In prior years, the Cor-

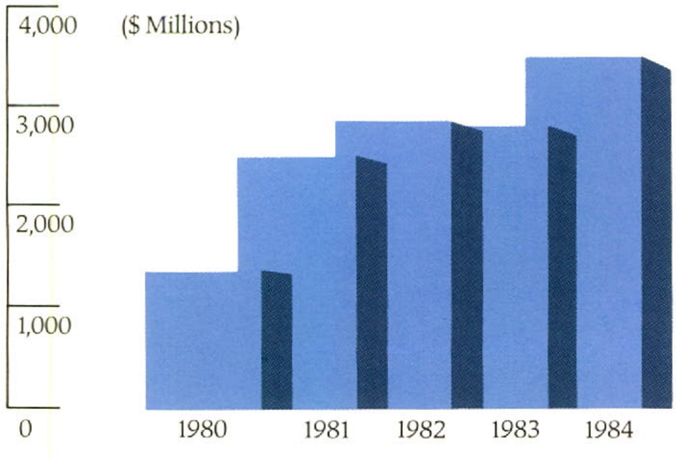
Geographic Location



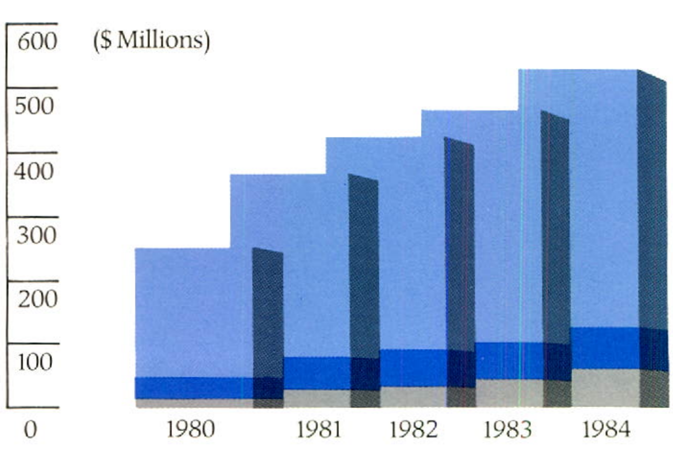
Asset Function Distribution



Assets



Revenue Cash Flow Net Income



poration used a method whereby certain long-term assets and liabilities were translated at their historic rates of exchange. Under the new rules, assets and liabilities of foreign self-sustaining operations are translated at the current rate and gains or losses on such translations are shown as a component of shareholders' equity. The effect of this change in 1984 has been to increase shareholders' equity by $47.5 million. The new rules also require U.S. dollar debt carried by the Corporation's Canadian operations to be translated at current rates with exchange adjustments being amortized and written off over the remaining life of the debt. The effect of the above changes on the current year's earnings is not material.

Shareholders' equity increased by $154 million during the year to $578 million, of which $91 million resulted from the issue of preferred shares in January, 1984. As discussed above, a further $47.5 million was due to the change in the method of foreign currency translation.

In October, 1984, the Corporation closed a $50 million senior debenture issue in the Euro-Canadian market. This issue has a term of five years and bears interest at an annual rate of 13 per cent. Proceeds of this issue were used to reduce shorter term debt of the Corporation.

As at October 31, 1984, the Corporation's long-term debt carried an average interest rate of 11.43 per cent and had an average remaining life of 10.1 years. Approximately 18 per cent of this debt was subject to interest on a floating rate basis.

During the year, the Corporation availed itself of certain amendments made to income tax legislation in the United States. These amendments enable a taxpayer to increase the tax basis of the underlying assets of a recently acquired subsidiary and, in so doing, eliminate timing differences between the cost of its assets for book and tax purposes. As a result of these actions, the Corporation's liability for deferred taxes was reduced by approximately $56.3 million during 1984.

The Corporation enters 1985 with a firm commitment to its established conservative financial principles and policies. These include: the maintenance of a substantial equity base; the limiting of the amount of floating rate debt; the pre-financing of new projects; the carrying of substantial undrawn lines of credit; and a conservative debt-to-equity ratio. These policies have been refined over the past eight years and have stood the Corporation in good stead through both the rapid growth period of the late 70's and early 80's, as well as through the more difficult economic conditions of the last three years.

Trizec's Finance Division: (left to right) Joe Killi, Senior Vice President & Treasurer; Bryan Johnston, Assistant Treasurer; John Dill, Project Finance Officer

Trizec Corporation Ltd.
CONSOLIDATED BALANCE SHEET
October 31 ($ millions)

Assets	Note	**1984**	1983
Properties	3	**2,807.5**	2,359.4
Investments	5	**501.9**	286.7
Cash		**12.6**	16.7
Accounts receivable	6	**62.0**	57.8
Other assets		**69.2**	35.1
		3,453.2	2,755.7
Liabilities			
Long term debt	7	**2,522.0**	1,959.2
Accounts payable		**187.2**	156.9
Bank advances		**72.4**	49.4
		2,781.6	2,165.5
Minority interest		**–**	22.7
Deferred income taxes		**93.2**	143.0
Shareholders' Equity	8	**578.4**	424.5
		3,453.2	2,755.7

On behalf of the board

Harold P. Milavsky, Director

S. E. Nixon, Director

CONSOLIDATED STATEMENT OF INCOME

Years ended October 31 ($ millions)

	Note	1984	1983
Operating revenue	4	**512.4**	461.3
Interest and other income		**15.7**	7.7
		528.1	469.0
Operating expense		**193.3**	178.5
General and administrative expense		**25.3**	23.9
Property taxes		**50.3**	45.9
Interest		**145.6**	124.4
		414.5	372.7
Operating income		**113.6**	96.3
Depreciation		**34.2**	27.1
Income taxes		**26.6**	27.3
Minority interest		**.2**	1.7
		61.0	56.1
Net operating income		**52.6**	40.2
Non-operating income	9	**2.8**	3.9
Net income		**55.4**	44.1
Per ordinary share		**66.2 ¢**	54.3 ¢

CONSOLIDATED STATEMENT OF CASH FLOW FROM OPERATIONS

Years ended October 31 ($ millions)

	1984	1983
Net operating income	**52.6**	40.2
Add non-cash items:		
Depreciation	**34.2**	27.1
Deferred income taxes	**26.3**	27.3
Unremitted cash flow from operations of affiliated companies	**10.0**	4.8
Other	**1.0**	2.1
Cash flow from operations	**124.1**	101.5
Per ordinary share	**$1.89**	$1.57

CONSOLIDATED STATEMENT OF RETAINED INCOME

Years ended October 31 ($ millions)

	1984	1983
Net income	**55.4**	44.1
Dividends paid – preferred	**16.8**	11.8
– ordinary	**19.7**	16.8
	18.9	15.5
Balance beginning of year	**49.2**	33.7
Balance end of year	**68.1**	49.2

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended October 31 ($ millions)

Source	1984	1983
Cash flow from operations	**124.1**	101.5
Long term financing	**437.6**	393.5
Preferred shares issued	**91.2**	–
Ordinary shares issued	**1.7**	3.4
Sales proceeds	**68.5**	191.5
Increase in bank advances net of cash	**27.1**	1.6
	750.2	691.5

Use		
Construction and development of properties	**295.9**	251.4
Property acquisitions and investments	**303.2**	46.0
Long term debt repaid	**62.2**	309.4
Regular mortgage and sinking fund repayments	**23.3**	18.3
Funds retained in affiliated companies	**10.0**	4.8
Dividends paid	**36.5**	28.6
Preferred shares redeemed	**5.5**	6.8
Funds retained in other assets and liabilities	**13.6**	26.2
	750.2	691.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at October 31, 1984

1. 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 have been 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 companies in which the Corporation holds an interest in excess of 50%. These include the following major subsidiary companies:

Trizec Equities Limited – develops, owns and manages office buildings and shopping centres in Canada;

Trizec Properties, Inc. – develops, owns and manages office buildings in the United States;

Ernest W. Hahn, Inc. – develops, owns and manages shopping centres in the United States.

(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 expense.

(iii) The investments in affiliated companies which have been accounted for using the equity method of accounting.

(c) Foreign exchange

The Corporation's foreign operations are of a self-sustaining nature. Assets and liabilities of foreign operations are translated at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average rate for the year. Cumulative gains or losses on translation are shown as a separate component of shareholders' equity.

The U.S. dollar debt carried by the Corporation's Canadian operations has been translated at the exchange rate in effect at the balance sheet date. Exchange adjustments on the debt are included in other assets, and are amortized over the remaining life of the debt.

(d) Properties

(i) The Corporation's investment in properties is stated at cost and is reviewed on an ongoing basis to ensure that it does not exceed net realizable values.

(ii) The cost of properties under development, properties held for development and properties held for sale includes operating expense, general and administrative expense, property taxes and interest, net of operating revenue.

Properties under development are deemed to become income producing upon achieving a break-even point in net cash flow after debt amortization within a reasonable period of time.

(iii) Depreciation is based 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 lives of from 40 to 60 years.

(e) Per share calculations

Net income and cash flow from operations per ordinary share have been calculated on the weighted average number of ordinary shares outstanding after providing for preferred share dividends. Per share numbers for 1984 have been calculated as if the stock split completed January 24, 1984 had occurred at the beginning of the fiscal year.

2. Joint Ventures

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

	($ millions)	
	1984	1983
Assets	**1,854.5**	1,410.4
Liabilities	**997.4**	772.4
Revenue	**166.1**	134.3
Expense	**135.5**	106.9

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

3. Properties

	($ millions) 1984	1983
Income producing	**2,303.7**	1,850.7
Under development	**457.5**	416.5
Held for development	**177.2**	164.1
Held for sale net of debt of $35.9 million (1983 – $40.9 million)	**40.2**	58.2
	2,978.6	2,489.5
Less accumulated depreciation	**171.1**	130.1
	2,807.5	2,359.4

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

	($ millions) 1984	1983
(i) On properties under development		
Operating expense	**6.6**	10.9
General and administrative expense	**5.5**	4.6
Property taxes	**2.8**	3.3
Interest	**45.8**	53.0
	60.7	71.8
Less operating revenue	**12.6**	22.7
	48.1	49.1

The above expenditures form an integral part of the cost of developing a property and are accordingly treated in the same manner as other development and construction costs. The total development costs are funded on a medium term basis from construction loan facilities and on a long term basis from the proceeds of long term financing arranged for each new development. The servicing of this long term debt is provided from rental income which accrues to a project after physical completion.

	($ millions) 1984	1983
(ii) On properties held for development and for sale		
Operating expense	**1.9**	1.4
General and administrative expense	**1.8**	1.9
Property taxes	**1.2**	1.6
Interest	**55.6**	40.5
	60.5	45.4
Less operating revenue	**3.9**	1.6
	56.6	43.8

(b) Properties carried at a net book value of approximately $1,346.7 million (1983 – $1,204.4 million) are situated on land held under leases or agreements expiring in the years 2002 to 2086.

(c) The Corporation's share of expenditures required to complete properties under development is estimated at $365.7 million (1983 – $217.3 million) for which financing has been arranged.

4. Segmented Information

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

	($ millions) 1984	1983
Operating revenue		
– Canada	**290.2**	254.2
– United States	**222.2**	207.1
	512.4	461.3
Operating revenue net of operating expense and property taxes		
– Canada	**145.2**	122.2
– United States	**123.6**	114.7
	268.8	236.9
Properties		
– Canada	**1,074.9**	1,030.3
– United States	**1,732.6**	1,329.1
	2,807.5	2,359.4

5. Investments

	($ millions) 1984	1983
Notes receivable on balances of sale	**36.8**	49.6
Advances to joint venture partners	**113.0**	88.3
Investment in Bramalea Limited	**175.8**	–
Investment in The Rouse Company	**115.3**	97.0
Other investments	**61.0**	51.8
	501.9	286.7

(a) Investment in Bramalea Limited

In March 1984, the Corporation purchased 400,000 common shares of Bramalea Limited at \$15 per share (\$6.0 million) and \$6.0 million principal amount of 8% convertible subordinated debentures maturing June 16, 2003 (conversion price of \$15 per share).

On April 30, 1984, the Corporation purchased from the treasury of Bramalea, a further 3,530,000 common shares at \$17 per share (\$60.0 million) and \$100.0 million principal amount of 8 3/4% convertible subordinated debentures maturing April 30, 1999 and convertible until April 30, 1994 (conversion price of \$20.50 per share).

The completion of these two transactions gives the Corporation an 18% interest in Bramalea or 31% on a fully diluted basis.

The Corporation also has an option, exercisable on or before April 30, 1986, to purchase 3,456,155 common shares of Bramalea from a major shareholder group at \$22 per share. The option, if exercised, would increase the Corporation's interest in Bramalea to 43% on a fully diluted basis.

(b) Financial Results of affiliated companies

Bramalea Limited, headquartered in Toronto, is engaged in the development, ownership and management of an extensive portfolio of shopping centres, office buildings, industrial parks, hotels and apartment buildings. The company is also a community developer and home builder and, through its investment in Coseka Resources Limited, has oil and gas interests. The shares of Bramalea are traded on the Toronto Stock Exchange.

The Rouse Company, headquartered in Columbia, Maryland, is engaged in the development, ownership and management of regional shopping centres and specialty retail centres located principally in the eastern part of the United States. Its shares are traded on the over-the-counter market in the United States.

Summary of unaudited financial results of these companies are presented in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars:

	Bramalea Limited	The Rouse Company
	(\$ millions)	
Year ended	Oct. 31, 1984	Sept. 30, 1984
Total assets	2,166.8	1,022.6
Shareholders' equity	145.0	119.0
Operating revenue	375.3	285.6
Cash flow from operations	59.8	44.5
Net income	12.1	60.2 (1)
Corporation's ownership	18%	20%

(1) Net income for 1984 includes non-operating income from the sale of Rouse Real Estate Finance, Inc. of \$39.8 million.

Equity income from Bramalea Limited and The Rouse Company of \$1.1 million (1983 – nil) and \$3.5 million (1983 – \$3.0 million) respectively is included in the Corporation's operating revenue and the net carrying cost of approximately \$6.4 million (1983 – nil) and \$12.4 million (1983 – \$12.7 million) respectively is included in the Corporation's expenses. Non-operating income from The Rouse Company of \$7.9 million (1983 – nil) is included in the Corporation's non-operating income.

During the year, dividends were received from Bramalea and Rouse of \$0.4 million (1983 – nil) and \$3.5 million (1983 – \$2.6 million) respectively.

6. Accounts Receivable

Accounts receivable include:

(a) \$11.2 million (1983 – \$12.9 million) provided to a trustee under the terms of employee share purchase plans, loaned to purchase fully paid shares of the Corporation. The shares are held as security for the loans.

(b) \$1.0 million (1983 – \$1.2 million) of notes due from employees and officers of a U.S. subsidiary loaned to purchase interests in U.S. shopping centre developments under an equity incentive plan. The U.S. subsidiary has also guaranteed officer and employee bank loans of U.S. \$0.6 million (1983 – U.S. \$0.7 million) related to the equity incentive plan.

7. Long Term Debt

	Average weighted interest rates as at October 31, 1984 %	1984	1985	1986	1987	1988	1989	Subsequent	Total (2)
				($ millions)					
Debt subject to regular amortization									
Mortgage loans and bonds	10.45	–	33.6	35.9	32.3	64.1	133.0	1033.7	1332.6
Debt not subject to regular amortization									
Mortgages	9.00	–	–	–	–	–	–	1.7	1.7
Bank loans – secured	13.45	–	–	.9	1.4	5.0	–	6.6	13.9
– unsecured	12.52	–	10.6	–	–	117.0	–	318.5	446.1
Notes payable – secured	10.82	–	8.5	1.1	.6	1.2	1.3	14.9	27.6
– unsecured	9.98	–	13.2	6.6	–	–	–	–	19.8
Senior debentures – secured	12.73	–	.2	53.9	2.1	2.1	2.1	247.2	307.6
Construction and development loans – secured (1)	12.59	–	36.9	67.9	15.8	13.4	5.6	233.1	372.7
Maturities as at October 31, 1984	11.43	–	103.0	166.3	52.2	202.8	142.0	1,855.7	2,522.0
Maturities as at October 31, 1983	10.74	69.3	166.3	160.7	80.6	73.9	–	1,408.4	1,959.2

(1) Construction and development loan maturities reflect the terms of long term financing commitments.
(2) Long term debt includes $1,666.1 (1983 – $1,236.4) repayable in United States dollars of $1,267.1 (1983 – $1,052.7).

8. 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) 1984	1983
Issued		
Senior Preferred Shares		
Class A		
638,963 Series 1 shares issued in 1979 for $100 per share (1983 – 658,110 shares)	**63.9**	65.8
171,475 Series 2 shares issued in 1980 for $100 per share (1983 – 180,500 shares)	**17.2**	18.1
Class B		
222,857 Series 1 shares issued in 1980 for $100 per share (1983 – 230,375 shares)	**22.3**	23.0
300,075 Series 2 shares issued in 1980 for U.S. $100 per share (1983 – 315,875 shares)	**35.6**	37.5
11,928,404 Series 3 shares issued in 1984 for $10 per share	**119.2**	–
Ordinary Shares	**204.6**	230.9
Class A 28,147,673 shares (1983 – 28,035,899) Class B 28,078,645 shares (1983 – 28,035,899)		
	462.8	375.3
Retained income	**68.1**	49.2
Foreign currency translation	**47.5**	–
	578.4	424.5

(a) Stock split

On January 24, 1984, the Corporation's existing common stock was split into three new categories of shares. As a result of the split, each common share previously outstanding was converted into one Class A Subordinate Voting Ordinary Share with one vote, one Class B Ordinary Share with five votes and one-tenth of a Senior Preferred Share Class B, Series 3 each such preferred share having a stated capital of $10.

In addition, the designation of the Corporation's existing preferred shares was changed as follows:

First Preferred Shares Series AA was changed to Senior Preferred Shares Class A, Series 1;

First Preferred Shares Series BB was changed to Senior Preferred Shares Class A, Series 2;

Second Preferred Shares Series A was changed to Senior Preferred Shares Class B, Series 1;

Second Preferred Shares Series B was changed to Senior Preferred Shares Class B, Series 2.

(b) 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 at an annual rate of 1½% ("Applicable Rate") plus half the prime lending rate, not to be less than 2% for each quarter ending on or prior to December 31, 1985. For each dividend quarter commencing after April 1, 1986, the Applicable Rate shall be increased or decreased by ¼% from the Applicable 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 was less than $9.75 or more than $10.25 respectively, subject to a minimum Applicable Rate of ½% per annum and a maximum Applicable Rate of 3% per annum.

Dividends of 35¢ for both classes of ordinary shares (1983 – 30¢) were declared and paid during the year.

(c) Redemptions

With the exception of the Senior Preferred Shares Class B, Series 3, all senior preferred shares 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 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.

(d) Ordinary share repurchase program

On September 28, 1984, the Corporation received regulatory approval to purchase up to 500,000 of its issued Class A Subordinate Voting Ordinary Shares and/or 500,000 of its issued Class B Ordinary Shares on the open market up to October 14, 1985. As at December 20, 1984 no shares had been purchased under the program.

(e) Issued capital increase/(decrease)

	1984 (shares)	1984 ($ millions)	1983 (shares)	1983 ($ millions)
Senior Preferred Shares				
Class A, Series 1	(19,147)	(1.9)	(26,741)	(2.7)
Class A, Series 2	(9,025)	(.9)	(9,500)	(.9)
Class B, Series 1	(7,518)	(.7)	(12,125)	(1.2)
Class B, Series 2	(15,800)	(1.9)	(16,625)	(2.0)
Class B, Series 3				
– Stock split	2,804,325	28.0	–	–
– Private placement	9,120,000	91.2	–	–
– Employee share purchase and option plans	4,079	–	–	–
	11,876,914	113.8	(64,991)	(6.8)
Ordinary Shares				
Stock split	28,047,369	(28.0)	–	–
Employee share purchase and option plans	143,050	1.7	180,325	3.4
	28,190,419	(26.3)	180,325	3.4
Net increase/(decrease)		87.5		(3.4)

(f) Employee share purchase and option plans

As at October 31, 1984, 331,435 Class A Subordinate Voting Ordinary Shares, 152,435 Class B Ordinary Shares and 15,243 Senior Preferred Shares Class B, Series 3 were reserved for share option plans at exercise prices ranging from $6.93 to $24.50 per ordinary share and at $10 per preferred share. The total exercise price of such options is $7.5 million. These options have expiry dates from July 9, 1985 to October 9, 1989. 176,000 Class A Subordinate Voting Ordinary Shares have been granted under the management share purchase plans but not yet issued. A further 208,780 of such Class A shares have been reserved under the management share purchase and option plans but not yet granted.

(g) Foreign currency translation

Effective November 1, 1983, the Corporation adopted prospectively the new recommendations of the Canadian Institute of Chartered Accountants for foreign currency translation. In prior years the Corporation used the current/non-current method. The effect of the change in the method of translation has resulted in an increase in net assets in 1984 of $47.5 million. The effect of the change on the current year's earnings is not material.

The cumulative effect is as follows:

	($ millions)
Balance beginning of year	24.9
Exchange rate changes on November 1, 1983 balance	22.1
Exchange rate changes on current year transactions	.5
Balance end of year	47.5

9. Non-Operating Income

	($ millions)	
	1984	1983
Net income from sales of properties and other non-recurring items net of deferred income tax of $18.4 million (1983 – deferred income tax recovery of $18.0 million)	**20.7**	69.1
Recovery of deferred income taxes (1)	**56.3**	–
Provision for estimated diminution in the economic value of undeveloped properties net of deferred income tax recovery of $40.2 million (1983 – $34.5 million)	**(74.2)**	(65.2)
	2.8	3.9

(1) The Corporation has availed itself of certain amendments made to the income tax legislation in the United States which entitle a taxpayer to increase the tax basis of the underlying assets of a recently acquired company. During the year, the Corporation accordingly recognized a $56.3 million ($U.S. 42.8 million) deferred income tax recovery resulting from the elimination of substantial timing differences between the cost of its assets for book and tax purposes.

10.

Certain of the comparative figures have been restated to conform to the presentation of the figures for the current year.

Auditors' Report

The Shareholders
Trizec Corporation Ltd.

We have examined the consolidated balance sheet of Trizec Corporation Ltd. as at October 31, 1984 and the consolidated statements of income, cash flow from operations, retained income and changes in financial position 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, 1984 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 which, except for the change in the method of translating foreign currency required by the Canadian Institute of Chartered Accountants and as explained in note 8(g) to the consolidated financial statements, have been applied on a basis consistent with that of the preceding year.

Calgary, Alberta
December 20, 1984

TOUCHE ROSS & CO.
CHARTERED ACCOUNTANTS

DIRECTORS

*† **Jack L. Cockwell**
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