TRIZEC
CORPORATION
LTD.

ANNUAL REPORT

1972

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Si vous préférez recevoir ce rapport en français, veuillez vous adresser au secrétaire, Trizec Corporation Ltd., 5 Place Ville Marie, Montréal 113, Québec.

Highlights of 1972

	Twelve months ended October 31, 1972	1971
Cash Flow from Operations	$11,728,000	$9,085,000
Per Share*	$1.63	$1.43
Net Earnings before Extraordinary Gain	$4,176,000	$3,381,000
Per Share*	58¢	53¢
Net Earnings	$4,221,000	$3,381,000
Per Share*	59¢	53¢
Gross Income	$104,706,000	$84,799,000
Total Assets	$590,512,000	$516,420,000
Paid-in Capital and Retained Earnings	$101,497,000	$96,470,000
Shares Outstanding at October 31	7,267,122	7,137,622
Average Shares Outstanding	7,189,300	6,367,800
Approximate number of Shareholders	4,400	5,100

*Per share calculations are based on the average number of shares outstanding during the period.

Principal Subsidiaries

TRIZEC EQUITIES LIMITED
5 Place Ville Marie
Montreal, Quebec

GREAT WEST INTERNATIONAL EQUITIES LTD.
One Calgary Place
Suite 2900
330 – 5th Avenue S.W.
Calgary 1, Alberta

CUMMINGS PROPERTIES LIMITED
One Calgary Place
Suite 700
330 – 5th Avenue S.W.
Calgary 1, Alberta

HASHMAN CONSTRUCTION LIMITED
1145 – 17th Avenue S.W.
Calgary 1, Alberta

CENTRAL PARK LODGES OF CANADA LTD.
Suite 203
Yorkdale Shopping Centre
Toronto, Ontario

TRISTAR DEVELOPMENTS, INC.
375 Park Avenue
New York, N.Y.

PLACE QUEBEC INC.
2 Place Quebec
Quebec, Quebec

Directors

Hon. Lazarus Phillips, O.B.E., Q.C.	Lawyer, Phillips & Vineberg
Frank B. Common, Jr., Q.C.	Lawyer, Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery & Renault
James A. Soden, Q.C.	President, Trizec Corporation Ltd.
Peter R. Kirwan-Taylor	Director, Star (Great Britain) Holdings Limited
Edmond-Jacques Courtois, Q.C.	Lawyer, Laing, Weldon, Courtois, Clarkson, Parsons, Gonthier & Tétrault
Frank M. Covert, Q.C.	Lawyer, Stewart, MacKeen & Covert
William Hay	Executive Vice President, Trizec Corporation Ltd.
David G. Philpott	President, D. G. Philpott and Associates Limited
The Rt. Hon. the Viscount Hardinge, M.B.E.	Honorary Chairman, Greenshields Incorporated
David A. Llewellyn	Managing Director, Star (Great Britain) Holdings Limited and a Chartered Accountant
Isidore C. Pollack	Lawyer, Létourneau, Stein, Marseille, Delisle & LaRue
Jack L. Cummings	Executive Vice President, Cummings Properties Limited
Robert M. Cummings	President, Cummings Properties Limited
Stanley E. Nixon	Chairman, Celanese Canada Limited
Leo Goldfarb	Senior Vice President, Trizec Corporation Ltd.
Edward M. Bronfman	Chairman of the Board, Edper Investments Ltd.
Peter F. Bronfman	President, Edper Investments Ltd.
Samuel Hashman	President, Great West International Equities Ltd.

Officers

James A. Soden, Q.C.	President
William Hay	Executive Vice President
Leo Goldfarb	Senior Vice President
Brian P. Riley	Senior Vice President
David W. Jordan	Vice President and Treasurer
Kenner C. Ames	Vice President
J. Victor Levy	Vice President
James A. Lowden	Vice President
John A. Meyer	Vice President
Harold P. Milavsky	Vice President
Donald M. Reid	Vice President
Jack Wiseman	Vice President
Catrinus Renema	Assistant Vice President
Joseph H. Porteous, Q.C.	Secretary
Richard J. Bordewick	Comptroller

Transfer agent

Montreal Trust Company
Montreal, Halifax, Toronto,
Winnipeg, Calgary, Vancouver

Share listings

Toronto Stock Exchange
Montreal Stock Exchange

Auditors

McDonald, Currie & Co.
Chartered Accountants,
Montreal, Quebec.

President's message

Trizec Corporation during 1972 continued to show an encouragingly rapid rate of growth of revenues and earnings. Your Company, having entered the fourteenth year of its corporate existence, is now the largest publicly-owned real estate company in North America. It has holdings in most large urban centres in Canada, from Halifax to Vancouver, and is actively seeking further opportunities for expansion in Canada and the U.S.

I know you will share my satisfaction in the extent to which development activity contributed to your Company's growth during the past year and will continue to contribute in the years ahead. Major development programs in Calgary, Toronto, Saint John, Ottawa and Winnipeg, as well as in other centres, are under consideration at the present time. I am confident that your Company will be in the position before long to announce that work has begun on some or all of them.

We now have approximately $120 million of development work in various stages of progress. Among those developments which have been brought to the position where they can be expected to make an early and significant contribution to our earnings are Place Quebec, which includes the Quebec Hilton Hotel in Quebec City, the 2020 University office tower in Montreal, the Scarborough Town Centre in Metropolitan Toronto, the Hyatt Regency Hotel and Royal Centre office tower in Vancouver, and the Hyatt Airport Marina Hotel serving the Vancouver International Airport.

During the year Trizec also acquired minority interests still outstanding in a number of developments in which Trizec had originally participated as a partner. Most of the Company's operations have been placed under Trizec Equities Limited which has become the Company's principal operating subsidiary.

Management. It is essential to our continuing growth that we have the appropriate organizational framework and capable personnel. I am pleased to report to you that during the year measures were taken to broaden and strengthen our corporate base and our management team.

During the year, action was taken to consolidate head office and regional office functions as well as to redefine executive responsibilities — all directed towards enhancing our managerial capacities and our ability to bring to bear on any new undertaking the full weight of our expertise.

The diverse skills and proven experience of Trizec are now widely recognized. We are both developers and managers in all aspects of real estate activity, from shopping centres to retirement lodges, from office buildings to apartment houses. I need not say that we are continually seeking ways to broaden that range still further.

Dividend Increase. Trizec experienced a significant increase in income from operations during 1972. As a consequence, your directors were able to increase the half-yearly dividend paid January 31, 1973, from 10¢ a share to 15¢ a share. With the continuance of the current trend in earnings, it is their intention to increase the next half-yearly dividend to 20¢ a share.

Government and Business. I should like to say a word here about the relationship between government and business. In recent years, business has been subject to intensive legislative interest which is to be welcomed insofar as it advances the objectives which both business and government have in common : to establish and maintain a thriving national economy.

Unfortunately, much new legislation has been introduced without effective prior consultation and seemingly without a sure grasp of business functions. As a result, the confidence of much of the business community has been shaken.

Efforts are being made on both sides to restore confidence. It is essential that they be successful. We at Trizec are prepared to make every contribution we can, on our own account and through the Canadian Institute of Public Real Estate Companies, towards that success. I do believe, however, that government has to initiate more meaningful consultation with business in advance of proposed legislation.

I feel these observations are particularly appropriate to the Competition Act. This legislation was withdrawn shortly after being presented to Parliament when several of its measures were found to be unworkable. The amended Act was to have been presented to Parliament last autumn but the election intervened. It is to be reintroduced into the present session of Parliament.

The Act will have broad application to much of the activities of the real estate industry. Detailed comment on the Act must wait upon its formal introduction into Parliament. Let me say now, however, that every indication is that the legislation goes well beyond the original intent of reforming admittedly obsolete anti-combines legislation. It may, in fact, lay down a number of arbitrary and highly questionable rules for the conduct of business which bear little relation to reality.

Another piece of legislation which goes well beyond the original intent is the Foreign Investment Review Act. It expands upon and replaces the Foreign Takeovers Review Act which was introduced into the last Parliament but was not passed.

The manner in which the new Act will apply to the real estate industry is under intensive review. The real estate industry will be making strong representations to government for changes in it.

I believe we are all agreed on the desirability of a larger proportion of Canadian ownership in our economy. We are all agreed, too, on the desirability of measures to preserve Canada's national heritage of natural resources.

Canada, however, is a net importer of capital. It will continue to be a net importer of capital for some years to come. The legislation makes no provision for those capital imports which, while they may not confer direct and significant benefits within the meaning of the Act, do free Canadian capital for investment in areas of resource development and manufacturing growth which are of direct national concern.

The loss of those capital imports would be actively detrimental to Canada's interests.

Accounting Procedures. You will notice that in presenting our accounts, we have adopted the practice of making full provision for deferred income taxes. We have done so to comply with the newly defined requirements of the regulatory authorities.

In presenting our accounts for 1971 we introduced the concept of discounting deferred income taxes. We did so with the full support of our auditors and the concurrence of those regulatory authorities directly concerned, in the belief that this was the most meaningful and also the fairest presentation of our accounts.

Trizec has since been advised that discounting deferred income taxes can not be considered to conform to generally accepted accounting principles as they are now understood. We are hopeful, however, that the continuing study of this question by the accountancy profession and regulatory agencies will ultimately lead to the acceptance of discounting as the most appropriate method of calculating the annual charge for deferred income taxes for companies such as ours.

It should be noted that however deferred income taxes are treated, either by discounting or by making full provision for them, there is no effect on cash flow.

Election to the Board. I take pleasure in announcing that Louis A.-Lapointe, Q.C., and Brian P. Riley have consented to let their names stand in nomination to the board of directors. Mr. Lapointe is a distinguished industrialist and chairman of Miron Company Ltd. Mr. Riley has rejoined Trizec as a senior vice president and is a welcome addition to our management team.

With respect to the board, I should like to draw attention to the Audit Committee which has now been in existence for two years. This is a committee of three outside directors — Frank B. Common,Jr., Q.C., E.-Jacques Courtois, Q.C. and the Hon. Lazarus Phillips, Q.C. — whose function is to independently review with our auditors the accounts of the Company on behalf of the shareholders.

Staff. I want once again to express my appreciation, and that of the board, to the officers and employees for their efforts on behalf of the Company. It is upon those efforts that Trizec's achievements ultimately depend.

On behalf of the board
March 19, 1973

President

Summary of property interests

(Company's percentage interest is 100% unless otherwise noted)

OFFICE BUILDINGS

	RENTABLE AREA (APPROX. SQ.FT.)
(Montreal)	
Place Ville-Marie	2,924,500
360 St. James Street	309,300
BCN Building	510,200
555 Dorchester Blvd. West	216,000
505 Dorchester Blvd. West	80,550
Domtar House	198,000
Orpheum Building	151,500
5165 Queen Mary Road Building	58,300
Sherbrooke-Crescent Buildings	111,000
Drummond Medical Building	60,000
Peel Centre Building	186,400
Elmwood Building (40% interest)	39,000
Port St-Laurent	100,000
(Quebec City)	
Place Québec, phase 1	250,000
(Calgary)	
Calgary Place	725,640
12th Avenue Building	29,000
17th Avenue Building	26,600
Texaco Building (75% interest)	106,700
Glidden Building	17,760
Pacific 66 Plaza	237,200
Royal Bank Building	346,400
Montreal Trust Building	45,800
Westburne Building	37,400
522, 8th Ave. Building	10,500
Centennial Building (20% interest)	23,400
(Edmonton)	
CN Tower	362,240
100th Avenue Building	42,940
Centennial Building (60% interest)	298,250
IBM Building	79,675
Wilton Building	15,100
(Halifax)	
Halifax Insurance Building	83,400
Centennial Building	63,700
(Toronto)	
180 Wellington Street West Building	241,500
(Detroit)	
First National Building	843,400

SHOPPING CENTRES

	RENTABLE AREA (APPROX. SQ.FT.)
Yorkdale Shopping Centre, Toronto	888,000
Halifax Shopping Centre, Halifax	382,600
Brentwood Shopping Centre, Burnaby	431,000
Lougheed Mall Shopping Centre, Burnaby	490,400
Dartmouth Shopping Centre, Dartmouth	94,700
Normandie Shopping Centre, Montreal	215,000
Jean Talon Shopping Centre, Montreal	65,300

SHOPPING CENTRES (cont'd)

	RENTABLE AREA (APPROX. SQ.FT.)
Carlingwood Shopping Centre, Ottawa (50% interest)	290,000
Macleod Mall Shopping Centre, Calgary	233,950
Marlborough Shoppers Mall, Calgary	260,900
Regina Centre, Regina (50% interest)	57,900
College Shopping Mall, Lethbridge (40% interest)	202,000
Brandon Shoppers' Mall, Brandon	219,000
South Hill Shoppers' Mall, Prince Albert	233,400

RESIDENTIAL

	NUMBER OF SUITES
(Halifax)	
Spring Garden Terrace Apartments	201
Park Victoria Apartments	400
Embassy Tower	162
Le Marchant Towers	63
(Ottawa)	
Saville Terrace Apartments	309
Le Voyageur Apartments	201
(Calgary)	
Macleod Mall Apartments	330

HOTELS

	NUMBER OF ROOMS
Caravan Motor Hotel, Calgary (50% interest)	89
Regina Inn, Regina (50% interest)	240
Hyatt Regency, Toronto (50% interest)	540
Holiday Inn, Kingston (33⅓% interest)	126

AVIATION HANGAR FACILITY

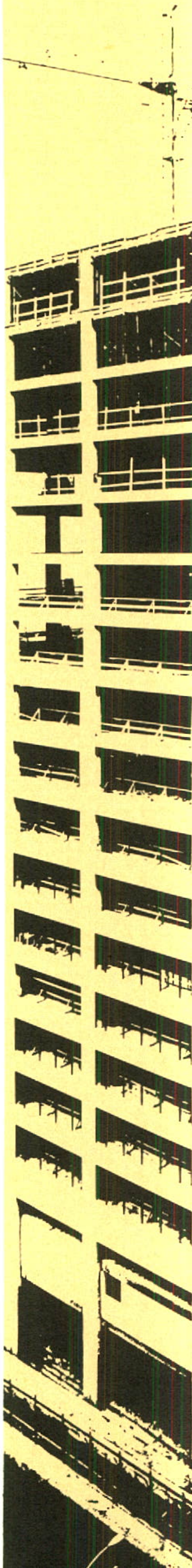
	HANGAR SPACE (APPROX. SQ.FT.)	OFFICE AND SHOPS (APPROX. SQ.FT.)
Executive Aviation Centre, Calgary	44,000	20,000

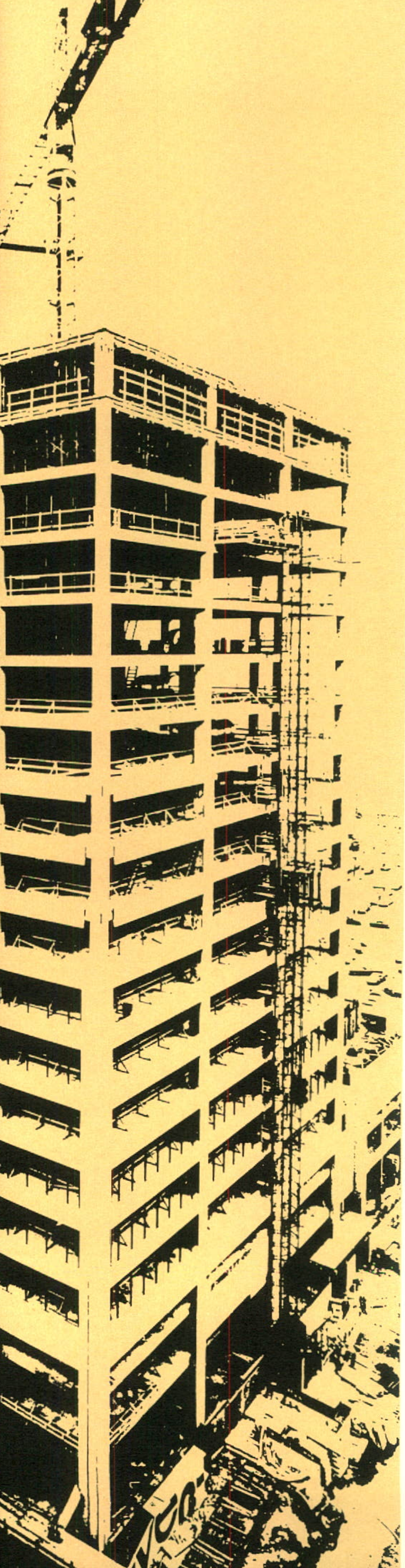
BUS TERMINAL FACILITY

	(APPROX. SQ.FT.)
Kingston Bus Terminal, Kingston (50% interest)	35,000

RETIREMENT LODGES

	GUEST CAPACITY
Jane Street, Toronto, Ontario	141
Thorncliffe No. 1, Toronto, Ontario	187
Thorncliffe No. 2, Toronto, Ontario	154
Ottawa, Ontario	146
London, Ontario	120
Kitchener, Ontario	210
Hamilton, Ontario	90
Windsor, Ontario	192
Thunder Bay, Ontario	108
Winnipeg No. 1, Winnipeg, Manitoba	277
Winnipeg No. 2, Winnipeg, Manitoba	217
Brandon, Manitoba	89
Saskatoon, Saskatchewan	82
Regina, Saskatchewan	70
Moose Jaw, Saskatchewan	127
Grande Prairie, Alberta	88
Jasper Place, Alberta	100
Edmonton, Alberta	134
Calgary, Alberta	122
Vancouver, British Columbia (under lease)	112





Summary of development properties under construction

	ESTIMATED COMPLETION DATE	COMPANY'S PERCENTAGE INTEREST
Place Quebec, Quebec City, Quebec		
Phase II—25-storey, 600 room hotel (Quebec Hilton),	Summer 1973	50
approximately 130,000 sq.ft. of rentable retail space, convention centre accommodating up to 4,000 people and parking garage for 1,000 cars.	Summer 1973	100
2020 University, Montreal, Quebec		
27-storey office tower with banking hall, retail area and parking garage, having a total rentable area of approximately 535,900 sq.ft.	Summer 1973	85
Scarborough Town Centre, Scarborough, Ontario		
Regional Shopping Centre with approximately 884,000 sq.ft.	Spring 1973	75
Hyatt Regency Vancouver, Vancouver, British Columbia		
36-storey hotel with 700 rooms	Summer 1973	75
Royal Centre Commercial, Vancouver, British Columbia		
37-storey office tower, and banking hall, retail and parking facilities, with approximately 740,000 sq.ft. of total rentable area	Summer 1973	100
Hyatt Airport Marina Hotel, Richmond, British Columbia		
10-storey hotel with 432 rooms and marina facilities	Summer 1973	100
Confederation Park Plaza, Saskatoon, Saskatchewan		
Shopping Centre with approximately 252,000 sq.ft. of total rentable area	Fall 1973	100
Central Park Lodge, Queen's Drive, Toronto, Ontario		
Retirement lodge to accommodate 212 guests	Fall 1973	100
Crown Zellerbach Store, Lougheed Mall Shopping Centre, Burnaby, British Columbia		
55,700 sq.ft. retail addition to Lougheed Mall Shopping Centre, Burnaby, B.C.	Spring 1973	100
50 East 89th Street, New York City, New York		
Cooperative apartment building containing 210 units and parking garage	Spring 1974	40

Operations

Fiscal 1972 has been one of the most successful years in Trizec's history.

Due, in large measure, to the Company's vigorous development program total assets moved up from $516,420,000 to $590,512,000 while income from operations increased from $84,799,000 to $104,706,000.

A clear indication of Trizec's operational growth through 1972 is a marked increase in cash flow from operations which moved up from $1.43 to $1.63 per share. Trizec's cash flow figures are of particular significance as a measure of the Company's growth and profitability.

Net earnings for the period, after provision for deferred income taxes, were $4,221,000 or 59¢ a share, compared to $3,381,000 or 53¢ a share. The 1971 figures have been restated, for purposes of comparison, to reflect full provision for deferred income taxes.

This upward trend is expected to continue because the Company's earnings are derived from a wide variety of income properties located throughout Canada and because the Company's active development program is also bringing on stream a number of major new projects which will contribute substantially to cash flow in the relatively near future.

Development. The main thrust of Trizec operations in 1972 continued to be development. Completed or nearing completion are three large integrated office building/retail developments in Vancouver, Montreal and Quebec City; the Quebec Hilton hotel in Quebec City; the Hyatt Regency hotels in Vancouver and Toronto; the Hyatt Airport Marina Hotel; a large regional shopping centre in Scarborough, Ontario; several smaller shopping centres in Calgary, Prince Albert and Saskatoon and a retirement lodge in Toronto.

The office buildings are all located in prime commercial core areas and, as they come on stream, are expected to make a substantial contribution to Trizec's cash flow position. Our shopping centre and hotel development program is also expected to provide a broader revenue base and rising cash flow contribution. Trizec is, in this respect, a direct beneficiary of the strong rise in retail sales and personal disposable income.

Trizec's increasing involvement with major hotel chains is particularly significant as it represents a marriage of the Company's development expertise with the proven operational skills of the hotel chains.

The 31-storey, 540-room Hyatt Regency in Toronto has, in fact, been surpassing all occupancy expectations since its opening last year. Two of the new hotels, the Vancouver Hyatt Regency and the Quebec Hilton, as major convention hotels, are expected to benefit from both higher room occupancy and higher food and beverage revenues than is usual. All three hotels are currently experiencing an encouragingly high rate of pre-bookings.

In Vancouver, Trizec's major development is Royal Centre. Located at Georgia and Burrard Streets, the development consists of a 37-storey office tower, a separate banking hall and retail and parking facilities totalling 740,000 sq. ft. of rentable area. Included in the development is the 36-storey, 700-room Hyatt Regency Hotel in which Trizec has a 75% interest. The 10-storey, 432-room Hyatt Airport Marina Hotel is also nearing completion in Richmond, just outside Vancouver. Trizec has a 100% interest in this property.

Place Ville Marie, Montreal

Water Sculpture, Place Ville Marie, Montreal

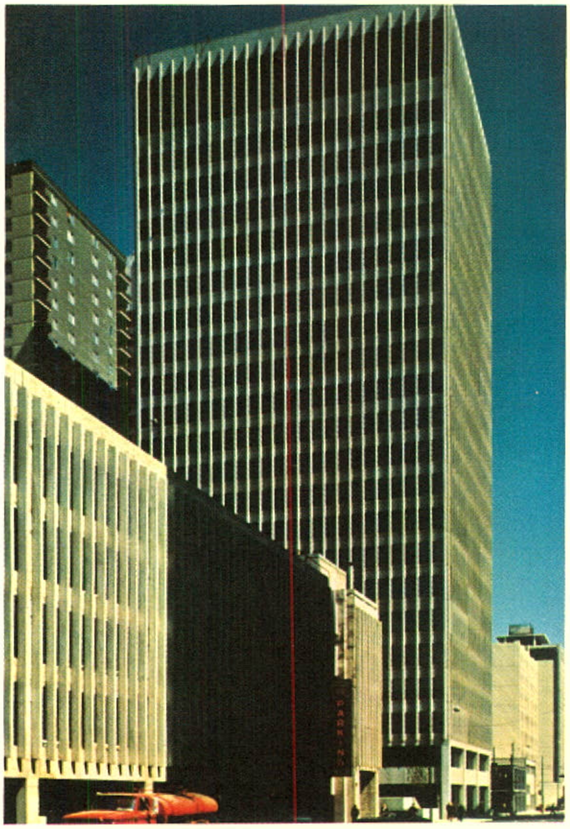
Royal Centre, Vancouver

In Montreal, the 27-storey 2020 University building, scheduled to open in summer of 1973, has attracted a number of prime tenants and is paving the way to the redevelopment of the uptown de Maisonneuve Boulevard area. The complex, which is directly linked to the Metro system, has approximately 535,000 sq. ft. of rentable space including a banking hall, retail area and parking facilities.

In Quebec City, Phase I of the multi-phase Place Quebec is complete. It consists of an 8-storey office building with 250,000 sq. ft. of office and retail space. Phase II, the 25-storey, 600-room Quebec Hilton, a 130,000 sq. ft. four-level retail area and parking for 1,000 cars, is progressing toward completion in 1973. This complex will also house Quebec City's new municipal convention centre which can accommodate up to 4,000 people. Place Quebec will have direct pedestrian links to the provincial legislative buildings and other neighbouring properties.

The focal point of our shopping centre development is Scarborough Town Centre in Metropolitan Toronto — one of the largest in the country with 884,000 sq. ft. Trizec currently has a 75% interest in the project, but a 10% outside option expected

Pacific 66 Plaza, Calgary



BCN Building, Montreal

Place Bonaventure, Montreal

Centennial Building, Halifax

Executive Aviation Centre, Calgary

to be exercised in 1973 will reduce this to 65%. Other shopping centres include South Hill Shoppers Mall in Prince Albert, Saskatchewan (233,000 sq. ft.) and Marlborough Shoppers Mall in Calgary (266,000 sq. ft.) both of which opened in 1972. In Saskatoon, the 252,000 sq. ft. Confederation Park Plaza will open this summer.

In Windsor, the 20th retirement home in the Central Park Lodge chain was recently opened to accommodate 192 guests, while in Toronto the Queen's Drive Central Park Lodge — accommodating 212 persons — is expected to open in the Fall of 1973.

Development (United States). Through the Company's subsidiary, Tristar Developments, Inc., Trizec is participating in the joint development of a 210-unit co-operative apartment building ideally located between Park and Madison Avenues on East 88th and 89th Streets in New York City.

Trizec also continues to pursue a number of other developments in the United States, some in association with Link Programs Incorporated, a real estate firm based in Chicago in which Trizec has an interest.

Labour. A protracted national strike by members of the International Union of Elevator Constructors may cause postponement of the opening of some developments although Trizec's developments have not been affected as seriously as others.

Legal proceedings have been initiated against both the union and the elevator manufacturers by a number of real estate developers including Trizec. In the province of Quebec, strikers returned to work in January 1973 when the provincial government declared the strike illegal.

Income Producing Properties. During fiscal 1972, Trizec Equities Limited became the principal operating subsidiary of Trizec Corporation Ltd. and now holds approximately 77% of Trizec's $455,728,000 of income producing properties in Canada.

Office buildings remain the largest contributors to Trizec's revenues, cash flow and net earnings and, in view of the Company's development program, will continue to do so for some time to come.

As of October 31, 1972, Trizec's office buildings contained a total of about 9,000,000 sq. ft. of rentable area.

Place Ville Marie, the largest of the Company's office buildings with nearly 3,000,000 sq. ft., celebrated its 10th anniversary in 1972 and, in conjunction with the Royal Bank, a water sculpture by Gerald Gladstone was added to the plaza as a commemorative gift to the people of Montreal.

Also located in Montreal is Trizec's largest management property, the 3,000,000 sq. ft. Place Bonaventure. This property, which includes a hotel, two-level shopping area, 255,000 sq. ft. exhibition hall and six levels of wholesale merchandising space, is managed by Trizec on a fee basis.

In Calgary Trizec has a total of 11 office buildings containing approximately 1,500,000 sq. ft. Among these are the twin tower 725,000 sq. ft. Calgary Place, the Royal Bank Building and Pacific 66 Plaza.

Other major Canadian office buildings include the CN Tower and Centennial Building in Edmonton, 180 Wellington West in Toronto and the Halifax Insurance Building in Halifax.

In the United States Trizec owns the 843,000 sq. ft. First National Building in Detroit which was Trizec's first major investment in the U.S.

Hotels are becoming a more significant factor in the Company's overall operations. By the end of fiscal 1974 Trizec will have an interest in approximately 2,700 hotel rooms as compared with only 329 rooms at the end of fiscal 1971 and 995 at the end of fiscal 1972.

Trizec has 14 income producing shopping centres located across the country. These include the newly opened Marlborough and South Hill Shoppers malls in Calgary and Prince Albert respectively and the Yorkdale Shopping Centre in Toronto which, at 888,000 sq. ft., is one of the largest in the country.

By the end of fiscal 1972 Trizec's Central Park Lodge subsidiary was operating 20 retirement homes from Ottawa to Vancouver. Total guest capacity is approximately 2,700.

A drop in apartment units was recorded in 1972 because of the sale of the Company's interest in the Southwest One development just outside Montreal. The total number of units now stands at 1,666, located in Halifax, Ottawa and Calgary.

Construction. Hashman Construction Limited, a subsidiary of Trizec, is one of the country's leading general contractors.

First National Building, Detroit (top)

Texaco Building, Calgary (middle)

CN Tower, Edmonton

Calgary Place, Calgary

2020 University, Montreal

180 Wellington West, Toronto

Centennial Building, Edmonton

The company, which is headquartered in Calgary and separate in its organizational structure, competes for Trizec construction contracts and acts as general contractor to a number of other companies involved in major developments across the country.

Total value of construction on behalf of Trizec during fiscal 1972 was $32,006,000 and on behalf of third parties was $24,339,000.

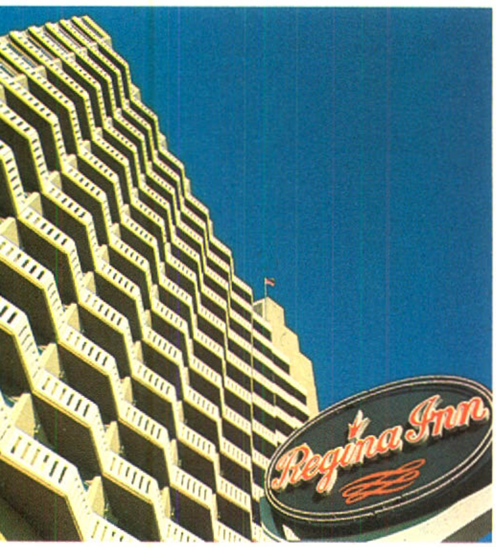
Management. Trizec's remarkable growth over the past several years led, in 1972, to some reorganization of executive responsibilities in order to cope with the challenge presented by our regional and functional diversity.

To ensure the closest possible contact with varying regional conditions the Company was organized into five operating regions each headed by a vice president. These regions are Western Canada, Ontario, Quebec, Maritimes and the United States.

The Company's Central Park Lodge subsidiary continues to administer its operation nationally from Toronto.

Regina Inn, Regina (top)

Hyatt Airport Marina Hotel, Vancouver (middle)



Quebec Hilton Hotel, Quebec

Hyatt Regency Hotel, Toronto

Consolidation of Minority Interests. During fiscal 1972 Trizec purchased the outstanding 49% minority interest in Tristar Developments, Inc., its American operating subsidiary.

The Company also purchased the outstanding 10% minority interest in the Port St. Laurent development outside Montreal and the 50% outside interests in Marlborough Shopping Centre, Calgary, South Hill Shoppers Mall, Prince Albert, and certain other properties under development.

The remaining 25% interest in the Hyatt Airport Marina Hotel in Vancouver was also acquired during the period under review.

Financing. Financing for properties currently under development by the Company has been fully funded for the most part with long term financing and the balance from the available cash resources of the Company.

The Company continues to make full use of all available vehicles for financing its operations. Most of the Company's long-term debt is represented by mortgages on income properties with an average interest rate of 7.5%.

Lougheed Mall Shopping Centre, Burnaby (top)
Halifax Shopping Centre, Halifax (middle)

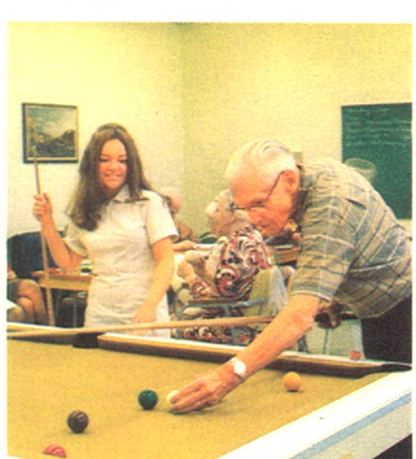
Brentwood Shopping Centre, Burnaby

Scarborough Town Centre, Toronto

"RueElle", Place Ville Marie, Montreal

Park Victoria Apartments, Halifax (top)
Central Park Lodge, Winnipeg (middle)

Saville Terrace Apartments, Ottawa



Central Park Lodge, Vancouver

Central Park Lodge, Brandon

Consolidated balance sheet as at October 31, 1972

(In Thousands of Dollars)

	October 31, 1972	October 31, 1971 (note 7)
ASSETS		
Property interests (note 4)		
Income producing properties	455,728	423,804
Properties under development	84,431	42,106
Properties held for future development	7,311	10,984
Equipment	1,777	3,149
	549,247	480,043
Accumulated depreciation	18,001	13,873
	531,246	466,170
Other assets		
Cash	5,867	3,157
Accounts receivable	19,655	13,896
Deposits	7,387	4,905
Prepaid expenses and deferred charges	8,121	7,128
Investments	1,059	3,987
Excess of cost of shares over net assets of subsidiary companies	17,177	17,177
	590,512	516,420
LIABILITIES		
Long term debt (note 5)	434,331	379,178
Accounts payable and accrued liabilities	33,240	23,956
Bank advances	9,843	8,028
Deferred income taxes (note 7)	11,136	7,774
Minority interest in subsidiary companies	465	1,014
	489,015	419,950
SHAREHOLDERS' EQUITY		
Capital stock (note 6)		
Authorized—10,000,000 shares without nominal or par value		
Issued and fully paid—7,267,122 shares (1971—7,137,622 shares)	88,805	86,558
Contributed surplus	780	780
Retained earnings	11,912	9,132
	101,497	96,470
	590,512	516,420

Signed on behalf of the board

J. A. Soden, Director Frank B. Common, Jr., Director

The accompanying notes are an integral part of the financial statements.

Consolidated statement of earnings for the twelve months ended October 31, 1972

(In Thousands of Dollars)

	Twelve months ended October 31, 1972	Twelve months ended October 31, 1971	Ten months ended October 31, 1971 (note 7)
Income			
Operations	102,784	83,911	76,798
Interest and miscellaneous income	1,922	888	719
	104,706	84,799	77,517
Expenses			
Operating and rent	50,358	37,002	34,648
Salaries, general and administrative	4,962	4,608	4,183
Property taxes	12,653	11,361	10,142
Interest	25,077	22,803	20,360
	93,050	75,774	69,333
Operating profit before depreciation	11,656	9,025	8,184
Depreciation (note 4d)	4,093	3,308	3,005
Earnings before deferred income taxes	7,563	5,717	5,179
Deferred income taxes (note 7)	3,387	2,336	2,336
Net earnings before extraordinary gain	4,176	3,381	2,843
Extraordinary gain	45	—	—
Net earnings for the period	4,221	3,381	2,843
Earnings per share (note 8)			
Net earnings before extraordinary gain	58¢	53¢	43¢
Extraordinary gain	1¢	—	—
Net earnings for the period	59¢	53¢	43¢

Consolidated statement of retained earnings for the twelve months ended October 31, 1972

(In Thousands of Dollars)

	Twelve months ended October 31, 1972	Ten months ended October 31, 1971 (note 7)
Retained earnings—beginning of period as restated (note 7)	9,132	6,289
Net earnings for the period	4,221	2,843
	13,353	9,132
Dividends	1,441	—
Retained earnings—end of period	11,912	9,132

The accompanying notes are an integral part of the financial statements.

Consolidated statement of cash flow from operations for the twelve months ended October 31, 1972

(In Thousands of Dollars)

	Twelve months ended October 31, 1972	Twelve months ended October 31, 1971	Ten months ended October 31, 1971 (note 7)
Net earnings for the period before extraordinary gain	4,176	3,381	2,843
Non-cash items—			
Depreciation	4,093	3,308	3,005
Deferred income taxes	3,387	2,336	2,336
Other	72	60	42
Cash flow from operations	11,728	9,085	8,226
Cash flow from operations per share (note 8)	$1.63	$1.43	$1.25

Consolidated statement of source and use of funds for the twelve months ended October 31, 1972

(In Thousands of Dollars)

	Twelve months ended October 31, 1972	Ten months ended October 31, 1971
Cash flow from operations	11,728	8,226
Disposal of assets		
Sale of property interests and investments	7,528	568
Repayment of related debt	(3,376)	—
	4,152	568
Financing		
Capital stock issued	2,247	54,871
Additional long term debt—net	62,152	53,836
Mortgage and sinking fund payments	(7,669)	(4,859)
	56,730	103,848
Funds obtained from (retained in) other assets and liabilities	(1,977)	4,620
Dividends paid	(1,441)	—
Funds available for investment	69,192	117,262
Invested as follows:		
In construction and development of properties	64,691	23,831
In property companies and joint ventures	4,501	93,431
	69,192	117,262

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements for the twelve months ended October 31, 1972

1. Accounting Practices
The accounting practices followed by the Company and the disclosure of its financial information are in accordance with the recommendations made by the Canadian Institute of Public Real Estate Companies (CIPREC).

2. Principles of Consolidation
The consolidated financial statements include:
a) The accounts of all companies in which the Company holds an interest in excess of 50%.
b) The accounts of all companies in which the Company holds an interest of 50% to the extent of 50% of their respective assets, liabilities and earnings.
c) The accounts of all joint ventures in which the Company holds an interest to the extent of the Company's interest in their respective assets, liabilities and earnings.

3. Foreign Exchange
a) Property interests and investments in United States funds have been expressed in Canadian dollars at the rate of exchange prevailing at the date such assets were acquired.
b) Long term debt payable in United States funds has been expressed in Canadian dollars at the rate of exchange prevailing when the funds were received or, where applicable, at rates established under foreign exchange commitments.
c) Other assets and liabilities in United States funds have been expressed in Canadian dollars at the rate of exchange prevailing at the date of the balance sheet or, where applicable, at rates established under foreign exchange commitments.

4. Property Interests
a) Property interests are valued as follows:
(i) Property is carried at cost including development expenses and the excess of the cost of shares of certain subsidiaries over the carrying cost of the properties acquired. This excess has been ascribed by management to these individual properties.
(ii) Property interests have been increased by the addition of the following directly related development expenses:

	Twelve Months Ended October 31, 1972	Twelve Months Ended October 31, 1971	Ten Months Ended October 31, 1971
	(In Thousands of Dollars)		
Salaries, general and administrative	1,898	934	813
Property taxes	766	700	597
Interest	5,397	1,932	1,657
	8,061	3,566	3,067

b) Properties carried at net book value of approximately $280,849,000 are situated on land held under leases or agreements expiring in the years 1999 to 2074.
c) It is estimated that the Company's share of further expenditures required to complete the properties under development will amount to approximately $62,652,000 as at October 31, 1972. Financing has been arranged for approximately $57,428,000 of this amount.
d) Depreciation on income producing properties is based on a 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 earnings so as to depreciate fully the properties over their estimated lives of from 25 to 60 years.
e) The undepreciated capital cost available to the Company for income tax purposes amounts to approximately $396,700,000.

5. Long Term Debt

Long term debt maturities are as follows:

	Average Interest Rates as at October 31, 1972 %	1973	Twelve months ending October 31, 1974	1975	1976	1977	Subsequent	Total
			(In Thousands of Dollars)					
Debt subject to regular amortization–								
Mortgage loans, bonds and debentures	7.6	5,479	7,673	8,073	8,738	9,834	269,589	309,656
Debt not subject to regular amortization–								
Mortgages	7.4	1,107	666	735	1,172	341	2,588	6,609
Bank loans	7.9	2,310	307	307	—	—	—	2,924
Notes payable	6.1	4,515	6,276	2,611	8,378	601	4	22,385
Term development loans	8.3	—	—	—	5,012	11,000	—	16,012
Construction loans	8.1							44,499
Convertible debentures and notes (note 8b)	4.1							32,246
								434,331

Notes payable include $4,000,000 due to a major shareholder and $2,000,000 due to an affiliated company.
Permanent financing of $36,869,000 has been arranged to repay construction loans.

6. Capital Stock

a) By supplementary letters patent dated December 1, 1971 the shares of the Company were consolidated on a basis of 1 for 10.

b) During the year ended October 31, 1972, the Company's issued and fully paid capital was increased by the issue of 129,500 shares for a cash consideration of $2,246,825.

c) As at October 31, 1972 the following shares were reserved:

(i) 2,258,082 shares to meet the subscription privileges of the share purchase warrants of the Company and the conversion privileges of convertible debentures and notes aggregating $32,246,000. These privileges are exercisable during various periods to December 31, 1980 at prices ranging from $15.00 to $22.70 per share subject to adjustment.

(ii) 220,500 shares for issuance under the terms of the Executive Share Purchase Plan.

7. Deferred Income Taxes

During the period ended October 31, 1971, the Company, for the first time, claimed capital cost allowances in excess of depreciation written in the accounts and, as a result, was required to provide deferred income taxes. The Company adopted the practice of providing for deferred income taxes on a present value or discounted basis which, in management's view, gave appropriate recognition to the considerable period of time which would elapse before there would be any utilization of the provision for deferred income taxes. The amount of deferred income tax involved is material to the Company's financial position and operating results and the Company believes that this practice resulted in a fairer presentation of its financial statements than would have been the case if full deferred taxes were provided in the accounts.

Notes to consolidated financial statements (continued)

In the absence of a specific statement to the contrary, this practice was not considered to be at variance with the recommendations of the Canadian Institute of Chartered Accountants (C.I.C.A.) relating to deferred income taxes. However, during the current year the Company was advised that the discounting of deferred income taxes, while not specifically referred to in C.I.C.A. recommendations, could not be deemed to conform to generally accepted accounting principles as presently understood.
In order to conform with the requirements of the C.I.C.A., the Company has adopted the practice of providing for full deferred income taxes with appropriate restatement of 1971 figures.
Had the discounted method been followed, the results would have been as follows:

	Twelve Months Ended October 31, 1972	Twelve Months Ended October 31, 1971	Ten Months Ended October 31, 1971
	(In Thousands of Dollars)		
Net earnings before income taxes	7,608	5,717	5,179
Deferred income taxes (at present value)	1,318	650	650
Net earnings for the year	6,290	5,067	4,529
Net earnings per share	88¢	80¢	69¢

The accounting for deferred income taxes has no effect on cash flow from operations.

8. Per Share Calculations

a) Earnings and cash flow from operations per share have been calculated on the basis of the average number of shares outstanding during each of the periods under review.
b) The Company's long term convertible debt includes certain issues which, if they had been converted for the period under review, would have decreased the reported per share earnings and cash flow from operations to 52¢ and $1.42 respectively.

9. Contingent Liabilities and Other Commitments

a) The Company has guaranteed certain of the obligations of its subsidiaries and affiliated companies and has pledged certain of its holdings in shares, debentures and notes of its subsidiaries as security for certain bank and other loans.
b) The Company and certain subsidiaries are contingently liable for obligations of their respective 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.
c) Certain subsidiaries have issued debentures aggregating $17,300,000 as collateral for loans which amounted to $7,532,000 as at October 31, 1972. In addition a subsidiary has issued a $5,000,000 collateral mortgage in respect of a performance guarantee.
d) Certain subsidiaries have been reassessed income taxes of approximately $965,000 and it is estimated that there may be further reassessments of approximately $420,000, all relating to periods prior to the date of acquisition of the subsidiaries. In the opinion of counsel for these subsidiaries there is a good defence on the merits and the reassessments are being contested.
e) During the year under review, shares were purchased in a subsidiary company which is in the process of developing a regional shopping centre. The purchase agreement provides for adjustment to the purchase price related to the profitability of the shopping centre during the third year of operation.

10. Remuneration of Directors and Officers

The Company and its subsidiaries paid the following remuneration to 18 directors of the Company and to 17 officers (7 of whom were directors). In 1971 there were 18 directors and 11 officers (5 of whom were directors):

Directors	Twelve Months Ended October 31, 1972 $	Ten Months Ended October 31, 1971 $
Company	54,400	26,580
Subsidiary— Cummings Properties Limited		1,300
	54,400	27,880

Officers	Twelve Months Ended October 31, 1972 $	Ten Months Ended October 31, 1971 $
Company	527,560	327,693
Subsidiaries— Cummings Properties Limited	116,646	68,333
Great West International Equities Ltd.	90,000	26,320
Place Quebec Inc.	10,000	16,667
Tristar Developments, Inc.		19,875
	744,206	458,888

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Trizec Corporation Ltd. and its subsidiary companies as at October 31, 1972 and the consolidated statements of earnings, retained earnings, cash flow from operations and source and use of funds for the year then ended. Our examination of the financial statements of Trizec Corporation Ltd. and the subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1972 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change referred to in note 7 to the consolidated financial statements, on a basis consistent with that of the preceding period.

McDonald, Currie & Co.
CHARTERED ACCOUNTANTS
Montreal, January 12, 1973

Ten-year financial review

Gross property assets

Gross income

Cash flow from operations

Net earnings (loss) before extraordinary gains**

Net earnings**

Average number of shares

Cash flow from operations

Net earnings (loss) before extraordinary gains**

Net earnings**

*During 1971 the Company's year end was changed from December 31 to October 31.
**After deferred income taxes which were first required to be provided in 1971.

Twelve months ended October 31,*		Twelve months ended December 31,							
1972	**1971**	**1970**	**1969**	**1968**	**1967**	**1966**	**1965**	**1964**	**1963**
				(In Thousands of Dollars)					
549,247	480,043	236,543	226,075	218,421	173,294	169,330	164,326	142,329	138,064
104,706	84,799	41,672	37,774	27,982	24,957	21,062	17,744	15,043	11,310
11,728	9,085	3,913	3,618	2,415	1,452	237	(553)	(1,659)	(3,407)
4,176	3,381	2,155	2,026	1,122	257	(841)	(1,561)	(2,519)	(4,075)
4,221	3,381	2,615	2,732	1,122	257	(841)	(1,561)	(2,519)	(4,075)
7,189	6,368	2,899	2,872	2,148	1,922	1,922	1,922	1,772	1,566
				(Per Share)					
$1.63	$1.43	$1.35	$1.26	$1.12	$ .76	$ .12	($ .29)	($ .94)	($2.18)
$ .58	$ .53	$ .74	$ .71	$ .52	$ .13	($ .44)	($ .81)	($1.42)	($2.60)
$ .59	$ .53	$ .90	$ .95	$ .52	$ .13	($ .44)	($ .81)	($1.42)	($2.60)