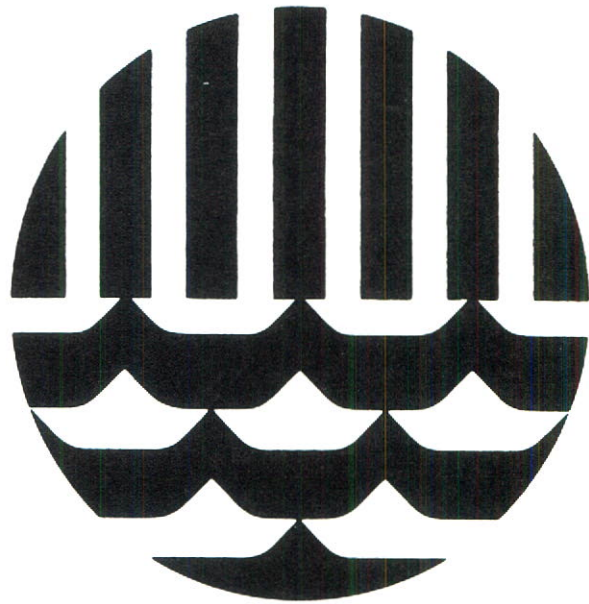




WEBB & KNAPP (CANADA) LIMITED

A N N U A L R E P O R T 1 9 8 2



WEBB & KNAPP
(CANADA) LIMITED

HEAD OFFICE

317 Columbia Street,
New Westminster, B.C.
V3L 3V6
(604) 526-3711

STOCK EXCHANGE LISTINGS

Vancouver and Montreal
Symbol: WBK

THE BACKGROUND OF WEBB & KNAPP (CANADA) LIMITED



Webb & Knapp (Canada) Limited, incorporated November 18, 1955, is a Canadian corporation engaged primarily in a wide range of land development and management, including residential subdivisions, industrial parks and commercial complexes.

The company's first major undertaking was the construction of Place Ville Marie in Montreal, officially opened in 1962. Originally eastern Canadian based and oriented, Webb & Knapp acquired Toronto Industrial Leaseholds Ltd. in 1962. This subsidiary was engaged in the development, financing and construction of industrial buildings, low cost housing, shopping centres, industrial parks and integrated communities.

Move to the West:

Between 1963 and 1965 a substantial proportion of Webb & Knapp's Ontario assets were disposed of, western investment and business involvement having been instigated in 1959, and manifested in part by the acquisition in 1962 of Lake City Industrial Corporation Ltd., an industrial development company in Burnaby, British Columbia. This wholly-owned subsidiary commenced the development of the 600 acre Lake City Industrial Park, which has become a major company asset lending itself to additional industrial and commercial installations in ensuing years.

Airline Acquisition:

In February, 1965, control and management of Webb & Knapp's properties in British Columbia were assumed by a Vancouver group. In April, 1971, they secured 57% of the outstanding shares. The company continued to concentrate on various aspects of land development until

1974 when an opportunity was taken to diversify with the acquisition of a 67% interest in Northern Thunderbird Air Ltd. The airline, based in Prince George, services natural resource development in northeastern British Columbia, and operates scheduled routes which feed major carriers.

Management Regrouping:

In 1980 a new and aggressive management group took over the Webb & Knapp operations leading to an acceleration of developments in the Lake City Industrial Park. In that same year Wolstencroft Realty Corporation became part of the corporate group — an event which strengthened the company's position significantly in the Lower Mainland regions.

The Company Today:

Webb & Knapp (Canada) Limited is expanding its holdings in Lake City Industrial Park while continuing with residential, industrial and commercial land developments in Burnaby, Langley, Coquitlam, Surrey and other areas of the Fraser Valley.

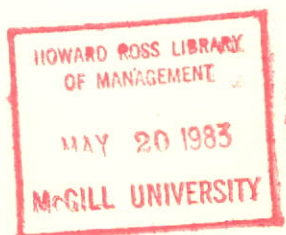
The Company's Hotel Division is active in the acquisition and management of hotels in Canada and the United States. A solid reputation for counselling and management services directed to industrial, commercial and hotel properties is attracting a larger, more diversified clientele from further afield.

Northern Thunderbird Air Ltd. continues to operate profitably and there is every indication that this trend will be maintained.

The acquisition of Pemberton Realty Corporation in 1982 provided the company with a valuable physical presence in the downtown core of the City of Vancouver.



WEBB & KNAPP
(CANADA) LIMITED



BACKGROUND (Continued)

Replenishing the Land Bank:

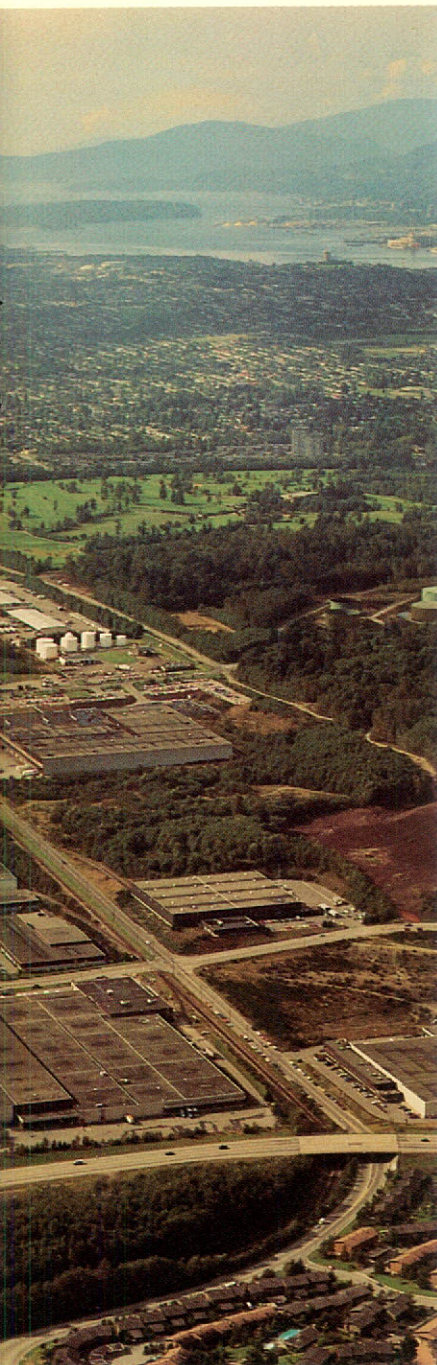
Although the company's land bank is adequate for the immediate future, the search for suitable additional land will be diligently pursued. Major holdings consist of serviced and unserviced lands in Langley, Surrey and Burnaby. Included are 29 acres, suitable for a prestige business park, that is well-located at the corner of Willingdon Avenue and Trans-Canada Highway in Burnaby. In Port Coquitlam the company holds 55

acres which is slated for development on a progressive basis similar to Lake City Industrial Park.

Webb & Knapp (Canada) Limited is a vigorous, forward thinking, positively motivated corporate entity with dynamic management, and a sales force recognized as the most productive in its chosen market area. These have been the strongest contributing factors to the company's success.



Above: Lake City Industrial Park, Burnaby, B.C.



Above right: Officers of the Company (left to right): G.R. Waterfall, J.C. Brigham, D.J.H. Williamson, J. Tutton, R.S. Russell.

WOLSTENCROFT REALTY CORPORATION

Wolstencroft Realty Corporation has roots going back to 1919 when the firm began as an insurance and brokerage company. Real estate was introduced in a small way beginning in the 1930's.

In 1945, James Wolstencroft, son of the founder, returned from overseas and launched a large real estate operation, becoming one of the first marketers of post war subdivision

housing in Vancouver, Burnaby and Coquitlam, later expanding into Surrey, Delta and Langley.

In 1969, when James Wolstencroft sold his interest, the company had three branches and some 25 salespeople. Since then, expansion has proceeded steadily. At this juncture there are 10 branches in the Lower Mainland staffed by 170 salespeople and 30 support staff, offering complete real estate services including commercial, industrial and residential departments, as well as providing specialized services in



WEBB & KNAPP
(CANADA) LIMITED

**WOLSTENCROFT
REALTY
CORPORATION** (Continued)

leasing, property management, appraisals and mortgage arrangements.

The acquisition of Pemberton Realty in 1982 gave Wolstencroft Realty Corporation substantial physical presence in the heart of the City of Vancouver. At the same time a full service appraisal department was added to the organization and a mobile home sales division was established. Both the property management division and the mortgage service division were expanded not only to take care of Webb & Knapp's own portfolio of residential, industrial and commercial holdings, but also to provide consultation and assistance to the business community.

Wolstencroft has one of the most productive sales forces in the business, consistently topping the sales charts issued by the Fraser Valley Real Estate Board. This established sales pattern has been created out of careful attention to recruitment and a program of training and periodic upgrading which keeps every salesperson in close touch with the market and new trends in marketing.



Above: Sales staff at 119 lot residential subdivision Langley, B.C.

THE WEBB & KNAPP OPERATIONS DIVISION

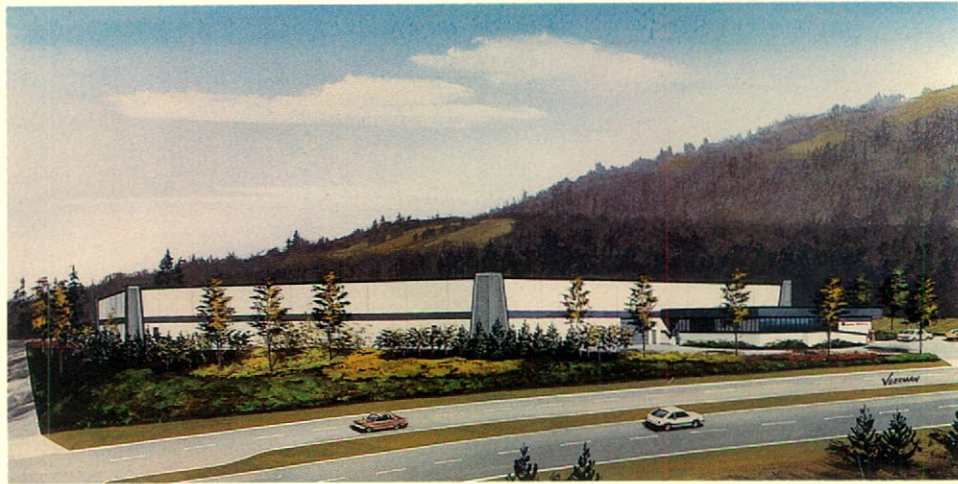
The Operations Division, encompassing land development and property management, is one of the company's most vital operational centres, with the responsibility and capability to develop our land acquisitions from the first turning of sod to the final detail of property management.

For some years the Division has overseen the purchase of suitable residential land, the subdivision and servicing of these residential properties and the subsequent marketing.

A basic Webb & Knapp policy is to invest the returns from the sale of residential properties in long-term investments characterized by strategically located industrial parks and commercial complexes. The approach to the handling of these investments is extremely flexible. The company's preference is to develop owned industrial and commercial units to a tenant's specifications and then to lease and manage the completed units.

Working closely with other departments, the Property Management Department has achieved a high standard of counselling and maintenance directed to the preservation of the company's assets while maximizing the return on investment. Formerly the property management services were limited to in-company or joint venture facilities. It is now appropriate to offer complete, professional services to clients outside the company.

The company's present portfolio of managed developments consists of industrial, commercial and residential properties distributed over most of the Fraser Valley's major communities and the Greater Vancouver area. The objective is to further extend Webb & Knapp's position as a leading developer and lessor of prestigious industrial/commercial properties.



WEBB & KNAPP
(CANADA) LIMITED

Top: Planned 100,000 sq. ft. building in Lake City Industrial Park, Burnaby, B.C.

NORTHERN THUNDERBIRD AIR LTD.

Northern Thunderbird is the result of the amalgamation, in 1971, of Northern Mountain Airlines and Thunderbird Airlines Ltd., both of which specialized in the provision of air transportation services for central and northern British Columbia, in particular to the needs of smaller communities and camps.

Today, the company, with combined air transportation experience spanning more than two decades, operates from three principal bases: Prince George, which is the head office, Mackenzie and Fort St. James; it deploys a fleet of twelve aircraft over a large area of mountainous terrain and waterways to service the growing industries and activities of British Columbia's hinterland.

Aircraft have been selected for efficient operation in difficult terrain. The fleet includes a De Havilland DHC6 Twin Otter, De Havilland DHC3 and DHC2 seaplanes, Beechcraft 18's, Cessnas and a Piper Aztec.

A significant proportion of Northern Thunderbird's activity is a charter contract with Pacific Western Airlines Ltd. De Havilland DHC6 Twin Otter aircraft provide supplementary flights to those provided by Pacific Western Airlines who use the much larger Boeing 737 aircraft.

The supplementary flights have provided the travelling public with a wide range of inter-community service throughout the Central British Columbia Interior for more than a decade.

The remainder of Northern Thunderbird's business is in charters for federal and provincial Ministries including Human Resources, Indian Affairs, Fish and Wildlife and other Ministries concerned with primary industry and environmental matters, and private sector industries involved in forestry, fishing, mining and construction. There is a brisk seasonal activity in recreational hunting and fishing charters taking sportsmen into otherwise inaccessible areas.

Northern Thunderbird's continuing success is directly linked to the ongoing development of British Columbia's central and northern areas — a process which appears inevitable.



THE WEBB & KNAPP HOSPITALITY GROUP

The Hospitality Group was established in 1977 specifically to provide consultation and other forms of assistance to the hospitality industry as a whole. Hotels and restaurants of the right quality and in the right markets constitute legitimate tax shelters and the Hospitality Group has been successful in searching out hospitality properties for clients in various parts of the United States and recently in Canada.

In every case, the Hospitality Group has taken over management of these properties which include Ramada Inn, Best Western and Quality Inn franchises.

As business grew and progressed, opportunities were taken to invest directly in hospitality properties, the prime example of which is the Best Western Kings Motor Inn in Burnaby, British Columbia, recently expanded by the addition of 41 rooms, Sterlings restaurant and a conference centre equipped to handle parties ranging in size from 20 to 250 persons.

The Group is deeply involved in the pending planning and development of a hotel on New Westminster's river front, and in the development of a new hotel and office complex on a strategic company-owned site adjacent to the Trans-Canada Highway in Burnaby.

Considerable energy continues to be directed to the generation of new management contracts and to the ongoing acquisition of suitable hospitality properties. The Group's consultation expertise has resulted in a growing list of independent hotel and restaurant clients with specific problems to be solved and objectives to be achieved.



Top: Buffet at Sterlings Restaurant.

Bottom: Meeting facilities at the Best Western Kings Motor Inn, Burnaby, B.C.



WEBB & KNAPP
(CANADA) LIMITED

WEBB & KNAPP FINANCIAL CONTROLS AND COUNSELLING

The Finance and Administration Department participates in the establishing and management of all departmental and subsidiary budgets, and offers accounting services and financial counsel to more than 40 business entities in which the company has a financial interest, or to which it provides management service.

This willingness to extend financial advice beyond the parameters of the company in aid of joint and potential investors, has worked to the mutual advantage of Webb & Knapp and to a considerable number of associates and clients.

The intricate melange of duties, including planning, budgeting, negotiation of management contracts and banking facilities, undertaken in a rapidly fluctuating environment, requires a broad understanding of complex issues yet calls for constant surveillance to ensure that corporate goals are attained.

Webb & Knapp's strength in the area of financial control and counselling has attracted many investors, joint venture participants and major tenants. This strength will continue to be a valuable asset.



PRESIDENT'S REPORT TO THE SHAREHOLDERS

The year under review had little to offer to the Canadian economy. Although Webb & Knapp (Canada) Limited was affected by the trying events of 1982, we can state unequivocally that we fared considerably better than other companies engaged in comparable activities in our markets, and used this downturn to economize and streamline operations to take advantage of the anticipated economic recovery.

Taking into account the sudden precipitous decline in the economy, probably the most damaging since the Great Depression, acknowledging the unmanageable explosion of interest rates and the escalation of government costs, your company has weathered a storm which now shows signs of abating.

New stimulus to the economy through Federal and Provincial assistance to first-time home buyers has begun to manifest itself in our business. We have every reason to expect a good year in housing starts. There will be an upturn in the demand for single family building lots, beginning slowly but accelerating towards year end. We remain the dominant force in real estate sales activity in the Fraser Valley, one of the fastest growing "Sun Belt" type areas of North America.

We will continue to follow our basic strategy, which is to invest our profits from housing developments in first class, well-located industrial buildings and similar developments.

While land development remains our most important potential profit centre, we maintain a close watch on all our operations with optimistic expectations. Northern Thunderbird Air Ltd. continues to be a profitable undertaking. It is a well managed airline operating in one of British Columbia's principal growth areas, and will continue to keep pace with the province's economic expansion in the north.

Wolstencroft Realty Corporation, suffering from the universal real estate slowdown at the beginning of the year, enjoyed a quick upswing in the fourth quarter, to the extent that the sales staff was increased to 170 persons. Two new offices were purchased in 1982, the first in Port Moody, enhancing our already paramount position as real estate brokers in the Lower Fraser Valley, and the second being Pemberton Realty Corporation which gives us a valuable physical presence in Vancouver's downtown core. The purchase of Pemberton's enabled Wolstencroft Realty Corporation to establish an Appraisal Department, the main thrust of which is the evaluation of industrial and commercial properties.

With the acquisition of the minority shares by Webb & Knapp, Wolstencroft Realty Corporation became a wholly-owned subsidiary effective December 31, 1982.

Our Hospitality Group, affected by a continent-wide decline in travel, could not report a good year in terms of profit, although it was able to exceed its forecasts. Nevertheless, with an upturn in the economy anticipated, and with major expositions and conventions in the offing, the expansion of the Best Western Kings Motor Inn in Burnaby was completed and opened in March, 1982. A large full service hotel in suburban Vancouver was added to the Group's management portfolio and, because of our increased presence in the field, we have been negotiating additional hotel management contracts.

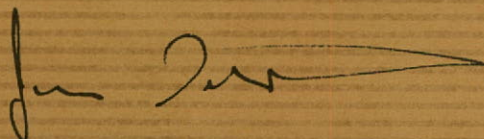
Land development and property management continued active. The 50,000 square foot Lake City Warehouse constructed for Pacific Brewer's Distributors was opened on February 1 and a 10,000 square foot commercial complex near Guildford Town Centre in Surrey, part of which is occupied by Wolstencroft Realty Corporation, was completed in August. Work proceeded on our Piper Avenue residential subdivision in Burnaby; and 143 condominium units, in which we hold an 80% interest, were opened in South Seattle, Washington State, early in 1982.

Specifically, our company's total revenue in 1982 was \$11,410,000. Net loss was \$1,036,000 representing \$0.36 per share, all of this reflecting the somewhat disastrous plunge in the economy. The loss includes an additional provision for the estimated decline in value of development properties at December 31, 1982 in the amount of \$2,450,000, before provision for recovery of income tax. Some of these properties have been purchased for future development and it is expected that they will be sold for a profit. Our projections for 1983 are predicated on an economic turnaround which should result in a more satisfactory performance. Certainly, we are prepared to take advantage of the opportunities as they materialize.

Net asset value remains in excess of \$9.50 per share before provision for income tax, based on independent appraisals and management estimates of current market values. This valuation reflects substantial writedowns in the market value of the company's assets. Net asset value, fully taxed, is estimated to be approximately \$6.00 per share.

In conclusion, it is entirely appropriate that I should extend thanks on your behalf to colleagues, sales staff, and administrative staff totalling some 225 individuals, all of whom applied themselves in a dedicated manner to see us safely through a troubled year. Our people have always been and will always be our principal strength.

Respectfully submitted,



WEBB & KNAPP
(CANADA) LIMITED

CONSOLIDATED STATEMENT OF LOSS

For the year ended
December 31, 1982

	Note	1982	1981 (restated)
(In Thousands of Dollars)			
Revenue	11	\$11,410	\$15,882
Direct cost and expenses	11	12,378	11,934
Net (loss) revenue	11	(968)	3,948
Other income			
Gain on sale of revenue properties		1,909	89
Gain on sale of fixed assets		276	—
		2,185	89
Operating expenses			
Administrative and general		733	835
Amortization and depreciation		72	72
Interest		441	570
		1,246	1,477
Provision for estimated decline in the value of development properties		2,450	178
(Loss) income before income taxes and minority interest		(2,479)	2,382
Provision for (recovery of) income taxes		(1,465)	1,293
(Loss) income before minority interest		(1,014)	1,089
Minority interest		22	23
Net (loss) income for the year		<u>\$ 1,036</u>	<u>\$ 1,066</u>
(Loss) earnings per share		<u>(\$.36)</u>	<u>\$.38</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF DEFICIT

For the year ended
December 31, 1982

	1982	1981
(In Thousands of Dollars)		
Deficit at beginning of year	\$ 434	\$ 1,500
Net loss (income) for the year	1,036	(1,066)
Deficit at end of year	<u>\$ 1,470</u>	<u>\$ 434</u>

See accompanying notes to consolidated financial statements.



WEBB & KNAPP
(CANADA) LIMITED

**CONSOLIDATED
BALANCE
SHEET**

as at December 31, 1982

	Note	1982	1981
(In Thousands of Dollars)			
ASSETS			
Revenue producing properties	2	\$18,622	\$18,103
Development properties	3	25,005	21,944
Fixed assets	4	2,245	2,680
Investment in affiliate	5	—	789
Other assets	6	3,583	2,140
Goodwill		3,454	2,290
		<u>\$52,909</u>	<u>\$47,946</u>
LIABILITIES			
Mortgages payable	7	\$17,055	\$16,151
Bank indebtedness	8	30,110	23,890
Accounts payable		1,520	2,035
Other liabilities	9	1,551	671
Deferred income taxes		519	2,009
		<u>50,755</u>	<u>44,756</u>
SHAREHOLDERS' EQUITY			
Capital stock	10	3,624	3,624
Deficit		(1,470)	(434)
Shareholders' equity		<u>2,154</u>	<u>3,190</u>
		<u>\$52,909</u>	<u>\$47,946</u>

Approved by the Directors

Jan Turo
L.H. Wainwright

Director

Director

See accompanying notes to consolidated financial statements.

**AUDITORS'
REPORT**

To the Shareholders of
Webb & Knapp (Canada) Limited.

We have examined the consolidated balance sheet of Webb & Knapp (Canada) Limited as at December 31, 1982 and the consolidated statements of loss, deficit, cash flow to operations and source and use of cash 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 Company as at December 31, 1982 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding year.

New Westminster, B.C.
February 25, 1983

Touche Ross & Co.

TOUCHE ROSS & CO.
Chartered Accountants



WEBB & KNAPP
(CANADA) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW TO OPERATIONS

For the year ended
December 31, 1982

	1982	1981 (restated)
(In Thousands of Dollars)		
Net (loss) income for the year	(\$ 1,036)	\$ 1,066
Items not affecting cash		
Deferred income taxes (recovery)	(1,468)	1,257
Amortization, depreciation and provision for aircraft engine overhaul	385	439
Gain on sale of revenue properties	(1,909)	(89)
Gain on sale of fixed assets	(247)	—
Provision for market decline of properties	2,450	178
Other	14	102
Cash flow (to) from operations	(\$ 1,811)	\$ 2,953
Cash flow per share	(\$.62)	\$ 1.05

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH

For the year ended
December 31, 1982

	1982	1981
(In Thousands of Dollars)		
Sources of cash		
Cash flow from operations	\$ —	\$ 2,953
Increase in mortgages payable	3,023	1,774
Increase in bank indebtedness	6,294	11,894
Proceeds from sale of revenue properties	4,060	257
Proceeds from sale of fixed assets	806	—
Increase in other liabilities	340	—
Increase in accounts payable	—	1,313
Proceeds from issuance of shares	—	838
Decrease in other assets	—	247
	<u>14,523</u>	<u>19,276</u>
Use of cash		
Cash flow to operations	1,811	—
Increase in revenue properties	2,967	3,677
Increase in development properties	5,095	14,649
Increase in fixed assets	31	34
Increase in other assets	827	—
Decrease in accounts payable	1,412	—
Discharge of mortgages on sale of revenue properties	2,277	—
Discharge of bank indebtedness on sale of fixed assets	464	—
Acquisition of interest in subsidiary	65	—
Settlement of shareholders' loans	—	838
	<u>14,949</u>	<u>19,198</u>
(Decrease) increase in cash	(426)	78
Cash at beginning of year	437	359
Cash at end of year	<u>\$ 11</u>	<u>\$ 437</u>

See accompanying notes to consolidated financial statements.



WEBB & KNAPP
(CANADA) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982

1. Summary of significant accounting policies

- a) The Company is a member of the Canadian Institute of Public Real Estate Companies. The Company's accounting policies and its standards of financial disclosure are substantially in accordance with the recommendations of that Institute.
- b) Basis of consolidation
The consolidated financial statements include:
 - (i) The accounts of the Company and controlled subsidiary companies.
 - (ii) The proportionate share of the assets and liabilities, revenues and expenses of those unincorporated entities in which the Company holds at least 50% interest.
 - (iii) The proportionate share of the net income or loss of incorporated and unincorporated entities in which the Company has a substantial interest. The value of these investments has been adjusted to reflect the Company's equity in the book values of the net assets of these entities.
- c) Revenue recognition
 - (i) Properties
Sales of development and revenue producing properties are recorded as revenue when the purchaser has made a reasonable down payment and has a registered interest in the property.
 - (ii) Rental
The Company records the net rental from revenue properties as revenue when that income exceeds costs and debt service payments. Prior to that time, subject to a reasonable maximum lease-up period, the cash flow deficiency is added to the cost of the properties.
 - (iii) Commission income
The Company uses the completion basis of accounting for commission income, whereby real estate commissions are not reflected in the financial statements until settlement date of the transaction. If a transaction is financed by the Company, revenue is deferred until the funds are received.
 - (iv) Deferred revenues
Deferred revenues are credited to income on a straight-line basis as the revenue is earned.
- d) Capitalization of costs
Development properties
The Company capitalizes all direct costs and certain indirect costs including specific interest, property taxes and interest on the portion of total costs financed from general corporate borrowings.
- e) Valuation
Development properties intended for retention as revenue producing properties are carried at cost. Development properties intended for sale are carried at the lower of cost and estimated net realizable value.
- f) Depreciation and amortization
The Company follows the sinking fund method of accounting for depreciation of buildings whereby the cost is charged over forty years in annual amounts increasing at a rate of 5% compounded annually.
A provision for aircraft engine overhaul is made based on an estimated cost per flying hour. Depreciation is provided on aircraft on a straight-line basis over their estimated useful lives.
Other tangible assets are depreciated over their estimated useful lives using the declining balance method.
- g) Goodwill
Goodwill is amortized over forty years using the straight-line method.
- h) Income taxes
The Company uses the deferred method of income tax allocation. Deferred income taxes represent amounts deferred to future years due to the earlier deduction of certain expenses for income tax purposes.
- i) Foreign exchange
The Company converts assets and liabilities at the rate of exchange prevailing at the balance sheet date.



WEBB & KNAPP
(CANADA) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982
(Continued)

2. Revenue producing properties	1982	1981
	(In Thousands of Dollars)	
Buildings	\$14,362	\$14,529
Leasehold improvements	272	191
Furniture, fixtures and equipment	746	422
Other	191	9
	<u>15,571</u>	<u>15,151</u>
Accumulated depreciation and amortization	1,015	868
	<u>14,556</u>	<u>14,283</u>
Land	4,066	3,820
	<u>\$18,622</u>	<u>\$18,103</u>

3. Development properties	1982	1981
	(In Thousands of Dollars)	
Acquisition costs	\$10,571	\$ 9,914
Carrying costs	5,394	3,072
Development and servicing costs	11,668	9,136
	<u>27,633</u>	<u>22,122</u>
Less allowance for market decline	2,628	178
	<u>\$25,005</u>	<u>\$21,944</u>

4. Fixed assets	1982	1981
	(In Thousands of Dollars)	
Buildings	\$ 890	\$ 890
Aircraft and equipment	1,653	2,561
Other	660	312
	<u>3,203</u>	<u>3,763</u>
Accumulated depreciation	1,125	1,250
	<u>2,078</u>	<u>2,513</u>
Land	167	167
	<u>\$ 2,245</u>	<u>\$ 2,680</u>

5. Investment in affiliate

On April 1, 1982 and December 31, 1982, the Company acquired the remaining 60 per cent interest in Wolstencroft Realty Corporation. The acquisitions have been accounted for by the purchase method and the proportionate results of operations have been included in the consolidated financial statements from the dates of acquisition. The effect of the acquisitions, including an allocation of the original 40 per cent interest to the underlying assets and liabilities, is as follows:

	(In Thousands of Dollars)	
Development properties		\$ 280
Fixed assets		235
Other assets		1,141
Goodwill		1,156
Assets acquired		<u>2,812</u>
Mortgages payable		124
Bank indebtedness		747
Accounts payable		689
Other liabilities		663
Liabilities assumed		<u>2,223</u>
Net assets acquired		<u>\$ 589</u>

The net assets acquired consist of the carrying value of the original 40 per cent investment at March 31, 1982 in the amount of \$524,000 and consideration for the 60 per cent interest acquired in 1982 in the form of a note payable for \$65,000.

6. Other assets	1982	1981
	(In Thousands of Dollars)	
Cash	\$ 11	\$ 437
Accounts receivable	445	451
Agreements receivable	993	419
Due from associates	292	265
Inventories	216	215
Trust assets	940	—
Other	686	353
	<u>\$ 3,583</u>	<u>\$ 2,140</u>



WEBB & KNAPP
(CANADA) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982
(Continued)

7. Mortgages payable	Weighted average interest rate	Revenue producing properties	Development properties	Other	Total
Due date					
(In Thousands of Dollars)					
1983	12.3%	\$ 4,985	\$ 482	\$ 105	\$ 5,572
1984	12.2%	141	617	74	832
1985	12.0%	3,960	327	7	4,294
1986	11.0%	2,600	26	420	3,046
1987	10.2%	215	29	15	259
Subsequent to 1987	10.0%	2,724	328	—	3,052
		<u>\$14,625</u>	<u>\$ 1,809</u>	<u>\$ 621</u>	<u>\$17,055</u>

8. Bank indebtedness	1982	1981
(In Thousands of Dollars)		
a) Demand loans for the financing of		
(i) Canadian development properties	\$ 7,700	\$ 5,501
(ii) U.S. development properties	8,528	5,091
(iii) Revenue producing properties	763	1,343
b) Operating loans	13,119	11,955
	<u>\$30,110</u>	<u>\$23,890</u>

Interest rates on the bank indebtedness fluctuate in accordance with changes in the bank prime lending rate.

The demand loans are secured by debentures registered on specific properties.

Operating loans are secured by fixed and floating debentures on the assets of the Company and assignment of receivables and insurance proceeds.

9. Other liabilities	1982	1981
(In Thousands of Dollars)		
Minority interest	\$ 236	\$ 214
Aircraft maintenance provision	200	274
Deferred revenues	175	183
Trust liabilities	940	—
	<u>\$ 1,551</u>	<u>\$ 671</u>

10. Capital stock	1982	1981
(In Thousands of Dollars)		
Authorized		
2,000,000 cumulative, redeemable, voting, 5% series A preferred shares with a par value of \$5.00 each		
10,000,000 common shares without par value		
Issued and fully paid		
2,904,947 common shares	\$ 2,905	\$ 2,905
Premium on common shares	719	719
	<u>\$ 3,624</u>	<u>\$ 3,624</u>

11. Segmented information	Revenue producing properties	Development	Brokerage	Airline	Other	Total
(In Thousands of Dollars)						
a) Revenue	<u>\$ 2,198</u>	<u>\$ 2,667</u>	<u>\$ 2,742</u>	<u>\$ 2,454</u>	<u>\$ 1,349</u>	<u>\$11,410</u>
b) Net revenue (loss)	<u>\$ 305</u>	<u>(\$ 616)</u>	<u>(\$ 343)</u>	<u>\$ 103</u>	<u>(\$ 417)</u>	<u>(\$ 968)</u>
Gain on sale of revenue properties and fixed assets						2,185
Administration, depreciation and interest						1,246
Provision for estimated decline in the value of development properties						2,450
Income taxes (recovery)						(1,465)
Minority interest						22
(Loss) for the year						<u>(\$ 1,036)</u>



WEBB & KNAPP
(CANADA) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982
(Continued)

11. Segmented information (Continued)

c) Identifiable assets

Operating assets	<u>\$ 18,622</u>	<u>\$ 25,005</u>	<u>\$ 1,205</u>	<u>\$ 1,069</u>	<u>\$ 1,286</u>	<u>\$ 47,186</u>
Other assets and goodwill						5,723
Total assets						<u>\$52,909</u>
Capital expenditures	<u>\$ 2,808</u>	<u>\$ 5,152</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,960</u>

d) Administration, depreciation and interest expenditures that are directly attributable to specific industry segments have been allocated to those segments.

Included in operating assets are development properties located in the United States with a carrying value of \$9,578,000. All other assets are situated in Canada and all revenues are derived from Canadian sources.

12. Joint ventures and partnerships

The Company's proportionate share in the assets, liabilities, revenues and expenses of the joint ventures and partnerships is as follows:

	Develop- ment properties	Revenue producing properties	Total	
			1982	1981
(In Thousands of Dollars)				
Assets	\$ 9,239	\$ 6,335	\$15,574	\$11,429
Liabilities	\$ 6,225	\$ 5,401	\$11,626	\$ 7,629
Revenues	\$ —	\$ 1,509	\$ 1,509	\$ 1,096
Expenses	\$ —	\$ 1,814	\$ 1,814	\$ 1,074

13. Contingent liabilities and commitments

The Company is contingently liable for the obligations of its associates in joint ventures and partnerships in the amount of \$7,394,000.

The Company has commitments to complete the servicing requirements for land development. These undertakings and certain other commitments have been guaranteed by way of irrevocable letters of credit. The balance outstanding as at December 31, 1982 was \$230,000.

14. Related party transactions

The Company had no material related party transactions.

15. Remuneration of directors and senior officers

The total remuneration of directors and senior officers for the year, as defined in the British Columbia Securities Act, was \$683,735 (1981 - \$793,750).

16. Comparative figures

Certain of the prior year's balances have been reclassified to conform with the current year's presentation.



WEBB & KNAPP
(CANADA) LIMITED

DIRECTORY

DIRECTORS

George B. Cross
John A. Kaye
James Tutton
Edward A. Walker
G. Richard Waterfall

OFFICERS

James Tutton, *President*
G. Richard Waterfall, *Secretary*
John C. Brigham, *Vice-President — Operations*
Richard S. Russell, *Vice-President — Hospitality Group*
Donald J.H. Williamson, *Vice-President —
Finance and Administration*

AUDITORS

Touche, Ross & Company, Chartered Accountants,
New Westminster, B.C.

BANKER

The Royal Bank of Canada
613 Columbia Street,
New Westminster, B.C.

SOLICITORS

Ray, Connell, Lightbody, Reynolds & Heller
Vancouver, B.C.

TRANSFER AGENT & REGISTRAR

National Trust Company, Limited — Vancouver, Toronto, Montreal
and Winnipeg



WEBB & KNAPP
(CANADA) LIMITED

